

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC12018

Project Name	South Eastern Corridor Road Asset Management Project (P149279)
Region	AFRICA
Country	Liberia
Sector(s)	Rural and Inter-Urban Roads and Highways (85%), General transportation sector (15%)
Theme(s)	Rural services and infrastructure (60%), Regional integration (25%), Conflict prevention and post-conflict reconstruction (15%)
Lending Instrument	Investment Project Financing
Project ID	P149279
Borrower(s)	Republic of Liberia
Implementing Agency	Infrastructure Implementation Unit (IIU)
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	19-Dec-2014
Date PID Approved/ Disclosed	22-Dec-2014
Estimated Date of Appraisal Completion	25-Mar-2016
Estimated Date of Board Approval	26-Jul-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. The Republic of Liberia is a West African nation bounded by Sierra Leone, Guinea, and Cote d'Ivoire and the Atlantic Ocean. The land area of 111,370 square kilometers supports a population of about 4.29 million. Liberia has made quick recovery after two civil wars from 1989-1996 and 1999-2003 that cost thousands of lives and led to substantial loss of material wealth and social progress.
2. Liberia has progressively gained peace and stability, substantially improved governance, rebuilt some basic infrastructure, made progress on key human development indicators and created conditions for engagement and participation of the private sector. The second democratic election in 2011 signaled to the world that Liberia is steadily making the transition from a post-conflict situation to long-term development environment.
3. The country macroeconomic performance has remained relatively good since 2006. Between

2002 and 2012 the Liberian economy's rate of growth averaged around 7.5 percent; and agriculture's share of the economy declined from 80.1 percent to 38.8 percent, largely driven by growth in concessions and foreign aid investments. This is reflected in marked poverty reduction from 63.8 percent in 2007 to 56.7 percent in 2010.

4. However, the benefits of growth are relatively unevenly distributed and the national economy depends largely on concessions and foreign-aid investments. The majority of the population continues to work in the agriculture sector. Significant parts of the rural-agricultural lands are not well connected to urban areas, lessening the agricultural incomes. Despite achieving a peak per capital income of US\$478.39 in 1988, and bottoming at US\$64.81 in 1995, Liberia has recovered to US\$413.76 in 2012, still among the lowest Sub-Saharan African states.

5. Going forward, Liberia faces significant challenges. In 2012, Liberia ranked 174th out of 185 countries in Human Development Index. Child malnutrition and maternal mortality were among the highest in the world. Net primary school enrollments were at 32.4 percent while 5.4 percent in senior secondary. Access to potable water at 1 percent, is ranking among the lowest in the world. Energy coverage at kilowatt hour per \$0.55 is among the highest and coverage at 1 percent among the lowest. The connectivity gap in telecommunications also remains large, although it is closing gap with the Africa regional average of 60 percent per person in mobile average. In particular, 95 percent of the nation's primary, secondary and feeder roads remain unpaved, suffer from poor maintenance, and are severely affected by heavy rainfall. The realization of the objectives and goals of the other priority sectors, such as education, health, water, agriculture, manufacturing, mining, energy, land and good governance, hinges on the availability of adequate and reliable transport to deliver inputs to production points and also to distribute outputs from production points to consumption points/markets. In this context, it is unsurprising that the Government medium-term poverty reduction strategy has identified rebuilding of key road network as its top priority.

Sectoral and Institutional Context

6. The transport sector in Liberia includes road, civil aviation, and ports. The railway network is practically nonexistent with the only functional link as a part of a mining concession. Civil aviation is limited to Monrovia. Marine transportation along the coast, especially private ferries between Monrovia Buchanan and Fish Town in wide use before the civil war, has not restarted. The Port of Monrovia is the major port, but other ports, such as Buchanan and Greenville are also handling increasing volumes of cargo and are being further developed to provide for increasing flows of cargo. Thus the mainstay of in-country transportation remains the road network. Not only do the roads provide access to all parts the country, but also the trips using other transportation modes have to rely on roads during their initial and/or final leg. The main governmental institutions engaged in development and regulation of the transport sector are the Ministry of Public Works (MPW), Ministry of Transport (MOT), Ministry of Finance (MOF), Liberia Civil Aviation Authority (LCAA), and National Port Authority (NPA).

7. As a result of the chronic underinvestment and lack of maintenance, the current rehabilitation requirements of the sector in general, and the road sector in particular, are enormous. The National Transport Master Plan (2012) estimated a cost of about US\$1 billion to re-establish the basic roads and bridges network.

8. The transport sector has also struggled to recover technical and institutional capacity that was thoroughly eroded by protracted 14 year civil war, during which time many of the country's qualified professionals, including engineers and professors, left the country. Relatively few qualified staff have returned to Liberia. The universities struggle to graduate technical staff capable

of managing the transport sector's needs. As a result, the institutional capacity is still severely constrained in the road sector.

9. The responsibilities and relationships between the various government administrations and enterprises engaged in the transport sector are not clearly delineated, leading to duplication of tasks and conflicting mandates. In 2011, the Government formed an inter-ministerial group to reorganize the road sector. Amongst its key recommendations are reorganization of MPW, setting up of a road agency/authority and possible establishment of a road fund for the primary and secondary road network. So far no major recommendation has materialized and much remains to be done to reorganize the rest of the transport sector in general and the road sector in particular.

10. International Monetary Fund has identified what it considered to be a significant budget deficit equivalent to 3.8 percent of GDP in fiscal year 2013/14. The relatively large deficit may have other contributory factors, but appears to be largely triggered by MOPW-initiated road construction schemes without corresponding budget allocations and apparent breakdown of procurement procedures.

11. To improve capacity in the road sector, the government adopted a comprehensive framework in 2006 for implementation of donor funded projects. A Special Implementation Unit (SIU) was established under MPW as Project Implementation Unit for IDA and other donor supported infrastructure programs. While SIU was entrusted with the technical aspects of the sector (planning and implementation), another separate unit (Project Financial Management Unit--PMFU) was established in MOF to deal with the financial management and actual payments to the sector providers (contractors and consultants). The two units were foreseen as "checks and balances" for the necessary timely and orderly implementation of projects. As the volume and scope of investment and supporting activities grew, SIU was transformed into Infrastructure Implementation Unit (IIU) in 2009, while PMFU remained in MOF, but with an enhanced capacity. IIU was planned to be the nucleus that will be eventually transformed into a permanent establishment-Road Agency/ Authority. Such Road Agency/Authority would eventually be fully responsible for all aspects of the sector, from technical to financial (planning, strategic scheduling, implementation, and financial management).

12. During the past eight years, the Bank has continued to focus on building Liberia's capacity to manage road transport works with an emphasis on policy/planning and project management and procurement needs. Recent transport projects have provided support to the IIU for their management and capacity building as well as technical assistance to the University of Liberia, Stella Maris Polytechnic, and Tubman University for their institutional capacity building and basic teaching and training requirements.

Relationship to CAS

13. To meet its development challenges, in January 2013, the Government of Liberia adopted a new poverty reduction strategy, National Vision: Liberia Rising 2030, which was based on lessons learnt from the previous strategy, Lift Liberia PRS. The vision seeks high and sustained economic growth and poverty reduction, driven by a robust private sector, leading to middle-income status by 2030. To implement this vision the Government also formulated a five-year medium term strategy, Agenda for Transformation (AfT), which is structured around five pillars: Peace, Security, justice and Rule of Law; Economic Transformation; Human Development; Governance and Public Institutions; and Cross-Cutting Issues.

14. The World Bank Group's Country Partnership Strategy (CPS) FY 13-17 in Liberia focuses on selected elements of the AFT by promoting engagements that contribute to sustained growth, shared prosperity and reduction of poverty while addressing deep-rooted causes of conflict and fragility. The proposed operation meets these CPS criteria: (a) targets improved access to services and opportunities throughout the country and supports a more effective and credible state; (b) foresees tight cooperation among development partners to enhance the effectiveness and transformational impact of the national efforts; (c) contributes to regional integration by providing a mechanism for enhancing integration of the Mano River Union Member States for cooperation in the areas of security and trade for sustained economic growth.

15. The proposed project will support achievements of elements of the Government AFT Pillars, particularly Pillar II: Economic Transformation, and in particular component C: Infrastructure (roads and bridges, transport services, etc.). The operation also contributes to two other Pillars: Pillar I: Peace and security, and Pillar V: Cross Cutting Issues, which includes youth and women employment.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

16. The Project Development Objectives (PDOs) are to support the Recipient's effort to reduce transport costs along the South Eastern Ganta-Zwedru corridor and to improve institutional arrangements and capacity in the road sector.

Key Results (From PCN)

17. Achievement of the above PDO is proposed to be measured by the following key indicators: (a) Roads (Rural) rehabilitated (km); (b) Roads in good and fair condition as a share of total classified roads (percentage); (c) Share of rural population with access to an all-season road (proportion); and (d) Reduced transport cost along the project area. Secondary indicators proposed are: (e) improved youth and women employment (share of total employment generated); (f) increased mobility of people (number of passengers/per day); (g) increased access to markets (number of trips per day); establishment of a road information management system; and (h) efficiency and effective implementation capacity measured in terms of reduced cost and schedule variances, etc.

III. Preliminary Description

Concept Description

18. The proposed project shall have three components: (a) Design Rehabilitation and Maintenance of Ganta-Tappita Road; (b) Improvement of Passenger and Freight Services; and (c) Operating Costs and Institutional Capacity Building.

19. Component 1: Design, Rehabilitation, and Maintenance of Ganta-Tappita Road (100km). This component will finance a 10-year Output and Performance-based Road Contracts (OPRC) based on Design Build Maintain Operate and Transfer methodology for improvement of the Ganta-Tappita section of the Southeast corridor from Ganta to Harper, including design, rehabilitation and maintenance works, associated consultant services, and land acquisition (as necessary). This road section is vital to the nation's reconstruction effort and to improve regional cross-border traffic. Current surface condition of the road corridor varies by section but is overall poor. Due to large

resource requirements, the project team will explore partnership arrangements with other donors especially the Millennium Challenge Corporation which has shown interest in financing a section of this road corridor.

20. Component 2: Improvement of Passenger and Freight Services. This component will finance technical assistance to Ministry of Transport to strengthen the institutional and regulatory framework for provisioning of passenger and freight services in the country. The outputs of this component could underpin future donor interventions for replacement of existing fleet and capacity building of passenger and freight transport operators.

21. Component 3: Operating Costs and Institutional Capacity Building. This component will finance the needed technical assistance for the development of sector institutions through hiring of skilled staff and firms, staff training programs, road information and management system, and the incremental operating costs.

22. Preliminary Financing Scope. The preliminary estimated financial scope for the project by component is:

1.	Rehabilitation and Maintenance of Ganta-Tappita Road:	US\$150 million
2.	Improvement of Passenger and Freight Services:	US\$5 million
3.	Operation Costs and Institutional Capacity Building:	US\$10 million

Total		US\$165 million
-------	--	-----------------

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:	140.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			100.00

Liberia Reconstruction Trust Fund	40.00
Total	140.00

VI. Contact point

World Bank

Contact: Kulwinder Singh Rao
 Title: Sr Highway Engineer
 Tel: 473-2077
 Email: kulwindersrao@worldbank.org

Borrower/Client/Recipient

Name: Republic of Liberia
 Contact:
 Title:
 Tel:
 Email:

Implementing Agencies

Name: Infrastructure Implementation Unit (IIU)
 Contact:
 Title:
 Tel:
 Email:

VII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>