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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 112.8 MILLION
(US\$170 MILLION EQUIVALENT)

TO THE

FEDERAL REPUBLIC OF NIGERIA

FOR A

SECOND RURAL ACCESS AND MOBILITY PROJECT (RAMP-2)

August 29, 2012

Transport Sector
Country Department AFCW2
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2012)

Currency Unit = Nigerian Naira (NGN)
NGN 160.75 = US\$1
US\$1 = SDR 0.66298489

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AFD	<i>L'Agence Française de Développement</i> (French Development Agency)
AfDB	African Development Bank
ARAP	Abbreviated Resettlement Action Plan
BPP	Bureau of Public Procurement
CADP	Commercial Agriculture Development Project
CPAR	Country Procurement Assessment Review
CPS	Country Partnership Strategy
DA	Designated Account
DfID	UK Department for International Development
DFRRI	Directorate of Food, Roads and Rural Infrastructure
EMP	Environmental Management Plan
ERR	Economic Rate of Return
ESIA	Environmental and Social Impact Assessments
ESMF	Environmental and Social Management Framework
FADAMA	Nigeria Irrigation Project (" <i>fadama</i> " means irrigation land in Hausa language)
FERMA	Federal Road Maintenance Agency
FM	Financial Management
FMA&RD	Federal Ministry of Agriculture and Rural Development
FMOF	Federal Ministry of Finance
FPFMD	Federal Project Financial Management Division
FPIM	Federal Project Implementation Manual
FPM	Financial Procedures Manual
FPMU	Federal Project Management Unit
GAAP	Governance and Accountability Action Plan
GDP	Gross Domestic Product
GIS	Global Information System
GPS	Global Positioning System
HDM-4	Highway Development and Management Model version four
IC	Individual Consultant
ICB	International Competitive Bidding
IDA	International Development Association
IFR	Interim Financial Report
ISA	International Standards on Auditing

ISP	Implementation Support Plan
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
NATA	Nigeria Agriculture Transformation Agenda
NCB	National Competitive Bidding
NPV	Net Present Value
NTSC	National Technical Steering Committee
OP/BP	Operations Policy/Bank Procedure
OPRC	Output and Performance-based Road Contract
ORAF	Operational Risk Assessment Framework
PA	Project Accountant
PDO	Project Development Objectives
PFMU	Project Financial Management Unit
PIA	Project Internal Auditor
PPA	Project Preparation Advance
PPP	Public Private Partnership
PS	Permanent Secretary
QCBS	Quality and Cost Based Selection
RAMP	Rural Access and Mobility Project
RED	Road Economic Decision Model
RPF	Resettlement Policy Framework
RTTP	Rural Travel and Transport Policy
SBD	Standard Bidding Documents
SCPZ	Staple Crop Processing Zones
SOE	Statement of Expenditure
SPIM	State Project Implementation Manual
SPIU	State Project Implementation Unit
SPMC	State Project Monitoring Committee
SPMU	State Project Monitoring Unit
USAID	United States Agency for International Development
VPD	Vehicle Per Day
WAAPP	West Africa Agriculture Productivity Program

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Country Director:	Marie Françoise Marie-Nelly
Sector Director:	Jamal Saghir
Sector Manager:	Supee Teravaninthorn
Task Team Leader:	Nicolas Peltier-Thiberge/Juan Gaviria

NIGERIA
Second Rural Access and Mobility Project

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PAD DATA SHEET
AFRICA: The Federal Republic of Nigeria
PROJECT APPRAISAL DOCUMENT

Africa Region
AFTTR

Basic Information								
Date:	29 Aug. 2012	Sectors:	Rural and Inter-Urban Roads and Highways (50%), General agriculture, fishing and forestry sector (30%), General transportation sector (20%)					
Country Director:	Marie Francoise Marie-Nelly	Themes:	Rural services and infrastructure (60%), Decentralization (30%), Administrative and civil service reform (10%)					
Sector Manager/Director:	Supee Teravaninthorn/Jamal Saghir	EA Category:	B – Partial Assessment					
Project ID:	P095003							
Lending Instrument:	Specific Investment Loan							
Team Leader(s):	Nicolas Peltier-Thiberge Juan Gaviria							
Joint IFC: No								
Borrower: Federal Republic of Nigeria								
Responsible Agency: Federal Ministry of Agriculture and Rural Development / Federal Project Management Unit								
Contact:	Engr. Ubandoma Ularamu	Title:	National Coordinator					
Telephone No.:	2348073747530	Email:	fpmuramp@yahoo.com					
Project Implementation Period:	Start Date: September 25, 2012	End Date:	December 31, 2018					
Expected Effectiveness Date:	February 18, 2013							
Expected Closing Date:	December 31, 2018							
Project Financing Data(US\$M)								
<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	Term: The credit has a final maturity of 40 years including a grace period of 10 years						
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Guarantee							
For Loans/Credits/Others								
Total Project Cost (US\$M):	242.71							
Total Bank Financing (US\$M):	170.00							
Financing Source					Amount(US\$M)			
BORROWER/RECIPIENT					12.71			
International Development Association (IDA)					170.00			
French Development Agency (AFD)					60.00			
Total					242.71			
Expected Disbursements (in USD Million)								
Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019
Annual	2.40	25.99	43.24	37.33	30.66	17.54	11.84	1.00
Cumulative	2.40	28.39	71.63	108.96	139.62	157.16	169.00	170.00

Project Development Objective(s)

The objective of the project 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.

Components

Component Name	Cost (USD Millions)
1. Upgrading and Rehabilitation of Rural Transport Infrastructure	111.7
2. Community-based Road Maintenance and Annual Mechanized Maintenance	25.7
3. Project Management and Strengthening of State and Federal Road Sector Institutional, Policy and Regulatory Framework	11.6
Refinancing of Project Preparation Advance	3.00
Unallocated	18.00

Compliance**Policy**

Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []

Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
Additional Conditions of Effectiveness (Financing Agreement Reference: Sections 4.01 & 4.03)	No	180 days after the signing of the signing of the Financing Agreement	-
Description of Covenant			
The subsidiary agreements with Adamawa, Enugu, Niger and Osun executed; provision for cross-effectiveness of IDA Financing Agreement and AFD Co-Financing Agreement; adoption of satisfactory Project Implementation Manual.			
Name	Recurrent	Due Date	Frequency

Institutional Arrangements (Financing Agreement Reference: Section I.A of Schedule 2)	No	Throughout Project implementation	-
Description of Covenant Provisions requiring the maintenance of relevant Project management structures at federal and state level, i.e. federal steering and state monitoring committees, project management/implementation units within the federal and state ministries responsible for rural roads, federal and state financial management divisions.			
Name	Recurrent	Due Date	Frequency
Counterpart financing (Financing Agreement Reference, Section I.B.1 (b) (i) (B) and Section I.F of Schedule 2)	No	Throughout Project implementation	-
Description of Covenant Obligation of the Borrower and each participating state to provide counterpart funds required for the implementation of the Project in the Annual Work Plans and Budgets and ensure that said funds are duly committed and promptly paid as and when required for the purposes of the Project.			
Name	Recurrent	Due Date	Frequency
Independent Auditor (Financing Agreement Reference: Section II.B.4 of Schedule 2)	No	3 months after the effective date	-
Description of Covenant Appointment of independent auditor.			
Name	Recurrent	Due Date	Frequency
Computerized Accounting Systems (Financing Agreement Reference: Section II.B.5 of Schedule 2)	No	9 months after the effective date	-
Description of Covenant Upgrade of computerized accounting systems at the federal and state management/implementation units.			
Name	Recurrent	Due Date	Frequency
Procurement Complaints and Records Management Systems (Financing Agreement Reference: Section III.E of Schedule 2)	No	3 months after the effective date (for the establishment)	-
Description of Covenant Establishment and maintenance of procurement complaints and records management systems at the federal and state level			
Name	Recurrent	Due Date	Frequency
Retroactive Financing (Financing Agreement Reference: Section IV.B.1 (a) of Schedule 2)	No	-	-
Description of Covenant No withdrawal shall be made for payments made prior to the date of the Financing Agreement, except that withdrawals up to an aggregate amount not to exceed \$ 5,000,000 equivalent may be made for payments made prior to this date but on or after January 1, 2012 for any eligible expenditure.			
Name	Recurrent	Due Date	Frequency
Financing to Participating States (other than Adamawa, Enugu, Niger and Osun States) (Financing Agreement Reference: Section IV.B.1 (b) of Schedule 2)	No	-	-
Description of Covenant No payment shall be made under Categories (1) through (4) of the Disbursement Table for payments to any Participating State (other than Adamawa, Enugu, Niger and Osun States), unless and until: (i) the respective Participating State has entered into a subsidiary agreement with the Borrower; (ii) the Association has received an opinion satisfactory to it establishing that the subsidiary agreement has been duly authorized or ratified by the Borrower and the respective Participating State and is legally binding upon the Borrower and the respective Participating State in accordance with its terms; and (iii) the respective Participating State has adopted the Project Implementation Manual.			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Nicolas Peltier-Thiberge	Senior Infrastructure Economist	Team Leader	AFTTR

Juan Gaviria	Sector Leader	Team Leader	AFTTR		
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Country	First Administrative Division	Location	Planned	Actual	Comments
Nigeria	Niger State	Niger State		X	
Nigeria	Adamawa State	Adamawa State		X	
Nigeria	Enugu State	Enugu State		X	
Nigeria	Osun State	Osun State		X	

NIGERIA

SECOND RURAL ACCESS AND MOBILITY PROJECT

PROJECT APPRAISAL DOCUMENT

I. STRATEGIC CONTEXT

A. Country Context

1. The Federal Republic of Nigeria comprises thirty-six states and one Federal Capital Territory sorted out in six geopolitical zones. With an estimated population of 162.5 million, Nigeria is the most populous country in Africa and the seventh most populous in the world. With an estimated gross domestic product (GDP) of US\$1,541 per capita in 2011, Nigeria could now be considered a low middle income country. A decade ago, per capita GDP was about US\$300. However, poverty remains a major challenge with more than half of the total population living on less than US\$1.25 a day. The Nigerian economy is heavily dependent on the oil sector which accounts for 15 percent of GDP and 95 percent of foreign exchange earnings. Nigeria is the twelfth largest oil producer in the world, the eighth largest oil exporter and has the tenth largest proven oil reserves.

2. Achieving the Millennium Development Goals (MDGs) in Nigeria will require a special focus on rural poverty – particularly in the North, as well as significant growth and productivity gains outside the oil sector. Despite the economic performance of the past decade, Nigeria is currently behind its target to meet most of its MDGs, starting with the halving of poverty. In 2008, the poverty rate achieved was 54 percent compared to an objective of 31 percent in 2015. Poverty is particularly acute in rural Nigeria; more than half of the population (54 percent) lives in the countryside and 63 percent of that population earns a daily income which is below the poverty line. It can be inferred that almost two thirds of the Nigerian poor live in rural areas. A significant difference can also be observed between the North and the South, as well as a large heterogeneity across states; over 75 percent of agricultural households in the North are poor while the South-South geopolitical zone (with 59 percent) has the highest poverty rate for the South. The poorest Nigerian state, Jigawa has a poverty rate of 91 percent compared to only 21 percent for Oyo, which has the lowest poverty rate.¹

3. Agriculture – mostly subsistence-oriented, remains the backbone of Nigeria’s rural economy. Although the country is mostly known for being the biggest oil exporter in Africa, in 2009, agriculture represented about 40 percent of GDP. Agriculture employs the bulk of the labor force, with three Nigerians out of five working in this sector. In rural areas, that proportion is even higher with the agriculture sector employing four out of five Nigerians. At some point, Nigeria was the world’s largest exporter of groundnuts, cocoa and palm oil and a significant producer of coconuts, citrus fruits, corn, millet, cassava, yams and sugar cane. However, the sector was neglected in favor of the oil sector and due to low productivity many small farmers rely today on subsistence agriculture to survive. A modernization of the sector is needed, with

¹ Source: Nigeria – Country Partnership Strategy, the World Bank (2009).

the provision of incentives and means for farmers to adopt better-technology, scale up from subsistence to commercial agriculture, encourage public-private partnerships (PPP) in irrigation, and investment in related infrastructure, particularly roads and power.

4. Lack of accessibility – caused by highly deteriorated infrastructure, is a key determinant of rural poverty and low agricultural productivity. In 2007, it was estimated that less than half of the rural population was living less than 2 km away from an all-weather road (Rural Accessibility Index of 47 percent). Due to the lack of good and properly maintained infrastructure, about 30 million Nigerians currently live in near isolation and lack access to income-generating opportunities and social services. Out of the country’s 160,000 km of state and rural roads,² less than 10-15 percent can be considered in good condition. Deteriorated infrastructure increases transport costs, which in turn affects access to markets and services, ultimately resulting in lower productivity. As a result of isolation, insufficient connectivity and high transport costs, farmers have difficulties sourcing and transporting key inputs (like seeds or fertilizers) to their farms and evacuating their products to the local and regional markets. A significant part of perishable products are lost or damaged in transit. In rural Nigeria, it is estimated that poor transport infrastructure is responsible for 15-20 percent of the agricultural production not reaching market. The lower farm gate prices of agricultural products perpetuate basic subsistence agriculture since poor farmers cannot save enough to modernize. Lack of access also affects human capital, as poor households cannot send their children to local schools nor access social services provided in health or community centers.

5. The ambitious “Nigeria Agriculture Transformation Agenda” (NATA) designed by the Federal Government in order to modernize the sector by boosting the competitiveness of selective high-value crops. The Nigerian Government has set up an ambitious development agenda, geared towards “transforming Nigeria into a modern economy and an industrial nation by 2015 and one of the top economies by 2020”, as enumerated in the Vision 2020 document. This agenda places a strong emphasis on the agriculture sector (NATA), on infrastructure development, particularly roads, and on wealth creation. The NATA is focusing on the promotion of a few high-value crops such as rice, cassava, sorghum, palm oil, cocoa, aquaculture and livestock. Key policies are aimed at: (a) reforming the fertilizer subsidy program in order to broaden its reach and to make it more efficient and business-oriented; (b) improving the agricultural investment framework in particular through the development of seventeen Staple Crop Processing Zones (SCPZs); (c) improving the marketing of agricultural products; (d) adopting technology improvements to increase agricultural productivity; and (e) improving the institutional framework. Increasing the infrastructure stock in rural areas with high agriculture potential and ensuring effective connectivity between production areas, processing zones and markets are another important priority that would be addressed through improving the conditions of selected feeder roads.

² Nigeria’s total road network consists of 194,000 km of roads, including 34,000 km of federal roads, 30,000 km of state roads and 130,000 km of registered rural roads.

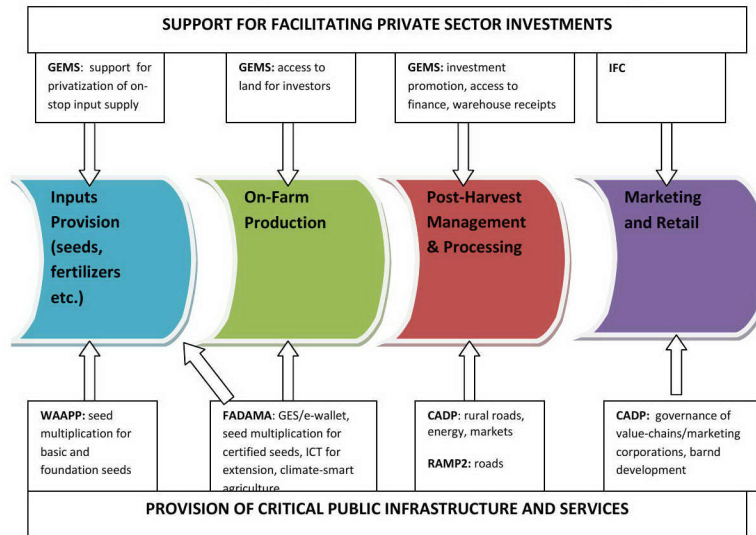
Table 1: Examples of High Value Crops Targeted by NATA

Crop	Nigeria's production	Producers	Main production states
Cassava	36.8 million tons in 2009 (world's largest producer)	99% are small farmers who cultivate 1-5 ha of land	Benue, Cross River, Enugu, Imo, Kogi, Ogun
Rice	3.3 million tons (world's second largest importer of rice with 2 million tons; largest supplier is Thailand)	Over 80% of national production produced by smallholder farmers who cultivate on average 0.5 to 1.5 ha	Kebbi, Sokoto, Kano, Niger, Kaduna, Taraba, Adamawa, Kwara, Ebonyi, Cross River, Bayelsa, Borno, Enugu, Ekiti, Ogun
Cotton	125,000 tons in 2011	250,000 farmers	Katsina, Zamfara, Gombe, Adamawa, Kaduna, Niger, Ogun
Cocoa	300,000 tons	500,000 farmers	Osun, Oyo, Ondo, Cross River, Ogun, Kwara
Sorghum	10.0 million tons in 2010 (world's largest producer)	60-70% produced by small-scale farmers who are using manual labor and hand tools	Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, Zamfara, Adamawa, Bauchi, Borno, Gombe, Taraba, Yobe

Source: FMA&RD.

6. The World Bank has been actively partnering with the Federal Ministry of Agriculture and Rural Development (FMA&RD) to provide support in operationalizing and implementing NATA. There is agreement with the Government that a successful implementation of the NATA will require concrete progress along three dimensions, including: (a) creation of an enabling policy environment aimed at enhancing the competitiveness of the sector in the medium to long-term by improving the effectiveness of public spending and encouraging public investments in Nigerian agriculture; (b) establishment of effective implementation modalities through improvements in the current sector institutional framework that would allow for a more demand-driven and decentralized decision-making model with improved complementarities of local, state and federal governments' responsibilities; and (c) ability to structure and support concrete agriculture and agribusiness investments with clearly defined roles for both the public and private sector, aimed at generating concrete results on the ground. While the second Rural Access and Mobility Project (RAMP-2) is focusing exclusively on the issue of improving access in selected Nigerian states, the proposed project is closely coordinated and fully aligned with the other World Bank projects under implementation or preparation in the agriculture sector (Nigeria Commercial Agriculture Development Project – CADP, Nigeria Irrigation Project – FADAMA, West Africa Agriculture Productivity Program – WAAPP). A multi-sector World Bank team has been constituted in order to handle the strategic dialogue in the agriculture sector and to support the government's agenda in the most effective way. Several initiatives are being envisaged to provide a comprehensive support both to help facilitate private sector investments and to provide critical public infrastructure and services.

Figure 1: Alignment of Bank portfolio with value-chain approach under NATA



7. Under Nigeria’s federal system, State and Local Governments have the main responsibility for rural infrastructure development but their capacity is limited. As per the Nigerian constitution, sub-national governments – particularly at the state level, have ample autonomy to design and implement territorial development policies like the delivery of public services or the management and expansion of secondary and tertiary infrastructure network. Sub-national governments also receive substantial resources from intergovernmental transfers; fiscal decentralization provides Nigeria’s 36 states, Federal Capital Territory and 774 local governments with a control of about 50 percent of government revenues. In spite of this, capacity remains weak in most states, and improving governance will be a long-term process. The adoption of fiduciary policies, like the passing of public procurement and fiscal accountability bills, is progressing well and only nine States remain without a procurement bill. State employees are largely unqualified or untrained and without basic means to perform their assigned responsibilities. Most state institutions need deep organizational reforms to strengthen accountability, civil society’s monitoring as well as increased transparency. As a result of low capacity at the state level, the efficiency of public expenditures in rural roads remains poor as well as budget execution performance.

8. The Federal Government wants to promote state-level initiatives and to introduce incentives for good governance and the dissemination of best practices, while building synergies between the states and the “Transformation Agenda”. An enhanced dialogue is being established between states and the Federal Government to implement the NATA and promote synergies between the high value crop approach being developed at the federal level and the state-run, territorial development strategies being developed by the states. The promotion of good governance at state (but also federal) level should encompass five key areas: (a) transparent and accountability in the use of public resources; (b) community participation; (c) governance reforms in high priority sectors to promote a diversification of the economy; (d) capacity building in the public service; and (e) judicial reform and democratic governance.

B. Sectoral and Institutional Context

9. Nigeria's agriculture sector recorded modest improvement in overall performance in recent years and further productivity gains are still needed. Between 2005 and 2009, Nigeria's agriculture sector grew by about 6.8 percent per year but this was primarily due to land area expansion and to the global surge in the price of commodities. In many parts of the country, the available fallow land has already been exhausted and, therefore, further growth can only come from on-farm productivity growth and from unlocking value-added potential in the down-stream segments of major agriculture value-chains. The sector continues to have underexploited potential and low productivity ratios. For most crops, farmers' yields are less than half of yield potential. Although cassava, cotton, sugar and soybean are competitive in the domestic market, none of these crops are competitive internationally. Post-harvest losses are also extremely high.

10. Capturing the full growth potential of the Nigerian agriculture sector will require significant investments in infrastructure, particularly irrigation, markets and rural roads. Only about 0.7 percent of all cultivated lands in Nigeria are under irrigation. The situation is slowly improving with the development of small scale, farmer-owned and operated irrigation systems. Constrained access due to highly deteriorated feeder roads is another area requiring massive levels of investment. The latest International Development Association (IDA) financed road projects in Nigeria have produced a 39.2 percent reduction in travel time on new roads, culverts and bridges and a 42 percent decrease in transport cost.³ However, critical attention will need to be paid to sustainability of such investments through in particular establishing efficient road maintenance mechanism. The last large-scale attempt from the Federal Government to bring improved access to the country's rural areas goes back to the 1980s and was then implemented by the Directorate of Food, Roads, and Rural Infrastructure (DFRRI). Between 1976 and 1987, 9,300 km of rural roads were constructed or rehabilitated. While these investments brought improved access to the targeted areas, the maintenance arrangements fell short of targets, with rapid road deterioration significantly decreasing expected project benefits.⁴

11. Nigeria has a relatively dense but deteriorated road network consisting of about 194,000 km of roads. The road density (0.21 km of roads per square kilometer) can be compared to the one of Mexico (0.19) and is almost twice as much as Cameroon and Peru. However, only 10 to 15 percent of the total network is paved and only 15 percent of the federal network can be considered in good condition (compared to 39 percent for Peru and 91 percent for Argentina). The exact condition of state and rural roads is unknown as a result of the lack of periodic monitoring and aggregation of data at the federal level (the proposed project aims at contributing to fill this data gap). Nevertheless, there is large evidence that state and rural roads are more deteriorated than federal roads. In Enugu state for example, less than 10 percent of state and rural roads can be considered in fair to good condition. Despite the relatively high road density, the rural accessibility index is low, at only 47 percent, due to deteriorated infrastructure. This is about the same level as for Peru but with a road density which is more than twice as much. These considerations stress the need to improve the condition of the existing road network rather than

³ *Source:* Nigeria Country Brief for IDA15 Retrospective. The World Bank, 2012.

⁴ *Source:* The Rural Road Question and Nigeria's Agricultural Development. Gaviria, J., Bindlish, V. and Lele, U. – Managing Agricultural Development in Africa Discussion Paper 10, The World Bank, 1989.

expanding it by building new roads. Priority should be granted to road maintenance and the adoption of sound asset management practices.

Table 2: Road Networks of Nigeria and Benchmark Countries

Country	Total road network (km)	Paved roads (%)	National or federal roads (%)	Road density (km of roads per square km)	Rural Accessibility Index (%)
Nigeria	193,200	10-15	17	0.21	47
Cameroon	56,100	9	13	0.12	20
Peru	127,320	11	21	0.10	43
Mexico	366,095	32	14	0.19	61

12. Responsibilities for road infrastructure management reflect the three-tier government structure but institutional weaknesses affect the overall efficiency of state and rural roads management. Under Nigeria's federal structure, the federal government focuses almost exclusively on the management of the federal roads, leaving to sub-national governments (state and local governments) the responsibility of managing state and rural roads. Yet, local governments have not been fully active in the development and maintenance of rural road network due to lack of capacity and inadequate funding. Although the state governments have better capacity and funding, they mostly focus on the higher-level state roads (see table below). A joint account between the state government and the Local Government Authorities (LGAs) is generally used to finance (or co-finance rural roads investments) but available financing is low and the actual involvement of LGAs in the management of these resources remains limited. This institutional structure has in effect led to rural roads not having a defined ownership structure and the steady deterioration of the rural roads once constructed or rehabilitated. On the other hand, the federal role in rural roads is limited to coordination of donor-funded programs and policy, since there is little sector-specific, conditional fiscal transfers from federal to state and local governments for rural roads. The Federal Ministry of Works has little or no role in the supervision or regulation of sub-national infrastructure. The rural road network was mostly constructed or improved through various agricultural and rural development programs and initiatives. The lead role for coordinating the implementation of these programs has always been handled by the FMA&RD. This institutional arrangement at the federal level has allowed better alignment of rural road programs with the country's agricultural development policies. However, less coordination has been observed between the management of the federal and sub-national road networks. A lead technical agency in charge of monitoring the condition of the sub-national network, effectively regulating technical standards and promoting the dissemination of best practices is still largely missing in Nigeria.

Table 3: Rural transport institutions and expenditures in selected Nigerian states*

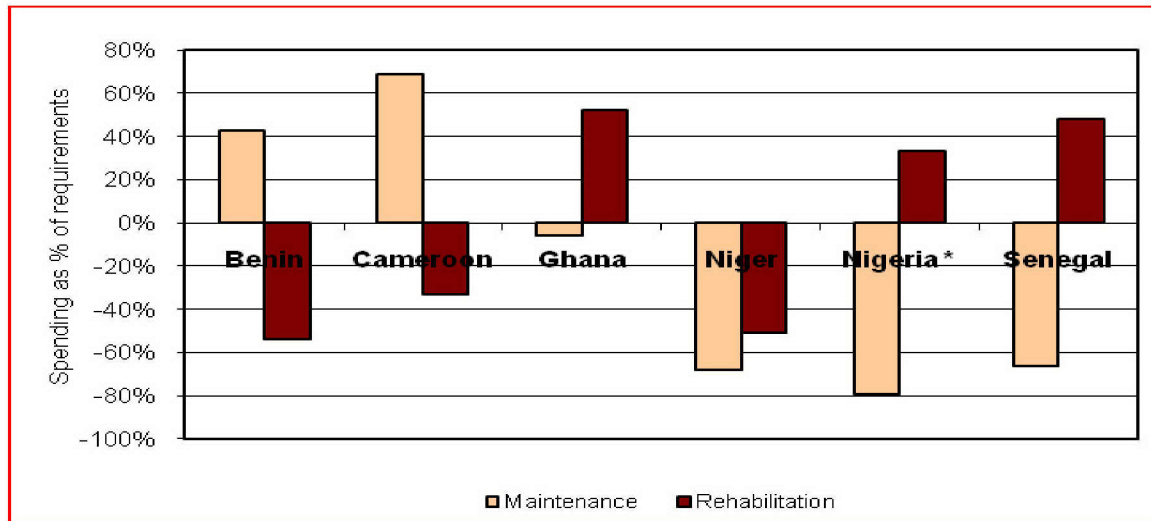
	Adamawa	Enugu	Niger	Osun
State institutions in charge of rural transport policies	Ministry of Works, Ministry of Rural Infrastructure and Community Development, Ministry of Local Governments and Chieftaincy Affairs,	Ministry of Works and Infrastructure	Ministry of Agriculture and Rural Development and Ministry for Local Government and Chieftaincy Affairs Ministry of Works and Infrastructure	Ministry of Works and Transport, Ministry of Local Government and Chieftaincy Affairs Ministry of Agriculture and

	Adamawa Agriculture Development Program Ministry of Transport		Development Ministry of Transport	Food Security Office of Rural and Community Development
Who maintains rural roads?	Maintenance performed through force account by Adamawa Road Maintenance Agency (ADRMA)	Road Maintenance Agency within Ministry of Works and Infrastructure LGAs	Communities, LGAs, NIGROMA (paved roads only), Department of Rural Development and Niger State Agriculture Development Project (unpaved roads)	Maintenance performed through contracts and direct labor by Osun Road Maintenance Agency(ORMA)
Work force of lead rural transport agency	30 engineers, 15 technologists, 25 technicians and 20 surveyors	35 engineers 40 technicians 7 surveyors 5 geologists	35 engineers	50 staff
State's expenditures in transport (US\$million, average 2009-2011)				
- Annual budget	49.2	60.9	139.3	116.4
- Amount released	34.3	53.0	77.7	109.2
- Capital expenditures	24.2	53.0	69.4	105.4
- Maintenance expenditures	0.2	NA	13.1	2.1
- State roads' investments	14.9	52.1	56.3	101.9
- Rural roads' investments	NA	0.8	22.6	12.4
Are there some co-financing of road investments with local governments? If yes, what is the proportion?	Yes	Yes State: 70% LGAs: 30%	Yes State: 50% LGAs: 50%	Yes State: 50% LGAs: 50%

* As reported by state authorities.

13. Road maintenance is highly neglected. In practice and despite the constitution of road maintenance funds at the federal level, road maintenance for the three levels of infrastructure remains largely neglected as a result of lack of clear ownership structure and sustainable funding strategies. Even on the federal network, where the Federal Road Maintenance Agency (FERMA) has been investing significant efforts and resources to develop efficient maintenance mechanisms, it is estimated that 56 percent of the federal roads lack maintenance. At the national level, a 2009 study estimated that actual spending in road maintenance in Nigeria achieved only 20 percent of the requirements, one of the lowest proportion observed among a pool of other African countries (see figure). The FERMA (Amendment) Act 2007 provides in theory a five percent user's charge on pump price of petrol, diesel and of which 40 percent will accrue to FERMA and 60 percent to be utilized by the established State Roads Maintenance Agencies. This transfer would be conditioned on the creation of the State Roads Maintenance Agency and the provision by the state agencies of detailed information about their planned maintenance program and institutional arrangements for road maintenance. Some states, such as Lagos state, have also constituted their own state road maintenance fund. However, oil products' taxation remains a highly sensitive issue, as illustrated by the social protests generated in January 2012 by the suppression of the gasoline subsidies.

Figure 2: Road Maintenance Gap (selected countries)



Source: Gwilliam and others 2009.

14. In an attempt to tackle the multiple challenges of rural access, the Nigerian government, through the FMA&RD, has developed a Rural Travel and Transport Policy (RTTP) to improve accessibility in rural areas of Nigeria. The RTTP has the following key principles: (a) follow an integrated transport planning and development approach, focusing on all classes of roads, including rural access roads, patch/tracks, and community roads to provide inter-connectivity to a wider area; (b) promote the provision of transport services not only just building roads; (c) improve local government capacity to ensure maintenance of roads; and (d) improve governance through better transparency and participation of beneficiary and community groups. While the RTTP focuses on the right issues that are currently constraining the improvement of rural accessibility in Nigeria, these are yet to be streamlined in policy interventions. A clear plan with assigned resources, a realistic time frame for execution, measurable outcomes and assignment of responsibilities to selected, accountable institutions is still lacking.

15. Some of the RTTP principles were embedded in the First Rural Access and Mobility Project (RAMP-1). The World Bank, in close coordination with other donors, has been piloting since 2008, a Rural Access and Mobility Program in the State of Kaduna (North-West). The African Development Bank (AfDB) is supporting a similar approach in Cross River state (South-South). However, the AfDB project is exclusively focusing on the improvement of state roads only (not rural roads). While implementation is still under way in these two states, a number of key lessons can already be drawn out of these programs. The experience from RAMP-1 highlights the importance of road prioritization, road maintenance, institutional development at the sub-national level, as well as some recommendations for project design (timing, pilot approach and scaling up, flexibility to reallocate funds) (see Box 1 below).

Box 1: Lessons from the first Rural Access and Mobility Project (RAMP-1)

The RAMP-1, launched in April 2008 in Kaduna state, aims to rehabilitate, upgrade and maintain 427 km of rural roads, as well as 132 river crossings in that state. Two third of the roads are to be rehabilitated keeping the existing unpaved standards, since this is the optimal cost-benefit option, based on the low levels of traffic observed. For the remaining one third of the roads, paving will be considered. Roads have

been identified in eight priority areas, selected across the states, according to their high agricultural potential. To address the critical issue of the lack of maintenance, the RAMP-1 introduced the piloting of Output and Performance-based Road Contracts (OPRC). The objective was to have four OPRC contracts covering maintenance needs for all improved roads. In 2011, the first OPRC contracts have been awarded and the corresponding works have started. The following lessons can be drawn from the implementation so far:

- *In order to have the optimal impact, rural roads investments need to be properly prioritized.* A “network approach” focusing not only on larger scale infrastructure (state roads) but also on tertiary infrastructure bringing access to agriculture production areas (rural roads or even pedestrian paths) should be preferred.
- *Ensuring investment sustainability through sound road maintenance practices remains a difficult challenge.* The OPRC contracts have significantly delayed project implementation, due to the innovative character of this new contracting arrangement which took time to be understood by local and state stakeholders including the local contracting industry. Kaduna state government initially was not familiar with the project’s procurement arrangements.
- *Institutional capacity at the sub-national level is critically weak.* Longer-than-expected implementation delays have been observed, due to the weak institutional capacity of the state-level implementing agencies. Weaknesses were particularly noticed in the technical and contract management areas. Extra attention should be paid to local governments, considering their potential role vis-à-vis rural roads management.
- *Some states have resources that could be dedicated to rural transport policies.* While the situation differs greatly from state to state, Nigerian states receive their budget resources mainly from intergovernmental transfers, as well as, marginally, from their own internally-generated revenues. A significant amount of these resources currently are – or could potentially be, invested in transport infrastructure. For instance, Kaduna State Government has an annual road budget of about US\$50 million. However, current spending in roads does not appear to be effective, as evidenced by the poor condition of the state and local roads. A well-managed, demonstrative pilot program in rural roads could therefore help leverage additional resources and help the states spend better their own resources in rural transport.
- *The pilot approach should be complemented by a clear plan for scale up, as well as flexibility in reallocating project resources.* While the focus on a single state has facilitated the piloting of new approaches and avoiding the dispersion of resources, it has however led to a situation where project funds are locked in a non performing state. An intensified dissemination of lessons learnt and best practices could prepare the ground for a progressive scaling up so that RAMP can progressively influence rural access policies in more states. In addition, resources should not be locked in a single state but rather flexibility should be kept so that unallocated resources can be reassigned to higher performing states.

C. Higher Level Objectives to which the Project Contributes

16. Ultimately, the proposed project aims at increasing rural access to promote a diversification outside of the oil sector and contributing to rural poverty reduction, through increasing agricultural productivity and contributing to the implementation of the NATA. Through bringing enhanced rural access to selected states, the proposed project is expected to

promote agricultural productivity for small farmers and thus contribute to the country's Transformation Agenda for the agriculture sector. Ultimately, these productivity gains should promote the economic growth of the non-oil sectors and increase the average income of poor rural households who mostly depend on agriculture for subsistence. A reduction of poverty levels in the targeted rural areas is therefore expected and the proposed project should contribute to broader goals including progress with the MDGs.

17. The proposed project supports the three development pillars of the Country Partnership Strategy (CPS) for 2010-2013. The current CPS for 2010-2013 focuses on three themes to transform and diversify Nigeria's economy. These themes are: (a) improving governance; (b) maintaining non-oil growth; and (c) promoting human development. The RAMP-2 will contribute to maintaining non-oil growth by reducing infrastructure constraints and supporting productivity gains in the agriculture sector, which accounts for the greatest share of Nigeria's non-oil economy. The proposed project will contribute to improving governance at state level through its performance-based approach, based on the CPS governance criteria (see Box 2 below). Specifically, this approach encompasses the selection process for participating states, based on the CPS governance criteria. The proposed project is also aligned with the World Bank's Strategy for Africa, particularly with its competitiveness and employment pillar (through assisting Nigeria to diversify its economy) and with its governance and public sector capacity pillar (through improving the capacity of state governments to deliver improved basic services in the transport sector).

Box 2: The CPS Governance Criteria

Based on stakeholders' consultations, the 2010-2013 CPS for Nigeria clearly states that enhanced governance-support will be provided to states which meet transparent and objective standards for improved governance. The performance of states in meeting these objective standards is measured through the use of three specific criteria:

- Performance of the state on projects funded by the donors who subscribed to this governance-based approach.
- Completion of a public expenditure review and/or a public expenditure and financial accountability review with follow-up action plans.
- Draft of Fiscal Responsibility and Public Procurement Bills.

All CPS partners will engage in strengthening government systems to improve outcomes in human development and growth, while only the UK Department for International Development (DfID) and the United States Agency for International Development (USAID) will focus on work in judicial reforms and democratic processes. In addition to the three governance criteria listed above, USAID is taking into account the respect for opposition parties and human rights standards.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

18. 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.

B. Project Beneficiaries

19. **State selection.** A two-pronged state selection process was undertaken by the FPMU after the selection methodology was agreed with all 36 states and the Federal Capital Territory during a workshop held in Abuja on February 10, 2011. Two states (Kaduna and Cross River) were not considered for selection since they are already involved in the implementation of the RAMP-1. The first phase of the selection – completed in April 2011, was based on the three CPS governance criteria. A total of twelve states – two per each one of the country’s six geopolitical zones, were selected at the end of this first phase. The list of these states will be periodically updated by the FPMU during project implementation, based on the evolution of states’ performance and after receiving no-objection from the World Bank and the French Development Agency (AFD). The second phase – completed in September 2011, was based on a few project readiness criteria: (a) establishment of a State Project Implementation Unit (SPIU); (b) identification of institutional arrangements and funding sources for road maintenance; (c) preparation of a Prioritized Rural Road Investment Program; and (d) number of km of prioritized roads with completed feasibility studies. A total of four states (“tier-one” states) were selected at the end of this second phase: Adamawa, Niger, Osun and Enugu. The list of “tier-one” states may be updated during implementation in case scaling up to new states was to be decided and/or if the performance of project implementation in one or several states initially listed as “tier-one” was not satisfactory. The states that passed the first stage of the selection process but not the second stage (“tier-two” states) constitute a pool of candidate states for an eventual scaling up should additional resources become available during project implementation. Scaling up would also be opened to “tier-one” states.

Table 4: Outcome of State Selection as of February 2012

Geopolitical zone	List of all states	Tier-two states	Tier-one states
South-Eastern	Abia		
	Anambra	X	
	Ebonyi		
	Enugu		X
	Imo		
North-Eastern	Adamawa		X
	Bauchi	X	
	Borno		
	Gombe		
	Taraba		
	Yobe		
South-South	Akwa Ibom		
	Bayelsa	X	
	<i>Cross River</i>	<i>RAMP-1 state (AfDB)</i>	
	Delta		
	Edo	X	
	Rivers		
North-Central	Benue		
	Kogi	X	
	Kwara		
	Nassarawa		

	Niger		X
	Plateau		
South-Western	Ekiti		
	Lagos		
	Ogun		
	Ondo	X	
	Osun		X
	Oyo		
North-Western	Jigawa	X	
	Kaduna	RAMP-1 state (IDA)	
	Kano		
	Katsina		
	Kebbi	X	
	Sokoto		
	Zamfara		

20. **Road selection.** In each state, a road prioritization study was conducted in order to prioritize intervention areas based on a combination of selection criteria including the population of the communities living along the links, agricultural production, environmentally sensitive areas, markets and community preferences. Secondly, priority rural roads were identified within each prioritization area, using criteria such as connectivity, traffic levels, rural transport hubs or connection to health and education facilities. Each “tier-one” state has used the results from these prioritization studies in order to come out with a list of about 200 km of rural roads, packaged in three or four clusters. The length of these roads was reconfirmed through field visits with a Global Positioning System (GPS). As part of project preparation, detailed design studies and safeguards studies are being prepared, financed by a Project Preparation Advance, so that the rehabilitation works of these identified prioritized roads can be ready to be procured by project’s approval. The remaining roads to be rehabilitated by the proposed project (about 140 km for Adamawa and 170 km for the other tier-one states) will be identified during implementation based on the outcome of the prioritization studies but also on the priorities of the NATA. To this end, updated road prioritization studies will be prepared under component 3.1. An improved road prioritization methodology will first be developed, based on a spatial analysis of the targeted territories. This methodology aims at identifying those roads that connect key areas of production of high value crops to processing centers (e.g. staple crop processing zones, rice mills) and/or marketing (local or regional markets) or consumption areas states. An on-going, World Bank-supported, spatial analysis initiative has been launched in order to map existing data about agriculture production and productivity, as well as processing areas and marketing centers and rural infrastructure assets. The initiative will in particular use, as key inputs, the GPS-based road inventories – to be prepared as part of the project’s component 3.1, as well as a database of small farmers, under preparation as part of the FADAMA project.

Table 5: Identified Prioritized Rural Roads in “Tier-1” States and Agricultural Potential

State	Cluster of roads	km	Main crops
Adamawa	Cluster 1 (Jambutu, Njoboli, Kwanawayaya, Labondo)	57.9	Rice, cassava
	Cluster 2 (Mildo, Bazza, Kaya, Shuwa, Pallam Main Road)	73.2	Sorghum, cassava, fish farming, millet
	Cluster 3 (New Demsa, Kpasham, Bille, Gyawana)	70.3	Rice, cassava, cotton,

			groundnuts
Enugu	Cluster 1 (Udi, Abor road, Egede, St. Mary, Uguwoaba)	59.4	Palm wine, palm oil, cassava, yam, maize
	Cluster 2 (UNTH, Umuaniagu, Mbogodo, Nومه)	57.2	Cassava, yam, maize, palm oil, palm wine, bread fruit, rice, okro, cocoyam, eggs, poultry
	Cluster 3 (Neke, Umualor, Mbu, Obollo Eke)	42.2	Yam, maize, palm oil, cassava, rice
	Cluster 4 (Ukpabi, Ikwoka, Adani)	44.8	Yam, maize, palm oil, cassava, rice
Niger	Cluster 1 (Wuya, Enagi, Mokwa)	94.8	Rice
	Cluster 2 (Diko, Kabo, Tafa, Sabon Wuse, Ija gwari, Suleja, Abuchi-Izom)	52.5	Cassava, rice
	Cluster 3 (Auna, Tunga Jika, Wawa, Malali)	58.0	Fish farming, rice, cassava, yam
Osun	Cluster 1 (Abogimole, Agbowu, Eleke, Pataara, Agoro)	64.6	Yam, cassava, rice
	Cluster 2 (Jagun Osin, Elebu, Osi, Alogba, Owode)	109.2	Cocoa, citrus, maize
	Cluster 3 (Odogbo, Jabu, Ira, Oligeri, Oniyo)	40.5	Cocoa, rice, yam, beans

21. **Beneficiaries.** Project beneficiaries are the population of poor rural communities living alongside the roads. These rural communities rely almost exclusively on agriculture and livestock for their subsistence. A significant part of the agricultural works is performed by women. The lack of all-weather rural roads currently severely constrains the access of these communities to economic opportunities (agricultural inputs, markets, rural-urban linkages) but also to social services (health and education).

C. PDO Level Results Indicators

22. 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).

23. While PDO indicators will be aggregated at the federal level for all tier-one states, the relative performance of these states will be closely monitored during implementation. Tier-one states identified at the time of appraisal (Adamawa, Enugu, Niger and Osun) have different rural transport networks and needs, different agricultural potential, but also different institutional capacity. The Project's impact will therefore differ significantly between states.

Table 6: Rural road networks of tier-one states and estimated project impact

	Adamawa	Enugu	Niger	Osun
Length of registered ⁵ rural road network (km)	1,220	2,091	5,153	7,453
Estimated project impact:				
- increased proportion of roads in good and fair condition	+32%	+20%	+8%	+6%
- number of beneficiaries	728,000	485,000	220,000	148,000

III. PROJECT DESCRIPTION

A. Project Components

24. **Refinancing of Project Preparation Facility Advance (Total Cost: US\$3.0 million; IDA: US\$3.0 million):** The proposed credit will refinance the withdrawn balance of the project preparation advance (PPA). The PPA has financed relevant project preparation activities, including the preparation of the design and safeguards studies for the initial 800 km of prioritized rural roads in the four selected states, as well as some institutional strengthening activities to help set up the State Project Implementation Units (SPIUs) and some other preparation studies (e.g. prioritization studies in Enugu and Osun).

25. **Component 1 – Upgrading and Rehabilitation of Rural Transport Infrastructure (Total Cost: US\$162.7 million; IDA: US\$111.7 million; AFD: US\$51.0 million):** This component will finance the upgrading and/or rehabilitation of an estimated 1,450 km of rural roads (or state roads on a case by case basis with connectivity purposes) in tier-one states (i.e. Adamawa, Enugu, Osun and Niger States, as of today). An approximate 800 km of rural roads (200 km/state) have been pre-identified as part of project preparation. The remaining 650 km (additional 140 km for Adamawa and 170 km for the other three tier-one states) will be identified during implementation after an updating of the prioritization studies prepared in each state, with a view to promote the best possible alignment with the state’s own rural development strategies and the Agricultural Transformation Agenda under preparation at the federal level. In addition, about 65 river-crossings will be financed under this component in order to ensure minimal access at locations selected for their importance for agricultural productivity or to give access to social services. River crossings include causeways, fords, box culverts as well as small bridges. This component will also finance road designs and construction supervision, social and environmental studies as well as any activities related to ensuring the quality of the proposed works. Design studies and supervision activities will be outsourced to private consulting firms. Road standards will be determined by these design studies, based on the levels of traffic measured and their projections and economic justification. It is expected that most if not all of the roads to be intervened under this component will remain earth roads. Civil works will be contracted out to private construction firms through competitive bidding, following Bank procurement procedures. Works and other incurred expenditures within the project components could be retroactively eligible as early as January 1, 2012 up to an amount of US\$5 million, subject to compliance with

⁵ Registered rural roads often represent only a fraction of the existing rural road network since road inventories are often outdated and incomplete. A comprehensive Global Information System (GIS)-based road inventory will be performed during implementation in all tier-one states.

the project's objectives and with the World Bank and the AFD's operational policies.⁶ While this is not expected to be the main mechanism to secure the maintenance of the RAMP-2 roads, this component will leave open the possibility of financing maintenance activities through OPRC contracts, if a scaling up is considered appropriate based on the Kaduna experience.

26. **Sub-component 1.1 (Total Cost: US\$153.0 million; IDA: US\$102.0 million; AFD: US\$51.0 million)** will finance design studies, upgrading and/or rehabilitation costs and related supervision activities for approximately 1,450 km of selected existing rural and state roads in tier-one states.

27. **Sub-component 1.2 (Total Cost: US\$9.7 million; IDA: US\$9.7 million)** will finance design studies, safeguard assessments, upgrading and/or rehabilitation costs and related supervision activities for approximately 65 river crossings on rural roads in tier-one states.

28. **Component 2 – Community-based road maintenance and annual mechanized maintenance (Total Cost: US\$38.4 million; IDA: US\$25.7 million; sub-national counterpart funds: US\$12.7 million):** This component will finance the maintenance of the roads rehabilitated under Component 1, as well as a few other pilot roads to build up the maintenance system while the roads are being rehabilitated. Pilot programs will be initiated in each one of the tier-one states for up to 50 km of rural roads rehabilitated through other means. Permanent routine maintenance would be performed by communities living alongside the rehabilitated roads, organized in “maintenance groups”. Maintenance groups would be incorporated and contracted by the SPIUs, using the procurement process and model contract format stipulated in the Project Implementation Manual. Annual mechanized maintenance – to be performed at the end of the rainy season, would be performed either through global maintenance contracts contracted out to the private sector or through force account. Maintenance through force account, however, would not be eligible for IDA financing, and if necessary will be covered by counterpart funds. Maintenance contracts would be co-financed by IDA and with State or Local Government Authority (LGA) counterpart funds (in case of LGA funds, State Authorities would have to guarantee the availability of such funds), following a decreasing formula for IDA funding, in order to build up sustainability. This formula is: 100 percent IDA until June 30, 2015, 50 percent from July 1, 2015 until June 30, 2017, and zero percent beyond July 1, 2017). This component will also finance all related activities, such as: technical assistance for the conformation of the community-based organization, external supervision, monitoring of activities and road condition, and technical audits. Special attention will be granted to the gender dimension, since routine maintenance contracts could offer employment opportunities to poor women living in the communities beside the roads. Routine maintenance is generally highly labor-intensive (about one full-time, permanent equivalent worker per km of road) and it does not require a skilled labor force. SPIUs will be encouraged to build up a strategic partnership with an existing community development program (such as the Nigeria Fadama Development III Project) in order to help develop the entrepreneurial capacity of community-based maintenance groups.

⁶ For instance, IDA can only finance eligible expenditures paid on a date no more than 12 months before the signing of the Financing Agreement.

29. **Component 3 – Project Management and Strengthening of State and Federal Road Sector Institutional, Policy and Regulatory Framework (Total Cost US\$11.6 million; IDA US\$11.6 million):** This component aims at helping addressing institutional capacity gaps at the sub-national level with regard to rural road assets’ management, as well as at developing and implementing sound rural transport policies. This component will provide a comprehensive institutional development package at the state and federal levels to: (a) support an effective implementation of the project (including through technical audits, whenever needed); (b) design and implement sound rural transport policies; (c) improve the planning and execution of public expenditures in rural transport; and (d) promote the dissemination of best practices, as well as to prepare a possible scaling up of the project in tier one and tier two states. Since many institutional issues at the state level are not specific to rural transport (including governance, accountability and public expenditure management), the proposed project will closely coordinate with other Bank-supported initiatives and projects, including the Economic Reform and Governance Project (P088150). The component is split in two sub-components.

30. **Sub-component 3.1 (Total Cost US\$7.6 million; IDA US\$7.6 million)** will finance activities in tier-one states, including: (a) preparation or updating of prioritization studies and Global Information System (GIS)-based road inventories; (b) day to day administration, financial management, procurement, environmental and social safeguards management, and monitoring and evaluation of Project activities at the state level; (c) technical assistance for road asset management, including road condition monitoring and support to road planning and maintenance policies; (d) development of rural transport regulations (including heavy vehicles’ weight control, road ownership), establishment of sustainable road data management systems and preparation of Intermediary Means of Transport (IMT) strategies⁷; (e) technical assistance for reform of state road sector institutions, including institutionalization of the SPIU within states’ organizational chart for rural roads’ management and coordination with eventual state road maintenance agencies; (f) institutional support and training to local governments (e.g. on safeguards enforcement, fiduciary management, governance and accountability, infrastructure planning); and (g) technical assistance for ensuring stakeholders and civil society participation in processes that assure road quality, efficiency of works, transparency and social inclusion. This sub-component will be financed exclusively from IDA funds. Some operational costs (e.g. wages of civil servants or top up allowances) and any potential safeguards-related compensation will be financed by state counterpart funds.

31. **Sub-component 3.2 (Total Cost US\$4.0 million; IDA US\$4.0 million)** will finance activities at the federal level, including: (a) day to day administration, financial management, procurement, and monitoring and evaluation of Project activities at the federal level; (b) technical assistance for monitoring of non-participating states and preparatory activities for program’s scaling up; (c) technical assistance for dissemination of lessons learnt and best practices; (d) baseline and impact evaluation surveys; and (e) development of federal policies for the improvement of rural transport and its alignment within federal transport policies. This sub-component will be financed exclusively from IDA funds and it will also include project audits for the tier-one states to be contracted by the Federal Government. Additional activities may be

⁷ These policy reforms will be closely coordinated with the World Bank-managed, Sub-Saharan Africa Transport Policy program

financed by federal counterpart funds. Parallel financing with other donors (e.g. DfID) will be further explored.

32. **Unallocated funds (Total Cost US\$27.0 million; IDA US\$18.0 million; AFD US\$9.0 million):** Unallocated funds represent about nine percent of the project's total funds. They will be used to finance contingencies (financial and physical).

B. Project Financing

33. Part of the proposed project (sub-component 1.1) will be co-financed by the AFD (i.e., civil works for upgrading and rehabilitation and consulting services on a 66.7-33.3 percent pari passu financing basis) and closely coordinated with other development partners working in the infrastructure sectors at state level. The AFD has expressed a strong interest in co-financing several operations in Nigeria, jointly with IDA. Such an approach would allow increasing the coverage of the RAMP-2 project with a consistent operational framework across states. On the Borrower's side, the transaction cost would be reduced since project execution reporting is expected to be the same for the two financiers. Finally, the IDA and AFD would bring together their preparation and supervision capacities and resources. The AFD's presence in Nigeria is still relatively recent but they count on two field-based staff for their infrastructure program, as well as a task team leader based in Paris. The AFD therefore has requested the World Bank to carry out the technical, fiduciary and safeguards review and implementation support for AFD-financed activities following applicable World Bank policies and procedures under a fee-based-service arrangement. AFD and IDA are currently negotiating a co-financing agreement for this purpose, and their respective bilateral agreements with Nigeria will be linked with a cross-effectiveness condition to ensure the concurrent availability of AFD and IDA funds upon project effectiveness.

C. Lending Instrument

34. The proposed lending instrument is a Specific Investment Loan. The Program for Results was not found relevant for the purpose of the proposed program, considering the state-level implementation framework as well as the proposed road maintenance arrangements which cannot be easily translated into disbursement-linked indicators.

D. Project Cost and Financing

35. Total project cost amount to US\$242.7 million of which US\$170.0 million (70.0 percent) will be financed through an IDA credit. Other project financiers include the AFD and the governments of tier-one states (Adamawa, Enugu, Niger and Osun). The simplified cost table below presents the expected financing scheme per project's component and sub-component. The project total cost and financing amounts reflect the approved 2010 Borrowing Plan debt ceilings for each state and agency. A 2012 Borrowing Plan is being considered by the Nigerian authorities, which could lead to an increase in available resources for rural roads in tier-one states. If these additional resources are confirmed, this may offer the opportunity for a scaling up of the proposed project activities through an eventual additional financing to be explored between IDA, AFD and the Nigerian authorities.

36. The Federal Republic of Nigeria as the borrower of the credit will be responsible for its repayment to IDA; however the Nigerian Federal Ministry of Finance (FMOF) has indicated that the proceeds of the credit will be on-lent to the states and repaid by the states to the federal government under the same financial terms as specified in the state borrowing plan approved by Nigeria’s National Assembly.

Table 7: Project Cost

Project Components	Project cost	IDA Financing	% of IDA Financing	AFD	Counterpart
Refinancing of Project Preparation Advance	3.0	3.0	100%	-	-
1. Upgrading and Rehabilitation of Transport Infrastructure	162.7	111.7	-	51.0	-
1.1. IDA/AFD co-financed rural roads improvement	153.0	102.0	66.7%	51.0	-
1.2. other IDA-financed rural transport infrastructure improvement	9.7	9.7	100%	-	-
2. Community-based Road Maintenance and Annual Mechanized Maintenance	38.4	25.7	-	-	12.7
Expenditures incurred through June 30, 2015	18.3	18.3	100%	-	-
Expenditures incurred between July 1, 2015 and June 30, 2017	14.8	7.4	50%	-	7.4
Expenditures incurred after June 30, 2017	5.3	-	0%	-	5.3
3. Project Management and State and Federal Institutional Strengthening	11.6	11.6		-	-
3.1. At the state level	7.6	7.6	100%	-	-
3.2. At the federal level	4.0	4.0	100%	-	-
Total Baseline Costs	27.0	18.0		9.0	
Physical contingencies	18.0	12.0		6.0	-
Price contingencies	9.0	6.0		3.0	-
Total Project Costs	242.7	170.0	70%	60.0	12.7
Interest During Implementation					
Front-End Fees					
Total Financing Required					

E. Lessons Learned and Reflected in the Project Design

37. Project design takes stock of country specific lessons and of international best practices for rural transport operations. In particular, country-specific lessons include the RAMP-1 under implementation. Key lessons include in particular the following:

(a) Participatory planning can help improve the effectiveness of rural transport investments. Rural roads to be rehabilitated under the proposed project have been or will be selected, using a prioritization methodology involving local and state-level stakeholders. Rural stakeholders have been found to have a better knowledge of their transport needs. Moreover, in the absence of accurate rural road registries, they generally also have a better knowledge of the conditions and status of the rural road networks. This participatory road planning approach will be further refined during implementation in order to identify the next batch of rural roads to be rehabilitated in each participating state and align the road selection process with the NATA.

(b) State selection can encourage competition between states based on performance and a future project could scale up and expand benefits. In the past, donors have used a “lead state approach” in Nigeria in order to focus assistance on only a few states. The two-pronged, tier-one and tier-two, approach used under the proposed project retains an

effectiveness principle in focusing primarily on states that met the CPS State Governance and the project readiness criteria. However, this is an evolving framework that is expected to be updated during implementation as state performance evolves. Tier-two states would receive technical support under the project's third component so that a future scaling up can be prepared. Moreover, the proposed approach takes into account the need to balance interventions between Nigeria's six geopolitical zones.

(c) A robust Monitoring and Evaluation (M&E) framework can help monitor project's outcomes and impacts and influence project design. Rural transport operations are well-known to bring direct (e.g. reduction in transport cost and transport time) as well as indirect (e.g. increased access to social services and to economic opportunities) benefits to rural populations. However, some of these benefits may take time to materialize. Monitoring these benefits can stress the potential for developing synergies with other programs (rural infrastructure, local development). In the case of the proposed project, alignment with the federal transformation agenda for the agriculture sector must be ensured. A thorough baseline survey is therefore being prepared based on best international practices (e.g. Peru Rural Roads program). Another impact evaluation survey will be performed after project's mid-term and financed as part of component 3.2.

(d) Ensuring the maintenance of rural roads is a difficult challenge which can be addressed through different innovative approaches. Road maintenance is generally the most critical challenge of rural roads projects. The RAMP-1 project has adopted the OPRC approach to tackle this issue. The proposed project will introduce a community-based approach to routine road maintenance. This model has been successfully implemented in other regions of the World (e.g. Latin America) and it could usefully complement the OPRC approach since routine maintenance activities are generally sub-contracted by contractors. A thorough monitoring and evaluation of these two approaches will be performed during project implementation to assess what is the best strategy for scaling up.

(e) Road maintenance can become sustainable only if there is a sustainable financing mechanism in place. Many rural roads project have collapsed (e.g. DFFRI) in the past because of the lack of maintenance or because it was assumed that either communities or local governments could take over road maintenance without technical assistance and a sustainable maintenance mechanism in place. The proposed project introduces a decreasing financing scheme through which state and local governments would progressively increase their contribution. While counterpart funds may be difficult to mobilize, it is estimated that this scheme would have a better chance of being sustained beyond the project's closing date.

(f) Well-maintained earth roads can provide a cost-effective and sustainable solution to rural access. Rural roads generally do not have traffic levels that are sufficient to justify paving.⁸ While earth roads are economically the best technical option, they also have less durability if not maintained. The proposed project does not intend to pave rural roads (although some state governments may be tempted to do it with their own resources) but

⁸ 300 vehicles per day (vpd) are generally required while 100 vpd or less are generally observed on rural roads.

instead to put in place an efficient and sustainable road maintenance model. There is large evidence internationally that well-maintained earth roads can have their life cycle extended to 12 years or more.

(g) Women from poor rural communities may have different rural transport needs and can also contribute to road maintenance. A gender action is particularly justified in the case of rural transport operations. Firstly, because women tend to have different transport needs (informal modes of transport such as non-motorized transport, increased attention paid to safety and security). For example, rural roads are well-known to be a key factor to increase access of girls to education. Secondly, because women can also be actively involved in the routine maintenance activities. In Peru, about 40 percent of the rural micro-entrepreneurs involved in the routine maintenance of rural roads are women. A specific gender action plan has therefore been prepared as part of the preparation of the proposed project.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

38. The proposed project would be implemented at the federal level by the RAMP Federal Project Management Unit (FPMU) in the FMA&RD except for financial management responsibilities which will be handled by the Federal Project Financial Management Division (FPFMD). The FPMU is currently implementing the RAMP-1 project, as well as other initiatives funded by the Federal Ministry of Agriculture and Water resources including the Critical Agricultural Link Roads Program (US\$60 million) and Constituency Roads (US\$10 million). The FPMU is a fully staffed and well equipped institution with a satisfactory track record in project management. The FPMU is led by a National Coordinator. The main responsibilities of the FPMU include: (a) project preparation through in particular managing a US\$3 million PPA as well as AFD's own preparation funds, in close coordination with the state and other federal agencies (National Planning Commission, FMOF); (b) state selection and monitoring of state performance; (c) provision of targeted technical assistance and capacity building support to participating states in order to help them establish their SPIU; (d) ensure project alignment with federal rural development policies (such as the NATA) and contribute to the design and implementation of sound rural transport policies; (e) facilitate the overall coordination of the project, including consolidating project work plans, budgets and reports and liaising with the two financiers (IDA and AFD); (f) manage project activities listed under sub-component 3.2 and prepare an eventual scaling up; and (g) promote peer learning as well as dissemination of best practices and lessons learnt through effective monitoring and impact evaluation. Finally, the strategic monitoring of RAMP-2 implementation would be ensured by a steering committee within the FMA&RD. This steering committee is an existing structure within FMA&RD named "National Technical Steering Committee" (NTSC). This Committee is chaired by the Permanent Secretary of FMA&RD and meets on a quarterly basis. Technical Ministries are represented in this committee, as well as the coordinators of all IDA-financed agriculture and infrastructure programs in FMA&RD. The NTSC is also involved in the implementation of the NATA.

39. In each state, the project would be implemented by the corresponding SPIU except for financial management responsibilities which will be handled by the Project Financial

Management Units (PFMU). Each State will also conform or maintain a State Project Monitoring Committee (SPMC) to provide an overall monitoring of project activities in the State. The SPIU are hosted in the state ministry in charge of rural roads (i.e. state ministry of agriculture and rural development or state ministry of public works, depending on the state). The SPIU have been constituted during project preparation, their established capacity being one of the project readiness criteria during the state selection phase. SPIUs have reached diverse levels of institutional capacity, the most advanced ones being Enugu and Osun, two states that had started project preparation earlier. The SPIUs are already staffed with key operational professionals including civil servants and consultants (e.g. road engineers, procurement specialist, accountant, monitoring and evaluation specialist, environmentalist) and led by a State Coordinator. The SPIU procurement staff performance will be evaluated periodically before processing contract extensions. The key responsibilities of the SPIUs include: (a) management of all project activities during implementation phase (except for sub-component 3.2; (b) ensuring the sustainability of project's rural transport investments through designing, implementing and promoting sound road maintenance practices, in coordination with Local Government Authorities whenever appropriate; (c) ensuring the alignment of project activities with the state's rural development policies and contribute to the design and implementation of sound rural transport policies at the state level; and (d) providing the FPMU and the SPMCs with periodic and accurate reporting and documentation about the status of project implementation, as required by the project's operational manual. For financial management and disbursement, the SPIU will closely coordinate with the PFMU established in each state to handle donor-financed activities.

B. Results Monitoring and Evaluation

40. Since RAMP-2 is a pilot project which introduces several innovative rural transport practices (e.g. investment selection, community-based road maintenance, gender action plan), a thorough M&E framework has been put in place to monitor relative benefits, inform project design and promote scaling up. As part of project preparation, a robust baseline survey is being prepared, financed by the AFD with technical guidance from IDA. This survey focuses on collecting relevant data in the area of influence of 20 rural roads that have been identified as part of the first batch of roads to be rehabilitated by RAMP-2 (treatment group) as well as in the area of influence of 20 other rural roads sharing the same characteristics as the previous ones but which are unlikely to be intervened during the project duration (control group). About three years into project implementation, a follow up survey will be performed after project's mid-term and towards project closing to determine the effects of selected project interventions. This will be financed as part of sub-component 3.2 in order to collect updated data in the area of influence of rural roads from the treatment and control groups. A double difference methodology will then be applied in order to compare the relative contribution of project interventions to rural welfare. Results will be widely disseminated.

C. Sustainability

41. Ensuring the sustainability of the proposed investments is one of the most critical challenges of the RAMP-2 project. The past experience of Nigeria (e.g. outcomes of DFFRI program) but also from many other countries is that rural roads investments can be quickly lost unless sound and durable road maintenance mechanisms are put in place. Acknowledging the

complexity of this issue and the need to promote full ownership by state and local stakeholders, the proposed project has introduced customized approaches to road maintenance in each participating state. In each state, a community-based road maintenance pilot has been initiated by the corresponding SPIU, in close coordination with the FADAMA program. It is expected that this pilot will be progressively expanded to maintain other infrastructure that have been already rehabilitated. This frontloaded, pilot approach is expected to contribute to the establishment in each state of a sound maintenance mechanism in parallel to the rehabilitation of the first batch of roads to be rehabilitated by RAMP-2.

42. Community-based road maintenance has widely and successfully been used all over the world to maintain rural roads. In Latin America, countries like Peru have put in place over the past 15 years, about 700 community-based microenterprises for road maintenance. These microenterprises are currently maintaining about 15,000 km of rural roads, resulting in an optimized life-cycle for these infrastructures. In addition to preserving road assets, these community-based schemes have been found to create numerous employment opportunities for men and women from poor rural communities living aside from the roads. While the proposed project will promote the use of community-based road maintenance, flexibility will be kept to adopt alternative road maintenance strategies, such as the OPRC approach currently being implemented in Kaduna state under RAMP-1. On the other hand, road maintenance approaches that are generally less effective – such as force account, will be considered only as a last resort (e.g. for emergency maintenance). Activities to be performed under Component 2 include community-based routine maintenance but also annual mechanized maintenance to be performed preferably through contracting out to local construction firms.

Box 3: Community-based Road Maintenance in Peru

Although it is often disregarded or neglected, routine maintenance is at the same time the cheapest and the most cost-effective investment in the road sector. An efficient routine maintenance system is key to cost effective management of road assets, particular for unpaved roads which otherwise tend to deteriorate rapidly. Routine maintenance is more efficiently performed when it is done by local entrepreneurs who can see the benefit of keeping a road in good conditions and receive peer pressure from other users of rural transport. Routine maintenance is labor-intensive and does not require advanced skills. Thus, it can generate employment opportunities for the rural poor, including women.

In 1995, the Government of Peru started to experiment a new model to perform routine maintenance on rural roads, based on the constitution of micro-enterprises. A micro-enterprise includes 10 to 25 “partners” chosen among and by poor rural communities, and is responsible for the maintenance of a 10 to 25 km road segment. In many cases, seasonal workers – often chosen among the poorest people, are added by the community to the staff of the micro-enterprise so that they can be given an opportunity to earn some income. Unlike other labor-intensive initiatives, the primary objective of micro-enterprises is not to act as a safety net (although it allowed many rural people living in extreme poverty an opportunity to earn an income) but rather to develop an entrepreneurial capacity for the efficient maintenance of road assets. In order to do so, a result-based contract is signed by a given municipality with each micro-enterprise, actual results and impact on road conditions is regularly monitored by road engineers while technical assistance is provided to micro-enterprises by young civil engineers or social workers. The model proved to be very successful and became widely adopted in Peru: as of today, 612 micro-enterprises employing almost 7,000 workers (including a significant proportion of women) had been created and were performing routine maintenance on the Peruvian rural roads. With the decentralization reforms since 2002, the responsibility for the maintenance of rural roads was transferred to municipalities and Provincial Roads Institutes were set up to contract the micro-enterprises. In 2006, funding for routine maintenance was permanently transferred to municipalities.

Since 2005, there were a sufficiently large number of micro-enterprises created so that a competitive management of rural road maintenance contracts could be experimented. As of today, several micro-enterprises have reached a very high level of entrepreneurship and started to diversify outside road maintenance (e.g. in tourism). Although few have reached the level of advancement of Peru, many other Latin American countries have adopted the micro-enterprise model to maintain their rural roads (e.g. Brazil, Colombia, Ecuador, Guatemala, Nicaragua).

Source: World Bank, Peru’s Ministry of Transport and Communication.

43. Osun state is currently the lead state to implement the community-based road maintenance pilot. A 12 km-long rural road (Pataara-Iwo) has been selected by the Osun SPIU and was subsequently rehabilitated with state counterpart financing. In parallel, the Osun SPIU has partnered with FADAMA to create a “maintenance group” which was officially incorporated under the name “RAMP Road Maintenance (Pataara-Iwo) Multipurpose Cooperative Society Limited”. A model of result-based maintenance contract was then developed, together with a manual for routine maintenance (translated in Yoruba language). The first maintenance contract was signed in February 2012 between the Osun SPIU and the Pataara – Iwo maintenance gang. Though less advanced, the other participating states are developing similar initiatives on other pilot roads.

44. The sustainability of the RAMP-2 investments and of the community-based road maintenance scheme is highly dependent on the availability of a sustainable source of financing. In order to progressively build up a financing capacity for road maintenance at the state level, a

decreasing IDA financing share is proposed. Co-financing will have to be provided through sub-national counterpart funds. Since in some states (such as Enugu), state authorities ultimately want to transfer some of the maintenance responsibility at the LGA level, counterpart funding from LGAs could be leveraged by state authorities, However, state authorities would still have the primary responsibility of ensuring that such counterpart funds are available.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk	Rating
Stakeholder Risk	High
Implementing Agency Risk	
- Capacity	High
- Governance	High
Project Risk	
- Design	High
- Social and Environmental	Low
- Program and Donor	Low
- Delivery Monitoring and Sustainability	High
Overall Implementation Risk	High

B. Overall Risk Rating Explanation

45. A High risk rating was selected for both preparation and implementation due to the multiplicity of challenges associated with state level interventions in Nigeria's federal environment, as well as to the difficulties experienced by other on-going IDA projects in the road sector in this country. It is expected that states will not progress at the same pace during implementation due to differences in capacity but also due to institutional and/or security constraints. The institutional support provided by the FPMU under sub-component 3.2 will therefore be customized in order to focus on these states that show early signs of implementation delays. Specific performance targets (e.g. percentage of funds committed and disbursed, number of kilometers of roads with efficient maintenance system in place) to be reached at mid-term will be included in the subsidiary agreements to be signed between the federal and each tier-one state government. The recent escalation of violence has become a real challenge for security in some parts of Nigeria. In case security becomes the challenge in participating states too, affecting project implementation, different arrangements will be assessed. In addition the project team and the CMU will engage closely with government to monitor the situation on the ground closely to ensure that the response is quick and avoid, to the extent possible, significant implementation delays. The sustainability risk is particularly critical due to the challenges associated with the establishment of a sound road maintenance system as well as due to the past experience of Nigeria in this domain. The project puts a very heavy emphasis on road maintenance through the launching of specific community-based maintenance pilots in all tier-one states. The OPRC experience of RAMP-1 in Kaduna state would also be closely monitored.

46. **Governance.** Nigeria has a poor track record in terms of fraud and corruption. In the 2010 Corruption Perception Index of Transparency International, Nigeria ranked 134 out of 178 countries. The “*Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*”, dated October 15, 2006 and updated January 2011, shall apply to the project. All IDA-financed operations in Nigeria operate under a specific Governance Framework, with accompanying Regulations and Procedures. Under this framework, financial management arrangements for all IDA-financed operations at the state level use common procedures and institutions (Project Financial Management Units) whose staffs have received specific training. In line with the Governance and Anti-Corruption initiative, the proposed project also includes specific monitoring instruments and mitigation measures to address the governance risk. In particular, a Governance and Accountability Action Plan (GAAP) will be developed and included in the project’s implementation manual. The GAAP will facilitate the establishment of a grievance mechanism for communities to submit complaints regarding quality of civil works, road conditions, and safeguards implementation and to ensure that the project develops an information disclosure policy. The GAAP will also include some mitigation measures of the risk of elite capture in the maintenance groups.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

47. The road design studies for the initial batch of 800 km of rural roads include an economic evaluation study based on the Road Economic Decision Model (RED), developed by the World Bank for the economic evaluation of investments and maintenance alternatives for low volume roads. The RED model adopts the “consumer surplus” approach to estimate project benefits that are comprised of road user costs (vehicle operating costs, passenger time costs, and accident cost) savings, which are estimated using road user costs relationships from the Highway Development and Management Model (HDM-4). The RED model is customized to the characteristics and needs of low-volume roads, such the high uncertainty of the assessment of the model inputs, the importance of speeds for model validation, and the need for a comprehensive analysis of generated and induced traffic.

48. **Traffic data.** Traffic surveys were performed, as part of the road design studies financed by the PPA, for the initial batch of 800 km of rural roads to be rehabilitated under RAMP-2. Surveys were performed continuously between 7 a.m. and 7 p.m. during 7 consecutive days on several counting points along the selected roads. Data are consistent with typical observations generally made on rural roads serving access functions in rural areas with dispersed population and agricultural potential: (a) low traffic volumes (less than 200 vehicles per day, excluding two-wheels); (b) predominance of two-wheel vehicles (bicycles and motorcycles); and (c) presence of heavy vehicles (buses, trucks) providing collective transportation to rural populations; (d) significant weekly variations of traffic volumes when there is the presence of a local market in the vicinity.

49. **Results.** RED simulations were performed for each of the 57 roads that make up the three clusters in each of the four tier-one states, using traffic data coming from the actual traffic surveys and the estimated rehabilitation costs per road. The median traffic is 186 vehicles per

day, including two-wheel vehicles, and 59 vehicles per day excluding two-wheel vehicles. The rehabilitation costs vary from US\$50,800 per km to US\$165,600 per km, with average rehabilitation costs of US\$87,000 per km. Assumptions used were: (a) 12 percent discount rates; (b) six percent traffic growth rate; and (c) 20 year evaluation period. These simulations do not account for indirect benefits and should be therefore considered to be conservative. Results are presented below per cluster. According to these simulations, the 57 project roads cost benefit Net Present Value (NPV) should be US\$155.57 million and the Economic Rate of Return (ERR) should be 39 percent. If rehabilitation costs increase by 15 percent or if benefits decrease by 15 percent, the ERR is 34 percent. If rehabilitation costs increase by 15 percent and benefits decrease by 15 percent, the ERR is 30 percent.

Table 8: Prioritized Roads Clusters Length and Traffic

State	Cluster	Length (km)	Average Traffic (vehicles per day)				
			2-Wheels	Cars	Buses	Trucks	Total
Adamawa	1	57.9	960	540	20	65	1,585
Adamawa	2	73.2	383	102	13	46	543
Adamawa	3	70.3	259	97	1	25	382
Enugu	1	59.4	115	12	8	7	142
Enugu	2	57.2	98	7	6	6	116
Enugu	3	42.2	88	9	9	7	113
Enugu	4	44.8	83	9	8	8	108
Niger	1	94.8	0	71	12	6	89
Niger	2	52.5	0	94	9	14	117
Niger	3	58.0	0	48	15	6	68
Osun	1	64.6	158	38	11	8	215
Osun	2	109.3	425	43	23	78	569
Osun	3	40.4	287	48	12	12	358
Total		824.6	248	82	12	25	367

Table 9: Prioritized Roads Clusters Rehabilitation Costs and Economic Evaluation

State	Cluster	Average Rehabilitation Cost		NPV (US\$ Million)	ERR (%)
		(US\$ Million)	(US\$ 000/km)		
Adamawa	1	6.43	111.08	30.37	67%
Adamawa	2	7.27	99.29	21.41	47%
Adamawa	3	5.75	81.85	11.36	36%
Enugu	1	5.38	90.63	1.19	15%
Enugu	2	5.35	93.47	1.15	15%
Enugu	3	4.87	115.35	0.77	14%
Enugu	4	3.72	83.12	2.30	21%
Niger	1	7.86	82.94	4.97	21%
Niger	2	5.07	96.62	4.26	23%
Niger	3	6.45	111.25	1.24	15%
Osun	1	4.05	62.73	6.50	32%
Osun	2	7.13	65.24	64.19	113%
Osun	3	2.38	58.99	5.87	42%
Total		71.73	86.99	155.57	39%

B. Technical

50. The rural roads covered by the project have low traffic volumes. Generally, Nigeria does not have a commonly agreed standard at the federal and state level for rural roads design; nevertheless, the Highway Design Manual has been used over the years for both national and sub-national road network interventions alongside state level norms. The project designs have adopted the Highway Design Manual and during negotiations the state level delegations confirmed the standards adopted are consistent with state level norms. For instance, and in order to apply the Highway Design Manual for rural roads, the project has adopted a design speed of 50 km/h, and geometric design parameters that include 6 m carriageway width, 1.2 m shoulder width on both sides of the carriageway and five percent cross fall among others. The design has also taken into consideration that it may be necessary to omit shoulders for economic reasons, and this omission has been found to be technically acceptable, and confirmed during negotiations.

51. Traffic volume is the determining factor in the choice of road surfacing. All the roads on covered by the project have low traffic volume. Therefore, the existing earth roads will be rehabilitated to laterite or gravel surface. However low-cost bituminous sealing may be adopted for steep slopes where gravel loss could be high, or such areas where weather may not enable gravel road be sustainable. The roads will be properly drained with earth drains, but stone pitch lined drainage ditches will be considered within villages. Consequently, the implementation unit will adhere to standards, specifications and assurance plans in survey works, engineering design, cost estimates and preparation of Bill of Engineering Measurement and Evaluation for the roads.

52. River crossings will consist of simple crossing infrastructures such as pipe and box culverts or fords. Bridges longer than 20 meters are not expected but could be considered on a case-by-case basis if duly justified. Particular attention will be paid to the dimensioning of the drainage systems and to the protection of the infrastructures (e.g. protecting walls, gabions, well designed embankments). In states with significant erosion problems (e.g. Enugu), coordination with the IDA-financed Nigeria Erosion and Watershed Management project (P124905) under preparation will be ensured to seek complementarities and enhanced impact.

C. Financial Management

53. The Financial Management (FM) functions for the project will be provided by the PFMUs in the participating states and by the Federal Project Financial Management Division (FPFMD) at Federal Level. The PFMUs and FPFMD are multi-donor and multi-project FM platforms, established in all the 36 states and at federal level respectively through the joint efforts of the Bank and the government. These common FM platforms feature robust systems and controls. The PFMUs and FPFMD are presently involved in the implementation of a number of Bank-assisted projects. A recent review performed by the World Bank showed that these units have been performing satisfactorily. To strengthen the financial management system in the FPFMD and PFMUs, implementation of some action plans are required. Further to the recommended action plans being implemented as per the agreed time frame, the financial management arrangements will meet the minimum FM requirement in accordance with OP/BP 10.02. Taking into account the risk mitigation measures, the financial management risk for this financing is assessed as Substantial. Annex 3 provides additional information on financial

management. IDA will disburse the credit through designated accounts consisting of: (a) one designated account (DA) for the FPMU managed by FPFMD and (b) one DA for each SPIU to be managed by the PFMU. Accountants designated for the project will produce relevant reports on a timely basis. The FPMU will be expected to consolidate semester interim financial reports (IFRs) received from the various SPIUs and forward them to the Bank. An independent external auditor will be appointed by the FPMU to perform an audit of the entire project and certify the consolidated financial statements for the project. A copy of the Annual Audit report of the project will be sent to the FMOF, NTSC and to IDA.

D. Procurement

54. The project's procurement will be implemented by the FPMU and the SPIUs following the applicable World Bank "Procurement Guidelines" and "Consultant Guidelines".⁹ A qualified and experienced Procurement Officer has been assigned to the FPMU from the FMA&RD after a competitive selection process. The FPMU is also recruiting two procurement consultants in order to provide technical assistance to the FPMU and the SPIUs whenever required. Each SPIU from tier-one states have appointed, after a competitive selection process and for a trial period of 6 months to one year, one procurement specialist to work full-time for the project. These procurement specialists have received procurement training from the World Bank and they will receive further guidance and technical assistance from the procurement consultants being hired by the FPMU. Subject to satisfactory performance to be assessed by the World Bank supervision missions, they will be confirmed in their position after the trial period. Taking into account the risk mitigation measures, the procurement risk for this financing is assessed as High.

55. In the last five years, Nigeria has made good progress in the implementation of procurement reforms at the federal level. Following the enactment of the Procurement Act in May 2007, the Bureau of Public Procurement (BPP) was established in July 2007. The BPP has been providing effective oversight in the implementation of the Procurement Act and procurement processes at the federal level are much more transparent than before and this is likely to lead to more efficient and economic procurement outcomes. Transparency has been enhanced through publication of bidding opportunities and contract awards for major contracts. There is now a working complaints mechanism for providing recourse to bidders that have not been treated in accordance with the law. This should improve accountability in the procurement process.

56. The States in Nigeria are also in the process of enacting their own procurement laws. The four tier-one states comprising of Osun, Enugu, Niger and Adamawa have laws already in place but are in different stages of implementation. The recent RAMP-2 procurement assessments conducted in Niger, Enugu and Adamawa have revealed that the transparency of most of their procurements could be improved. The assistance required in implementing the procurement laws includes preparation of implementation tools such as regulations, manuals and standard bidding documents (SBDs).

⁹ "Procurement Guidelines" means the "*Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers*" dated January 2011. "Consultant Guidelines" means the "*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers*" dated January 2011.

E. Social (including Safeguards)

57. The project triggers two social safeguards policies: the Physical Cultural Resources (OP/BP 4.11) and the Involuntary Resettlement (OP/BP 4.12). There are likely to be no major significant negative impacts during project implementation. In fulfilment of the World Bank's safeguards policies, an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) were prepared and disclosed for Enugu and Osun States in May 2008. These documents were updated to reflect the inclusion of Niger and Adamawa States and they were re-disclosed both in-country and in the Infoshop. The RPF guides the preparation of Abbreviated Resettlement Action Plans (ARAPs) for roads that are identified and selected to be included as part of project implementation. The project appraisal included 800 km out of 1,450 km of roads with identified locations and designs. When the identified roads affect farms or livelihoods, an ARAP has been prepared; the cost of implementing the ARAPs will be financed by the States. Four ARAPs (one for each tier-one State) have been cleared by the Bank and disclosed before appraisal, both in country and at the Bank's Infoshop. The works will not start on a particular road section until every person affected by the works on that section has been properly compensated and, where necessary, resettled, according to Bank policies.

58. In order to leverage the impact and sustainability of road rehabilitation, the project will engage communities in the maintenance of rehabilitated roads. Community-based maintenance schemes are being piloted in Osun State. One pilot (Patarra-Iwo) started in February 2012; a second pilot will be launched in September 2012. Field visits during project preparation indicate that these schemes have considerable potential to enhance community ownership and the sustainability of the roads.

59. **Gender.** Nigeria made several commitments to ensuring that gender issues are not only a part of the national discourse but also that they are integrated into policies and development programs. These commitments are contained in frameworks such as the Vision 20:2020, the National Gender Policy and the United Nations' MDGs framework. As part of project preparation, a gender study and consultations with communities has been conducted to assess the challenges and opportunities for the mainstreaming of gender concerns in the use of, access to, and maintenance of roads. A gender consultant was hired and she looked at the specific situation of each tier-one state. One objective of this gender study has been to determine under what conditions women could participate in the community-based road maintenance activities and propose a specific gender action plan. In the interim report, dated June 14, 2012, the consultant proposed an action plan focusing on: (a) ensuring women's representation during community consultations on rural roads management; (b) impose minimum women's participation in the maintenance groups (at least 10 percent and preferably 30 percent); (c) carrying out community sensitization on the need for gender inclusivity in rural roads maintenance; (d) engaging in advocacy at the level of the traditional rulers to ensure buy-in at the level of the community's political leadership; and (e) include gender-desegregated indicators in the project's M&E framework.

F. Environment (including Safeguards)

60. Four safeguards policies are triggered by this project: Environmental Assessment (OP/BP 4.01), Natural Habitat (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11) and Involuntary

Resettlement (OP/BP 4.12). The project triggers the Environmental Assessment (OP/BP 4.01) policy and has been assigned an Environmental Screen Category of “B”. This rating is based on the scope of the project, which indicates limited adverse environmental and social impacts. The field visits during project preparation revealed that there are likely to be no major significant negative impacts during the project implementation; especially as the project does not contemplate building new roads and will essentially remain within the existing right-of-ways. It is expected that the rehabilitation of the roads would result in net positive environmental and social impacts. In fulfillment of the Bank’s requirement for project appraisal, an ESMF has been prepared for this project. The ESMF defines standard procedures and methods for incorporating potential environmental and social impacts and their associated mitigation measures into the selection, planning and implementation of all sub-projects to be carried out in the project. It also provides guidance for preparing Environmental and Social Impact Assessments (ESIAs) and Environmental Management Plans (EMPs) as maybe applicable during project implementation. The Draft ESMF and RPF reports have been prepared and disclosed in May 2008 for the Osun and Enugu states. These reports have been updated to reflect the inclusion of Adamawa and Niger and the updated versions were re-disclosed in country and in the World Bank Infoshop. Four ESIAs (one for each tier-one State) for the 800 km of pre-identified roads, along with corresponding EMPs (i.e., a total of 13 EMPs including three EMPs each for Adamawa, Niger and Osun and four EMPs in Enugu) have been cleared by the Bank and disclosed locally and in the Info Shop. A senior environmental consultant has been recruited to provide technical assistance to RAMP–FPMU and RAMP-SPIUs for the update of the ESMF, as well as a senior social consultant to update the RPF and provide technical assistance in preparing the project’s safeguards’ documents.

61. The Natural Habitats safeguard policy (OP/BP 4.04) is triggered since some of the bridge and road rehabilitation activities may have an impact on natural habitats. The Physical Cultural Resources policy (OP/BP 4.11) is triggered in case the proposed road works are performed in areas of cultural or archeological significance. The Project will monitor and manage any impacts on natural habitats and physical cultural resources in the framework of the ESMF and as part of the detailed ESIAs and EMPs. For instance as it refers to physical cultural resources, the Project will intervene in Adamawa and Osun states home to Nigeria’s two UNESCO world heritage sites. In this case the project will not intervene in the area of influence of these sites and no major cases have been found as part of the archeological surveys conducted to date as part of the ESIAs (apart from the possible displacement of local shrines). In case a “chance find” is identified, the ESMF documents how to manage “chance find procedures” and these will have to be an integral part of the ESIAs/EMPs, as well as included the contracts with the selected contractors.

62. The table below identifies the different safeguard policies that could be triggered by this project:

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[]
Natural Habitats (OP/BP 4.04)	[x]	[]
Pest Management (OP 4.09)	[]	[x]
Physical Cultural Resources (OP/BP 4.11)	[x]	[]
Involuntary Resettlement (OP/BP 4.12)	[x]	[]

Indigenous Peoples (<u>OP/BP</u> 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (<u>OP/BP</u> 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (<u>OP/BP</u> 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (<u>OP/BP</u> 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (<u>OP/BP</u> 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Annex 1: Results Framework and Monitoring
NIGERIA: Second Rural Access and Mobility Project

Project Development Objective (PDO):												
The objective of the project 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.												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline (as of Nov.2011)	Cumulative Target Values*					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition)
				YR 1	YR 2	YR3	YR 4	YR5				
Project Outcome Indicators												
(i) Direct project beneficiaries, of which female	<input checked="" type="checkbox"/>	Number / %	0 / 0	0 / 50%	600,000 / 50%	800,000 / 50%	1,100,000 / 50%	1,581,000 / 50%	Annually	- Road design studies	SPIUs/FPMU	Population living in the area of influence of the rehabilitated roads (and % of women)
(ii) Roads in good and fair condition as a share of total classified roads	<input checked="" type="checkbox"/>	Percent age	0-1	1	3	6	8	10	Annually	- Works progress reports from supervision firms	SPIUs/FPMU	Percentage of rural roads in good or fair condition as a share of total registered rural road network in targeted "tier-1" states
(iii) Increase of share of rural population with access to an all-season road (Rural Access Indicator)	<input checked="" type="checkbox"/>	Percent age points	0	0	+1	+3	+5	+6	Annually	- Road design studies and works progress reports	SPIUs/FPMU	Percentage of the rural population in targeted "tier-1" states living less than 2km away from an all-weather road
(iv) Roads receiving adequate levels of maintenance	<input type="checkbox"/>	Km	0	80	1,000	1,325	1,650	1,650	Annually	- Consolidated SPIUs' progress reports	SPIUs/FPMU	Kilometers of rural roads (either pilot roads or roads rehabilitated by the project) with both efficient, permanent routine maintenance and annual mechanized maintenance
Intermediate Results (Component 1 : Upgrading and rehabilitation of rural transport infrastructure):												
(i) Roads rehabilitated	<input checked="" type="checkbox"/>	Km	0	0	800	1,125	1,450	1,450	Every 6 months	- Works progress reports from supervision firms	SPIUs/FPMU	Kilometers of rural or state roads rehabilitated by the project according to agreed standards

(ii) Number of river crossings built	<input type="checkbox"/>	Number	0	0	10	30	50	65	Every 6 months	- Works progress reports	SPIUs/FPMU	Number of river crossings rehabilitated or built by the project according to agreed standards
Intermediate Results (Component 2: Community-based road maintenance and annual mechanized maintenance):												
(i) Kilometers of rural roads receiving efficient, permanent routine maintenance	<input type="checkbox"/>	Km	0	80	1,000	1,325	1,650	1,650	Every 6 months	- Consolidated SPIUs' progress reports	SPIUs/FPMU	Kilometers of rural roads (either pilot roads or roads rehabilitated by the project) with efficient, permanent routine maintenance, as defined in the Project Implementation Manual and assessed during supervision missions
(ii) Kilometers of rural roads receiving efficient, annual mechanized maintenance	<input type="checkbox"/>	Km	0	80	1,000	1,325	1,650	1,650	Every 6 months	- Consolidated SPIUs' progress reports	SPIUs/FPMU	Kilometers of rural roads (either pilot roads or roads rehabilitated by the project) receiving efficient, annual mechanized maintenance, as defined in the Project Implementation Manual and assessed during supervision missions
(iii) Number of days of work generated by routine maintenance activities, of which proportion performed by vulnerable groups (women or young people)	<input type="checkbox"/>	Days / %	0 / 0%	20,000 / 5%	250,000 / 10%	331,250 / 15%	412,500 / 20%	412,500 / 25%	Annually	- Consolidated SPIUs' progress reports	SPIUs/FPMU	Number of days of work generated by the project's routine maintenance activities and proportion of these days performed by vulnerable groups such as young people or women
Intermediate Results (Component 3: Project management and strengthening of State and Federal road sector institutional, policy and regulatory framework):												
(i) Kilometers of roads in "tier-2" states with design studies completed	<input type="checkbox"/>	Km	0	0	300	600	0	0	Every 6 months	- FPMU progress reports	FPMU	Kilometers of roads for which road design studies have been financed by the FPMU, according to agreed standards, as part of the project's scaling up

												activities
(ii) Number of “tier-1” and “tier-2” states with GIS-based road inventories	<input type="checkbox"/>	Number	0	0	4	4	4	4	Every 6 months	- FPMU progress report	SPIUs/FPMU	Number of “tier-1” and “tier-2” states where comprehensive inventories of the rural road network have been completed with the use of GIS-based technologies.

Annex 2: Detailed Project Description

NIGERIA: Second Rural Access and Mobility Project

1. The proposed project will intervene in a number of Nigerian states, selected for their state governance performance (“tier-one” and “tier-two” states) as well as for their project implementation readiness (“tier-one” states). Components 1 and 2 as well as Sub-component 3.1, as described below, will be implemented in “tier-one” states. Sub-component 3.2 will be implemented at the federal level by the Federal Project Management Unit (FPMU) and will benefit both “tier-one” and “tier-two” states.

2. At the time of project preparation, only four Nigerian states met the criteria to enter the list of “tier-one” states (in addition to Kaduna and Cross River who are already implementing Rural Access and Mobility Project-1 (RAMP-1). These four states are: Adamawa, Enugu, Niger and Osun. Agriculture is an important economic sector in these four states, with typical crop production of rice, cassava, sorghum, palm oil and livestock. The road network is relatively dense but highly deteriorated, causing major bottlenecks to the transport of agricultural outputs to markets or crop processing areas. Minority of state roads are paved and almost all rural roads are unpaved (earth roads). Improvement works from the proposed project are expected to have a significant impact in the targeted areas. For all targeted tier-one states and accounting for the 200 km pilot roads, the project should be able to rehabilitate about 10 percent of the entire rural road network. However, this proportion would vary significantly across states since it would amount to 6 percent in Osun state, 8 percent in Niger, 20 percent in Enugu and 32 percent in Adamawa. Moreover, investments would be concentrated in the areas of higher agricultural production, building on the strategic priorities of Nigeria’s Agriculture Transformation Agenda (NATA), with due attention paid to connectivity to the rest of the road network. Such a critical mass of infrastructure investments is needed in order to overcome possible threshold effects, as opposed to dispersed road investments.

Table 1: Characteristics of Road Network in “Tier-1” States

State	Federal roads (km)		State roads (km)		Rural roads (km)	
	paved	unpaved	paved	unpaved	paved	unpaved
Adamawa	708	202	378	990	-	1,220
Enugu	771	280	467	1,291	12	2,079
Niger	2,375	-	2,014	NA	NA	5,153
Osun	648	70	1,270	889	2,172	5,281

3. **Refinancing of Project Preparation Facility Advance (Total Cost: US\$3.0 million; IDA: US\$3.0 million):** The proposed credit will refinance the withdrawn balance of the Project Preparation Advance (PPA). The PPA has financed relevant project preparation activities, including the preparation of the design and safeguards studies for the initial 800 km of prioritized rural roads in the four selected states, as well as some institutional strengthening activities to help set up the Special Project Implementation Units (SPIUs) and some other preparation studies (e.g. prioritization studies in Enugu and Osun). As per standard practice, upon project effectiveness the disbursed balance of the US\$3 million PPA will be refinanced from the proceeds of the credit, and any undisbursed balance (if applicable) of the PPA will be reallocated to finance other eligible project expenditures.

4. **Component 1 – Upgrading and Rehabilitation of Rural Transport Infrastructure (Total Cost: US\$162.7 million; IDA: US\$111.7 million; French Development Agency (AFD): US\$51.0 million):** This component will finance the upgrading and/or rehabilitation of an estimated 1,450 km of rural roads (or state roads on a case by case basis with connectivity purposes) in tier-one states (i.e. Adamawa, Enugu, Osun and Niger States, as of today). Approximately 800 km of rural roads (200 km/state) have been pre-identified as part of project preparation (see Table 2 below). These roads have been selected based on the outcomes of road prioritization studies. These studies were performed by experienced consulting firms and associated state and local stakeholders. Two participatory workshops were organized with local and state stakeholders. In the first workshop, the criteria and the methodology to be used for road prioritization were presented and agreed, as well as the proposed approach for data collection. In the second workshop, results of the prioritization exercise was presented to stakeholders by the consultants and endorsed. Intervention areas were first identified using criteria such as population, agricultural production, environmentally sensitive areas, markets and communities’ preferences. In these intervention areas, prioritized roads were then identified using criteria such as connectivity, traffic levels, rural transport hubs or connection to social services’ facilities. In each state, priority roads were packaged into three or four clusters with the objective of realizing economies of scale when the corresponding works are procured. Road design studies have been launched as part of project preparation with PPA financing. This list of roads to be improved by the project will have to be confirmed based on the outcome of these design studies and the list may therefore be updated during implementation.

Table 2: Pre-identified roads “Tier-1” States

Adamawa		Enugu		Osun		Niger	
Road	km	Road	km	Road	km	Road	km
Cluster 1		Cluster 1		Cluster 1		Cluster 1	
Jambutu–Gwakrah-Koh-Goron-Boggare	7.5	Umuabi-Ehuhe-Achi	9.5	Abogimile-Eleru	4.0	Wuya Suman-Lemu	36.0
Njiboli–Njoboliyo Rugange	9.3	Abor road	4.5	Agbowu-Idiroko	3.2	Enagi-Guzan	15.0
Kwanawaya-Namtari Manga road	4.1	Egede – Awhum	6.5	Eleke-Kanko	3.9	Mokwa-Jaagi-Kudu	43.8
Labando–Gwakrah-Koh-Goron-Borrong	37.0	St. Mary Ngwo – Nsude	6.3	Akinleye-Idi-Iroko	3.9		
		Ugwuoba – Nkwere Inyi	19.9	Agoro-Ikonifin	11.0		
		Isu Abaraji – Inyi Market	12.7	Ikonifin-Ajagunlase	13.7		
				Ajagunlase-Bode Osi	8.4		
				Akinleye-Ayo-Isero	13.0		
				Patara-Omi-Road 1	3.5		
Cluster 2		Cluster 2		Cluster 2		Cluster 2	
Bazza-Besto- Mango-Kalikasa-KasudaZah road	24.4	UNTH-Enuguagu Ndiagu Umuanigu-Obe-Amuri road	11.9	Jagun Osin-Osi	10.5	Kabo-Diko-Tafa	23.5
Kaya Kuda-Bitiku-Yinagu-Sabon Gari	17.5	Mgbogodo-ObinaguUwani –Ihuokpara	15.0	Elebu-Osi	9.5	Sabon Wuse-Ijah Gwari	8.0
Shuwa-Kwambula I-Kwambula II- Pallam	8.5	Mmaku-Awangbidi-Nkwe–Ezere-Isuochi	9.3	Ara-Osi-Falala	9.3	Suleja-Abuchi	21.0
Koe-Koppa	7.8	Uhueze- Nomeh-Mburubu Nenwe-Nara	21.0	Alogba-Owode	10.9		

Mildo-Moduvu-Kamburo –Madagali	15.0			Owode-Oyere Fadehan	15.1		
				Shasha Forest Road	53.9		
Cluster 3		Cluster 3		Cluster 3		Cluster 3	
New Demsa-Kodomun	26.8	Neke-Umualor-Eboyi border	16.8	Ilesa-Araromi Igbowiwi	11.7	Auna-Shafini	36.0
Kpasham-Kebali – Yanga	15.0	Neke-Mbu-Obollo road	Etiti 25.4	Jabu-Ikeji-Ira	10.1	Wawa-Malali road	22.0
Bille-Gumari-M/Belwa	15.5			Ira-Ajebandele Arinmo	3.8		
Gyawana-Lamurde	13.0			Oligeri-Iragbiji-Oniyo	3.2		
				Isale-Muroko-Okebode	11.6		
		Cluster 4					
		Ukpabi-Nimbo-Eziani	28.6				
		Ikwoka-Amagu-Obimo	6.3				
		Adani-Asaba-Igga-Ojo	9.9				
TOTAL	201.4	TOTAL	203.6	TOTAL	14.3	TOTAL	205.3

5. The remaining 650 km (140 km additional for Adamawa and 170 km for the other tier-one states) will be identified during implementation after an updating of the prioritization studies prepared in each state, with a view to promote the best possible alignment with the state’s own rural development strategies and the NATA under preparation at the federal level. Spatial analysis tools are envisaged in order to improve the prioritization methodology based on the knowledge generated at the federal level as part of the design of the NATA. Specifically, these tools should be an efficient way to manage high value crop data as well as information coming from FADAMA’s small farmers’ database and global information system (GIS) based road inventories in tier-one states. The improved road prioritization methodology will aim at identifying those roads that connect key areas of production of high value crops to processing centers (e.g. staple crop processing zones, rice mills) and/or marketing (local or regional markets) or consumption areas states. An on-going, World Bank-supported, spatial analysis initiative has been launched in order to map existing data about agriculture production and productivity, as well as processing areas and marketing centers and rural infrastructure assets. The initiative will in particular use, as key inputs, the GPS-based road inventories – to be prepared as part of the project’s component 3.1, as well as a database of small farmers, under preparation as part of the FADAMA project. Spatial analysis could also help determine the optimal location for the Staple Crop Processing Zones (SCPZs). In addition, about 65 river-crossings (i.e. about 16 per each tier-one state) will be financed under this component in order to ensure minimal access at locations selected for their importance for agricultural productivity or to give access to social services.

6. This component will also finance road designs and works supervision, social and environmental studies as well as any activities related to ensuring the quality of the proposed works. Design studies and supervision activities will be outsourced to private consulting firms. Road standards will be determined by these design studies, based on the levels of traffic measured and their projections and economic justification. It is expected that most if not all of the roads to be intervened under this component will remain earth roads. Civil works will be contracted out to private construction firms through competitive bidding, following Bank procurement procedures. Works could be retroactively eligible as early as January 1, 2012,

subject to compliance with the project's objectives and with the World Bank and the French Development Agency's (AFD's) operational policies. While this is not expected to be the main mechanism to secure the maintenance of the RAMP-2 roads, this component will leave open the possibility of financing maintenance activities using output and performance based road contracts (OPRCs), if a scaling up is considered appropriate based on the Kaduna experience.

7. **Sub-component 1.1 (Total Cost: US\$153.0 million; IDA: US\$102.0 million; AFD: US\$51.0 million)** will finance design studies, upgrading and/or rehabilitation costs and related supervision activities for approximately 1,450 km of selected existing rural and state roads in tier-one states. The International Development Association (IDA) and AFD will finance all upgrading, supervision and consulting service contracts on a 66.7/33.3 percent *pari passu* basis.

8. **Sub-component 1.2 (Total Cost: US\$9.7 million; IDA: US\$9.7 million)** will finance design studies, safeguard assessments, upgrading and/or rehabilitation costs and related supervision activities for approximately 65 selected existing river crossings on rural roads in tier-one states.

9. **Component 2 – Community-based road maintenance and annual mechanized maintenance (Total Cost: US\$38.4 million; IDA: US\$25.7 million; sub-national counterpart funds: US\$12.7 million):** This component will finance the maintenance of the roads rehabilitated under Component 1, as well as a few other pilot roads to build up the maintenance system while the roads are being rehabilitated. Permanent routine maintenance would be performed by communities living alongside the rehabilitated roads, organized in “maintenance groups”. Annual mechanized maintenance – to be performed at the end of the rainy season, would be performed either through global maintenance contracts contracted out to the private sector or through force account. Maintenance through force account, however, would not be eligible for IDA financing and will be covered by counterpart funds.

10. Pilot programs will be initiated in each one of the tier-one states for up to 50 km of rural roads rehabilitated through other means. Cautious attention will be paid to the selection of these pilot roads to ensure that they have been well designed (drainage systems in particular) in order to minimize the risk of a rapid deterioration despite the routine maintenance activities being performed. During project preparation, some states have advanced with their own resources with the preparation of a community-based routine maintenance pilot. The Osun SPIU has in particular identified a 12 km long rural road (Pataara - Iwo) and has constituted a “maintenance group” staffed with twelve persons from the four rural communities living alongside the road. The group has been legally incorporated as the “RAMP road maintenance (Pataara – Iwo) multipurpose cooperative society limited”. This incorporated entity has then been trained, provided with basic tools and equipments and has been contracted by the Osun State Project Implementation Unit (SPIU), to perform permanent routine maintenance activities on the newly rehabilitated road. An indicative budget of US\$1,200 per km has been set for tools and training, and US\$1,500 per km per year for the recurring cost of performing the maintenance activities. These estimates are on the higher range for recurring routine maintenance costs observed internationally (generally between US\$500 to US\$1,500). However, they are based on the recently revised minimum wage applicable in Nigeria. Since this wage is generally significantly higher than the average income earned in rural areas, the proposed project will be relying on

FADAMA’s deep expertise in community participatory processes to ensure that there is no elite capture and that the members of the maintenance groups are adequately selected.

Pictures 1 and 2: A Pilot Maintenance Gang is Performing Routine Road Maintenance on the Rural Road Pataara – Iwo in Osun State



11. Annual mechanized maintenance – to be performed at the end of the rainy season, would be performed either through global maintenance contracts contracted out to the private sector or through force account. Annual mechanized maintenance generally consists in a simple leveling of road surface, using “grader” equipments. As indicated above, force account maintenance activities would not be eligible under IDA financing. Technical assistance will be provided, as needed during implementation, under component 3, in order to optimize maintenance activities and explore ways to phase out ineffective force account activities.

12. Maintenance contracts would be co-financed by IDA and with State or LGA counterpart funds (in case of LGA funds, State Authorities would have to guarantee the availability of such funds), following a decreasing formula for IDA funding, in order to build up sustainability. This formula is: 100 percent until June 30, 2015, 50 percent between July 1, 2015 and June 30, 2017, zero percent beyond July 1, 2017.

13. *Counterpart funds.* Two different types of counterpart funds will be required for the sound execution of the proposed project. The first type of counterpart funds would contribute to finance road maintenance activities that will be also co-financed by IDA (i.e. road maintenance activities between July 1, 2015 and June 30, 2017). The second type of counterpart funds would finance activities that would be exclusively financed by the states (i.e. road maintenance activities beyond July 1, 2017 as well as SPIU’s operating costs that cannot be financed by IDA such as civil servant wages and top up allowances, force account and potential safeguards-related compensations). It is important to note that the need for counterpart funds will increase over time as more roads are rehabilitated and require maintenance. Specifically, for one state, it is estimated that the need for counterpart funds over the lifespan of the project would grow from US\$300,000 (NGN 47.1 million) in year one to US\$1.9 million (NGN 311 million) in year six. In comparison, the total annual budget of the SPIUs has been ranging from NGN 150 million to NGN 337 million in 2011 and 2012. A legal covenant has been included regarding annual work plans, budgets and availability of counterpart funds which will be closely monitored by IDA and

AFD during project execution. The Annual Work Plans and Budgets approved by IDA for the each fiscal year during Project implementation, will include the allocation and schedule of disbursement of federal and state counterpart funds required for the financing of (i) any environmental and social safeguard measures required pursuant to any safeguard document; (ii) the Participating State's share of road maintenance expenditures; and (iii) any other activities and expenditures required for the efficient implementation of the Project. The Federal Government will ensure that the Project is implemented in accordance with the approved Annual Work Plans and Budgets and the federal and state counterpart funds are duly committed and promptly paid as and when required for the purposes of the Project.

Table 3: Estimation of Counterpart Funds Required

For One State	FY13	FY14	FY15	FY16	FY17	FY18	Total
Type 1 counterpart funds (needed for co-financed road maintenance activities)							
- Adamawa	0	0	0	750,000	750,000	0	1,500,000
- Other tier-one states	0	0	0	810,000	810,000	0	1,620,000
Type 2 counterpart funds (road maintenance activities only)							
- Adamawa	0	0	0	0	0	1,500,000	1,500,000
- Other tier-one states	0	0	0	0	0	1,620,000	1,620,000
Type 2 counterpart funds (SPIUs operating costs and potential safeguards-related compensations)	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
Total counterpart funds needed							
- Adamawa							
US\$	300,000	300,000	300,000	1,050,000	1,050,000	1,800,000	4,800,000
NGN	48,780,000	48,780,000	48,780,000	170,100,000	170,100,000	291,600,000	777,600,000
- Other tier-one states							
US\$	300,000	300,000	300,000	1,110,000	1,110,000	1,920,000	5,040,000
NGN	48,780,000	48,780,000	48,780,000	179,820,000	179,820,000	311,040,000	816,480,000
Total counterpart funds available, as agreed at appraisal: (NGN)							
- Adamawa	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	1,200,000,000
- Enugu	337,000,000	337,000,000	337,000,000	337,000,000	337,000,000	337,000,000	2,022,000,000
- Niger	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	1,200,000,000
- Osun	315,000,000	315,000,000	315,000,000	315,000,000	315,000,000	315,000,000	1,890,000,000

14. This component will also finance activities related to maintenance works to be supported such as: technical assistance for the conformation of the community-based organization, external supervision, monitoring of activities and road condition, and technical audits (broader maintenance policy activities are financed under component 3.1). Special attention will be granted to the gender dimension, since routine maintenance contracts could offer employment opportunities to poor women living in the communities beside the roads. Routine maintenance is generally highly labor-intensive (about one full-time, permanent equivalent worker per km of road) and it does not require a skilled labor force. SPIUs will be encouraged to build up a strategic partnership with an existing community development program (such as FADAMA) in order to help develop the entrepreneurial capacity of community-based maintenance groups.

15. One disbursement category with a decreasing financing percentage will be created to reflect the proposed co-financing scheme for component 2. The disbursement estimates per fiscal year are listed in the table below:

Table 4: Disbursement category and disbursement projections (four states)

For One state	Source and Percentage of Financing	FY13	FY14	FY15	FY16	FY17	FY18	Total
Road Maintenance Activities under Component 2	IDA (100%) (1)	7,800,000	5,190,000	6,360,000	0	0	0	19,350,000
	IDA (50%) (2)	0	0	0	3,180,000	3,180,000	0	6,360,000
	Counterpart (50%)	0	0	0	3,180,000	3,180,000	0	6,360,000
	Total	0	0	0	6,360,000	6,360,000	0	12,720,000
	Counterpart (100%) (3)	0	0	0	0	0	6,360,000	6,360,000

Notes: (1) Expenditures incurred through June 30, 2015; (2) Expenditures incurred between July 1, 2015 and June 30, 2017; (3) Expenditures incurred after June 30, 2017.

16. **Component 3 – Project Management and Strengthening of State and Federal Road Sector Institutional, Policy and Regulatory Framework (Total Cost US\$11.6 million; IDA US\$11.6 million):** This component aims at helping address institutional capacity gaps at the sub-national level with regard to rural road assets’ management, as well as at developing and implementing sound rural transport policies. This component will provide a comprehensive institutional development package at the state and federal levels to: (a) support an effective implementation of the project; (b) design and implement sound rural transport policies; (c) improve the planning and execution of public expenditures in rural transport; and (d) promote the dissemination of best practices, as well as to prepare a possible scaling up of the project in tier one and tier two states. Since many institutional issues at the state level are not specific to rural transport (including governance, accountability and public expenditure management), the proposed project will closely coordinate with other Bank-supported initiatives and projects, including the Economic Reform and Governance Project (P088150). The component is split in two sub-components.

17. **Sub-component 3.1 (Total Cost US\$7.6 million; IDA US\$7.6 million)** will finance activities in tier-one states, including: (a) preparation or updating of prioritization studies and Global Information System (GIS)-based road inventories; (b) day to day administration, financial management, procurement, environmental and social safeguards management, and monitoring and evaluation of Project activities at the state level; (c) technical assistance for road asset management, including road condition monitoring and support to road planning and maintenance policies; (d) development of rural transport regulations (including regulations on heavy vehicles’ weight control and road ownership), establishment of sustainable road data management systems and preparation of Intermediary Means of Transport (IMT) strategies¹⁰; (e) technical assistance for reform of state road sector institutions, including institutionalization of the SPIUs within states’ organizational chart for rural roads’ management and coordination with eventual state road maintenance agencies; (f) institutional support and training to local governments (e.g. on

¹⁰ These policy reforms will be closely coordinated with the World Bank-managed, Sub-Saharan Africa Transport Policy program

safeguards enforcement, fiduciary management, governance and accountability, infrastructure planning); and (g) technical assistance for ensuring stakeholders and civil society participation in processes that assure road quality, efficiency of works, transparency and social inclusion (including periodic reporting and opportunities for feedback on quality and efficiency of works to and from LGAs and project beneficiaries). The activities supported by this component will be customized in each tier-one state, based on each state's actual needs and policy priorities. The table below describes the current status of a few rural transport policies in tier-one states, as well as a list of key priorities for policy reforms, and their expected results by the end of the project. This sub-component will be financed exclusively from IDA funds. Some operational costs (e.g. wages of civil servants or top up allowances) and any potential safeguards-related compensation will be financed by state counterpart funds.

Table 5: Status of selected rural transport policies and key policy priorities for tier-one states

	Adamawa	Enugu	Niger	Osun
Proportion of works contracted out vs. executed by force account	Mostly through contract except for road maintenance (although the law allows for it)	100% 0%	70% 30%	80% 20%
Does the state have a road plan? (Date of last update)	Yes but needs to be updated (2009)	Yes but needs to be updated, with revisiting of road prioritization	Yes (2008)	Yes but needs to be updated (2009)
Does the state have a road inventory? Is it GIS-based?	Yes but not comprehensive No	Yes but not comprehensive No	Yes but not comprehensive No although GIS hardware in place but mostly for urban planning	Yes but not comprehensive No
Clear classification between state and rural roads?	Yes but there are still some overlaps	Yes but reclassification is required	Yes	Yes
Key transport policy priorities for state authorities	<ul style="list-style-type: none"> - Road classification and road coding - Roads inventory and GIS mapping - update of road plan - staff training on contract management and road maintenance planning (use of HDM model) - capacity-building related to community-based maintenance of rural roads 	<ul style="list-style-type: none"> - Road reclassification - staff training - GIS mapping - study for economic road surfacing options and other pavement alternatives 	<ul style="list-style-type: none"> - Road management information systems, including road condition surveys - Road maintenance management - Capacity-building of direct labor operators and road maintenance staff on labor-based road maintenance 	<ul style="list-style-type: none"> - GIS-based road inventory followed by updated road plan - Sustainable rural roads maintenance program - Improved contracting arrangements for maintenance of state roads - Ensuring state/rural public participation in rural roads' maintenance - monitoring of <i>Otta Seal</i> road surfacing pilot

Expected results by the end of the program	<ul style="list-style-type: none"> - improved knowledge of road assets and frequent monitoring of road condition - community-based road maintenance mechanism in place - increased capacity of state's transport institutions, including Adamawa Road Maintenance Agency - better informed stakeholders (LGAs, beneficiaries) about project activities and results 	<ul style="list-style-type: none"> - improved knowledge of road assets and frequent monitoring of road condition - improved adequacy of road standards with traffic levels - increased capacity of state's transport institutions - better informed stakeholders (LGAs, beneficiaries) about project activities and results 	<ul style="list-style-type: none"> - improved knowledge of road assets and frequent monitoring of road condition - community-based road maintenance mechanism in place - increased capacity of state's transport institutions - better informed stakeholders (LGAs, beneficiaries) about project activities and results 	<ul style="list-style-type: none"> - improved knowledge of road assets and frequent monitoring of road condition - sustainable financing in place for road maintenance - increased capacity of state's transport institutions, including Osun Road Maintenance Agency - better informed stakeholders (LGAs, beneficiaries) about project activities and results
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18. **Sub-component 3.2 (Total Cost US\$4.0 million; IDA US\$4.0 million)** will finance activities at the federal level, including: (a) day to day administration, financial management, procurement, and monitoring and evaluation of Project activities at the federal level; (b) technical assistance for monitoring of non-participating states (i.e., monitoring of CPS governance criteria to consider expanding tier one and two lists) and preparatory activities for program's scaling up; (c) technical assistance for dissemination of lessons learnt and best practices (including consultants and workshops); (d) baseline and impact evaluation surveys; and (e) development of federal policies for the improvement of rural transport (including road standards for low-volume roads) and alignment with the NATA and with federal transport policies. This sub-component will be financed exclusively from IDA funds and it will also include project audits for the tier-one states to be contracted by the Federal Government. Additional activities may be financed by federal counterpart funds. Parallel financing with other donors (e.g. DfID) will be further explored.

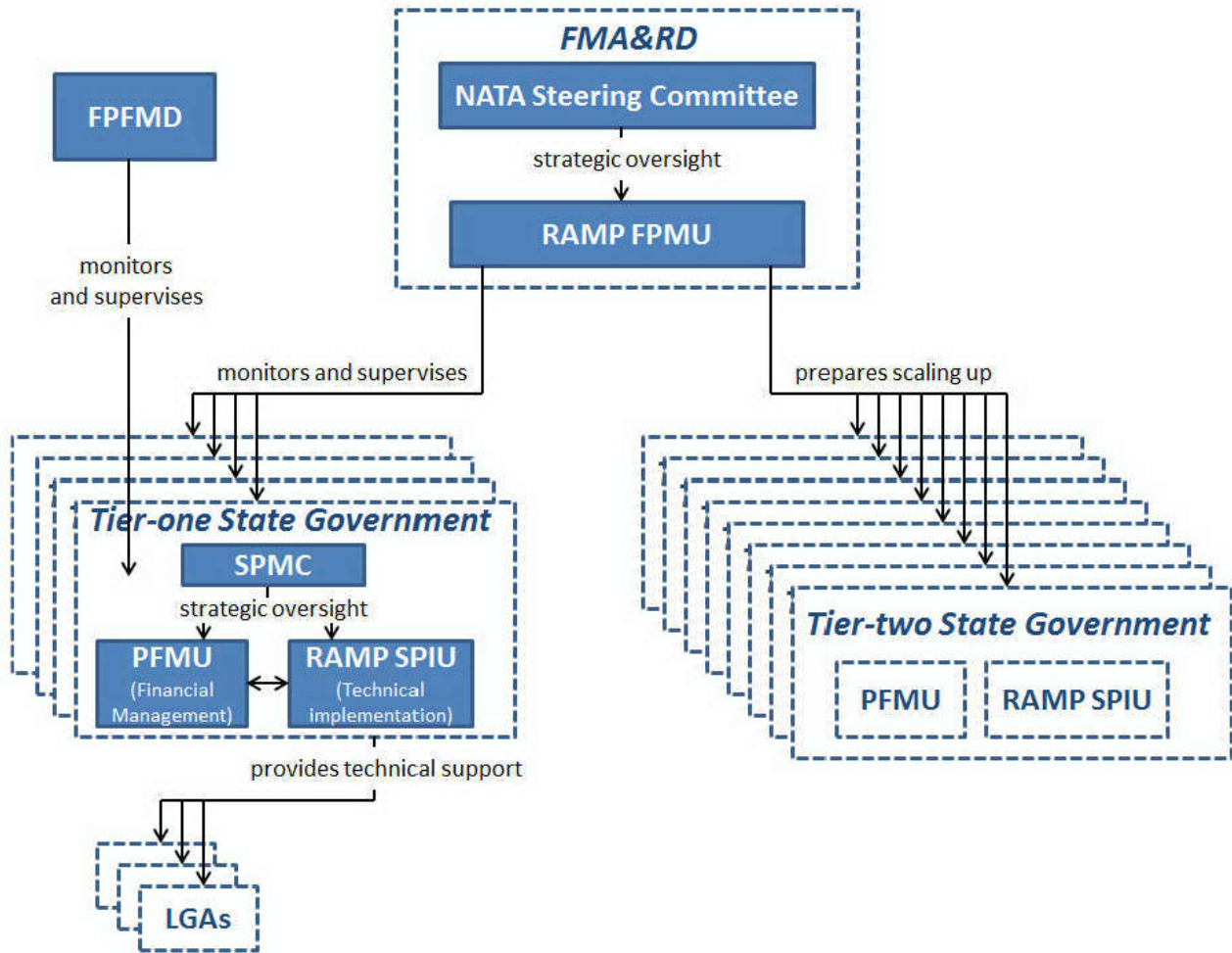
19. **Unallocated funds (Total Cost US\$27.0 million; IDA US\$18.0 million; AFD US\$9.0 million):** Unallocated funds represent about nine percent of the project's total funds. They will be used to finance contingencies (financial and physical) by way of reallocation to the other eligible categories of expenditure as needs arise during project implementation.

Annex 3: Implementation Arrangements
NIGERIA: Second Rural Access and Mobility Project

Project Institutional and Implementation Arrangements

1. The proposed project would be primarily implemented at the state level in the selected tier-one states, with technical assistance and monitoring from the federal level. During project preparation the federal government has been implementing the Project Preparation Advance (PPA) activities, while implementation capacity was being developed at the state level. The respective legal obligations of federal and state governments for this project will be detailed in the financing agreement to be signed between the International Development Association (IDA) and the Federal Government and also in the subsidiary agreement to be signed between the Federal Government and each tier-one state.

Figure 1: Project’s Institutional Framework.



At the federal level, project implementation is supervised and monitored by the Rural Access and Mobility Project (RAMP) Federal Project Management Unit (FPMU) in the Federal Ministry of

Agriculture and Rural Development (FMA&RD) except for financial management responsibilities which will be handled by the Federal Project Financial Management Division (FPFMD). The FPMU is currently implementing the RAMP-1 project and it is fully staffed (with civil servants and consultants recruited competitively) and well equipped institution with a satisfactory track record in project management. The FPMU is led by a National Coordinator. The main responsibilities of the FPMU include: (a) procure and implement project preparation activities financed by the PPA and the French Development Agency's (AFD's) preparation funds; (b) state selection and monitoring of state performance; (c) provision of targeted technical assistance and capacity building support to participating states in order to help them establish their State Project Implementation Unit (SPIU); (d) ensure project alignment with federal rural development policies (such as the Transformation Agenda for the Agriculture Sector) and contribute to the design and implementation of sound rural transport policies; (e) facilitate the overall coordination of the project, including consolidating project work plans, budgets, and reports and liaising with the two financiers (IDA and AFD), commission financial and technical audits; (f) manage project activities listed under sub-component 3.2 and prepare an eventual scaling up; and (g) promote peer learning as well as dissemination of best practices and lessons learnt through effective monitoring and impact evaluation. Given the critical role of the FMOF as the interlocutor of multilateral and bilateral financing agencies in Nigeria, the FPMU under item (c) above will also provide adequate liaison with the FMOF for carrying out its oversight functions for project implementation with a view to ensuring value for money.

2. The FPMU operates under the strategic oversight of a steering committee within the FMA&RD. For the purpose of the proposed project, "strategic oversight" means: (a) ensuring proper alignment between RAMP – 2 and other FMA&RD programs and initiatives to support the implementation of the NATA; (b) reviewing implementation progress; and (c) providing guidance to FPMU on strategic issues (e.g. program's scaling up, communication, dissemination of best practices). This steering committee is an existing structure within FMA&RD named "National Technical Steering Committee" (NTSC). This Committee is chaired by the Permanent Secretary of FMA&RD and meets on a quarterly basis. Technical Ministries are represented in this committee, as well as the coordinators of all IDA-financed agriculture and infrastructure programs in FMA&RD. The NTSC is also involved in the implementation of the Nigeria Agriculture Transformation Agenda (NATA). This is expected to facilitate the alignment of RAMP-2 with the NATA as well as the development of synergies between RAMP-2 and the NATA initiatives launched in tier-one states.

3. At the state level, the project would be implemented by the corresponding SPIU except for financial management responsibilities which will be handled by the PFMU as for all IDA-financed operations at state level in Nigeria (see below). Each State will conform or maintain a State Project Monitoring Committee (SPMC), chaired by the respective Permanent Secretary (PS), in accordance to a structure satisfactory to the Association which will be specified in the State Project Implementation Manual (SPIM); the role of the SPMC is to provide an overall monitoring of project activities in the State. The SPIU are hosted in the state ministry in charge of rural roads (i.e. state ministry of agriculture and rural development or state ministry of public works, depending on the state). The SPIU have been constituted during project preparation, their established capacity being one of the project readiness criteria during the state selection phase. SPIUs have reached diverse levels of institutional capacity, the most advanced ones being Enugu

and Osun, two states that had started project preparation earlier. SPIUs are staffed with key operational professionals including civil servants and consultants (e.g. road engineers, procurement specialists, monitoring and evaluation specialist, environmentalist) and led by a State Coordinator. Procurement staff will be evaluated periodically before extending their contracts. The key responsibilities of the SPIUs include: (a) management of all project activities during the implementation phase (except for sub-component 3.2) including procurement, safeguards management, preparation of work plans and budgets, monitoring, reporting and evaluation; (b) ensuring the sustainability of project's rural transport investments through designing, implementing and promoting sound road maintenance practices, in coordination with LGAs whenever appropriate; (c) ensuring the alignment of project activities with the state's rural development policies and contribute to the design and implementation of sound rural transport policies at the state level; and (d) providing the FPMU and SPMCs with periodic and accurate reporting and documentation about the status of project implementation, as required by the project's implementation manual.

Table 1: Status of SPIUs in Tier-One States

	ADAMAWA	ENUGU	NIGER	OSUN
Staffing	7 staff hired, including state coordinator, procurement officer, accountant, two road engineers, M&E specialist and information officer	8 staff hired including state coordinator, procurement officer, accountant, two road engineers, M&E specialist, information officer and IT specialist	6 staff hired including state coordinator, procurement officer, accountant, road engineer, M&E specialist and information officer	9 staff hired including state coordinator, procurement officer, accountant, two road engineers, M&E specialist, information officer and environmentalist
Budget (2012, NGN m)				
Investment	In process	282	140	253
Operational costs		56	60	48
Equipment, offices	Existing offices assigned and furnishing under way	Existing offices fully operational with Internet facilities	Upgrading and furnishing under way	Existing offices fully operational; new office building has just been completed
Vehicles	In process	2 (1 paid by IDA, 1 by State Government)	Use of Niger state Agriculture Development Project (NADP)'s pool of vehicles	1 vehicle

4. The LGAs are not directly involved in project implementation. However, they may receive institutional support from the project, to be provided by the SPIU. In some states, road maintenance costs may be co-financed by LGAs through a specific co-financing arrangement to be negotiated by the state authorities. While acknowledging that their participation is currently strongly limited by capacity constraints, the project will promote a greater but gradual participation of LGAs in rural road management.

Project administration mechanisms

5. Project implementation procedures are described in the project's draft implementation manual. This manual is constituted of two parts: (a) the Federal Project Implementation Manual (FPIM) describes the procedures applicable to the FPMU; and (b) the SPIM describes the

procedures applicable to each SPIU. The formal approval of the manual by each tier-one state is a condition for project effectiveness.

Financial Management, Disbursements and Procurement

Financial Management

6. A financial management assessment of the implementing entities was conducted in March 2012, in line with the Financial Management Manual (March 1, 2010) and the AFTFM Financial Management Assessment and Risk Rating Principles (October 2010). The objective is to determine whether the implementing entities have acceptable financial management arrangements, which will ensure: (a) that funds are used only for the intended purposes in an efficient and economic way; (b) the preparation of accurate, reliable and timely periodic financial reports; (c) safeguarding of the entity's assets; and (d) existence of auditing arrangements acceptable to the Bank.

7. The overall financial management (FM) risk for the Project is assessed as Substantial. This is mainly because of the inherent risks and not because of the control risks associated with the basic elements of the project FM arrangement. The inherent risks are well mitigated by the use of the Federal Project Financial Management Division (FPFMD) and PFMUs, which features robust controls (internal and external). The FPFMD and PFMUs have implementation experience and they will be given additional training. With the mitigation measures, the residual FM risk is Substantial. The mitigation measures include use of computerized accounting systems, professionally qualified and experienced FM staff, and independent and effective internal audit and risk management functions. The Financial Procedures Manual will detail adequate internal controls framework and risk management strategy that will apply to the project. Regular reporting arrangements and supervision plan will also ensure that the implementation of the project is closely monitored and that appropriate remedial actions are taken expeditiously. The FM risks will be reviewed during project implementation and updated as appropriate.

8. The PFMUs are established in the tier one states through joint efforts of the Bank and government. These units are presently involved in the implementation of a number of Bank-assisted projects. The FPFMD is also handling the financial management functions of all Bank-assisted projects being implemented at the Federal Ministries, Departments and Agencies (MDAs). The FPFMD will collaborate with the PFMUs to prepare consolidated financial reports for the project. The Bank's recent reviews showed that the PFMUs and FPFMD are performing satisfactorily. The PFMUs and FPFMD feature among other things the following: (a) all the key elements of FM, including: budgeting, funds flow, accounting, internal control, reporting and audit; (b) computerized system and robust FM procedures manual; (c) qualified staff that are well-trained in relevant Bank procedures and requirements, including procurement; (d) robust segregation of functions/duties; (e) a strong control environment, which is required to mitigate fiduciary risks; (f) highly independent and well-trained internal auditors (g) full alignment with the government own FM system but with some important enhancements and controls.

9. Works and other incurred expenditures within the project components could be retroactively eligible as early as January 1, 2012 up to an amount of US\$5 million, subject to

compliance with the World Bank and the AFD's operational policies. Pilot community based maintenance arrangements were initiated prior to full implementation of the project in order to get an insight into the possible challenges that could be faced by the project down the line. These pilot projects were procured using the Bank's procurement guidelines and are eligible for retroactive funding.

10. The key issues noted within the PFMUs and FPFMD were unretired advances and inadequate documentation for incurred eligible expenditures. These were mainly the result of application of government no retirement policy on advances and the inadequate understanding of Bank FM requirements. To mitigate the risks arising from these issues, adequate procedures for the handling of advances against expenses including remedial actions in the event of default will be elaborated in the Financial Procedures Manual (FPM), which will be part of the PIM, and an indicative check list of appropriate supporting documents for incurred eligible expenditures developed and included in the FPM.

11. **Planning and Budgeting.** Budget preparation will follow the Federal or State Governments procedures as appropriate. Project budgeting will be synchronized carefully with government's own budget time wise. On an annual basis, the Project Accountant (in consultation with key members of the implementing unit) will prepare the budget for the fiscal year based on the work program. Detailed procedures for planning and budgeting will be documented in the FPM. The FPM is included in the FPIM and the SPIMs. Budget execution will be monitored using the calendar semester interim financial report (IFR).

12. **Funds Flow.** Project funding will consist of IDA and AFD credits and Government counterpart funds. IDA will disburse the credit through Designated Accounts (DAs) opened with reputable commercial banks acceptable to IDA which will be managed by FPMU/FPFMD and SPIU/PFMU at the Federal and State levels respectively. The DA will be segregated from other financing partners. Disbursement of AFD funds will be managed directly by AFD. All project funds will be used in line with the Financing Agreement and the Bank FM procedures. The specific banking arrangements are as follows:

FPMU:

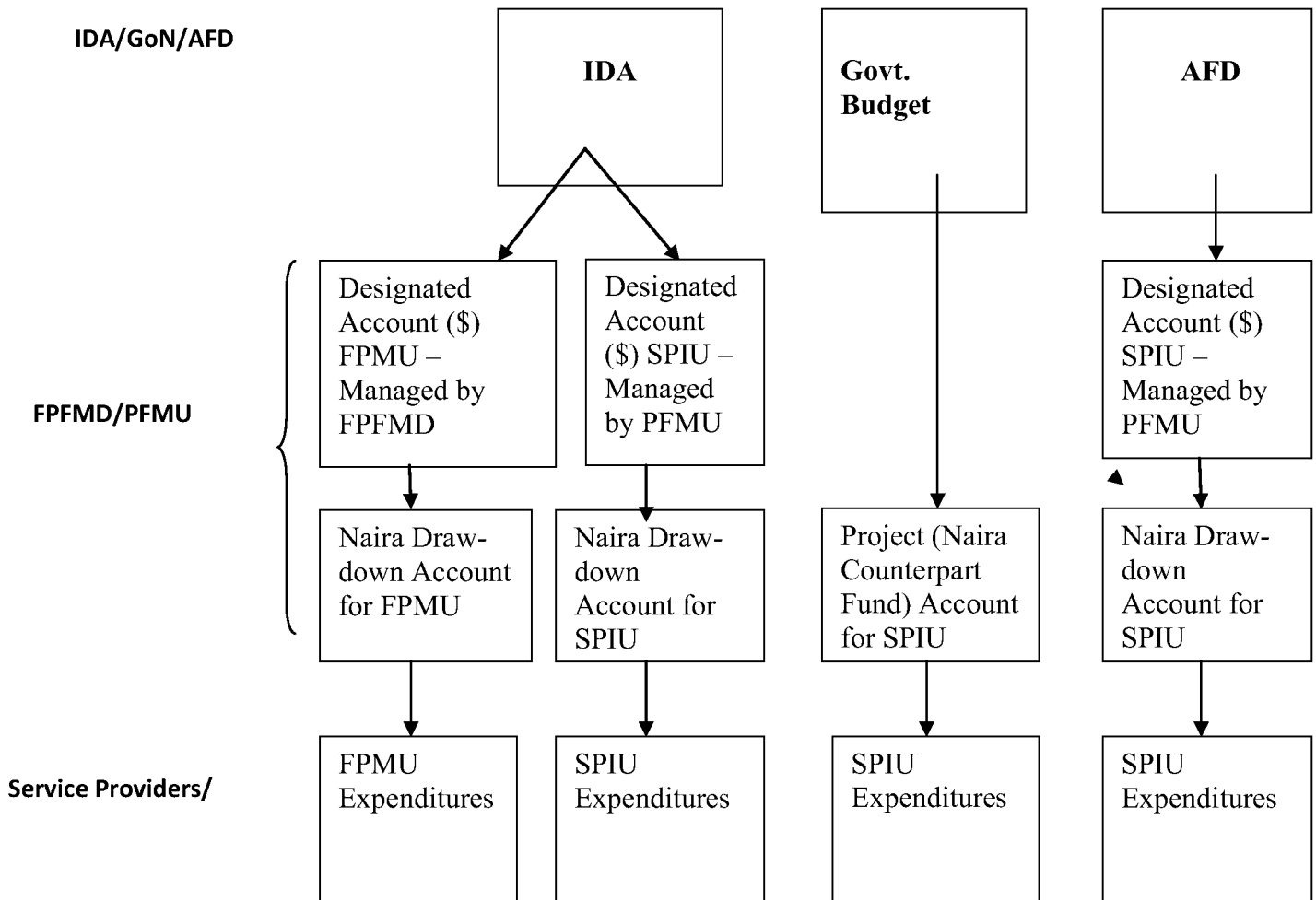
- A US\$ DA to which initial deposit and replenishments from IDA funds will be lodged
- One current (Draw-down) account each in Naira to which draw-downs from the DA for FPMU will be credited in respect of incurred eligible expenditures, maintaining balances on this account as close to zero as possible after payments. .
- One current (Project) account in Naira to which Counterpart Funds will be deposited.

SPIU:

- A US\$ DA to which initial deposit and replenishments from IDA will be lodged.
- A US\$ DA to which initial deposit and replenishments from AFD will be lodged

- One current (Draw-down) account in Naira to which draw-downs from the DA for AFD will be credited in respect of incurred eligible expenditures, maintaining balances on this account as close to zero as possible after payments.
- One current (Draw-down) account in Naira to which draw-downs from the DA will be credited in respect of incurred eligible expenditures, maintaining balances on this account as close to zero as possible after payments.
- One current (Project) account in Naira to which Counterpart Funds will be deposited.

Figure 1: Illustrative Funds Flow Diagram



13. **Accounting.** IDA funds will be accounted for by the project on a cash basis. Computerized accounting system will be used, utilizing flexible accounting software currently in use at the PFMUs and FPFMD. The software will be upgraded to enable financial reporting on multiple financing sources and also expanded to include the project activities. Annual financial statements will be prepared in accordance with relevant International Public Sector Accounting Standards. All accounting and control procedures will be documented in the FPM, a living document which will be subject to review as appropriate. AFD has indicated it would accept all

IDA operational procedures (in particular fiduciary and safeguards) which would apply to the jointly co-financed sub-component 1.1.

14. **Financial Reporting.** Calendar semester IFRs will be prepared by the FPMU and the SPIUs. SPIUs will submit IFRs to the FPMU not later than 45 days after the semester while the FPMU will consolidate IFRs for all SPIUs and the FPMU and submit to IDA within 60 days of the end of each calendar semester. The formats of IFRs were developed at appraisal and agreed upon at negotiation. Consolidated annual project financial statements will be prepared and submitted to the Bank within six months of the end of the government fiscal year by the FPMU. Regular periodic returns will be made to the Federal and States Accountants General for consolidation in the government accounts.

15. **Internal Control.** Adequate internal controls are in place at both PFMUs and FPFMD. The control features include robust FM procedures manual, qualified staff that are well trained in relevant Bank procedures and requirements, including procurement; robust segregation of functions/duties and highly independent and well-trained internal auditors – the FM staff are appointed by each State Accountant General and the Accountant General for the Federation. The FPMU will consolidate quarterly internal audit report for all SPIUs and the FPMU and submit to IDA within 60 days of each quarter.

16. The project will be audited by an independent external auditor appointed based on Terms of Reference acceptable to the Bank to audit the entire project and certify the consolidated financial statements for the project. The auditor will express an opinion on the Annual Consolidated Financial Statements in compliance with International Standards on Auditing (ISA). In addition to the audit report; the external auditors will prepare a management letter. Copy of the audited financial statements along with the Management Letter will be submitted to IDA not later than six months after the end of each financial year. Technical audit will equally be conducted as needed.

Disbursements

17. Issues of inadequate documentation for incurred expenditures and poor quality IFRs have been flagged in the FM and external audit reports of some on-going projects at FPFMD and PFMUs. Accordingly, the project will use the transaction-based disbursement procedures at effectiveness. When project implementation begins, the calendar semester IFRs produced by the project will be reviewed. Where the reports are found adequate and produced on a timely basis and borrower request conversion to report-based disbursements, a review will be undertaken by the Bank project team to determine if the project is eligible for report-based disbursement. Details of the disbursement arrangement will be in the Disbursement Letter.

Financial Management Action Plan

18. Actions to be taken for the project to further strengthen its financial management system are listed in Table 2 below.

Table 2: Financial Management Action Plan¹¹

No.	Action	Date due by	Responsible
1	Train staff in Bank FM procedures and Disbursement Guidelines.	Before effectiveness	FPMU/FPFMD and SPIU/PFMU
2	Appoint external auditor	Within 90 days after effectiveness	FPMU/FPFMD
3	Upgrade computerized accounting systems at FPMU and all participating SPIUs as of effectiveness to enable financial reporting on multiple sources and update the FPM	270 days after effectiveness	FPMU/FPFMD and SPIU/PFMU

Financial Management Implementation Support Plan

19. The FM supervision will be consistent with a risk-based approach, and will involve collaboration with the Bank’s project team, disbursement and procurement. The supervision intensity will be based initially on the PAD FM risk rating and subsequently on the updated FM risk rating during implementation. Given the Substantial residual risk rating, on-site supervision will be carried out twice a year. On-site review will cover all aspects of FM, including internal control systems, the overall fiduciary control environment, and tracing transactions from the bidding process to disbursements as well as Statement of Expenditure review. Additional supervision activities will include desk review of semester IFRs, quarterly internal audit reports, audited Annual Financial Statements and management letters as well as timely follow up of issues that arise, and updating the FM rating in the Implementation Status Report and the Portfolio and Risk Management system. The Bank’s project team will support in monitoring the timely implementation of the action plan.

Disbursement Categories

20. The table below sets out the expenditure categories and percentages to be financed out of the credit proceeds.

Table 3: Allocation of credit proceeds to be financed for eligible expenditures by category (IDA)

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants’ services under Part 1.1 of the Project	67,700,000	66.7%
(2) Goods, works, non-consulting services, and consultants’ services under Part 1.2 of the Project	6,500,000	100%

¹¹ Actions 2 and 3 are specified as dated covenants in the Financing Agreement.

(3) Goods, works, non-consulting services, and consultants' services under Part 2 of the Project	17,100,000	100% for expenditures incurred through June 30, 2015; thereafter 50% for expenditures incurred through June 30, 2017; and thereafter 0%
(4) Goods, non-consulting services, consultants' services, Operating Costs, and Training under Part 3.1 of the Project	5,000,000	100%
(5) Goods, non-consulting services, consultants' services (including audits), Operating Costs and Training under Part 3.2 of the Project	2,700,000	100%
(6) Refund of Preparation Advance	2,000,000	Amount payable pursuant to Section 2.07 of the General Conditions
(7) Unallocated	11,800,000	
TOTAL AMOUNT	112,800,000	

21. The Financial Management Assessment conclusion is that subject to the mitigation measures and the action plan being implemented as per agreed time frame, the project has met the minimum FM requirement in accordance with OP/BP 10.02. Further, this objective will be sustained by ensuring that strong and robust financial management arrangements are maintained for the project throughout its duration. Detailed financial management reviews will also be carried out regularly, either within the regular proposed supervision plan or a more frequent schedule if needed, to ensure that expenditures incurred by the project remain eligible.

Procurement

22. **Country Environment.** Nigeria has been implementing a procurement reform program based on the recommendations of the 2000 Country Procurement Assessment Review (CPAR). A review of the progress made on the 2000 CPAR recommendations as reflected in 2007 Public Expenditures Management and Financial Accountability Review shows that reforms has brought about substantial improvements in obtaining value for money in the public expenditure. It further introduced some level of transparency into the country's procurement process which has led to substantial reduction of contract prices. The regulatory agency, the Bureau of Public Procurement (BPP), has been established while procurement professionals' cadre was also established at the Federal level in 2006. The States are now in the process of establishing such cadre in their civil service. The Public Procurement Act was promulgated in Nigeria in May 2007 to improve the legal and regulatory framework for public procurement, which has often been the subject of abuse and corruption. The Act adheres to the principles of the United Nations

Commission on International Trade Law model law, and outlines the principles of open competition, transparent procurement procedures, clear evaluation criteria, award of contract to the lowest evaluated tender, and contract signature. The legislative framework is applicable to all procurement categories (suppliers, contractors, consultants) and must be applied for all public funds regardless of value. The Act has provisions for exceptions to competitive tendering, which are the exception rather than the rule. Also, government has already prepared relevant implementation regulations, standard bidding documents (SBDs) and manuals for the procurement of goods, works and consulting services, which describes the minimum contents of the tender and proposal documents. The essential elements are in line with internationally acceptable procurement standards. The Procurement Act also presents for complaints and appeals mechanism to be established to enhance accountability.

23. All the four participating states in the project have either promulgated the public procurement act or are in the process of doing so. The State laws are modeled on the Federal law and therefore the weaknesses in the current Federal law have been passed down to the State laws. As a result, there is need to amend some of the provisions of the laws for them to meet internationally acceptable standards.

24. **Procurement Risk at the Country level.** With the substantial progress in procurement reforms as described above, procurement risk such as capacity, fraud and corruption etc. are being addressed. The BPP has organized series of trainings and awareness workshops to sensitize the cadre of professionals with the current procurement processes. Currently, the Government Procurement Reform Program is being supported by the IDA-financed Economic Reform and Governance Project with a substantial component focusing on procurement reforms. There are also three Infrastructure Development Fund grants, to assist Federal and two State Governments address the weak procurement capacity in the public sector and to build appropriate partnership with the private sector, while up to 16 states are also supported under two IDA projects – State Governance and Capacity Building I and II. The project instrument has been used by the government to prepare the relevant procurement tools mentioned above.

25. **Implementation Arrangement at Federal Level.** The FPMU will have overall responsibility for project coordination at the federal level. The FPMU procurement unit will also be responsible for providing procurement-related assistance and guidance to the SPIUs.

26. **Implementation Arrangements at State Level.** Each state will handle its own procurement with guidance from the PFMU. Each of the four tier-one states will establish a procurement unit to be headed by a Procurement Officer who will be responsible for day to day oversight of operations, compliance with procedures and relations with FPMU and IDA.

27. **Guidelines.** Procurement under the proposed project would be carried out in accordance with the World Bank’s “*Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers*” dated January 2011 (“Procurement Guidelines”) and “*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers*” dated January 2011 (“Consultant Guidelines”) and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to

be financed by the Credit, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the World Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

28. **Procurement of Works.** Procurement for works will include upgrading and/or rehabilitation of roads, river crossings, culverts and drainages, road maintenance etc. Procurement of these works will be carried out using International Competitive Bidding (ICB), National Competitive Bidding (NCB), Single Source Selection, Shopping and Direct Contracting procedures as detailed in the Procurement Guidelines “and the *Guidance on Shopping Memorandum*” issued by IDA on June 9, 2000, and community participation procedures acceptable to the World Bank, as specified in the PIM.

29. **Procurement of Goods.** Goods procured under the project would include vehicles, office equipment, computers for the PFMU and SPIUs. Procurement of goods will be carried out using the Bank’s standard bidding documents (SBD) for all ICB. Since a National SBD is not yet finalized, NCB procurement will be carried out using the Bank’s SBD, suitably modified for national competitive bidding in Nigeria. Procurement for readily available off-the-shelf goods that cannot be grouped, or standard specification commodities for individual contracts of less than US\$50,000 equivalent, may be procured under shopping procedures as detailed in paragraph 3.5 of the Procurement Guidelines and the *Guidance on Shopping Memorandum*” issued by IDA on June 9, 2000. The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, are presented in the FPIM and SPIMs.

30. **Selection of Consultants.** The appropriate selection methods for consulting services under the project which will be reflected in the annual Procurement Plan will include Quality and Cost Based Selection (QCBS), Quality-Based Selection, Least-Cost Selection, Consultant Qualifications, and Individual Consultants Single Source Selection for “Community-base Road Maintenance groups”. Other types of consultancy services that will be provided under the project includes the following categories: Road Design studies for the selected roads in the four participating states have already been procured using the QCBS method, development of service data, development of standard documents, and other activities. Firms and individuals would be selected using Requests for Expressions of Interest, short lists of consultants and the Bank’s Standard Request for Proposals, where required by the Bank’s Guidelines. Short lists of consultants for services for estimated to cost less than US\$300,000 equivalent per contract may compose entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. The component of “Community-based road Maintenance” will be procured through the Single Source Selection method. The component of services with respect to Permanent routine maintenance of the rehabilitated roads will be performed by Communities living along the corridors of the roads. They will be organized into “maintenance groups” and will be directly selected and engaged to perform the permanent routine maintenance.

31. **Non-consulting services.** Training activities will follow non-consulting services selection method.

32. **Operating Costs.** The operating costs will include staff travel expenditures and other travel related allowances with prior clearance from IDA; equipment rental and maintenance; vehicle operation, maintenance and repair; office rental and maintenance, materials and supplies; utilities and communication expenses; and bank charges. The operating costs financed by the project will be procured using the FPMU and individual State’s administrative procedures that are acceptable to the Bank.

33. **Training, Capacity Building and Workshops.** The FPMU and the SPIUs will submit their annual training plans to IDA for clearance. The plans will include among other things the names of the officers to be trained, the training institutions/facilitators, the cost contents, justification for the training and the estimated cost.

34. **Assessment of the agency’s capacity to implement procurement.** A capacity assessment of the following agencies was carried out: The FPMU and the SPIUs in Adamawa, Niger, Enugu and Osun that will implement the project. The assessment was carried out in relations to organization, facilities and support capacity, staffing, professional experience, record keeping and filing system, and capacity to meet the Bank’s procurement reporting requirements. Taking into account the risk mitigation measures, the procurement risk for this financing is assessed as High.

35. In Enugu and Osun States, the designated Procurement Officers have basic experience in World Bank procurement, though they have more knowledge of public procurement. In the case of Adamawa and Niger, the proposed Procurement Officers have no experience in either World Bank procurement or public procurement, as a result it will be necessary to engage the services of Procurement Consultants with experience in World Bank procurement for the first year of project implementation to set up the Procurement Unit and give hands on training to Procurement Officers deployed to the project before project effectiveness. The Procurement Officers will require training on a continuous basis.

36. In Enugu State, the designated Procurement Officer has been exposed to World Bank funded project with reasonable experience in World Bank procurement. He will, however, need a refresher course in Bank’s procurement, having been redeployed to the main ministry at the closure of the project where he worked as procurement officer.

37. The FPMU will have overall responsibility for project coordination at the federal level. The FPMU is not new to coordinating Bank-funded projects but in order to ensure an efficient and effective procurement coordination of technical assistance to the states, a procurement consultant will be engaged to support the FPMU procurement officer on a call down basis.

Table 4: Procurement Risk Assessment and Mitigation Action Plan¹²

No.	Risk	Mitigation	Responsibility	Action due date	Remarks
1	Inadequate	Recruit Procurement	FPMU,	Recruitment	Bank’s clearance

¹² Actions 2 and 3 are specified as dated covenants in the Legal Agreement, while action 4 is specified as condition for effectiveness in the Legal Agreement. The rest of the actions will be included in the PIM and monitored through regular supervision.

	procurement capacity	Consultants to support existing PFMU and SPMUs procurement staff	Adamawa and Niger	processes to be concluded by August 2012.	required. Possible candidates have been identified and their evaluation is under way.
2	Ensuring transparent process of handling complaints	Putting in place a procurement complaints system (database, hot-line etc.)	FPMU/All SPIUs	Three months after project effectiveness and are maintained on continuous basis	Continuous
3	Record Keeping System	Establish a procurement records management system and train staff in records management	FPMU/All SPIUs	Three months after project effectiveness and are maintained on continuous basis	Training will be Continuous
4	Lack of procurement manual/Operational Manual (PIM)	Prepare Procurement Manual as part of the Project Implementation Manual (PIM)	FPMU/All SPMUs	By effectiveness.	Some states already have a draft operational manual. Procurement manual from Kaduna state (RAMP-1 state) will be updated for the purpose of RAMP-2.
5	Inadequate procurement skills of the existing procurement staff	Identification of staff for training/Train Procurement staff through workshops and institutional training	FPMU/All SPIUs	Training has already commenced and it will be on continuous basis.	Two training activities already organized for FPMU/SPIU staffs in June and July 2012.
6	Lack of knowledge on the Bank's procurement tracking system (PROCYS)	Train procurement staff on Procurement tracking system/use procurement consultants for first 6-12 months	FPMU/All SPIUs	PROCYS training has already been done for the Federal Unit and will be done for the states one month after credit effectiveness.	Continuous. FPMU staffs are already experienced in using PROCYS through the management of PPA funds
7	Contracting Arrangements for Maintenance groups	Agreement on the model to be used and procurement process	FPMU/All SPIUs	The Osun pilot model (i.e. the ToR, contract and management structure) have been adopted and will be spelt out in PIM.	To Ensure Routine Road maintenance. Pilot contract already cleared by the Bank for Osun state.
8	Preparation of Bidding Documents for ICB and	Using the report Road Studies to	FPMU/ All SPIUs	To be completed before Credit	Models of contracts were already shared

	NCB Works	Prepare first set of Bidding documents for Works		Effectiveness.	with FPMU/SPIUs.
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38. **Procurement Plan.** The FPMU and the SPIUs produced a consolidated 18-month procurement plan for project implementation which provides the basis for the procurement methods. This plan was concluded and agreed on by the government and the project team at negotiations. It will also be available in the project’s database and in the Bank’s external website. The procurement plan will be updated in agreement with the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

39. **Publication of Results and Debriefing.** Publication of contract awards would be required for all ICB, NCB, Direct Contracting and Selection of Consultants for contracts exceeding a value of US\$200,000. In addition, where prequalification has taken place, the list of prequalified bidders will be published. With regard to ICB, and large value consulting contracts, the implementing agencies would be required to assure publication of contract awards as soon as the Bank has issued its “no objection” notice to the recommended award. With regard to Direct Contracting and NCB, publication of contract awards could be in aggregate form on quarterly basis and in local newspapers. All consultants competing for an assignment involving the submission of separate technical and financial proposals, irrespective of its estimated contract value, should be informed of the result of the technical evaluation (number of points that each firm received), before the opening of the financial proposals. The implementing agencies of the Borrower would be required to offer debriefings to unsuccessful bidders and consultants.

40. **Fraud, Coercion and Corruption.** All procuring entities as well as bidders, contractors, suppliers and consultants shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.16 and 1.17 of the Procurement Guidelines and paragraph 1.23 and 1.24 of the Consultants Guidelines. A tracking and complaint management system will also be established as part of the Governance and Accountability Action Plan (GAAP), and described in the project’s implementation manual.

41. **Procurement Thresholds.**

Table 5: Thresholds for Procurement Methods and Prior Review

No	Expenditure Category	Contract Value Threshold** (US\$)	Procurement Method	Contracts Subject to Prior Review (US\$)
1	Works	$C > 5,000,000$	ICB	All Contracts
		$100,000 < C \leq 5,000,000$	NCB	First Contract only
		$C \leq 100,000$	Shopping	None
		All values	Direct Contracting	All contracts
2	Goods and Services (other than Consulting Services)	$C \geq 750,000$	ICB	All Contracts
		$50,000 \leq C < 750,000$	NCB	First Contract only
		$C < 50,000$	Shopping	None

		All values	Direct Contracting	All Contracts
3	IT Systems, and other Non-consulting Services	$C \geq 750,000$	ICB	All Contracts
		$50,000 \leq C < 750,000$	NCB	First Contract only
4	Consulting Services	$C \geq 200,000$ firms	All	All Contracts
		$C < 200,000$	All	Only Terms of Reference
		$C \geq 50,000$ individuals	IC	All contracts
		$C < 50,000$ individuals	IC	Terms of Reference
	All Values	Single Source Selection	All Contracts	
5	Training, Workshops, Study Tours	All Values	To be based on Annual Work Plan & Budgets	
6	Community Participation in Procurement acceptable to the Association and described in the PIM	All Values	SSS of Community Maintenance groups	All

**These thresholds are for the purposes of the initial procurement plan. The thresholds will be revised periodically based on re-assessment of risks.

42. **Frequency of Procurement Supervision.** In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the implementing Agencies has recommended two supervision missions at least twice a year to visit the field to carry out post review of procurement actions. These procurement post-reviews – to be performed every 6 months, should cover at least 20 percent of contracts subject to post-review.

Environmental and Social (including safeguards)

43. **Safeguards policies triggered.** The following table indicates the four safeguard policies triggered by this project. They are Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11) and Involuntary Resettlement (OP/BP 4.12).

Table 6: Safeguard Policies Triggered

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[]
Natural Habitats (OP/BP 4.04)	[x]	[]

Pest Management (<u>OP 4.09</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (<u>OP/BP 4.11</u>)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Involuntary Resettlement (<u>OP/BP 4.12</u>)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples (<u>OP/BP 4.10</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (<u>OP/BP 4.36</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (<u>OP/BP 4.37</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (<u>OP/BP 7.60</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (<u>OP/BP 7.50</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

44. **Environmental safeguards.** The project has been assigned an Environmental Screen Category “B”. This rating is based on the scope of the project, which indicates limited adverse environmental and social impacts. The field visits during project preparation revealed that there are likely to be no major significant negative impacts during the project implementation; especially as the project does not contemplate building new roads and will essentially remain within the existing right-of-way. It is expected that the rehabilitation of the roads would result in net positive environmental and social impacts through enhanced access for the rural populations, as well as increased agricultural productivity. On the environmental side, improved road asset management will reduce the need for frequent road reconstruction. In states where soil erosion is a problem (e.g. Enugu), the project will also enhance the sustainability of critical transport infrastructure. However, minor social or environmental impacts may arise during the rehabilitation and maintenance activities, as a result of the following activities:

- Storage or parking of heavy road rehabilitation equipments
- Transport of equipment, gasoline and lubricants
- Management of lubricants and gasoline in the areas of intervention
- Construction activities which can generate dangerous traffic conditions by interfering with the regular flow of vehicles
- Construction of borrow pits and disposal areas
- Transport of materials until final storage
- Solid waste elimination in construction areas and work places
- Ground excavation in zones with archeological potential
- Minor realignment of some road sections which may require some land acquisition

45. **Social safeguards.** The project triggers two social safeguards policies: the Physical Cultural Resources (OP/BP 4.11) and Involuntary Resettlement (OP/BP 4.12). The field visits during project preparation indicate that there are likely to be no major significant negative impacts during project implementation, especially as the project does not contemplate building new roads and will essentially remain within the existing right-of-way. It is expected that the rehabilitation of roads would result in positive social impacts, including increased access to economic opportunities. Activities during project implementation will include civil works that could expose chance finds. The Environmental and Social Management Framework (ESMF) includes provisions for addressing such cultural heritage chance finds.

46. **Safeguards instruments.** In fulfilment of the Bank’s requirements, an ESMF and a Resettlement Policy Framework (RPF) have been prepared and disclosed for Enugu and Osun States in May 2008. These documents have been updated to reflect the inclusion of Niger and

Adamawa States and were re-disclosed both in-country and in the World Bank Infoshop. The ESMF defines standard procedures and methods for incorporating potential environmental and social impacts and their associated mitigation measures into the selection, planning and implementation of all activities to be carried out in the project. It also provides guidance for preparing Environmental and Social Impact Assessments (ESIAs) and Environmental Management Plans (EMPs) as maybe applicable during project implementation. In addition, the RPF will guide the preparation of Abbreviated Resettlement Action Plans (ARAPs) for roads that will be identified and selected during project implementation. A senior environmental consultant and a senior social consultant have been recruited to provide technical assistance to the FPMU and the SPIUs for the preparation of the project’s safeguards documents. These consultants also provided training to the consulting firms contracted to conduct the road design studies, which include the ARAPs.

47. In cases where road locations and design have been identified (in particular for the 800 km initial batch of rural roads to be rehabilitated by RAMP-2 in tier-one states), and when such roads affect farms or livelihoods, ARAPs have been prepared. The ARAP for Enugu State was cleared and disclosed both locally and through Info Shop prior to the formal revised completion of appraisal on July 6, 2012. The drafts ARAPs for the other three states were reviewed, cleared and disclosed both locally and through Info Shop on or before July 23 2012. The draft ESIA for Osun State was cleared and disclosed both locally and through Info Shop prior to the formal revised completion of appraisal on July 6, 2012. The other three draft ESIAs were also reviewed by the World Bank, one for each of the initial batch of rural roads to be rehabilitated by the proposed project in each one of the tier-one states. The four satisfactory ESIAs – together with the associated ESMPs¹³ - have all been cleared by the Bank and disclosed locally as well as in the Info Shop on or before July 23, 2012.

Table 7: Summary of safeguards documents prepared by project’s appraisal.

Document	Date received by World Bank	Date cleared by World Bank	Date published in Nigeria *	Date published in Infoshop
Environmental and Social Management Framework (ESMF)	April 23, 2012	May 22, 2012	May 24, 2012	May 23, 2012
Resettlement Policy Framework (RPF)	April 25, 2012	May 21, 2012	May 24, 2012	May 22, 2012
Environmental and Social Impact Assessment (ESIA) – Adamawa state’s initial batch of identified rural roads	June 20, 2012	July 17, 2012	July 20, 2012	July 20, 2012
Environmental and Social Impact Assessment (ESIA) – Enugu state’s initial batch of identified rural roads	June 20, 2012	July 17, 2012	July 20, 2012	July 20, 2012
Environmental and Social Impact Assessment (ESIA) – Niger state’s initial batch of identified rural roads	June 20, 2012	July 17, 2012	July 20, 2012	July 20, 2012
Environmental and Social Impact Assessment (ESIA) – Osun state’s initial batch of identified rural roads	June 20, 2012	July 2, 2012	July 6, 2012	July 3, 2012
Abbreviated Resettlement Action Plan (ARAP) – Adamawa state’s initial batch of identified rural roads	June 27, 2012	July 17, 2012	July 20, 2012	July 20, 2012

¹³ A total of 13 EMPs were prepared and disclosed including 3 EMPs for Adamawa, Niger and Osun and 4 EMPs in Enugu.

Abbreviated Resettlement Action Plan (ARAP) – Enugu state’s initial batch of identified rural roads	June 27, 2012	July 6, 2012	July 6, 2012	July 6, 2012
Abbreviated Resettlement Action Plan (ARAP) – Niger state’s initial batch of identified rural roads	June 27, 2012	July 17, 2012	July 20, 2012	July 20, 2012
Abbreviated Resettlement Action Plan (ARAP) – Osun state’s initial batch of identified rural roads	June 27, 2012	July 20, 2012	July 23, 2012	July 23, 2012

* available at: <http://www.ramp.gov.ng/>

48. The ESMF was prepared to satisfy national and state regulatory requirements as well as the World Bank’s safeguard policies that address environmental and social consequences of the project. The ESMF establishes a process of environmental and social screening which will permit the institutions in charge of the implementation of the project to identify, assess and mitigate the environmental and social impacts of the proposed intervention. The ESMF also determines the institutional measures to be taken during the program implementations, including those relating to capacity building.

49. The RPF contains details of the principles and objectives governing the preparation and implementation of (abbreviated) resettlement action plans [(A)RAPs], including review, approval and disclosure of (A)RAPs, screening for involuntary resettlement, establishment of baseline and socioeconomic data, and the likely categories of project affected persons. Compensation arrangements for those being involuntarily resettled, including possibilities for land exchange, are outlined in the RPF. In particular, the RPF also contains a mechanism for resolving disputes that may arise.

50. The ESMF and RPF will guide the preparation of Environmental and Social Impact Assessment (ESIA), (A)RAPs, and/or other safeguard instruments that will be prepared for project rural roads that are yet to be identified during project implementation. Some specific considerations for project implementation are as follows:

- **Environmental and Social Management Plans.** The project will consist of a set of mitigation, monitoring and institutional measures to be taken during implementation and operations to eliminate adverse environment and social impacts, offset them, or reduce them to acceptable levels. The ESMP should also include the actions needed to implement these measures, including the following features:
 - **Mitigation:** Based on the identified environment and social impacts, the ESMP should describe with technical details of each mitigation measure, together with designs, equipment descriptions and operating procedures as appropriate.
 - **Monitoring:** The ESMP should include monitoring objectives that specify the type of monitoring activities that will be linked to the mitigation measures.
 - **Institutional arrangements:** The ESMP should provide a specific description of institutional arrangements, (i.e. who is responsible for implementing the mitigation measures and carrying out the monitoring regime (for operations, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training.)

- **Cost estimates:** The ESMP should include an estimate of the costs of the measures and activities recommended, the mitigation and monitoring measures recommended and should be developed in consultation with all the affected groups to include their concerns and views in the design of the sub-project.

51. **Consultations.** Draft project's safeguards frameworks were presented to key federal and local stakeholders during consultation meetings held in each of the participating states: Enugu (March 15, 2012), Osun (March 20, 2012), Adamawa (March 26, 2012) and Niger (March 28, 2012). Participants raised issues about road safety conditions, social inclusiveness in order to avoid elite capture in selecting priority roads and the need for institutional capacity strengthening. Comments were taken into consideration when finalizing the safeguards instruments.

52. **Community-based maintenance.** In order to leverage the impact and sustainability of road rehabilitation, the project will engage communities in the maintenance of rehabilitated roads. Community-based maintenance schemes are being piloted in Osun State. One pilot (Pataara-Iwo) started in February 2012 and a second pilot will be launched in April 2012. Field visits during project preparation indicate that these schemes have considerable potential to enhance community ownership and the sustainability of the roads. The following aspects appear to be critical to the success of community-based maintenance schemes:

- **Reliance on existing community structures and consensus:** The pilots rely on existing community structures (in particular community leaders) for the selection of members in the maintenance groups. Decisions on selection remain largely consensus-based and the main selection criterion is the perceived capacity of community members to engage in maintenance activities. While the introduction of formal selection criteria will be examined (in particular to support the inclusion of youth, women and possibly strengthen the focus on unemployed community members), it is expected that the project will, as much as possible, limit its interference in the design of the selection process, to ensure it remains community-led and owned. Similarly, with regards to the functioning of the maintenance groups, decisions are currently consensus-based, and processes remain largely informal. The project will explore the development of guidelines for the functioning and management of the maintenance groups but will look at formalizing existing tacit mechanisms rather than imposing exogenous practices.
- **Building on available community expertise and knowledge:** The pilot builds on existing expertise and knowledge within the Pataara-Iwo communities. These communities are beneficiaries of the World Bank-supported Fadama III project, under which a Fadama Community Association (FCA) engaging in agricultural micro-projects has been formed and trained. The Fadama program has provided training to the RAMP II maintenance gang, including on group mobilization, entrepreneurship and record-keeping. Further linkages between the maintenance gang and the FCA will be explored, including facilitating the access of the maintenance gang to the micro-loans and technical assistance provided by Fadama III.

- **Exploring sustainable practices for financing and mobilization:** The pilots will explore ways to ensure the sustainability of maintenance groups. The project will look at their financial sustainability: schemes for group savings will be discussed with communities and opportunities to invest such savings, whether to maintain the tools used for their current operations or to invest in other productive activities, examined. The Project will also look at the structural sustainability of maintenance groups, in particular through supporting linkages to existing community structures (cf. Paragraph above) and conducting studies to assess opportunities and challenges for the involvement of local governments in supporting community-based maintenance schemes.
- **Building knowledge on community-based maintenance in Nigeria:** The community-based maintenance schemes piloted are an innovative feature of this project. There is little experience of and knowledge on such schemes in Nigeria. In order to inform project implementation, and more broadly participate in building a body of knowledge on community-based maintenance in Nigeria, the project will put in place a basic tracking system to document the social and technical performance of community-based maintenance schemes. Simple indicators could include the average duration of community members' employment in the gangs, the punctuality of monthly salary payments, the percentage of income saved by the groups, or the percentage of maintenance tools unrepaired.

53. **Gender.** As part of project preparation, a gender study and consultations with communities was conducted to assess the challenges and opportunities for the mainstreaming of gender concerns in the use of, access to and maintenance of roads. A draft report was submitted on June 14, 2012 and formulated several recommendations which were included in project design, such as imposing minimum women's participation in the maintenance groups, developing specific gender training and advocacy activities, and monitoring selected gender-disaggregated indicators. The box below describes more into details the findings from this gender assessment and action plan.

Box 1: Preliminary conclusions from the gender study

Nigeria has made several commitments with regard to gender. These commitments are contained in the Vision 20:2020 Plan and in the National Gender Policy, which stress the need for a translation of economic growth into equitable social development for all citizens.

In order to understand the specific challenges of gender in rural transport in Nigeria, the consultant has held some focus group discussions with rural communities in the selected tier-one states. These discussions highlighted a context-specific gender division of labor, which situates the men at the level of production (e.g. weeding and clearing land), while the women are mostly engaged at the level of processing (e.g. winnowing, cleaning and bagging of products). Over recent years, women have begun to engage in activities that were previously designated male preference such as weeding. However, the women that engage in such activities are generally less paid than men and they have limited access to productive resources. The primary challenge faced by both male and female farmers has to do with the lack of rural infrastructure to transport farming input and produce. Even when the infrastructure is there, the lack of affordable transport services can be a strong limitation for mobility. In a state like Enugu, women pointed out that they would rather undertake the journey on foot rather than spending 500 NGN (about US\$4) to hire an "okada" (local motorcycle). Because of the division of labor between genders,

men and women also make a different use of rural roads. Women require access in order to move farm produce to different consumption points, to access maternal care at health centers, to access formal education and to access and provide water household use. Access to formal education is skewed along gender lines with boys making the long trek from the community to the local primary school and girls staying home because of the travel time burden and the vulnerabilities associated with it. On the other hand, men need roads in order to travel from their homes to the farms, to access health care and to purchase and move household goods.

Some programs such as FADAMA in Niger state have managed to benefit poor rural women through encouraging women to apply for microloans as groups of women (Emigun) rather than as individuals, but also through embarking on an intensive community sensitization outreach process and through providing specialized training for rural women farmers, based on already identified capacity deficits. In that same state, women have a perceived role of “community watchdogs” who are in a position to draw the attention of the men to areas where there are discrepancies for purposes of action (e.g. quality of road maintenance activities). Traditional leaders – such as the “Igwe” in Enugu state, should be engaged and sensitized about the importance of gender, so that they can facilitate a greater involvement of women in road management and maintenance.

The Osun road maintenance pilot is currently employing only men. In this state, there is a general impression that only men can engage in rural roads maintenance. However, after adequate awareness activities, the involved communities themselves proposed that women could participate in carrying laterite materials to the maintenance points, maintain small works equipment, remove foreign materials in the drainage sections of the roads, serve as treasurer of the maintenance gang, etc.

Drawing from this assessment, the consultant proposed an action plan focusing on (i) ensuring women’s representation during community consultations on rural roads management; (ii) impose minimum women’s participation in the maintenance groups (at least 10% and preferably 30%); (iii) carrying out community sensitization on the need for gender inclusivity in rural roads maintenance; (iv) engaging in advocacy at the level of the traditional rulers to ensure buy-in at the level of the community’s political leadership; and (v) include gender-desegregated indicators in the project’s M&E framework.

Monitoring & Evaluation

54. The proposed project includes a robust Monitoring and Evaluation (M&E) framework. Since RAMP-2 is a pilot project which introduces several innovative rural transport practices (e.g. investment selection, community-based road maintenance, gender action plan), a thorough M&E framework is needed in order to monitor relative benefits, inform project design and promote scaling up.

55. As part of project preparation, a robust baseline survey is being prepared, financed by the French Development Agency (AFD) with technical guidance from International Development Agency (IDA). This survey focuses on collecting relevant data in the area of influence of 20 rural roads that have been identified as part of the first batch of roads to be rehabilitated by RAMP-2 (treatment group) as well as in the area of influence of 20 other rural roads sharing the same characteristics as the previous ones but which are unlikely to be intervened during the project duration (control group). The socio-economic impacts to be captured include impact on physical well being (e.g. food, health), impact on material wealth (e.g. land, housing), impact on social well being (e.g. access to education and health services) and economic well being (e.g. income level, rate of serving), degree of agricultural commercialization (e.g. access to global and regional value chains, participation in out grower schemes, share of produce sold in markets,

cropping mix, etc.) as well as migration. Data collection instruments include traffic surveys, transporters' surveys, surveys of key local stakeholders as well as household surveys.

56. About three years into project implementation, a second impact evaluation survey will be conducted under sub-component 3.2 in order to collect updated data in the area of influence of rural roads from the treatment and control groups. A double difference methodology will then be applied in order to compare the relative contribution of project interventions to rural welfare. Results will be widely disseminated.

Role of Partners

57. The proposed project would be financed by the AFD through a joint co-financing arrangement, namely through a 66.7-33.3 disbursement percentage financing of each contract under sub-component 1.1. The AFD has a relatively new presence in Nigeria and it has approached the World Bank to help develop a robust portfolio of projects in the infrastructure sectors. The AFD is therefore highly interested in co-financed operations and has requested the World Bank to carry out the technical, fiduciary and safeguards review and implementation support for AFD-financed activities following applicable World Bank policies and procedures under a fee-based-service arrangement. AFD and IDA are currently negotiating a co-financing agreement for this purpose. In view of the envisaged joint co-financing arrangement, AFD and IDA will include cross-effectiveness provisions in their bilateral agreements with Nigeria to ensure that their respective financings are become concurrently available for disbursement upon project effectiveness.

Annex 4: Operational Risk Assessment Framework (ORAF)

NIGERIA: Second Rural Access and Mobility Project

Stage: Board

Project Stakeholder Risks	Rating	High			
<p>Description: Borrower relations and donor relations do not represent risks, since project objectives are closely aligned with ongoing projects and policies (e.g. Transformation Agenda). Frustration expressed by constituents from states who were not selected as “state-one” or “state-two” may affect project preparation and implementation. IDA and AFD financing might become locked in poor performing states due to earmarking of funds to specific states, as per the state borrowing plans.</p>	<p>Risk Management: Close monitoring of on-the-ground situation. Selections of states with good governance track record where the situation is likely to be less volatile. New CPS clearly abandons the “lead state” approach. Selection process takes into account the 6 geopolitical areas’ dimension. New selection process is fair and transparent and was discussed during the Feb. 10, 2011 workshop in presence of all states. Perspective for scaling up to new states embedded in project design despite focus on four states only. Proposed project design should be validated by the 2012 borrowing plan presented for approval to the National Assembly.</p>	<p>Resp: IDA, AFD, Client</p>	<p>Stage: Prep, Imp</p>	<p>Due Date: Recurrent</p>	<p>Status: Ongoing</p>
Implementing Agency Risks (including fiduciary)	Rating:	High			
<p>Capacity Description: Institutions in charge of project implementation (particularly for some SPIUs) have a too weak capacity to correctly implement Bank’s fiduciary and reporting procedures, leading to execution delays and possible non-compliance with Bank’s guidelines and policies. There might be an inherent lack of capacity, in terms of technical and managerial skills, qualified staff, for work design and supervision, accounting, overall planning and management, more so at the state government level. The capacity of the private sector is too limited, with the consequences of unsuccessful bidding processes or poorly-executed works.</p>	<p>Risk Management: Clear accounting and internal control procedures including chart of accounts established and documented in the project’s operational manual. The project will finance the hiring and comprehensive training of at least two fiduciary staff (one procurement and one financial management specialist) in each SPIU. A “hotline” mechanism will be established at the FPMU in order to provide timely assistance whenever needed. The FPMU has beefed up its technical expertise with the hiring of engineers seconded by the MA&RD. At least two road engineers will supervise implementation in tier-one states. Road works will be packaged in larger contracts, in order to be more attractive to private construction firms. Bidding processes will be crafted in order to maximize competition.</p>	<p>Resp: Client</p>	<p>Stage: Prep, Imp</p>	<p>Due Date: Recurrent</p>	<p>Status: Ongoing</p>
Governance	Rating:	High			
<p>Description: State and/or rural roads selected for improvement do not serve a public good function to connect small farmers to markets, but rather some local private interest.</p>	<p>Risk Management: The road prioritization methodology has been designed in order to base road selection on objective criteria only. A participatory process is also used to validate results by local stakeholders. Road design studies will allow verifying that traffic levels and projections are sufficiently high in order to justify economically the proposed investments. The road prioritization methodology will be further refined during implementation in order to select the second batch of roads to be rehabilitated by the project and improve alignment with NATA.</p>	<p>Resp: Client</p>	<p>Stage: Imp</p>	<p>Due Date:</p>	<p>Status:</p>

Project Risks					
Design		Rating:	High		
Description: Roads designed to standards that are not cost effective or environmentally sound. Road maintenance is not performed adequately on the rehabilitated roads, leading to an accelerated deterioration of the infrastructure. Road rehabilitation costs are not adequately estimated, leading to overruns and lower outputs.		Risk Management: Preparation of sound road design studies, following best international practices and with due attention paid to cost effectiveness. The establishment of a sound road maintenance system is a key objective of the proposed project. Community-based maintenance pilots have been launched in the four identified “tier-1” states, with particular progress observed in Osun and Enugu. Experience sharing and peer learning to be promoted by the FPMU. Sustainability for the financing of road maintenance being built up through a decreasing contribution from IDA funds. Results will be evaluated at project’s mid-term. The project also builds on the lessons of RAMP-1 both in Kaduna and Cross River states.			
		Resp: IDA, AFD, Client	Stage: Prep, Imp	Due Date: Recurrent	Status: Ongoing
Social & Environmental		Rating:	Low		
Description: Road works are not designed or executed in a fashion that is consistent with Bank safeguards policies, leading to negative impacts for the people or the environment.		Risk Management: An ESMF and RPF have been prepared for the project, along with ESIA and ARAPs for the road segments identified to date. Technical road standards based on best engineering and sound environmental management practices. Preparation of specific safeguards studies for identified works with disclosure prior to appraisal. Preparation of safeguards frameworks for works still to be identified during execution. Close monitoring of safeguards during implementation. Appropriate staffing of FPMU and SPIU with both social and environmental staff and adequate training of these staff.			
		Resp: IDA, AFD, Client	Stage: Prep, Imp	Due Date: Recurrent	Status: Ongoing
Program & Donor		Rating:	Low		
Description: The AFD and IDA do not manage to agree on joint operational procedures or they disagree on their interpretation during implementation.		Risk Management: Close partnership very early-on in project preparation with systematic joint missions. AFD has already negotiated its bilateral agreement with Nigeria, reflecting the pari passu joint co-financing approach, and the draft co-financing agreement between IDA and AFD is also finalized.			
		Resp: IDA, AFD	Stage: Prep, Imp	Due Date:	Status: Ongoing
Delivery Monitoring & Sustainability		Rating:	High		
Description: The lack of reliable data and background information affects the soundness of the decision-making of key stakeholders during project preparation or implementation. Decentralized implementation in multiple states overwhelms the Bank’s supervision capacity, especially if states are too distant one from another.		Risk Management: Strong emphasis of monitoring and evaluation with robust baseline surveys to be prepared in the four initial pilot states. The FPMU and the SPIUs have hired or are hiring full-time staffs for monitoring and evaluation. Significant supervision resources expected. Particular attention to be paid to capacity of FPMU to perform a good-quality daily management of project implementation and on reporting mechanisms (with clear red-flagging).			
		Resp: IDA, AFD, Client	Stage: Prep, Imp	Due Date:	Status: Ongoing
Overall Risk Following Review					

Implementation Risk Rating: High

Comments: This is a high risk/high reward project. A High risk rating was selected for implementation, due to the multiplicity of challenges associated with state level interventions in Nigeria's federal environment, as well as to the difficulties experienced by other on-going IDA projects in the road sector in this country.

Annex 5: Implementation Support Plan
NIGERIA: Second Rural Access and Mobility Project

1. The Implementation Support Plan (ISP) for the proposed project is based on lessons learned from the implementation of past and ongoing projects in the transport sector in Nigeria and on the proposed program's specific design, complexity, challenges and risks. The ISP aims at ensuring an effective and timely implementation of the mitigation measures designed to deter the chances of corruption and fraud and ensure the achievement of the project's development objective.

2. **Arrangements for the prevention of fraud and corruption in procurement.** The main features of the governance activities include:

- strengthening core processes in procurement and financial management, including capacity development and reforms to improve the Federal Project Management Unit (FPMU) and the Special Project Implementation Unit's (SPIU's) procurement, contract and financial management practices;
- maximizing competition through contract size;
- thoroughly reviewing the quality of design and bidding documents;
- identifying the "red flags" in the bid evaluation that are patterns of manipulation of the bidding process;
- building the capacity of the implementing agencies to identify "red flags" in the evaluation process.

3. **Implementation support strategy.** The project implementation support strategy will be based on: (a) advancing preparation activities for an initial batch of about 800 km of roads in the four tier-one states so that a representative sample of project's key investments can be ready for implementation at the time of project effectiveness; (b) piloting the proposed innovative community-based investments during preparation and early implementation so that they can be ready for scaling up when the first batch of roads will be rehabilitated under the proposed project; (c) focused technical, financial and procurement reviews both by Bank task teams and Bank-hired consultants; (d) close and constant focus on high risk areas such as quality and speed of procurement; and (e) close and continuous follow-up on issues highlighted during implementation support missions. In order to put in place a continuous implementation support strategy, especially during the first two years of project implementation, the supervision effort will focus on efficiently and effectively implementing the bulk of procurement activities.

4. **Team composition.** The implementation support team will consist of one Task Team Leader (TTL) based in headquarters and assisted by one field-based road engineer and one field-based consultant. In addition to this core supervision team, country based fiduciary and safeguards staff (procurement, financial management, environmental and social safeguards) will participate as full team members and be responsible for the implementation of project specific activities in their areas of expertise. The environmental and social specialists following the project will closely monitor the execution of the mitigation measures and safeguards documents

[Environmental and Social Impact Assessment (ESIA) and Abbreviated Resettlement Action Plan (ARAP)] and conduct field visits to that effect.

5. **Frequency of implementation support effort.** There will be at least two annual formal full supervision missions per year during which at least two tier-one states will be visited (allowing all four states to be visited at least once annually). Country based staffs and consultants will monitor implementation progress on a continuous basis and will have at least once a month quick implementation reviews of the critical activities. They will conduct field visits to specific state(s) as needed. The supervision task team will develop, together with the project teams in each state, lists of actions required to ensure a good implementation of the project’s activities, with a particular focus on the road maintenance arrangements and on the environment and social safeguards.

6. **Implementation support (IS) budget.** To ensure a strong and continuous IS effort, especially during the first two full years of implementation, a minimum of US\$298,000 per year supervision budget would be required to cover World Bank staff, consultants and travel expenses. An estimate of this annual supervision budget is provided in the Table 1 below. This budget is expected to be complemented by the fee-for-service agreement envisaged with the French Development Agency (AFD).

Table 1: estimated supervision budget (core task team).

Team member	Fixed costs	Variable costs
Washington-based Task team leader	39,000	27,000
Field based transport specialist	39,000	12,000
Field based procurement specialist	39,000	6,000
Field based FM specialist	19,000	6,000
Field-based environmental specialist	21,000	6,000
Field-based social specialist	21,000	6,000
Field-based M&E consultant	15,000	6,000
Field-based project assistant	24,000	2,000
Washington-based project assistant	10,000	-
Total	227,000	71,000

7. **ISP and expected outcome.** The main IS activities to be covered by the IDA project team and the clients are provided in the Table 2 below:

Table 2: ISP to be covered by IDA Project Team and Clients

Client’s role	IDA’s role	Expected outcome
<i>Governance aspects</i>		
- Periodic reporting between SPIU and FPMU and between FPMU and IDA - Training in identification of “red flags” - Implementation of the agreed gender action plan	- Close monitoring of implementation of reporting system. - Close monitoring of the road selection process with technical guidance on the use of spatial analysis tools - Close supervision of all operational processes process - Supervision of gender action plan’s	- Clients are trained and are using red flags in the evaluation process - Road selection process is aligned with NATA’s priorities - Gender issues are streamlined into project implementation

Client's role	IDA's role	Expected outcome
	implementation	
<i>Technical and quality aspects</i>		
<ul style="list-style-type: none"> - Client engineers to oversee the work of contractors. - Supervision consultants to assist client in overseeing work of contractors. - Satisfactory implementation of community-based road maintenance pilots 	<ul style="list-style-type: none"> - Assess contractors' capacity; assess supervision capacity by client staff. - Visual inspection of a representative sample of works - Continue providing technical guidance based on international experience for the design and implementation of the community-based maintenance schemes - Close monitoring and stock taking of OPRC pilot launched in Kaduna state 	<ul style="list-style-type: none"> - Contractors fully deployed on time and have the required capacity - Satisfactory implementation of contracts - Construction quality fully meets design specification - Sound road maintenance mechanisms successfully piloted and implemented on all roads rehabilitated by RAMP-2
<i>Procurement</i>		
<ul style="list-style-type: none"> - Country specific clearances to be followed for all procurement activities - Use of Banks' Standard Bidding documents for ICB and NCB - Training of SPIU and FPMU staff on Bank procurement procedures 	<ul style="list-style-type: none"> - All identified civil works will be subject to prior review as per the agreed threshold for prior review contracts - Annual post-review of procurement activities 	<ul style="list-style-type: none"> - Bank/country procurement guidelines followed - Open and transparent competitive procurement achieved - Database on contractors' performance to be maintained and update regularly
<i>Financial Management</i>		
<ul style="list-style-type: none"> - Efficient control mechanisms are put in place - Maintain a commitment/payments register, tracking all contracts. - Annual audits of project - Allocation of sufficient counterpart funds to the project 	<ul style="list-style-type: none"> - Focus on the adequacy of the financial reporting arrangements, including timeliness and completeness of financial reports, as the basis for disbursements from the Credit - Reviews of audit reports, FM reports and follow-up actions taken on such reports - Participate in site visits as needed to review internal control procedures and practices 	<ul style="list-style-type: none"> - Compliance with all FM covenants - Audit comments taken into consideration - Financial progress closely following physical progress
<i>Social safeguards</i>		
<ul style="list-style-type: none"> - Execution of the mitigation measures and ARAPs - Close supervision by FPMU of SPIUs' social safeguards activities 	<ul style="list-style-type: none"> - Supervision to be carried out by the Bank staff as part of supervision missions. - Close check and implementation verification of ARAP 	<ul style="list-style-type: none"> - Compliance with Bank's social safeguards - Implementation of the ARAPs in each state - Resolution of any complaints submitted
<i>Environmental safeguards</i>		
<ul style="list-style-type: none"> - Execution by road contractors of the mitigation measures as described in the ESIA/EMPs - Close supervision by FPMU of SPIUs' environmental safeguards activities 	<ul style="list-style-type: none"> - Supervision to be carried out by the Bank staff as part of supervision missions. - Close check and implementation verification of environmental mitigation measures 	<ul style="list-style-type: none"> - Compliance with the project's environmental safeguard policy - Implementation of the EMPs for all road works financed by the project - Resolution of any complaints submitted

Annex 6: Country at a Glance: Nigeria: Second Rural Access and Mobility Project

Key Development Indicators	Nigeria	Sub-Saharan Africa	Lower middle income
(2009)			
Population, mid-year (millions)	154.7	819	3,767
Surface area (thousand sq. km)	924	24,242	31,923
Population growth (%)	2.3	2.5	1.2
Urban population (% of total population)	49	36	40
GNI (Atlas method, US\$ billions)	184.6	897	7,682
GNI per capita (Atlas method, US\$)	1,190	1,095	2,039
GNI per capita (PPP, international \$)	2,070	1,981	4,502
GDP growth (%)	5.6	5.2	7.5
GDP per capita growth (%)	3.2	2.7	6.3
(most recent estimate, 2003–2008)			
Poverty headcount ratio at \$1.25 a day (PPP, %)	64	51	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	84	73	..
Life expectancy at birth (years)	48	52	68
Infant mortality (per 1,000 live births)	86	83	44
Child malnutrition (% of children under 5)	27	25	25
Adult literacy, male (% of ages 15 and older)	72	72	87
Adult literacy, female (% of ages 15 and older)	49	54	73
Gross primary enrollment, male (% of age group)	99	105	109
Gross primary enrollment, female (% of age group)	87	95	105
Access to an improved water source (% of population)	58	60	86
Access to improved sanitation facilities (% of population)	32	31	50

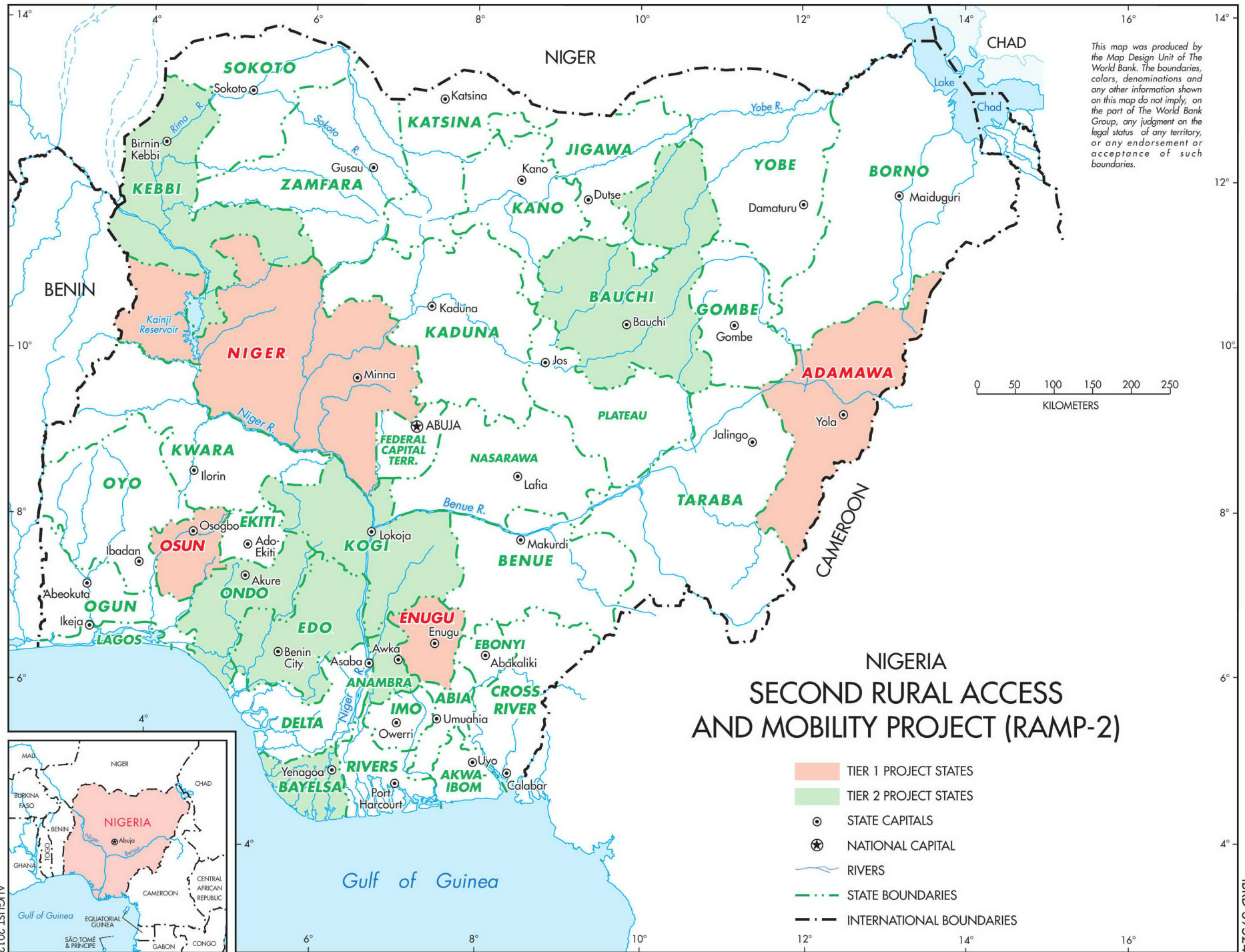
Net Aid Flows	1980	1990	2000	2009 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	34	255	174	1,290
<i>Top 3 donors (in 2007):</i>				
United States	-1	22	33	364
European Commission	1	23	-8	91
Denmark	0	0	3	82
Aid (% of GNI)	0.1	1.0	0.4	0.7
Aid per capita (US\$)	0	3	1	9

	1980–90	1990–2000	2000–09
<i>(average annual growth %)</i>			
Population, mid-year (millions)	74.5	97.3	124.8
GDP (US\$ millions)	64,202	28,472	45,984
<i>(% of GDP)</i>			
Agriculture	..	..	48.6
Industry	..	..	30.5
Manufacturing	..	..	3.4
Services	..	..	20.9
Household final consumption expenditure	..	..	..
General gov't final consumption expenditure	..	..	..
Gross capital formation	..	..	..
Exports of goods and services	29.4	43.4	54.0
Imports of goods and services	19.2	28.8	32.0
Gross savings	..	..	..

Note: Figures in italics are for years other than those specified. 2009 data are preliminary. .. indicates data are not available.

a. Aid data are for 2008.

Development Economics, Development Data Group (DECDG).



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NIGERIA SECOND RURAL ACCESS AND MOBILITY PROJECT (RAMP-2)

- TIER 1 PROJECT STATES
- TIER 2 PROJECT STATES
- STATE CAPITALS
- ★ NATIONAL CAPITAL
- RIVERS
- STATE BOUNDARIES
- INTERNATIONAL BOUNDARIES