Early Warning System

WB-P174300

Djibouti-Addis Road Corridor

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Quick Facts

Countries	Djibouti
Specific Location	Dewele
Financial Institutions	World Bank (WB)
Status	Approved
Bank Risk Rating	A
Voting Date	2021-12-16
Borrower	Government of Djibouti
Sectors	Infrastructure, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 70.00 million
Loan Amount (USD)	$ 70.00 million
Project Cost (USD)	$ 90.00 million

Project Description

According to bank documents, the proposed project objective is to improve the quality and safety of transport and transit along the Djiboutian section of the Djibouti – Addis Ababa road corridor.

The project has three components:

1. Component 1: Improvement of road and border infrastructure (estimated costs: USD 60 million). A technical study funded by PPIAF (P172970, ongoing), undertook a comparative assessment at prefeasibility level of 3 road corridors between Djibouti and Addis-Ababa, namely (i) the northern corridor, along the RN1 214 km, currently the most used by trucks (2,116 heavy veh/day) under rehabilitation with support from other donors, (ii) the southern corridor along the RN1, RN5 and RN19 via Dewele, of 104 km and (iii) a greenfield corridor of 89 km along the railway line. Preliminary results, based on traffic forecast and rehabilitation cost estimates, showed at that the second corridor has the highest economic returns. Final results are expected in November 2020.
2. Component 2: Development of a Smart and Safe corridor (estimated cost: USD 5 million):
   This Component will include the following activities:
   i. Infrastructure and systems to ensure fluidity of freight movement on the corridor:
   ii. Support the development of a safe and inclusive corridor:
3. Component 3: Establishment of performance-based contract for operation and maintenance of the corridor and operational support (estimated costs: USD 5 million). This component will support finding a mechanism for sustainable operation and maintenance of the corridor exploring private sector investment possibilities (as it could complement the sources of financing). Various options will be analyzed and the decision on the type of contract will rely on (i) the level to which the country is ready to involve the private sector and (ii) the results from the financial models and market sounding currently ongoing in the PPIAF funded study to understand the market interest and capacity depending on the proposed scope. This important feedback will allow to define if the Rehabilitation Works should be included in the contract or be carried out in advance under a separate “standard” civil works contract. This decision also depends on the obligations and risks allocation that the GoD considers relevant to transfer to a private partner, in a cost-effective manner. The private contractor should be entitled to implement an axle load control system, based on the legislation and in cooperation with local police authorities, and should contribute to the other component 2 objectives that would be included in its scope of work.

Investment Description

- World Bank (WB)

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ACCESS TO INFORMATION

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Bank Documents

- Concept Environmental and Social Review Summary (ESRS) - Djibouti-Addis Road Corridor - P174300 [Original Source]
- Concept Project Information Document (PID) - Djibouti-Addis Road Corridor - P174300 [Original Source]

Other Related Projects

- WB-P181415 Horn of Africa Initiative: Djibouti Regional Economic Corridor AF
- WB-P515737 Horn of Africa Initiative: Djibouti Regional Economic Corridor Project