

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC2661

Project Name	TN-Road Transport Corridors (P146502)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Tunisia
Sector(s)	Rural and Inter-Urban Roads and Highways (100%)
Theme(s)	Infrastructure services for private sector development (50%), Export development and competitiveness (30%), Regional integration (20 %)
Lending Instrument	Investment Project Financing
Project ID	P146502
Borrower(s)	GOVERNMENT OF TUNISIA
Implementing Agency	Ministere de l'Equipement
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	11-Feb-2014
Date PID Approved/ Disclosed	28-Feb-2014
Estimated Date of Appraisal Completion	31-Oct-2014
Estimated Date of Board Approval	17-Mar-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. The pattern of economic development in Tunisia during the last decade contributed to significant disparities between coastal regions and the rest of the country (lagging regions). The general perception is that coastal regions have been receiving a disproportionate share of public investment (more than 65% since 2000). The poverty rate in Greater Tunis is currently 1.4% compared to 12.8% in the mid-west population, more than 3 times the national average. Similarly, unemployment rate in western regions is almost double the level in coastal regions.

2. Improving connectivity of lagging regions is considered a high priority objective by the Government. Following the Jasmine Revolution, the Government of Tunisia decided to give more priority to reducing regional inequalities and to investment in regional infrastructure to increase connectivity and development of lagging regions. Inadequate basic infrastructure like roads, in the Governorates of Sidi Bouzid, Siliana and Kasserine and certain regions of the south, is to blame for

the slower rate of socio-economic development, compared to the coastal areas. These areas, which engage in agriculture and mixed farming, and to a lesser extent, industry and services, have the highest unemployment rates in the country (about 20% compared to 16% at the national level).

Sectoral and Institutional Context

3. The road sector in Tunisia plays a vital role in the economy. It represents about 7% of GDP, 15% of public and private investment and 4.5% of manpower. In Tunisia, the road network accounts for virtually all movement of persons and over 80% of goods transportation. The road network consists of 19,400 km of classified roads (under the responsibility of the Ministry of Equipment and Environment) and 50,000 km of rural roads. The classified road network includes 356 km of highways, 4,750 km of national roads, 6,500 km of regional roads, and 6,000 km of local roads. Over the past decade, traffic recorded an average annual growth rate of 6.1%. Heavy duty vehicles traffic has evolved more rapidly than the overall average traffic, resulting in a reduction in road capacity, increased degradation of the carriageways, and increased risks/gravity of accidents.

4. The road infrastructure shows disparities between lagging regions and coastal areas. Although the national average road density is 113 km per square km, it is significantly more developed in the denser eastern coastal regions than in lagging regions such as region in the northern and central west of Tunisia. For example, the coastal highway linking the northwestern Mediterranean port of Bizerte to Sfax (second major city) through Tunis represents 80% of the total highway network. Dual-lanes represent only 9% and 5% respectively of the national and regional road network.

5. Although Tunisia is doing better on road safety than the worst performers in the region, the number of traffic fatalities is on the rise and the country is losing about 4.5% of its GDP due to road traffic injuries. According to the World Health Organization, there was about 1,208 road traffic fatalities reported but the estimated number by WHO is around 1,974 or 18.8 per 100,000. This puts the number of death per 100,000 of population at a level higher than Morocco (18.0) and Egypt (13.2). About 43% of deaths are drivers or passengers of 4-wheeled vehicles, suggesting that these crashes take place outside cities and the importance to improve road safety on national and regional roads.

6. The road sector is managed by the Ministry of Equipment and Environment (MET). The Road Directorate (Direction Générale des Ponts et Chaussées) is responsible for managing the national road network and a portion of the rural road network (routes classées). There is one regional representation of the Road Directorate in each Gouvernorate, with its own equipment and responsibility for maintenance. The strategy of the MET is structured around 5 axes: (i) routine and periodic maintenance, (ii) upgrading of select roads, (iii) rehabilitation and upgrade of dedicated structures (such as bridges), (iv) rehabilitation and upgrading of rural roads, and (v) road safety.

7. The MET is currently re-thinking its strategy for the road network. On many road corridors, the increase in traffic and share of heavy vehicles has contributed to the deterioration of the road network, contributing to higher transportation costs. There is recognition of a need to put a strong emphasis on the overall financial sustainability of the sector and better balance between investment and maintenance. Other International Financial Institutions (IFIs) have been involved in the road sector, with EIB and JICA focusing more on roads in the greater Tunis area and sections of motorways, the Arab Fund for Economic and Social Development (AFESD) and African Development Bank (AfDB) in rural roads, and the Islamic Development Bank (IsDB) and AfDB in national and regional roads. AfDB is reducing its exposure to Tunisia after having been a major

financier of the sector in the past 4 years. Two EIB-led technical assistance initiatives focusing on logistics are currently under implementation: the Transport Sector Support for Transition Countries (TRANSTRAC) and the Euro-Mediterranean network of logistic platform (LOGISMED). The World Bank was previously present in the road sector but has not financed any operation in the past ten years.

Relationship to CAS

8. The proposed project is in line with the Interim Strategy Note for FY13-14. It would support area 1, “Laying the foundation for sustainable growth and job creation” by improving the quality of the road network and increasing the capacity of road corridors between lagging regions in the center and northern west of the country to growth poles (Tunis and coastal region). The project would also support area 2 “Promoting Social and Economic Inclusion” by improving mobility with positive impact on employment opportunities and access to services. The proposed project would also complement the TRANSTRAC and LOGISMED initiatives in Tunisia by focusing on the improvement of the national and regional road network.

9. The project will support improving road asset conditions and safety which will increase access to health services, education and job opportunities, thereby contributing toward achieving the twin development goals of decreasing extreme poverty and promoting shared prosperity as well as progress in reaching the education and health the Millennium Development Goals (MDGs). Poor workers in non-wage agriculture and industrial sector are more likely to benefit from the improvement in road conditions and access, likely to result in more employment opportunities in less developed regions of the country.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

9. The proposed Development Objectives is to enhance access to lagging regions to more developed areas through improved and safer road transport corridors.

Key Results (From PCN)

10. The key results from the proposed project are envisaged to be the following:

1. Reduction of transportation costs on the improved road corridors (percent)
2. Reduction in travel time on the road corridors (minutes)
3. Reduction of the number of traffic-related accidents on the roads improved by the program (accidents per year)
4. Increase in the length of national and regional road network in good and fair condition (percent)

III. Preliminary Description

Concept Description

12. The proposed project would support a portion of a program of modernization of national and regional road corridors, road safety improvement on these sections and institutional strengthening of the MET.

13. The proposed loan amount is \$100 million out of a total program of \$260 million. The proposed program would include the following:

- a. Road Improvement Component. The proposed program will upgrade about 136 km of existing

single-lane national and regional road sections on three road corridors. The improvement of road corridors is expected to support private sector investment in the concerned lagging regions. This component would include: (ii) 49 km of National Road 12 between Sousse and Kairouan, (ii) about 65 km of National Road 4 between El Fahs and Silian (of which the Bank will only finance 6-10 km), and (iii) 22 km of Regional Road 133 between Zaghouan and Tunis. Civil works will include widening and upgrading of the road sections when necessary, upgrading of bridges and improvement of road intersections, traffic signs and implementation of other safety measures. The cost of the selected section on RN4 to be financed by the Bank loan will be confirmed during preparation.

b. Institutional Development Component. The project will enhance the institutional capacity of MET to better manage the national and regional road network through supporting specific intervention related to its strategy for the sector. Potential areas, to be confirmed during preparation, include: (i) strategy for the management, maintenance and financing of the road network, (ii) methodology for determining the type of road intervention, taking into consideration local conditions, in order to improve the efficiency of road investment ("catalogue de structures"), and (iii) strategy for public sector. The project will also finance the purchase of equipment for quality control and testing of civil works and vehicles for road supervision.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

V. Financing (in USD Million)

Total Project Cost:	260.00	Total Bank Financing:	100.00
Financing Gap:	100.00		
Financing Source		Amount	
Borrower		60.00	
International Bank for Reconstruction and Development		100.00	
Total		160.00	

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