

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.

Monitoring missions have deemed the road sector programmes in Sierra Leone extremely relevant and the results very important to the country's development. For instance, a monitoring report by Price Waterhouse Coopers UK in 2005 considers the Freetown-Conakry Highway economically and politically extremely relevant to Sierra Leone and Guinea and urges the completion of the project.

It has been learned that an even closer and more frequent cooperation between the Sierra Leone and Guinean Roads Authorities is advisable in the implementation of common projects to keep all parties fully informed about the developments. This is taken into account in planning of the schedules for joint technical meetings.

As regards the capacity of the SLRA as the government agency supervising the suggested project, the 9th EDF SLRA Support Programme has been twice monitored by independent consultants in 2007 and 2009. SLRA's capacity will be further strengthened through the recently approved 10th EDF project "Institutional support to SLRA".

2.3. Complementary actions

The project is complemented by the following EDF funded road interventions:

- 8 ACP SL 18, Freetown-Conakry Highway (EUR 17,800,000). The "first phase" of the Freetown-Conakry Highway, the laterite foundation, was started under the 8th EDF. Due to lack of EDF resources at the time Phase I funds were committed, it was decided that the "second phase", asphalt overlay, will be undertaken under the 9th EDF resources. The termination of the works contract with the first contractor and the availability of new funds have made it possible to execute the two phases simultaneously.
- 9 ACP SL 5, Road Infrastructure Programme (EUR 47,800,000) which includes the rehabilitation of two trunk roads (Masiaka-Bo and Songo-Moyamba Junction) and capacity building of SLRA. The Masiaka-Bo road is the continuation of the Freetown-Conakry road as part of the Trans-West African Coastal Highway.
- 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 remains unchanged. It is specified in the Financing Agreement No. 9729/REG in Annex II, Technical and Administrative Provisions for Implementation, and modified by Addendum No. 1 to the Financing Agreement. The only modification to the logical framework of the project is the cost breakdown.

The project concerns the construction of an all-weather road link of 85 km of highway between Rogbere Junction in Sierra Leone and Farmoreah in the Republic of Guinea. The project road starts at Rogbere, which is about 106 km from Freetown, and continues for 76 km in Sierra Leone to the border with Guinea and ends at the town of Farmoreah 9 km inside Guinea.

Due to lack of funds at the time when the project was identified in 2002, it was decided that the Freetown-Conakry Highway project was to be undertaken in two phases; the first phase was for the construction of the road up to base course layer formation level, and a second phase, the one financed by the present Financing Agreement, for the construction of a layer of crushed stone base with a wearing course of asphaltic concrete, and road furniture.

The phase one works were only completed partially because the contract was terminated in July 2007 due to the slow progress of the works. Therefore, the current phase two includes the remaining works from phase one, the overlay and the construction of a common border post facility.

At present, the project activities essentially consists of two works contracts, one in Sierra Leone, including the common border post, and one in Guinea. The service contract for the works supervision in both sides is signed only with the NAO in Sierra Leone. Sierra Leone's works and service contracts were signed in the last quarter of 2008. The corresponding works contract for the road stretch in Guinea was signed in July 2009.

In December 2008, Addendum No.1 to the Financing Agreement was signed. The purpose of that addendum was to extend one year the period for implementation and execution. It was justified because of the delay in the signing of the FA following the uncertainty created by the termination of the phase 1 works contract.

With the signature of the contracts in Sierra Leone, funds allocated to the Sierra Leonean side and to the common border post have been nearly fully committed and only a small amount of extra funds remains available.

The purpose of this addendum is to increase the Community contribution to the Sierra Leonean part of the project to secure the necessary funds for the application of the price revision clause in the works contract and to secure that adequate funds are available in the contingencies. The cost of the price revision during implementation is estimated to 15% of the contract value of road works and the common border post construction, i.e. equal to EUR 3,750,000. It is a calculation on the safe side. In addition, the risk of overrun because of high price fluctuation is mitigated by the fact that several millions are expected from financial penalties to be paid by the phase 1 works contractor towards the end of the phase 2 implementation as further explained in the last paragraph of this section. Furthermore, the

Works contract in Sierra Leone has used up around EUR 1,750,000 of the contingency budget line in the Financing Agreement. Therefore, the necessary additional funds in order to keep the contingency fund representing 10% of the activities, as foreseen in the Financing Agreement, are EUR 1,750,000. As a result, the total requested in Addendum N° 2 is EUR 5,500,000.

The Contracting Authority will claim from the failed contractor from phase one general damages related to works where improper execution or sub-standard materials have been used. However, according to the termination clauses (Art. 64.7 of the General Conditions for works contracts financed by the EDF), the final accounts will only be possible to settle once the present contractor for the phase two works has completed the remedial works on the sections completed under phase one. Consequently, at this stage the project cannot be dependent on these possible additional funds.

3.1. Objectives

The overall objective of the project is to increase the sub-regional economic activity and connectivity.

The project purpose is to improve the connection between the capital cities Freetown and Conakry.

3.2. Expected results and main activities

The project purpose will be achieved through the following Results:

- Transport costs decreased.
- Travel time shortened.
- Trade between Sierra Leone and Guinea increased.
- Access to markets and services increased for local communities.

Activities:

- All-weather, asphalt concrete highway construction from Rogbere (Sierra Leone) to Farmoreah (Republic of Guinea).
- Border post area finalised.

3.3. Risks and assumptions

At this stage, risks and assumptions are the following:

- The price increase will not represent more than 15% of the contracts value.
- There will not be major unexpected failures of the road works carried out by the previous contractor.
- The present contractor will stay financially robust and able to execute the project.

3.4. Crosscutting issues

A feasibility study and problems analysis including cross-cutting issues was undertaken for the project at the formulation stage. An Environmental and Social Impact Assessment (ESIA) and an Environmental Management Plan (EMP) was undertaken to ensure that all necessary environmental considerations are taken into account and tackled during project implementation. Road safety is expected to improve despite increased speed. It is clear that

the benefits of the overlaying by far exceed the slight risks identified by the ESIA that can easily be tackled as per the EMP recommendations.

3.5. Stakeholders

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

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

As specified in the Financing Agreement No. 9729/REG in Annex II, Technical and Administrative Provisions for Implementation, and modified by Addendum No. 1 to the Financing Agreement, 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 and grant contracts and all payments remain centralised.

Except for the accompanying measures, evaluation and audit, all planned contracts have been concluded and are under execution: 1 works contract in Sierra Leone, 1 works contract in Guinea and 1 supervision contract in Sierra Leone covering both countries.

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 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 timetable specified in the Financing Agreement No. 9729/REG in Article 4 of the Special conditions and in Annex II of the Technical and Administrative Provisions for Implementation, was modified by Addendum No. 1 to the Financing Agreement. The period of execution of the Financing Agreement ends at 31/12/2013 and the operational implementation phase ends at 31/12/2011.

The total cost of the overall project will be EUR 27,500,000. A breakdown of the cost estimate, to be financed under the Sierra Leone's 9th EDF NIP (EUR 20,000,000) and 10th EDF NIP (EUR 5,500,000) and Guinea's 9th EDF NIP (EUR 2,000,000), is provided in the table below:

| Components | Original budget (In EUR) | Budget – internal adjustments (In EUR) | Budget after internal adjustments (In EUR) | Budget - use of contingencies (In EUR) | Budget after the use of contingencies (In EUR) | Increase (Addendum No 2) (In EUR) | Budget after Addendum No. 2 (In EUR) |
|-------------------------|-----------------------------|---|---|--|--|---|--|
| Construction | 18,200,000 | | 18,200,000 | +1,976,689 | 20,176,689 | 3,750,000 | 23,926,689 |
| <i>Construction SL</i> | <i>16,200,000</i> | | <i>16,200,000</i> | <i>+1,976,689</i> | <i>18,176,689</i> | <i>3,750,000</i> | <i>21,926,689</i> |
| <i>Construction GUI</i> | <i>2,000,000</i> | | <i>2,000,000</i> | | <i>2,000,000</i> | | <i>2,000,000</i> |
| Supervision | 1,400,000 | +250,000 | 1,650,000 | | 1,650,000 | | 1,650,000 |
| Accompanying measures | 300,000 | -250,000 | 50,000 | | 50,000 | | 50,000 |
| Audits | 50,000 | | 50,000 | | 50,000 | | 50,000 |
| Evaluation | 50,000 | | 50,000 | | 50,000 | | 50,000 |
| Contingency | 2,000,000 | | 2,000,000 | -1,976,689 | 23,311 | 1,750,000 | 1,773,311 |
| Total | 22,000,000 | | 22,000,000 | | 22,000,000 | 5,500,000 | 27,500,000 |

4.4. Performance monitoring

SLRA is, utilising its own human resources and the EDF funded TA to SLRA, undertaking continuous performance monitoring of the project and report on it to the Contracting Authority and the EU Delegation. Key monitoring indicators, such as construction reports and works certification, are used to assess project progress during implementation. The regular reports prepared by the supervising company will also serve as important monitoring tools.

The EU Delegation and NAO are carrying out regular field visits to monitor the progress. Furthermore, SLRA is reporting on the progress to the EU and NAO in the regular weekly EU-NAO-SLRA meetings. The Logical Framework, including the final OVIs and indicators, is attached.

4.5. Evaluation and audit

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 will also encourage 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 can be 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.