

Project Name Ethiopia-Third Road Sector Project (TRSP)

Region Africa

Sector Transportation

Project ID ETPA755

Borrower Federal Democratic Government of Ethiopia (GOE)

Implementing Agency Ethiopian Roads Authority  
 Contact Address Ato Tesfamichael Nahusenay,  
 General Manager  
 Ethiopian Roads Authority  
 P.O.Box 1770, Addis Ababa, Ethiopia.  
 Phone: (251 1) 51 71 70/79 ;  
 Fax: (251 1) 51 48 66

Date of this PID April, 1997

Projected Appraisal August/September, 1997

Projected Board Date December, 1997

1. Country and Sector Background. Ethiopia has a total road network of about 22,500 km, of which 3,500 km are paved, 8,000 km of main roads have gravel surface, and 11,000 km of rural roads have gravel or earth surface. The road density is currently 21 km of road per 1,000 sq. km, or about 0.44 km of road per 1,000 population, both below the mean for Sub-Saharan Africa (50 km and 0.61 km, respectively) such that much of the country is not adequately served by an effective transport system. In addition, few of the roads are in good condition. Both the condition and the low density of roads act as major constraints to the development of the economy by imposing high transport costs on users, and hamper agricultural development through limiting access of producers to markets and restricting delivery of agricultural inputs to agricultural areas. The Government has produced a 10-year Road Sector Development Plan (RSDP) (1997-2007) to expand the network by 80% and improve the overall condition. The proposed project is the first of what is expected to be a series of IDA inputs to the Government's road sector investment program.

2. Project Objectives. The primary development objective of the proposed Third Roads Sector Project (TRSP) is to contribute to Ethiopia's economic recovery by (a) improving trunk roads and rural road access to meet the agricultural and other economic development needs in accordance with the Country Assistance Strategy targetting poverty alleviation; (b) building up the institutional capacity in both the public and private sectors for sustainable road development and maintenance; and (c) providing economic opportunity for the rural poor through both increased employment in rural road works and development of appropriate and affordable means of transport and services.

3. Project Description. The proposed project is part of a Sector Investment Program which will contribute to the first 5-year

phase (1997-2002) of the RSDP (1997-2007). The proposed project components comprise direct investment operations and further preparatory studies and institutional capacity building as required for investment support within the RSDP, as follows:

(i) Rehabilitation, strengthening and upgrading of three priority Trunk and Major Link Roads (with an approximate total length of 1,200 km) are to be selected from: (a) Modjo-Awash-Mille (463 km); (b) Woldiya-Adigrat-Zalambessa (412 km); (c) Debremarkos-Gondar (439 km); (d) Awash-Kulubi-Dire Dawa-Harar (320 km); and (e) Alemgena-Hosaina-Sodo (328 km). GOE has recruited international consultants from its own budgetary resources to carry out the final engineering designs of the five roads, and IDA is financing separate consultancy services for the review of the designs for these roads and prequalification of contractors under an ongoing project; an economic and technical feasibility study of the five roads is also expected to be completed by the end of March 1997. The five roads are being evaluated in respect of rehabilitation, strengthening and upgrading to asphaltic concrete or asphalt surface dressing standard.

(ii) Consultant Services for the Supervision of the above Civil Works. The terms of reference for these services have already been agreed between the Bank and the Ethiopian Roads Authority (ERA) and the processing of the procurement of the consultant services will begin early 1997 for eventual financing under the proposed project.

(iii) Institutional Strengthening and Capacity Building Support for ERA. IDA, in collaboration with other donors, will provide funding for technical assistance to ERA. The IDA support has been determined to complement other donors inputs and to ensure that the strengthening and support comprehensively address all essential project implementation and related capacity building needs. IDA financing is proposed for consultancy services for strengthening ERA's Planning and Contracts Administration functions, and for the establishment of a Roads Inspectorate in ERA for technical and financial performance monitoring.

(iv) Institutional Strengthening and Capacity Building Support for Regional Government Rural Roads Organizations. IDA, in conjunction with the Nordic Development Fund, will provide financing for consultancy services for the implementation of the proposed program of regional rural roads improvements and maintenance. The strengthening and support is to include: (a) provision of technical assistance and capacity building of selected Regional Government Rural Road Organizations in respect of project preparation, prequalification, bidding, evaluation, contract award and implementation; and (b) provision of consulting services for preparatory economic feasibility studies, detailed engineering designs, and preparation of contract documents.

(v) Environmental Guidelines/Environmental Assessment Capacity Building. A study is being undertaken: (a) to provide an environmental impact assessment of each of the five priority major trunk road and link road improvement contracts under consideration

for Phase 1 rehabilitation and/or upgrading; (b) to draft sector environmental guidelines for ERA in conjunction with the the Ethiopian Environmental Agency; and (c) to advise ERA in the planned establishment of ERA capacity for overall road sector environmental analysis and mitigation. The study is being financed under an IDA-administered Japanese Grant.

(vi) Preparatory Studies for the Follow-on Operations. The TRSP is to include provision of consultancy services for studies in preparation for the planned follow-on operations. The studies envisaged comprise:

(a) Domestic Contracting Industry Study. The study is to determine private contractor and consulting engineering capacity, constraints and capacity building needs for increased participation of the domestic contracting industry in road rehabilitation, upgrading and contract maintenance. It will include investigation of customs clearance procedures/delays, the possible establishment of an equipment pool, and the viability of privatizing selected parastatals.

(b) Study for the Provision and Improvement of Rural Transport Infrastructure for Village Level Non-Motorized Travel and Transport Services. The study is to focus on participatory discussions with Regional Administrations and selected communities on Rural Transport Strategy and assist in the design of pilot activities in consultation with Regional Authorities and selected communities.

(c) Preparatory Studies and Consulting Services regarding the Rehabilitation, Strengthening and Upgrading of 10 Additional Priority Trunk and Major Link Roads. Additional trunk and major link roads, including any of the five proposed roads not financed under the TRSP, have been proposed for consideration for IDA financing under follow-on operations. The civil works would include the rehabilitation, strengthening and upgrading of the roads to asphalt pavement standard. Under the TRSP, IDA is proposing to finance consulting services for the preparatory economic feasibility studies, detailed engineering designs, preparation of contract documents and technical assistance regarding prequalification, bidding, bid evaluation and contract awards.

(d) Preparatory Studies and Consulting Services regarding the Rehabilitation and Upgrading of selected priority regional roads to be implemented by the Regional Administrations. The same scope of studies and services outlined under (c) above are also envisaged for consideration for IDA financing in respect of approximately 500 km of regional roads under follow-on projects. The civil works would include the rehabilitation, strengthening and upgrading of the roads to all-weather gravel road standard.

The timing of commencement of the follow-on operations will depend on achievement of agreed implementation goals/thresholds in the execution of the TRSP.

4. Project Financing. Project financing is expected to be

in the form of an IDA Credit for US\$300 million, with tentative cofinancing from the European Union, United Kingdom, Nordic Development Fund and Germany amounting to about US\$424 million, and the balance from the Government of Ethiopia as counterpart funds. Additional financing is expected to follow, under the Sector Investment Program, in support of Phase I of the RSDP which has a total estimated cost of US\$2.4 billion.

5. Project Implementation. The project will be implemented by ERA. Sector policy will be coordinated with the Ministry of Works and Urban Development, the Ministry of Transport and Communication, the Ministry of Finance, and the Regional State Governments as appropriate. Donor coordination mechanisms and institutional arrangements will be agreed with GOE and interested donors during project preparation and appraisal. The Borrower is currently preparing a Project Implementation Plan, which will be finalized during appraisal.

6. Project Sustainability. There are two complementary dimensions of Project sustainability. The first relates to investment sustainability and the second to policy reforms. The latter includes institutional reforms and capacity building initiated during project preparation and to be supported throughout the Project life. To ensure sustainability of investments under the Project, it is critical that the already agreed Road Fund (to be implemented under the RSDP) operates effectively, mobilizing and allocating resources when required to ensure proper maintenance of the road network and particularly maintenance of roads rehabilitated or upgraded under the RSDP. To the extent that road maintenance works are to be progressively contracted out to the private sector, timely payments for works will also be a key element in fostering the development of, and sustaining, a competitive and viable domestic construction industry. The other dimension of sustainability is associated with the involvement of beneficiaries and other stakeholders in sector reform. By ensuring their participation in policy formulation during project preparation, and by allowing for their appropriate representation in the Road Board during project implementation, the Project would have built-in mechanisms for a systematic involvement of private stakeholders, which would contribute to sustaining Government commitment to reforms. In addition, the Project is to include technical assistance to all key planning and implementing entities to support Project implementation and capacity building for sustainability.

7. Lessons Learned from Past Operations in the Country/Sector. The following lessons have emerged from the recently completed Second Road Sector Project (Project Completion Report (PCR) of December 1995): (a) the importance of taking a careful and realistic view of the financial capacity of the Borrower, especially when the availability of cofinancing of a sector program is not confirmed; (b) construction of new roads to previously inaccessible rural areas can have an adverse environmental as well as a positive agricultural development impact as more area is cultivated. The PCR highlighted the need to provide for

environmental protection and enhancements during road planning, design and construction, and to closely monitor and address overall effects thereafter; (c) the modest technical assistance provided to develop a parastatal construction agency, showed that Government commitment and willingness to grant financial and managerial autonomy is necessary to ensure success in their strengthening; and (d) better monitoring mechanisms need to be built into project design by defining performance indicators for major sub-projects with joint annual reviews of the program with Borrower and other donors.

8. Lessons learned under ongoing projects include (a) the need for capacity building in the area of contract administration; (b) the need to streamline procedures for customs clearance and licensing of communications equipment; and (c) the need to allocate resources for road maintenance.

9. Poverty Category. Not applicable.

10. Environmental Category. Category A. While no major environmental impacts are expected, the Government is using the project to prepare both sectoral and road-specific Environmental Assessments. The Category A will ensure adequate participation by local populations. Potential and general issues may include soil erosion, encroachment on wildlife habitat, possible human dwelling setbacks from road widening and construction effects, including noise, dust, quarry areas and safety issues, plus wetland disturbance, vegetation control, construction camp location, and accidental pollution from fuel and lubricants; while affording greater access to effect environmental controls regarding all these issues as well as hunting, deforestation, charcoal production, slash and burn etc.

11. Program Objectives Category. This project is designed in line with the Country Assistance Strategy (CAS) road sector objectives for infrastructure strengthening and institutional capacity building as an essential first step in the CAS poverty alleviation (PA) strategy through environmentally sustainable development (EN) as the basis for private sector development (PV). The direct project objectives therefore are category EN.

Contact Point: Public Information Center  
The World Bank  
1818 H Street N.W.  
Washington, D.C. 20433  
Telephone No.: (202) 458-5454  
Fax No.: (202) 522-1500

---

Note: This is information on an evolving project. Certain components may not necessarily be included in the final project.

Processed by the Public Information Center week ending April 25, 1997.