

BOARD APPROVAL
Lapse-of-time Procedure
7 February 2019

FOR INFORMATION

MEMORANDUM

TO : THE BOARD OF DIRECTORS

FROM : Vincent O. NMEHELLE
Secretary General

SUBJECT : NIGERIA – ABIA STATE INTEGRATED INFRASTRUCTURE DEVELOPMENT PROJECT (ABSIDP) PREPARATION STUDIES*

MIC-TAF GRANT OF UA 1.20 MILLION

The attached **Grant Proposal** and the **Draft Resolution** related to the above-mentioned project were submitted for your consideration **on a Lapse-of-time basis** on 24 January 2019.

Since no objection was recorded by 5.00 pm. on February 7, 2019, **the proposal is considered approved and the Resolution adopted.**

Attach:

Cc : The President

* Questions on this document should be referred to:

Mr. E. FAAL	Senior Director	RDNG	Extension 7754
Mr. G. PENN	Ag. General Counsel	PGCL	Extension 3220
Mr. A. OUMAROU	Director	PICU	Extension 3075
Mr. L. LAWSON ZANKLI	Country Manager	RDNG	Extension 7751
Mrs. A.M MECCA	Division Manager	PGCL.1	Extension 3309
Mr. P. MUSA	Team Leader	RDNG	Extension 7787

AFRICAN DEVELOPMENT BANK



PROJECT: ABIA STATE INTEGRATED INFRASTRUCTURE DEVELOPMENT PROJECT (ABSIDP) PREPARATION STUDIES

COUNTRY: NIGERIA

APPRAISAL REPORT

Date: December 2018

Appraisal Team	Team Leader: : P. Musa, Senior Transport Engineer, RDNG Team Members: B. Abdulai, Regional Procurement Officer, RDNG O. Ojo-Fajuyi, Financial Management Consultant, RDNG A. Ayisi-Salawou, Legal Counsel, PGCL.1 Regional Director: E. Faal, Senior Director, RDNG Sector Director: A. Oumarou, Director, PICU Manager: L. Lawson Zankli, Country Operations. Manager, RDNG
Peer Reviewers	Y. Ahmad, Chief Regional Program Coordinator, RDGN D. Makasa, Principal Transport Engineer, COMW D. Goyal, Regional Financial Management Coordinator, RDNG/SNFI D. Isooba, Senior Transport Engineer, RDGS; T. Mugoya, Principal Water and Sanitation Engineer, RDNG M. Bakia, Chief Environmental Officer, SNSC/RDNG

AFRICAN DEVELOPMENT BANK



PROJECT: ABIA STATE INTEGRATED INFRASTRUCTURE DEVELOPMENT PROJECT (ABSIIDP) PREPARATION STUDIES

COUNTRY: NIGERIA

APPRAISAL REPORT

RDNG/PICU

January 2019

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Currency Equivalents

December 2018

1 UA	=	422.57 NGN
1 UA	=	1.38323 USD
1 USD	=	305.49656 NGN

Fiscal Year

1 January – 31 December

Weights and Measures

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

AADT	Annual Average Daily Traffic	JICA	Japanese International Cooperation Agency
ADB	African Development Bank	LGA	Local Government Authority
ADF	African Development Fund	MTEF	Medium Term Expenditure Framework
AIDS	Acquired Immune Deficiency Syndrome	NEMC	National Environmental Management Council
CSP	Country Strategy Paper	NGO	Non-governmental Organization
ASG	Abia State Government	NPV	Net Present Value
DANIDA	Danish International Development Agency	NGN	Nigerian Naira
DfID	Department for International Development	PAP	Project Affected Persons
DP	Development Partners	PCR	Project Completion Report
DPG-T	Development Partners Group-Transport	RAP	Resettlement Action Plan
ERGP	Economic Recovery and Growth Plan	RFB	Roads Fund Board
EIRR	Economic Internal Rate of Return	RFP	Request for Proposals
ESIA	Environmental and Social Impact Assessment	SPN	Specific Procurement Notice
ESMP	Environmental and Social Management Plan	STI	Sexually Transmitted Infection
EU	European Union	SPIU	State Project Implementation Unit
FE	Foreign Exchange	TB	Tuberculosis
FGN	Federal Government of Nigeria	UA	Unit of Account
FMF	Federal Ministry of Finance		

Grant Information

Client's information

RECIPIENT	:	FEDERAL REPUBLIC OF NIGERIA
EXECUTING AGENCY	:	ABIA STATE PROJECT IMPLEMENTATION UNIT OF THE MINISTRY OF WORKS

Financing plan

Source	Amount (UA)	Amount (NGN)	Instrument
ADB	1.200 million	507.09 million	MIC Grant
ASG	0.113 million	54.93 million	Counterpart Funds
TOTAL COST	1.313 million	562.02 million	

ADB's key financing information

MIC Grant Currency	UA
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Timeframe - Main Milestones (expected)

MIC Grant Approval	January 2019
Effectiveness	March 2019
Last Disbursement	March 2021
Completion	May 2020

Country and project name: NIGERIA-Abia State Integrated Infrastructure Development Project (ABSIIDP) Preparation Studies

Purpose of the project: To undertake feasibility Studies, detailed engineering design, and preparation of tender documents for the priority roads, together with storm water drainage, and waste management components of the project

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES																								
	Indicator (including CSI)	Baseline	Target																										
IMPACT	Contribute to Poverty Reduction	State GDP Growth	6.2% (2018)	7.0% (2023)	Government of Abia River State	<p><u>Risk:</u> Delays in adoption and implementation of the Study recommendations.</p> <p><u>Mitigation:</u> Study Report to include implementable strategies agreed upon with the Client.</p>																							
	OUTCOMES	Increased Abia State's ability to implement ABSIIDP	-Level of preparedness to implement project -Project Concept Note Prepared	0% None	100% by 2020 Concept Note Prepared by 2020		Study Reports Concept Note																						
OUTPUTS	Component 1: Feasibility study conducted and detailed engineering design developed	Study Reports	No Report	Reports Submitted and approved by 2020	Study Reports	<p><u>Risk:</u> Implementation Delays:</p> <p><u>Mitigation:</u> (i) Grant conditions streamlined to reduce delays to effectiveness (ii) The Bank will engage with the FMF to clear the processes leading to effectiveness.</p> <p><u>Risk:</u> Poor Study Coordination:</p> <p><u>Mitigation:</u> (i) Abia State will appoint dedicated Project Coordinator (ii) Bank supervision and monitoring of project scheduling activities</p> <p><u>Risk:</u> Poor Quality of Study Output.</p> <p><u>Mitigation:</u> The Bank will carefully review the quality of ToR for the study. Besides, outputs at all stages will be extensively reviewed to ensure that project objectives are achieved.</p>																							
	Component 2: Audit	Audit Report	No Report	Audit Report Submitted	Audit Report																								
KEY ACTIVITIES	COMPONENTS			INPUTS																									
	1. Studies: Feasibility study and detailed design, 2. Project Management: Project Management by State PIU			<table border="1"> <thead> <tr> <th>Component</th> <th>Total (UA Million)</th> </tr> </thead> <tbody> <tr> <td>Feasibility/Detailed Engineering Study</td> <td>1.190</td> </tr> <tr> <td>Project Management</td> <td>0.113</td> </tr> <tr> <td>Procurement Consultant</td> <td>0.006</td> </tr> <tr> <td>Audit</td> <td>0.004</td> </tr> <tr> <td>Total including contingencies</td> <td>1.313</td> </tr> </tbody> </table>	Component	Total (UA Million)	Feasibility/Detailed Engineering Study	1.190	Project Management	0.113	Procurement Consultant	0.006	Audit	0.004	Total including contingencies	1.313	<table border="1"> <thead> <tr> <th rowspan="2">Source</th> <th>Cost</th> <th rowspan="2">% Total</th> </tr> <tr> <th>(UA Million)</th> </tr> </thead> <tbody> <tr> <td>MIC TAF Grant</td> <td>1.200</td> <td>90.23%</td> </tr> <tr> <td>ASG</td> <td>0.113</td> <td>9.77%</td> </tr> <tr> <td>Total</td> <td>1.313</td> <td>100.00%</td> </tr> </tbody> </table>	Source	Cost	% Total	(UA Million)	MIC TAF Grant	1.200	90.23%	ASG	0.113	9.77%	Total	1.313
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1. INTRODUCTION

1.1 Background Information

1.1.1 Abia is one of the 36 States in Nigeria with a resident population of 3.2 million, and another 300,000 persons visiting the State every day. The State sits on an area of 5,834 km². Abia State is sufficiently linked with her surrounding neighbours via road, and serves as a commercial hub for Southeastern states with a cumulative total population of 20 million persons. The state is bordered towards the south by alluvial coastal plains, characterized by rain forest vegetation, abundance of solid mineral and petroleum resources as well as a large belt of wild plantations of arable land. The state has 17 Local government Areas, 9 of which will be impacted by the Abia State Integrated Infrastructure Development Project (ABSIIDP), which is the subject of the MIC TAF application.

1.1.2 Umuahia, the Capital of Abia State, and Aba, the commercial hub, with populations of 534,265, and 359,230 respectively (2006 census), are both characterized by serious infrastructure deficiencies stemming from decades of neglect. Over 95% of the roads are in poor condition and not motorable from end to end. The situation is compounded by huge gully erosion on the roads, and the existence of piles of solid waste on the roads. Both cities lack environmentally safe solid waste disposal facilities, leading to piles of waste at collection points and illegal dump sites (mostly on the road network) which generate bad odour, garbage landslides, pollution of groundwater, and air pollution.

1.1.3 The water supply system in Umuahia has not served the inhabitants since mid-2014, whilst that of Aba has not functioned for more than a decade. There is no central sanitation system in either city with households serviced by on site sanitation systems, which are emptied using privately owned septic tanks with some households burying waste.

1.1.4 The state is implementing some gully erosion control through World Bank funding under which many cities have been identified, but a lot more needs to be done especially with regards to technical assistance to the State Project Implementation Unit (SPIU) for a sustainable management of the problem.

1.1.5 There is therefore an urgent need for rehabilitation of urban roads, provision of environmentally safe solid disposal systems, improvement of water supply and sanitation, and the improvement of gully erosion control in the two cities.

1.2 Objectives of the Project Preparatory Activities

1.2.1 The development objectives are: (i) reduction of transport costs, which includes travel time and vehicle operating costs between markets and areas of production through rehabilitation/upgrading of the road network to all-weather standard, and gully erosion control on priority urban roads in Umuahia and Aba to enhance accessibility; (ii) improve sanitation in the two cities through proper collection and disposal of solid waste with limited intervention in water supply and sanitation (iii) support to institutional reform in the transport, water and solid

wastes/environmental sectors to effectively improve the management of roads and solid waste, and water services in the two cities.

1.3 Justification for the use of MIC TAF

1.3.1 Given the condition of the infrastructure in Abia State, the Abia State Government (ABSG) approached the Bank through the Federal Government (Federal Ministry of Finance - FMF) to seek funding to implement the project. Against this background, the Bank undertook a Dialogue/Consultative visit to Abia State in September 2014 to assess the project. Through a letter dated 3 October 2014, Ref:F11875/S.21/T1/129, the Federal Ministry of Finance requested for the sum of USD 200 million from the Bank to fund the project, following which the Bank launched an identification mission in November of the same year.

1.3.2 The mission however discovered that there were no studies for any of the components of the project, hence the need to carry out complete feasibility studies, and detailed engineering designs of the various components. With the Government request for funding for the project, it was agreed that the best way to fund the studies would be through a project preparation facility. Accordingly, the Federal Ministry of Finance submitted to the Bank a request for a project preparation facility in May 2018. Considering that Nigeria has fully graduated to Middle Income Country status as per the Bank's credit policy classification from January 2019, the Middle Income Country Technical Assistance Fund (MIC TAF) is the available option to finance the required studies.

1.3.3 Once feasibility studies and detailed engineering studies are completed, the project will be appraised for the Bank's consideration of Government's request for the USD200 million loan to implement the project. The project has been discussed with the Japanese International Cooperation Agency (JICA) who has showed interest in co-financing. Moreover, the Bank intends to showcase the project as a complete model for integrated urban infrastructure development.

1.3.4 While Crude Oil and Gas contribute nearly 40% of the State GDP, manufacturing which is mostly prominent in Aba, contributes about 32% of the GDP. Agriculture contributes a sizable 27% of the GDP of the state. The current state of the urban road network (especially in the two cities of Umuahia and Aba), is stifling industrial productivity and its contribution to the State GDP. The lack of proper water supply and sanitation facilities (solid and liquid waste disposal) in the cities is a major health concern that does not support the well-being of the inhabitants of the cities. The project will therefore support industrial productivity, as well as improve the health of the inhabitants of Umuahia and Aba cities. The project is in line with the Bank's Ten Year Strategy (TYS) as it supports infrastructure development and private sector development. The project particularly supports the Bank's High5 priority areas of Industrialize Africa, and Improve the quality of life of the people of Africa.

1.3.5 One of the purposes of creating the MIC Grant facility was to improve quality at entry of projects and programmes by supporting the preparatory phase, and providing support to RMCs for preparatory activities of priority projects and programmes with a high probability of implementation by the recipient Government. The Abia State Integrated Infrastructure Development Project (ABSIIDP) is one such priority project of the Abia State Government with a

high probability of implementation by the State. It is therefore strongly justified to provide the MIC TA Grant to support the studies.

2. PROJECT DESCRIPTION

2.1 Description of the Preparatory Activities for which the Grant is requested

2.1.1 The MIC TAF Grant is being sought for preparatory activities including: (i) feasibility studies, detailed engineering design, and preparation of the tender documents for the roads together with storm water drainage, and waste management components of the project, (ii) Project Audit, (iii) Procurement Consultant and (iv) Project Management by the State Project Implementation Unit (SPIU). Table 2.1 provides further details of the study components. The total cost of the studies for all components of the integrated infrastructure project is estimated at about UA 2.5 million. However, due to limitation of resources, the MIC TAF Grant focus is on the roads/storm water drainage, and solid waste management. The studies for the other components including water supply and sanitation will be addressed during the implementation of the roads/solid waste management components.

Table 2.1: Study Components

nr.	Component name	Est. cost (UA) million	Component description
1	1.1 Feasibility Study, and 1.2 Detailed Engineering Design	1.190	Feasibility study, Environmental and Social Impact Assessment, Baseline Data Collection
			Detailed Engineering Design, Preparation of Tender Documents for roads, solid waste management, and storm water management.
2	2.1 Project Management	0.113	Operational costs of the State Project Implementation Unit (SPIU) for coordination of study activities.
	2.2 Procurement Consultant	0.006	Technical Assistance to SPIU
	2.3 Project Audit	0.004	Audit of the project
	TOTAL	1.313	

2.2 Descriptions of the Expected Outputs and Linkages to the Targeted Operation

2.2.1 The expected outputs of the study will include; (i) feasibility study reports, (ii) detailed engineering design reports that cover design, soils/materials investigation, hydrologic/hydraulic design, environmental and social impact assessment (ESMP), drawings, specifications, and bidding documents for the execution of the various roads, and solid waste management components of the project. The reports will inform the implementation of the targeted investment for the improvements.

2.2.2 The Abia State Government has requested for a loan of USD 200 million from the Bank for the implementation of the Abia State Integrated Infrastructure Development Project (ABSIIDP).

3. COST ESTIMATES FOR THE PROJECT PREPARATORY ACTIVITIES

3.1 Detailed Cost Estimate

3.1.1 The estimated cost of the study net of taxes is USD 1.816 million which is equivalent to UA 1.313 million. The detailed costs are as shown in Annex 2.

3.2 Financing Plan

3.2.1 The study will be financed with funding from the Bank’s Middle Income Country Technical Assistance Fund (MIC-TAF), and counterpart funding from the Abia State Government. The project cost by source of funding is as shown in Table 3.1. The Bank’s contribution amounts to UA 1.20 million (90.23%), whilst the State’s contribution amounts to UA 0.113 million (9.77%). The Bank’s contribution will fund the study and the project audit whilst the counterpart funding will go towards funding of the project management activities of the SPIU.

Table 3.1: Sources of financing

Source	Cost	% Total
	(UA Million)	
MI-TAF	1.200	90.23%
ASG	0.113	9.77%
Total	1.313	100.00%

3.3 Cost Estimates by Components

3.3.1 The cost of the project by component is shown in Table 3.2, and made up of UA 0.952 million (72.50%) in foreign exchange and UA 0.361 million (27.50%) in local costs.

Table 3.2: Project cost estimates by component

Components	Foreign Currency			Local Currency			% Foreign
	UA (million)			NGN (billion)			
	Foreign	Local	Total	Foreign	Local	Total	
Feasibility/Detailed Engineering Study	0.915	0.229	1.144	0.39	0.10	0.48	69.71%
Project Audit	-	0.004	0.004		0.002	0.002	
Project Management	-	0.109	0.109		0.05	0.05	
Procurement Consultant		0.006	0.006		0.002	0.002	
Base Cost	0.915	0.347	1.263	0.39	0.15	0.53	69.71%
Contingency	0.037	0.014	0.051	0.02	0.01	0.02	2.79%
TOTAL	0.952	0.361	1.313	0.40	0.15	0.55	72.50%

4. IMPLEMENTATION ARRANGEMENTS AND SCHEDULE

4.1 Implementing arrangements

4.1.1 The Federal Government of Nigeria (FGN) will be the recipient of the Grant. The Abia State PIU of the Ministry of Works (MOW) will be the Executing Agency (EA) and will be assigned the overall monitoring, reporting and coordination responsibilities of the activities under the MIC-TAF grant. A State Project Implementation Unit (SPIU) under the MOW will be established and will comprise of a Project Coordinator who will be a Civil Engineer with expertise in roadworks and/or sanitation, and two focal officers, namely: i) a Procurement officer, and ii) an Administrative and Finance Officer/Accountant. The names and qualifications of the designated officers will be communicated to the Bank before effectiveness of the Grant. The SPIU will work fulltime for the project, during the study phase, as well as during the implementation. The studies will be carried out by an Engineering firm to be selected using the Bank's procedures for the selection of consulting firms. The EA shall be responsible for the overall monitoring, reporting and coordination of the Project preparation activities.

4.2 Implementation Timeframe

4.2.1 The timeframe for the implementation of the project preparation activities is as shown in Figure 4.1. The Grant approval is expected in January 2019, with effectiveness expected in March 2019. The Study is expected to commence in June 2019, for completion in August 2020.

Figure 4.1: Project Timeframe

ID	ACTIVITY	2019				2020			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	
ABIA STATE INTEGRATED INFRASTRUCTURE DEVELOPMENT PROJECT (ABSIIDP)									
I	APPROVAL PROCESS								
	1. Grant Approval	■							
	2. Loan Signature		■						
	3. Effectiveness			■					
II	SERVICES								
	1. Procurement Consultant	■	■	■					
	2. Short-list/RFP	■	■						
	3. Contract Award		■						
	4. Mobilization		■						
	5. Studies			■				■	
	Inception Report			↓					
	Feasibility Study Reports					↓			
	Quarterly Reports				↓	↓	↓		
	Final Design Reports/Bidding Documents						↓		
III	AUDIT								
	1. Audit Exercise						■	■	
	Audit Report							↓	

4.3 Monitoring and Evaluation

4.3.1 The Bank will monitor the project management performance of the SPIU and the quality of services of the consultant. The adherence to key schedule milestones, quality of deliverables and outputs through periodic supervisions, and quarterly reporting will be closely monitored by the Bank. The Bank will also monitor the activities on the ESIA to ensure compliance with the requirements for implementation of the project. The project implementation and monitoring schedule is provided below in Table 4.2.

Table 4.2: Key Monitoring Activities

Timeframe	Milestone	Monitoring process / feedback loop
Q1 – 2019	Project Launching	Progress Report
Q2 – 2019	Procurement of Consultant Completed	Progress Report
Q2 – 2019	Start of Studies	Progress Report
Q3 - 2019	Study in Progress	Inception Report
Q4 - 2019	Completion of Feasibility Study	Feasibility Study Report
Q2 - 2020	Study Completion	Final Design Report
Q3 - 2020	Completion of Audit	Audit Report

5. PROCUREMENT ARRANGEMENTS

5.1 Procurement Methods

5.1.1 **Consulting Services** required for the project and to be financed out of the proceeds of the grant shall be procured in accordance with the requirements set forth or referred to in the Procurement Framework for Bank Group Funded Operations, dated October 2015 as may be amended from time to time (the “Procurement Framework”) and following the provisions stated in the Letter of Agreement (sample presented in Annex I). In this regard, Procurement would be carried out using the Bank’s Procurement Methods and Procedures (BPM) and the relevant Bank Standard Solicitation Documents (SDDs).

5.1.2 The use of the Bank’s Procurement Methods and Procedures (BPM) is justifiable considering the substantial country risks and the high prohibitive procurement practices identified during the Bank’s Risk Assessment. However, operational expenses related to Project Management funded by the government will follow Government’s established procedures and relevant documents retained for audit purposes: Details are contained in Table 5.1.

5.1.3 Each contract for **Consulting Services** required for the Component implemented by Abia State Project Implementation Unit (SPIU) under the Project shall be procured in accordance with the methods prescribed in the Procurement Plan as follows: (i) Feasibility/Detailed Engineering Study will be selected using Quality and Cost Based Selection Method, (ii) Audit services will be procured using Least Cost Selection Method, and (iii) Individual Procurement Consultant shall be selected using Individual Consultants’ Selection method.

5.1.4 **Project Management Costs** - Operating costs amounting to UA113,000 of SPIU will be done using **established Federal Government of Nigeria (FGN) procedures for similar activities** and relevant documents retained for External Audit.

Table 5.1: Summary of Procurement Arrangements

Project Categories	Bank PMPs, UA (000)			
	QCBS	CQS	IC	Total
Consulting Services				
Feasibility/Detailed Engineering Study	1,190			1,190
Audit services		4		4
Individual Procurement Consultant			6	6
Subtotal Bank Financing	1,190	4	6	1,200
Operating Costs funded by Government				
Project Management			113(**)	113
Total	1,190	4	119	1,313

(**) Project Management costs will be done using established Borrower Procedures and documentation retained for Audit

5.2 Procurement Plan

5.2.1 **General:** The Beneficiary, during project preparation and appraisal, is required to develop a detailed Procurement Plan (PP) covering the entire scope of implementation of the project, and

which has provided the basis for the procurement arrangements in this project appraisal report (PAR).

5.2.2 The PP, as presented below, has been agreed between the Beneficiary and the Bank and is available at Federal Ministry of Finance and Abia State Project Implementation Unit (SPIU). It will also be available in the Project's database and on the Bank's external website. The PP will be updated by the Beneficiary annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Any revisions/updates proposed to the Procurement Plan shall be submitted to the Bank for its prior no objection. The Beneficiary shall implement the PP in the manner in which it has been agreed with the Bank.

Goods and Non-consultancy services with Procurement Methods and Time Schedule

PROCUREMENT PLAN- GOODS, WORKS AND NON-CONSULTING SERVICES								
1	General							
	Country/ Organizations:	NIGERIA – ABIA STATE						
	Project Name:	ABIA STATE INTEGRATED INFRASTRUCTURE DEVELOPMENT PROJECT (ABSIIDP)						
	Project SAP Identification #:	x						
	Loan Number:	x						
	Executing Agencies:	State Project Implementation Unit (SPIU).						
	Approval Date of Procurement Plan:	x						
	Date of General Procurement Notice:	x						
	Period Covered by these Proc. Plans:	February 2019 – June 2019						
2	Consultancy Services: Prior/Post review Threshold							
	Procurement Method	Prior review Threshold (UA)	Post review Threshold (UA)	Frequency of Review				
	1. QCBS	All		All				
	2. CQS	All		All				
	3. Single Source	-	-	All				
3	Procurement Packages: Methods and Time schedule for 18 Months							
	Package Description	Estim. Amount in UA (000)	Lump sum or Unit Rate	Proc. Method	Pre or Post Qualification	Prior/ Post Review	SPN Public ation Date	Contract Start Date
	Feasibility/Detailed Engineering Study	1,190	LS	QCBS	Post	Prior	TBD	TBD
	Procurement Consultant	6	LS	IC	Post	Prior	TBD	TBD
	External Audit services	4	LS	CQS	Post	Prior	TBD	TBD

6. FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS

6.1 Financial Management

6.1.1 There are in place adequate arrangements for the financial management (FM) (that includes budgeting, accounting, internal controls, treasury management, financial reporting and external

audit) of the proposed study and satisfies the Bank's minimum requirements as laid out in the Bank's FM guidelines. The FM will be handled by the project accountant who will be part of the Abia State Project Implementation Unit (SPIU). The proposed Project Accountant has adequate experience in AfDB and World Bank financed projects and the Bank task team will also conduct training on financial management procedures for the members of the SPIU as required. To comply with new reporting requirements in the country, the project accounting staff will be expected to have adequate knowledge of International Public Sector Accounting Standards (IPSAS) and accounting, which is now the approved framework for financial reporting in all public entities in Nigeria.

6.1.2 In accordance with the Bank's reporting requirements, the project will prepare quarterly unaudited financial reports (IFRs) to report usage of project funds. The reports will be in a format that is acceptable to the Bank, and must be submitted to the Bank 45 days after the end of each calendar quarter reported on. The project will also prepare a financial statement on completion given its duration of about one year, in line with IPSAS, which will be subjected to audit by a private audit firm acceptable to the Bank with the audit done in accordance with terms of reference acceptable to the Bank. The audited financial statements and associated management letter shall be submitted to the Bank within six months of the end of the project.

6.2 Disbursement Funds Flow

6.2.1 The Project will use the direct payment method of disbursement as described in the Bank's Disbursement Handbook.

7. FINANCING ARRANGEMENTS

7.1 The Letter of Agreement

7.1.1 A Letter of Agreement shall be executed between the Federal Republic of Nigeria (FRN) and the African Development Bank. A sample Letter of Agreement is presented in Annex I.

7.1.2 *Entry into Force*: The Agreement will enter into force upon signature by the parties.

7.1.3 *Disbursement Conditions*: The obligation of the Bank to disburse the Grant shall be conditional upon the entry into force of the Agreement.

7.2 Suspension of Disbursement of the Grant

7.2.1 The Bank may, by notice to the beneficiary, suspend at any time further withdrawals of the Grant if any of the following events of suspension shall have occurred: (a) funds withdrawn have not been used for the purposes agreed between the Recipient and the Bank; (b) the Project Preparation Activities are not carried out in accordance with the standards or methods agreed between the Recipient and the Bank; (c) the right of the EA, to which the Bank has provided the Grant through the Recipient, to make withdrawals under any grant agreement with Bank shall have been suspended; (d) Project Preparation Activities cannot be implemented in a satisfactory manner

or their implementation becomes impossible; (e) the Recipient or the Executing Agency or any of their contractors/agents has committed or attempted to commit an act of fraud, corruption or any other illegal act or behaviour; (f) the Recipient does not comply with the terms and conditions enunciated within the Letter of Agreement; and (g) for any other legitimate reasons that the Bank may determine and communicate to the Recipient.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

8.1.1 The MIC Grant solicited by the Federal Republic of Nigeria will facilitate the assessment of the feasibility, detailed engineering design, and preparation of tender documents for the execution of the roads, solid waste management, and the gully erosion works components of the Abia State Integrated Infrastructure Development Project. This is a priority project for the state of Abia and the Federal Government of Nigeria.

8.2 Recommendations

8.2.1 Management recommends the Board of Directors to approve the proposal for a grant not exceeding One Million Two Hundred Thousand Units of Account (UA 1,200,000) to the Federal Republic of Nigeria from the resources of the Middle Income Countries Technical Assistance Fund (MIC-TAF) on a Lapse-of-Time Basis for the purposes and subject to the conditions stipulated in this Project Appraisal Report.

ANNEX I: SAMPLE LETTER OF AGREEMENT

MIDDLE INCOME COUNTRY TECHNICAL ASSISTANCE FUND
LETTER OF AGREEMENT

Date

Honourable Minister of Finance,
Ministry of Finance,
Republic of -----
City, Country

Dear Minister:

Subject: Grant for [Study] for []
Letter of Agreement

I am writing on behalf of the African Development Bank to indicate the Bank’s decision to provide to -----, (the Recipient) a Grant in an amount not exceeding UA ----- (the “Grant”). The purpose of the Grant is to finance certain expenditures required for the [] activities, of the [proposed] project, study or programme.

The Grant is being provided for the purposes and on the terms and conditions set forth in the Attachments hereto, and the Recipient hereby represents, by confirming its agreement hereunder, that it is authorized to contract, withdraw, and utilize the Grant for the said purposes and on the said terms and conditions.

The provision of this Grant does not constitute or imply any commitment on the part of the Bank to assist to finance or part finance the [*project or any project developed as a result of the study or other purpose*] for which the Grant is provided.

Please confirm your agreement with the foregoing and the conditions and terms attached hereto, on behalf of [], by signing, dating, and returning to us the enclosed copy of this letter. This agreement will become effective on the date of countersignature by the Bank.

Sincerely,

[RDVP]

AFRICAN DEVELOPMENT BANK

By

Vice President, Regional Development, Integration and Business Delivery-----

AGREED

----- [COUNTRY]

By: -----

Minister of Finance

----- [COUNTRY]

Date: -----

ANNEX II: DETAILED COST ESTIMATES

S/N	ITEM	UNIT	QUANTITY			Total	Rate (USD)	Total
			Road	Storm Water	Waste Management			
A	KEY STAFF							
	Team Leader	Man-Months				12	13,000.00	156,000.00
	Road/Highway Engineer	Man-Months	10			10	12,500.00	125,000.00
	Civil-sanitary specialist /Waste Management Expert	Man-Months			10	10	12,500.00	125,000.00
	Drainage / Hydraulic Engineer	Man-Months	5	5	2	12	12,500.00	150,000.00
	Pavement / Materials Engineer	Man-Months	4			4	11,000.00	44,000.00
	Engineering Economist	Man-Months	4	4	4	12	10,000.00	120,000.00
	Structural Engineer	Man-Months	4	4	2	10	9,000.00	90,000.00
	Traffic Engineer	Man-Months	4			4	9,000.00	36,000.00
	Environmentalist	Man-Months	3	3	3	9	9,000.00	81,000.00
	Social Scientist / Socio-Economic / Gender Expert	Man-Months	3	3	3	9	9,000.00	81,000.00
	Topographic surveyor / Geodetic Engineer	Man-Months	4	3	3	10	8,000.00	80,000.00
	Geologist	Man-Months			4	4	9,500.00	38,000.00
	Road Safety Expert	Man-Months	4			4	10,000.00	40,000.00
	Sub-Total					110		1,166,000.00
	Allow 20% for Support Staff							291,500.00
	Sub-Total 1							1,457,500.00
B	REIMBURSIBLES							
	Per diem Allowances	Pers. Days				180	180	32,400.00
	Travel International	Return Ticket				10	2,000	20,000.00
	Travel Local	Veh. Month				12	3,000	36,000.00
	Drafting, Production of Reports, Drawings and tender Documents	LS				1	10,000	10,000.00
	Use of Computers and Softwares	Months				5	500	2,500.00

S/N	ITEM	UNIT	QUANTITY			Total	Rate (USD)	Total
			Road	Storm Water	Waste Management			
	Equipment, Instruments and Survey Materials	LS				1	10,000	10,000.00
	Site Investigations and Lab testing	LS				1	10,000	10,000.00
	Office rent	Months				12	3,000	36,000.00
	Communication (Telephone, Fax, Internet)	Months				12	2,000	24,000.00
	Sub-Total 2							180,900.00
C	PROVISIONAL SUMS							
	Procurement Consultant	LS				1	8,600.00	8,600.00
	Audit	LS				1	6,060.00	6,060.00
	Project Management	LS				1	162,500.00	162,500.00
	Sub-Total 3							177,160.00
	GRAND TOTAL							1,815,560.00

AFRICAN DEVELOPMENT BANK

BOARD OF DIRECTORS

Resolution N° B/NG/2019/02

Adopted by the Board of Directors on a lapse-of-time basis, on 7 February 2019

Grant to the Federal Republic of Nigeria from the Middle Income Country Technical Assistance Fund to finance part of the costs of the Abia State Integrated Infrastructure Development Project (ABSIIDP) Preparation Studies

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 12, 14 and 17 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) the Financial Regulations of the Bank, in particular Regulation 8.1; (iii) the New Guidelines on the Middle Income Country Technical Assistance Fund (the “MIC-TAF Guidelines”); and (iv) the Grant proposal contained in Document ADB/BD/WP/2019/08/Approval (the “Proposal”);

DECIDES as follows:

1. To award to the Federal Republic of Nigeria (the “Recipient”), from the resources of the Middle Income Country Technical Assistance Fund, a grant of an amount not exceeding the equivalent of One Million, Two Hundred Thousand Units of Account (UA 1,200,000) (the “Grant”), to finance the costs of the Abia State Integrated Infrastructure Development Project (ABSIIDP) Preparation Studies;
2. To authorize the President to conclude a letter of agreement between the Bank and the Recipient (the “Letter of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund, MIC-TAF Guidelines and the Proposal;
3. The President may cancel the Grant if the Letter of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.