



1. Project Data:		Date Posted : 03/20/2001	
PROJ ID: P002176		Appraisal	Actual
Project Name: State Roads II	Project Costs (US\$M)	118.2	116.3
Country: Nigeria	Loan/Credit (US\$M)	85	84.5
Sector(s): Highways	Cofinancing (US\$M)		
L/C Number: C2485			
	Board Approval (FY)		93
Partners involved :	Closing Date	06/30/1999	12/31/1999
Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives
The main objectives of the project were to:
(a) improve intercity roads and transport in the states of Oyo and Osun and reduce transport costs through improving the condition of the state road networks;
(b) improve organizational arrangements for better planning & management of the state road system, including strengthening of the institutional capacity of the State Ministries of Works and Transport (SMOWT);
(c) use contractors for road improvement and for a major portion of road maintenance works;
(d) enhance resource mobilization and budgetary allocation at the state level to ensure sustained maintenance of the road networks; and
(e) build technical capacity at the state level to assess environmental impacts of road projects.

b. Components
The main components of the project were:
Road works: rehabilitation and strengthening of high priority roads included in the five year road investment program; paving of selected high volume unsurfaced roads; construction of new roads.
Maintenance by contract: initiation of a program of routine and periodic maintenance of roads by private contractors, including the development and training of small scale domestic contractors.
Vehicle and equipment: purchase of vehicles and equipment to strengthen institutional capacity to design and supervise project work and enhance road safety.
Institutional development: establishment of appropriate institutional arrangements within the SMOWTs and support for planning, design, construction, maintenance and supervision of roads, and contract management.
Technical assistance: provide TA to Federal Ministry of Works and Housing (FMWH) to coordinate projects in other states; conduct environmental and other transport sector studies; and prepare state road projects in other states.

c. Comments on Project Cost, Financing and Dates
The actual project costs are US\$116.2 million, a little lower than the appraisal estimate of US\$118.2. The Bank

disbursed US\$84.5 million and the remaining US\$0.5 million was canceled. The project closed on December 31, 1999, six months later than the original closing date.

3. Achievement of Relevant Objectives:

The project was implemented during deteriorating political and economic situations in Nigeria. However, the project achieved most of its objectives.

- The condition of inter-city roads in the states of Oyo and Osun was substantially improved by rehabilitation/upgrading or construction of 892 kilometers of roads. This represents 26% of Oyo and Osun's road network. The quality of roads is satisfactory and costs were moderate to low, compared to the costs in neighboring countries. The ex-post Economic Rate of Return (ERR) is estimated at 44%, which is equivalent to the appraisal estimate of 43%.
- Local and overseas training was provided to improve the Highways Departments capacity to plan and manage maintenance activities. However, problem with low salaries, lack of incentives, lack of funding and political interference have not been resolved, making the institutional development impact modest.
- New procedures for execution of routine and recurrent maintenance by contract were developed. In Oyo and Osun, 104 and 95 maintenance contracts respectively were awarded during the period 1996 - 2000.
- With respect to cost recovery, the government is exploring alternative sources of financing for road maintenance. It is planning to present a bill for creation of National Roads Board and Road Fund to the parliament.

4. Significant Outcomes/Impacts:

The project introduced modern contract management, maintenance and financial management systems. It supported a "private sector driven" road management reform initiative called Road Vision 2000, including the proposed plan to create a Road Fund to finance road maintenance expenditures.

5. Significant Shortcomings (including non-compliance with safeguard policies):

The main shortcoming of the project was that the initial feasibility studies for selection of roads works were found to be flawed.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Modest	Modest	
Sustainability:	Unlikely	Unlikely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

A well-trained management along with experienced domestic consultants and contractors can successfully implement projects under difficult conditions. However, their performance cannot be sustained without a successful overall civil service reform to address the underlying institutional and incentive problems.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The quality of the ICR is satisfactory. The outcome of the project objective "to build technical capacity to conduct environmental impacts of road projects" is not discussed in the report.