

Annex

1. IDENTIFICATION

Title/Number	Road Infrastructure Programme FED/2003/16352 (9 ACP SL 05 and 10 ACP SL 09)		
Total cost	EU additional contribution: EUR 6,000,000 from the Sierra Leone 10 th EDF NIP (A Envelope) EU initial contribution: 47,820,737.21 EU Total contribution: 53,820,737.21		
Aid method / Method of implementation	Project approach Partially decentralised management		
DAC-code	21020	Sector	Road transport

2. RATIONALE

2.1. Sector context

The economy of Sierra Leone is highly dependent on the transport of people and commodities by road, since the phasing out of the railway in 1970. However, the condition of the national network has been poor and its extent limited. The network density is currently assessed at 2.8 km/100 inhabitants. This network density statistic masks the fact that there remain a few important and agriculturally fertile rural areas previously served by the long-defunct railway, which still need to be connected to the road network. The public road network of Sierra Leone totals about 11,000 km of which about 8,000 km is classified in the National Road Systems and the remaining 3,000 km is made up of local networks and unclassified roads and tracks.

Management of all public roads in Sierra Leone has been the responsibility of SLRA since its creation by an Act of Parliament in 1992. The Act makes provision for SLRA to delegate its responsibilities for certain roads to local government bodies. The sector study prepared by the World Bank in 2004 highlighted the need for SLRA to undergo a restructuring process. The Government's Letter of Sector Policy of October 2005 recognizes that the existing institutional framework and capacities are not adequate to sustain the road network. The Government, with the support of the donors, is committed to pursue the restructuring and reform of the road sector.

The roads under rehabilitation and maintenance are still suffering from some twelve years of neglect. The EU and World Bank have contributed funds but these have only covered a portion of the road network. SLRA obtain some finance from the Road Fund and fuel levy but this is only sufficient for limited interventions. They have identified some 2,000 km of roads defined as the core network and interventions under this project form part of this network.

2.2. Lessons learnt

EDF projects have been implemented in Sierra Leone for three decades for the rehabilitation of both main and rural roads, providing valuable experience to the SLRA as well as the Commission on the best practices.

Through these projects the importance of timely intervention in road rehabilitation projects was clearly shown. Even so, over optimistic forecast of road condition and traffic flows could result in lower than expected returns of investments. This situation has been avoided by the use of modest forecasts of traffic growth and generated traffic in the formulation of new interventions in Sierra Leone. The lack of adequate maintenance of the roads could result in that the full benefits of the investments are not achieved. In order to prevent such a situation the Sierra Leone Roads Authority was established and a first generation of Road Fund created. The Authority now has the capacity and resources to manage efficiently and effectively the periodic and routine road maintenance programmes mostly through private sector contracts. It derives its resources from a fee levied on the sale of petrol and diesel and registration of new vehicles.

2.3. Complementary actions

The project is complemented by the following EDF funded road projects in Sierra Leone:

- 8 ACP SL 18 and 9 ACP SL 21 Freetown-Conakry Highway (EUR 39,800,000).
- 9 ACP SL 16, Rehabilitation of 650 km of Rural Roads in Four Districts (EUR 9,500,000).
- 10 ACP SL 4, Institutional Support to the SLRA (EUR 3,000,000).

The World Bank is currently focusing on institutional development of the sector as a whole, but it also has a road rehabilitation programme. Other donors like the Islamic Development Bank, Badea, AfDB, OPEC and Kuwait Fund, are focusing on the rehabilitation of selected trunk or feeder roads, with SLRA ensuring complementarity of the various donor actions.

2.4. Donor coordination

The main challenge in donor coordination is that most donors contributing to the road sector have no sector staff or no representation at all, in Sierra Leone. SLRA attempts to organise multi-donor meetings keeping all relevant actors informed of other donors' activities. However, as the meetings have recently been rare, the EU as the lead donor has taken an increasingly active role in donor coordination.

3. DESCRIPTION

The description of the intervention is specified in the Financing Agreement No. 9066/SL in Annex II, Technical and Administrative Provisions for Implementation, and modified by Addenda No. 1 and No. 2 to the Financing Agreement. The Financing Agreement No. 9066/SL (Road Infrastructure Programme) was signed in December 2003 with an initial total cost of EUR 42,000,000 and with 30 June 2009 as final date of the operational implementation phase.

Addendum No.1, signed in January 2006, was a redistribution of the budget within the financial ceiling. The Addendum allocated more funds to the major road rehabilitation, as it was expected that the cost of the selected roads rehabilitation works had increased in the three years since the drafting of the budget proposal. The funds (5,420,000 Euros) were reallocated from the component Maintenance/Rehabilitation of Priority Roads to Major Road Rehabilitation. In a similar fashion EUR 330,000 was allocated to cover the expected increase in supervision costs. It was also decided to include in the TA tender that the consultant should cover institutional strengthening. As a consequence funds were reallocated to the TA component.

Addendum No. 2, signed in June 2009, was an increase in the financial ceiling with EUR 8,000,000 from the 10th EDF NIP, to cover additional sub-base stabilisation in one of the works contracts, and an extension of 18 months of the time limit for the operational phase to the 31st of December of 2010. At the same time extensions of the supervision contracts for the road works and of the contract for the TA to SLRA were carried out with funds from the contingencies.

The rehabilitation of the Masiaka to Bo highway is the main intervention financed under the Financing Agreement. The highway is economically and politically extremely relevant for Sierra Leone and the region, as it is a portion of the Trans-West Africa Highway. The road works started in January 2006 with an initial contract period of 36 months. Addendum no. 2 to the Financing Agreement made it possible to extend the works contract with 14.5 months to carry out the required sub-base stabilisation works, now ending in March 2010.

The present Addendum No. 3 will increase the financial ceiling of the Financing Agreement with an additional amount of EUR 6,000,000 from the 10th EDF NIP. The purpose is to secure the necessary funds for the application of the price revision clause in the works contract for the ongoing Masiaka – Bo highway project.

As of July 2009 about 80% of the works included in this contract have been completed and the remaining works measured and agreed on. The present estimated final value for the works contract is therefore an accurate value calculated to be around EUR 39,000,000, which include the contractor's cost during a part of the extended implementation period. In view of recent turbulence and uncertainty around the fuel price, the allocation to cover the price revision has been calculated as 15% of the contract value, i.e. EUR 6,000,000.

3.1. Objectives

The overall objective of the project is to improve access to the northern, eastern and southern parts of the country, to increase the stock of all weather roads and to promote the economic and social development in the programme's area of influence.

The project purpose is to reduce the cost of transport for those using the roads, increase the quantum of safe all weather roads serving or directly leading to the agricultural, mining and trading centres in the northern, eastern and southern parts of the country, make access to deprived communities easier and create the means of delivering to those once isolated communities improved social and economic development.

3.2. Expected results and main activities

The results of the financing will be:

- An improved network of roads in the northern, eastern and southern Sierra Leone, linking Masiaka, Moyamba Junction, Taiama and Bo, with onward access to the main eastern town of Kenema and beyond;
- The reduction in travel times, reduction in road accidents and increase in economic activity in the areas of influence of the improved roads;
- Maximizing of maintenance of the road network.

Major activities to be covered by the financing are:

- Reconstruction of the Masiaka-Bo Highway (164 km) which has failed pavement structures and upgrading of the Songo-Moyamba-Moyamba Junction (104 km) road;
- Technical assistance to SLRA to enhance capacity; and
- Technical assistance for supervision of works.

3.3. Risks and assumptions

At this stage, the following risks and assumptions have been assessed as follows:

- The price increase will not represent more than 15% of the contracts value.
- The present contractor will stay financially robust and able to execute the project.

In addition, the viability of this project is based on the following assumptions as stipulated in the Financing Agreement:

- The Government will continue to support the SLRA through the road fund for road maintenance.
- SLRA will continue the policy preventive/routine maintenance of its road assets.
- The road fund will continue to be properly managed and will increase as the economic situation improves during the post-war period.

3.4. Crosscutting Issues

The socio-cultural and environmental assessments made by the consulting engineers who carried out detailed engineering and economic studies for the three roads showed that no negative environmental impacts could be expected from the rehabilitation works.

The studies' findings also indicated that gender effects, and poverty alleviation were generally expected to be positive. Women will benefit from participation in the implementation of the project and from increased trade on completion of the rehabilitation of the roads as the burden of transporting the products from their villages to the markets will be reduced.

3.5. Stakeholders

The stakeholder's description remains unchanged as specified in the Financing Agreement.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The method of implementation is partially decentralised management through the signature of a financing agreement with the Republic of Sierra Leone. The Commission controls ex ante all the procurement procedures except in cases where programmes estimates are applied, under which the Commission applies ex ante control for procurement contracts > 50.000 EUR and may apply ex post for procurement contracts • 50.000 EUR. The Commission controls ex ante the contracting procedures for all grant contracts.

Except for the evaluation and audit, all planned contracts have been concluded, and are completed or under execution.

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents as laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the European Development Fund. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in articles 20 of Annex IV of the Cotonou Agreement.

4.3. Budget and calendar

The period of execution of the Financing Agreement ends at 31/12/2012 and the operational implementation phase ends at 31/12/2010.

The total cost of the overall project will be EUR 53,820,737.21. A breakdown of the cost estimate, to be financed under the Sierra Leone's 9th EDF (EUR 39,820,737.21) and 10th EDF (EUR 14,000,000), is provided in the table below:

Components	Cost Estimate (EUR)
Major Road Rehabilitation	47,974,889.61
Technical Assistance to SLRA	2,387,508.75
Supervision	2,345,912.72
Evaluation	50,000.00
Audit	50,000.00
Contingency	1,012,426.13
Total	53,820,737.21

4.4. Performance monitoring

The performance monitoring remains unchanged.

The three-year Technical Assistance programme is a critical part of this activity. Supervision consultants, as well as the PIU, monitor and report on progress of the works on the trunk road links. SLRA monitors and reports on progress of the maintenance works by means of a Project Support Unit. Key monitoring indicators are used to assess project progress during implementation, such as construction reports, works certification and assessment of capacity building and training activities undertaken within the context of the programme.

4.5. Evaluation and audit

The evaluation and audit arrangements remain unchanged.

An independent evaluation of the project, including assessment of its socio-economic and environmental impacts, should be undertaken one year after the end of the project implementation. The Delegation also encourages the annual monitoring and evaluation missions organised by the EU Headquarters to include this project in the list of projects to be monitored by independent consultants. In addition, ad hoc monitoring missions are organised by the EU if need be. A provision for audits is included in the budget of the Financing Agreement. It is understood that the Chief Authorising Officer may use this provision to organise an independent audit of expenditure realised under this Financing Agreement.