

Document of  
The World Bank

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Report No: 67464-LR

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 33.0 MILLION  
(US\$50.0 MILLION EQUIVALENT)

AND

RESTRUCTURING

TO THE

REPUBLIC OF LIBERIA

FOR THE

ROAD ASSET MANAGEMENT PROJECT

AUGUST 23, 2012

Transport Sector  
Country Department AFCW1  
Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

## CURRENCY EQUIVALENTS

(Exchange Rate Effective June 30, 2012)

Currency Unit = Liberia Dollar (LRD)

LRD = US\$1.00

SDR 1 = US\$1.518

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CE	Contracting Entity
E-ISR	External Implementation Status and Results Report
ELWA	Eternal Love Winning Africa
EMP	Environmental Management Plan
GAC	Governance and Anti-Corruption
GOL	Government of Liberia
HSEMP	Health, Safety and Environmental Management Plan
IDA	International Development Association
IFR	Interim Financial Reports
IU	Infrastructure Implementation Unit
IRI	International Roughness Index
IRR	Internal Rate of Return
LACC	Liberia Anti-Corruption Commission
LIBRAMP	Liberia Road Asset Management Project
LRTF	Liberia Reconstruction Trust Fund
LRTF OC	Liberia Reconstruction Trust Fund Oversight Committee
M&E	Monitoring and Evaluation
MC	Monitoring Consultants
MPW	Ministry of Public Works
NCB	National Competitive Bidding
OP / BP	Operations Policy / Bank Policy
OPRC	Output and Performance-Based Road Contracts
PAD	Project Appraisal Document
PDO	Project Development Objectives
PFMU	Project Financial Management Unit
PPCC	Public Procurement and Concession Commission
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SDR	Special Drawing Rights
TOR	Terms of Reference
TSG	Technical Support Group
URIRP	Urban and Rural Infrastructure Rehabilitation Project
US	United States
VOC	Vehicle Operating Costs

Vice President:	Makhtar Diop
Country Director:	Yusupha B. Crookes
Sector Director:	Jamal Saghir
Country Manager	Inguna Dobraja
Sector Manager:	Supee Teravaninthorn
Task Team Leader:	Kulwinder Singh Rao



**REPUBLIC OF LIBERIA**  
**ROAD ASSET MANAGEMENT PROJECT**  
**ADDITIONAL FINANCING**  
**AND**  
**RESTRUCTURING**

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**REPUBLIC OF LIBERIA**

**ROAD ASSET MANAGEMENT PROJECT**

**ADDITIONAL FINANCING DATA SHEET**

**AND**

**RESTRUCTURING**

<b>Basic Information - Additional Financing (AF)</b>	
Country Director: Yusupha B. Crookes	Sectors: Rural and Inter-Urban Roads and Highways (90%), Central government administration (10%)
Sector Director : Jamal Saghir	Themes: Other urban development (60%), Rural services and infrastructure (40%)
Sector Manager: Supee Teravaninthorn	Environmental category: B- Partial Assessment
Team Leader: Kulwinder Singh Rao	Expected Closing Date: June 30, 2022
Project ID: P129654	Joint IFC: No
Expected Effectiveness Date: October 31, 2012	Joint Level: N/A
Lending Instrument: Specific Investment Lending	
Additional Financing Type: Scale-up and Cost overrun	
<b>Basic Information - Original Project</b>	
Project ID: P125574	Environmental category: B- Partial Assessment
Project Name: Liberia Road Asset Management Project	Expected Closing Date: June 30, 2022
Lending Instrument: Specific Investment Lending	Joint IFC: No
	Joint Level: N/A
<b>AF Project Financing Data</b>	
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:	
Proposed terms: Standard IDA Credit terms with a maturity of 40 years, including a grace period of 10 years.	
<b>AF Financing Plan (US\$m)</b>	
<b>Source</b>	<b>Total Amount (US\$ m)</b>
Total Project Cost:	50
Co-financing:	0
Borrower:	0
Total Bank Financing:	
IBRD	
IDA	
New	50
Recommitted	0
<b>Client Information</b>	

Recipient: Republic of Liberia  
 Responsible Agency: Infrastructure Implementation Unit of the Ministry of Public Works  
 Contact Person: Emmanuel K. Baker  
 Telephone No.: +231-6-579053 / +231-6-516732  
 Fax No.: N/A  
 Email: [office@iiu-mpw.org](mailto:office@iiu-mpw.org)

**AF Estimated Disbursements (Bank FY/US\$ m)**

FY	FY13	FY14	FY15	FY16	FY17-22
Annual	6.84	8.38	6.58	5.64	22.56
Cumulative	6.84	15.22	21.84	27.44	50.00

**Project Development Objective and Description**

**Original project development objective:** The project development objective is to support the Recipient's efforts to reduce transport costs along the road corridor from Monrovia to the Guinea border and to maintain the road in good condition over a 10-year period.

**Revised project development objective:** N/A

**Project description:** The project has two components:

- Component 1 – Design, Rehabilitation and Maintenance of Monrovia (Red Light) - Ganta - Guinea Border Road. The additional financing (AF) is for cost overrun of a 10-year Output and Performance-based Road Contract (OPRC) of the same.
- Component 2 – Consultant Services, Operating Costs, and Training. The AF will finance this component, including the conceptual design for the rehabilitation of a major urban arterial road with two intersections leading to the major transport corridor developed under the original project, as well as the development of multimodal transport master plan and strategic investment program.

**Safeguard and Exception to Policies**

Safeguard policies triggered:	
Environmental Assessment (OP/BP 4.01)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Forests (OP/BP 4.36)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Pest Management (OP 4.09)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Physical Cultural Resources (OP/BP 4.11)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects in Disputed Areas (OP/BP 7.60)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the project require any waivers of Bank policies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Have these been endorsed or approved by Bank management?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Conditions and Legal Covenants:**

Financing Agreement Reference	Description of Covenant	Date Due
Schedule 2, Section V.A.3	The Recipient will recruit external auditors for the Project.	November 30, 2012



## **REPUBLIC OF LIBERIA**

### **ROAD ASSET MANAGEMENT PROJECT**

#### **I. Introduction**

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit in an amount of SDR 33 million (US\$50 million equivalent) and to restructure the Road Asset Management Project (LIBRAMP) (P125574, Cr. 4950-LR) to the Republic of Liberia.
2. The proposed additional credit will finance the unanticipated cost increase (due to inflation) for upgrading, rehabilitating and maintaining the original road length from Monrovia (Red Light) to the Guinea Border, as well as to scale up the implementation of the Component 1 (design, rehabilitation and maintenance of Monrovia (Red Light)-Ganta-Guinea Border Road) and additional activities for the Component 2 (consultant services, operating costs, and training).
3. The project is being restructured to reflect changes that include (a) extension of the date for the hiring of an external auditor to November 30, 2012; (b) deletion of a redundant reference to an implementation manual; and (c) application of the new procurement guidelines (January 2011) upon effectiveness of the additional financing credit.
4. The original LIBRAMP is co-financed by the International Development Association (IDA) and the Liberia Reconstruction Trust Fund (LRTF). However, the proposed Additional Financing (AF) will be solely financed by IDA.

#### **II. Background and Rationale for Additional Financing in the amount of US\$50 million**

##### **A. Implementation Status of LIBRAMP**

5. The LIBRAMP was approved by the Board on June 7, 2011 and became effective on October 13, 2011. The closing date of the project is June 30, 2022.<sup>1</sup> The total project cost was US\$249.4 million of which US\$108.9 million was funded under LRTF; US\$67.7 million by IDA; and US\$72.8 million by the Government of Liberia (GOL).
6. Besides being the largest IDA commitment for post-conflict Liberia, the LIBRAMP constitutes an important part of the road construction program, the main priority of the Government, to provide improved access to the isolated counties far from Monrovia as well as improved access to neighboring countries. The LIBRAMP is also a flagship transport project in the region which – for the first time under a transport project in the Africa region – adopts an Output and Performance based Road Contracting (OPRC) approach covering the full life cycle of the constructed road. The project design ensures sustainability of road infrastructure being rehabilitated for its intended asset life.

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<sup>1</sup> LIBRAMP is financing 10-year contracts for two sections of road from Monrovia to Guinea border.

7. The project development objective (PDO) is to support the Recipient's efforts to reduce transport costs along the road corridor from Monrovia to the Guinea border and to maintain the road in good condition over a 10-year period. The project has two components:

- (a) **Component 1: Design, Rehabilitation and Maintenance of Monrovia (Red Light)-Ganta-Guinea Border Road.** This component is financing a 10-year output and performance-based road contracts designed in two procurement lots: (i) Lot 1 Monrovia (Red Light)-Gbarnga (approximately 180 km); and (ii) Lot 2 Gbarnga-Ganta to the Guinea border (approximately 69 km). This road is a vital primary road of strategic importance to nation's reconstruction connecting four of country's five biggest cities and providing critical cross-border connection.
- (b) **Component 2: Consultant Services, Operating Costs, and Training.** This component will finance a consulting firm(s) who will provide the consultancy services for monitoring consultants (MC) for the OPRCs, and it will also finance the needed technical assistance for preparatory road feasibility studies for other infrastructure investments, as well as for the development of sector institutions through hiring of skilled staff and firms. Further, the component will provide for staff training programs, including the operating costs of Infrastructure Implementation Unit (IIU) and Project Financial Management Unit (PFMU).

8. The project implementation progress and the progress towards achieving project objectives are in general satisfactory.

- (a) **Component 1: Design, Rehabilitation and Maintenance of Monrovia (Red Light)-Ganta-Guinea Border Road.** The contract for Lot 1 was awarded in January 2012 for US\$166 million. The contract for Lot 2 has been retendered because the lowest qualifying bid price was substantially higher than estimated costs for the works, although there were several bids significantly lower than the lowest evaluated bid, but they were technically non-responsive. The IIU has updated the cost information and introduced minor changes to improve consistency and clarity of the updated bidding documents. The planned bid submission date for Lot 2 is October 15, 2012. Implementation of Lot 1 is progressing satisfactorily and contractor has mobilized well. The physical works are likely to commence in September/October 2012 following the end of current rainy season. The implementation of Lot 2 works is expected in FY13.
- (b) **Component 2: Consultant Services, Operating Costs, and Training.** The following progress has been made: (i) the procurement for monitoring supervision services (MC) for Lot 1 is underway. It is anticipated that monitoring consultant will be on board by the time the contractor has fully mobilized and is ready with start of physical works (September/October 2012). The hiring of the monitoring consultants for Lot 2 will be sequenced to physical commencement of works under that contract; (ii) the procurement of a Technical Support Group (TSG) – a consulting firm – to provide technical assistance to the IIU is underway and is likely to be completed by end of October, 2012. The TSG will be composed of the following specialists: (i)

Contract Specialist; (ii) Road Asset Specialist; (iii) Procurement Specialist; (iv) other short term experts, as required on demand; and (v) an active support to the Ministry of Public Works (MPW), to organize and train a number of young professional national staff who will meet various needs of the road sector in the near future. Such staff will be guided and mentored by the senior staff of IIU and by the TSG. The process of hiring of 10 such national staff in IIU is in the final stages and is likely to be completed by August 2012.

9. All the legal covenants, except one, have been fully complied with. This is hiring of independent and qualified external auditors, which has been delayed. As only a limited number of financial transactions (less than five) occurred during fiscal year 2012 (FY12), the work has been assigned to existing external auditors for Urban and Rural Infrastructure Rehabilitation Project (URIRP) (Cr. 478-LBR). Meanwhile, the process of hiring separate auditors for LIBRAMP is underway and will be completed by November 2012. The Financing Agreement of LIBRAMP will be amended to reflect new date. The auditor recruited under the original LIBRAMP shall also audit the proposed Additional Financing. The terms of reference (TOR) of the original LIBRAMP auditor shall be adjusted to cover the Additional Financing project.
10. There are no other unresolved fiduciary, environmental, social or safeguard issues.

## **B Rationale for the Proposed AF**

11. The proposed AF will be used for:
- (a) **Cost increase related to Component 1 civil works: Lot 1 (Monrovia-Gbarnga) and Lot 2 (Gbarnga-Guinea Border) (estimated cost US\$11 million).** The US\$220 million bid prices for Lots 1 and 2 were estimated in May 2009. The cost of the Lot 1 civil works contract, awarded in January 2012, is US\$166 million and the revised cost estimate for Lot 2 is US\$65 million. The additional amount of US\$11 million will be provided to cover this cost increase for unforeseen price fluctuation. The signing of Lot 2 civil works contract will be subject to Bank's approval of additional financing.
  - (b) **The increased price contingencies.** The OPRC contract format allows adjusting for fluctuations in the cost of inputs. Under LIBRAMP, price fluctuation amount over 10 year contract period was estimated at US\$13.2 million (5.7 percent of the baseline cost for Lot 1 and Lot 2 contract). Given the prevailing situation in the market and construction industry, the contingencies will be increased to 15 percent of the total revised baseline cost for Components 1 over the period of 10 years project duration, equivalent to US\$38 million.<sup>2</sup>
  - (c) **The scale up of activities:** All the proposed additional activities were initially considered during the preparation of the original project but could not be financed due to constrained funding when LIBRAMP was originally prepared. The scaled up activities are as follows:

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<sup>2</sup> The OPRC format precludes risk of significant physical contingencies. While Lot 1 price is already known, the cost of civil works for Lot 2 has been revised in April 2012. Major rehabilitation works on Lot 1 and 2, which account for 55 percent of total price, shall be finished in 36, and 18 months respectively.

- Sub-component 1.2 - Additional activity. Improvement and Rehabilitation of ELWA<sup>3</sup> intersection – Red Light intersections urban arterial road in length of about 4.5 km (estimated cost US\$4.4 million). This urban road actually connects and provides full access between Lot 1 and Lot 2 road segments with Monrovia city center (via Tubman Boulevard and Somalia Drive), thus improving the connectivity between four of five major cities in the country. The planned activity will involve controlled access to a four lane road, currently operating with only two lanes. The implementation duration of this component has been estimated to three calendar years.
- Sub-component 1.3 - Additional activity. Construction of a grade separated interchange (split level intersection) at ELWA (estimated cost US\$5 million), facilitating the sub-component 1.2. The current intersection currently operates at its peak levels under major stress caused by heavy congestions, resulting in loss of travel time and vehicle operating costs (VOC) and represents a major cause for traffic delays and traffic incidents in the city. The planned activity will create a phased improvement of the intersection by dividing at grade turning traffic from the through traffic entering to and leaving from the city center, by creating two uninterrupted traffic lanes. The implementation duration of this component will be three calendar years.
- Sub-component 2.1b - Additional activity. Conceptual Design and Monitoring Supervision Consultancy for the proposed additional civil work activities under Sub-components 1.2 and 1.3 (estimated cost US\$1.8 million), planned under the OPRC format, using Design, Build and Transfer methodology. The OPRC contract format is the best suited for the time limited design activities and is also best corresponding to the implementation and oversight capacity of the IIU.
- Sub-component 2.4 - Additional activity. Development of Liberia Multimodal Transport Plan. The planned policy, strategy and implementation framework will effectively provide the country direction in the development of the sector in multimodal fashion, provide the investment strategy and implementation timetable. The outcomes will help to create a modern and effective transport system network in Liberia emphasizing the development of public transport in major urban centers and maximizing utilization of the public private partnership possibilities.
- The Multimodal Transport Plan will also include the preparation of Strategic Investment Plan, which will provide for a cohesive and implementable options so as to create the country's major and strategic transport network, in multimodal fashion, and provide a sound document for development partners when assisting the country in this sector. The estimated cost of the assignment is about US\$3 million.

12. These activities are consistent with the current Liberia Country Assistance Strategy (Report No. 59772-LR dated June 2, 2011), and will ensure that the project fully achieves the key original project objective. All proposed activities under the AF will be fully financed by

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<sup>3</sup> This refers to Eternal Love Winning Africa (ELWA) which is a local name given to this intersection.

IDA. The country financing parameters allow for 100 percent project financing. The activities in the original project and the AF are fully aligned with Pillar One of the Africa Strategy: *Competitiveness and Employment*.

### **III. Proposed Changes**

13. The proposed changes are as follows:

- There is no change to the PDO and the proposed AF will have the same closing date as the original project, June 30, 2022.
- The most recent procurement guidelines (January 2011) will be applied to the proposed AF. Also, the procurement process in respect of a good, work or service to be financed under the parent project which are initiated after the effectiveness of additional financing credit, will be governed by new procurement guidelines.
- The total project cost will increase to US\$299.4 million. The tables below summarize the updated project cost information.

**Table 1: Original and Proposed Additional Financing**

<b>Project Component</b>	<b>Original Project Cost (US\$ m)</b>	<b>Additional Financing (US\$ m)</b>	<b>Revised Cost (US\$ m)</b>
<b>Component 1. Civil Works (OPRC) for Monrovia-Gbarnga-Ganta- Guinea Border Road</b>	220	<b>20.4</b>	<b>240.4</b>
Sub-component 1.1: Lot 1 and Lot 2	220	11.0	231.0
Subcomponent 1.2: ELWA-Red Light Intersection Road (4.5 km)	-	4.4	4.4
Sub-component 1.3: Structures at ELWA Intersection (split level intersection)	-	5.0	5.0
<b>Component 2. Consultant Service, Operating Cost and Training</b>	16.2	<b>4.8</b>	<b>21.0</b>
Sub-component 2.1: Supervision Consultancy for Lots 1 and 2, (including additional consultancy: design and supervision for additional length of the road and split level interchange at ELWA)	(originally included in the overall cost)	1.8	13.5
Sub-component 2.2: Technical Assistance audits	(originally included in the overall cost)	-	1.5
Sub-component 2.3: Institutional capacity building (IIU)	(originally included in the overall cost)	-	3.0
Sub-component 2.4: Transport Plan and Strategic Investment Plan	-	3.0	3.0
<b>Total Baseline Cost</b>	<b>236.2</b>	<b>25.2</b>	<b>261.4</b>
Price contingencies	13.2	24.8	38.0
<b>Total Project Cost</b>	<b>249.4</b>	<b>50.0</b>	<b>299.4</b>

**Table 2: Project Costs Allocation with Proposed Additional Financing**

Project Components	Project Costs (US\$ million)	Financing by Source (US\$ million)		
		IDA	LRTF	GOL
<b>Component 1: Civil Works – OPRC for Monrovia-Gbarnga-Ganta-Guinea Boarder Road</b>	240.4	66.9	108.9	64.6
<b>Component 2: Consultant Service, Operating Cost and Training</b>	21.0	21.0	0	0
<b>Price contingencies</b>	38.0	29.8	0	8.2
<b>Total</b>	<b>299.4</b>	<b>117.7</b>	<b>108.9</b>	<b>72.8</b>

- For disbursement, under the original LIBRAMP, the percentage of eligible expenditures by IDA is 30 percent for Part A of the Project and 100 percent for Goods, Consulting Services, Training and operating Costs for Part B of the project subject to the ceilings specified in the Financing Agreement (SDR 29.60 and 10.30 million respectively). The LRTF funds will finance 70 percent of eligible expenditures for Part A of LIBRAMP subject to a ceiling of US\$108.9 million. The GOL share of original LIBRAMP is US\$72.8 million. If required, GOL will seek alternate funding from other sources to cover its share. The eligible expenditure on all proposed activities under AF will be financed 100 percent by IDA. Revised estimated disbursement of counterpart funding share for the original LIBRAMP and AF is summarized in Table 3.

**Table 3: Estimated Disbursements (Bank FY/US\$ million)**

FY	FY13	FY14	FY15	FY16	FY17-22
Additional Financing	6.84	8.38	6.58	5.64	22.56
LIBRAMP: GOL share	1.8	4.5	5.5	10.5	50.5

14. The results framework developed under LIBRAMP has been revised to take into account the proposed activity of the AF. All outcome indicators remain the same with the target values updated as a result of the additional activities under proposed AF. The outcome indicators are listed in Table 4.

**Table 4: Project Outcome Indicators**

<i>Indicator</i>	<i>Original target</i>	<i>Changes with AF</i>	<i>Revised target</i>
Transport cost for road users including vehicle operating costs and monetary value of travel time (measured in terms of roughness reduction, IRI rate)	Average IRI m/km: 3.0	No change	3.0
Roads in good and fair condition as a share of total classified roads network (percentage)	34	0.5	34.5
Direct project beneficiaries (number), of which female (percentage)	351,070 (51)	11,835	362,905 (51)
Share of rural population with access to an all-season road (proportion)	10	No change	10

#### **IV. Appraisal Summary**

15. The project remains economically viable in spite of the additional cost required for the project. The original internal rate of return (IRR) was 23 percent for Lot 1 and 18 percent for Lot 2 involving the total initially anticipated cost of US\$220 million with the sensitivity analysis calling for  $\pm 25$  percent increase of the initial cost over the period of 25 years. The additional financing for civil works of US\$11 million including associated contingencies increased the total cost by about five percent. However, assuming that all generated benefits remain the same, the updated IRRs for the two lots will be reduced slightly to 21.85 percent for Lot 1 and 17.1 percent for Lot 2, both far above the discount rate of 12 percent.

16. The proposed AF will not trigger any new safeguard policies, the environmental category of the project will remain as category B – partial assessment. The Resettlement Policy Framework (RPF) and the generic Environmental Management Plan (EMP) prepared for the parent project are suitable for the AF. These are essentially the same as the RPF and EMP used in the URIRP and found to be satisfactory. A detailed RAP and HSEMP for the additional civil works under AF will be prepared by a contractor's entity (comprising of contractor and his team of consultants) after the contracts are awarded and in accordance to the conditions of the contract requirements applicable for an OPRC. The documents will be reviewed by the monitoring consultant, the IIU and the Bank and disclosed when acceptable. The civil works will start only after these instruments are disclosed in-country and at the Infoshop. The Government will be responsible for the implementation of the RAP once the RAP is approved by the IIU and the Bank.



17. The Resettlement Action Plans (RAPs) and the Health, Safety and Environmental Management Plans (HSEMPs) for Lot 1 of the parent project are under preparation by the contractor and are progressing in accordance to the planned implementation schedule. The RAP will be completed in two phases. The first phase RAP (covering 23 kilometers section from Du River Bridge to Weala) is focusing on areas with less complicated resettlement impacts to ensure that the process takes off smoothly while preparing for the second phase for the RAP. The first phase draft RAP was re-submitted on August 15, 2012 for review upon which the RAP will be disclosed in-country and at the Infoshop. The Financing Agreement for LIBRAMP will be amended simultaneously to the proposed AF to include reference to RAPs.

18. The implementation arrangements planned for the original project (LIBRAMP) will be continued for AF.

19. The institutional/absorptive capacity of the MPW will be enhanced over the project period so as to enable for a robust and value for money principles in planning and managing its assets, specifically as related to transport facilities and transport operations. In that respect, the Government will prepare a robust and comprehensive plan for attracting Liberians living in the Diaspora to return home and undertake the professional development of the country. This is in addition to engagement of young professionals coming from the University of Liberia that require on-the-job training and in-field experience. With such planned and detailed capacity building, there will eventually be a need for the development of a lean, professional, and well structured Road Agency/Authority that will be in charge of the planning and implementing (by outsourcing) the transport multimodal facilities, while the MPW will remain a policy and regulatory authority with the strategic planning and scheduling responsibility.

20. The implementation readiness for the AF is satisfactory as the bidding documents for the Lot 2 civil works has been prepared, the draft TOR for the conceptual designs and monitoring supervision for additional activities for the arterial road and ELWA intersection grade separations, are being discussed and prepared, as well as the draft TOR for the Multimodal Transport Plan and Strategic Roads Investment Program.

21. Financial Management. The financial management arrangements under the original project will continue. While the proposed financial management arrangements of the project satisfy the Bank's minimum requirements under Operations Policy/Bank Procedure (OP/BP) 10.02, the overall financial management residual risk is rated Moderate. As it does for all infrastructure projects in Liberia, the PFMU in the Ministry of Finance will be responsible for the financial management of LIBRAMP Additional Financing project. However, as part of a long term strategy to transform IIU into a Road Authority/Agency, Component 2 of the original LIBRAMP will support the building of financial management capacity in the IIU, among others. The IIU will take over financial management work from PFMU, within two years upon effectiveness when it is expected that adequate financial management capacity will have been built in the unit and upon a satisfactory rating of such arrangements by the Bank's financial management team.

22. Procurement. The major changes to the procurement implementation include the following:

- (a) Use of the most recent guidelines detailed as follows: (i) "*Guidelines: Procurement Under IBRD Loans and IDA Credits*" dated January 2011; (ii) "*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*" dated January 2011; and (iii) "*Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*" dated October 15, 2006, and revised in January 2011. However, the procurement process in respect of a good, work or service to be financed out of the proceeds of the Additional Financing initiated prior to date of signing of Financing Agreement shall be governed by the provisions of the original Financing Agreement; and
- (b) Maintenance of exceptions to National Competitive Bidding (NCB) selection procedures, for which the following provisions shall apply to the procurement of goods, works and non-consulting services (as outlined in Annex 3) and the provisions stipulated in the Financing Agreement. For each contract to be financed, by the credit, the different procurement methods, or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame as agreed between the Government and the Bank project team is detailed in the Procurement Plan. A procurement plan for the first 18 months, dated April 20, 2012 has been agreed with the Government which will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Furthermore post procurement reviews will be carried out annually.

23. The overall procurement risk (prior to mitigation measures) is considered "High", which could be reduced to Medium once the mitigation measures (as outlined in Annex 3) are fully implemented.

24. *The Proposed Governance and Anti-Corruption (GAC) Actions.* The key approach to a sustainable GAC improvement is a realistic and possible well defined action plan based on steady capacity building and awareness of the Government institutions and general public in implementation of transport projects. The action plan (included in Annex 4), developed under the original project is limited to a few actions that are practical but highly effective, and which have been financed through the project as necessary. This plan has been updated, by adding new monitoring indicators and clarified to further enhance effectiveness and transparency. The changes are:

- (a) To enhance internal accountability, engagement of a specialist in output and performance based contracting to support the Client and the Bank in evaluation of performance and management of activities for all civil works and consultancy operations is proposed;
- (b) To enhance information transparency, proactive engagement of civil society during project preparation, implementation and monitoring is planned. The project has been brought under External Implementation Status and Results Report (E-ISR) and Contract Watch Program;
- (c) Recruitment of public relations officer in IIU to disseminate project information.

- (d) Introduction of Road User Satisfaction Surveys; and
- (e) Strengthening of oversight by Bank through video conferencing every three to four weeks to review status of all operations, issues and planned operations.

25. There are no exceptions or waivers sought to Bank policies for the proposed AF.

## Annex 1: Results Framework and Monitoring

### Liberia Road Asset Management Project-Additional Financing

#### Results Framework

Revisions to the Results Framework		Comments/ Rationale for Change
<b>PDO</b>		
Current (PAD)	Proposed change*	
To reduce the transport costs along the major road corridor from Monrovia to the Guinea border and to maintain the road in acceptable condition over a 10-year period.	Continued	N/A
<b>PDO indicators</b>		
Current (PAD)	Proposed change*	
Transport cost borne by road users including vehicle operating costs and monetary value of travel time (measured in terms of roughness reduction, IRI rate)	Continued	
Roads in good and fair condition as a share of total classified roads (percentage)	Continued	N/A
Direct project beneficiaries (number), of which female (percentage)	Change in end of project target value	As a result of extending the project road to ELWA Junction, numbers slightly increased to 362,905.
Share of rural population with access to an all-season road (proportion)	Continued	N/A
<b>Intermediate Results indicators</b>		
Current (PAD)	Proposed change*	
<b><i>Component 1: Design, Rehabilitation and Maintenance of Monrovia (Red Light) – Gbarnga – Ganta – Guinea Border Road- price escalations</i></b>		
Road rehabilitated	Change in end of project target value	As a result of extending the project road to ELWA junction, length increased by 4.5 kilometers
Road constructed	Continued	N/A
Road maintained	Change in end of project target value	As a result of extending the project road to ELWA junction, length increased by 4.5 kilometers
ELWA Intersection improvement	New	New indicator to reflect proposed additional activity

<b>Component 2: Consultant Services, Operating Costs and Training</b>		
Number of staff training hours by training program	Continued	N/A
On-the-job training provided by MC	Continued	N/A
Increased share of qualified staff in key competency areas	Continued	N/A
Multi-modal Transport Plan and Strategic Investment Plans developed and presented to stakeholders	New	To reflect proposed additional activity

\* Indicate if the indicator is Dropped, Continued, New, Revised, or if there is a change in the end of project target value

## REVISED PROJECT RESULTS FRAMEWORK

**Project Development Objective (PDO):** The objective of the project is to support the Recipient's efforts to reduce transport costs along the road corridor from Monrovia to the Guinea border and to maintain the road in good condition over a 10-year period.

PDO Level Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR5	YR 9	YR10				
1. Transport cost for road users including vehicle operating costs and monetary value of travel time (measured in terms of roughness reduction, IRI rate)	<input type="checkbox"/>	Avg. IRI mm/km	12	12	10	6.5	3.0	3.0	3.0	At the end of YR 3, 7, 10	Measurement of travel time, surface deterioration	IIU	VOC and monetary value of travel time (measured through roughness, IRI rate). This indicator is a proxy for transport cost reduction
2. Roads in good and fair condition as a share of total classified roads (percentage)	<input checked="" type="checkbox"/>	%	1	5	17	28	34.5	34.5	34.5	Half-yearly	Total classified network of primary paved roads, 734 km as per National Transport Policy & Strategy 2009/ CE reporting,	IIU	Rehabilitation of 254 km of project road length as a share of total classified network of primary

											MC inspection		paved roads
3. Direct project beneficiaries (number), of which female (percentage)	<input checked="" type="checkbox"/>	Number (%)	303,700 (51)	303,700 (51)	309,736 (51)	315,930 (51)	328,694 (51)	355,789 (51)	362,905 (51)	Yearly	Based on national census data of 2008 (2% annual growth, 51% females) /Yearly M&E surveys	IIU	Estimated actual number of direct project beneficiaries living along the road length of 254 km
4. Share of rural population with access to an all-season road (proportion)	<input checked="" type="checkbox"/>	%	5	5	7.5	10	10	10	10	Yearly	Based on national census data of 2008 (2% annual growth, 51% females)/Yearly M&E surveys	IIU	Number of rural people with access to an all-season road in respect of project length as a share of countries total rural population

**INTERMEDIATE RESULTS**

**Intermediate Result (Component 1: Design, Rehabilitation and Maintenance of Monrovia (Red Light) – Gbarnga – Ganta – Guinea Border Road)**

1. Road rehabilitated	<input checked="" type="checkbox"/>	km	0			220	254	254	254	Half-yearly	CE reporting, MC inspection	IIU	
2. Road constructed	<input checked="" type="checkbox"/>	km	0			2	2	2	2	Half-yearly	CE reporting, MC inspection	IIU	

3. Road maintained	<input type="checkbox"/>	km	0	189	249	254	254	254	254	Half-yearly	CE reporting, MC inspection	IIU	
4. Structures at ELWA Intersection (split level intersection) built	<input type="checkbox"/>	yes/no	no	no	no	yes	yes	yes	yes	Yearly	CE reporting, MC inspection	IIU	
<b>Intermediate Result (Component 2: Consultant Services, Operating Costs and Training)</b>													
1. Number of staff training hours by training program (P1-P3, see methodology column)	<input type="checkbox"/>	staff-hour	P1: 0 P2: 0 P3: 0	P1: 500 P2: 500 P3: 500	P1: 500 P2: 500 P3: 500	P1: 500 P2: 500 P3: 500	P1: 500 P2: 500 P3: 500	P1: 500 P2: 500 P3: 500	P1: 500 P2: 500 P3: 500	Yearly	P1: supervision, P2: contract mgmt and admin, P3: M&E	IIU	Staff training hours for 3 training areas
2. On-the-job training provided by Monitoring Consultant for OPRC	<input type="checkbox"/>	staff-hour	0	500	500	500	500	500	500	Half-yearly	MC reporting	IIU	
3. Increased share of qualified staff in key competency areas	<input type="checkbox"/>	percentage	10	25	50	75	100	100	100	Yearly	IIU self assessment assisted by the Bank	IIU	Of the 4 defined competenc y areas that are adequately staffed
4. Multi model Transport Plan together with Strategic Investment Plan	<input type="checkbox"/>	yes/no	no	no	no	yes	yes	yes	yes	Yearly	IIU/MPW	IIU	



## Annex 2: Operational Risk Assessment Framework (ORAF)

### Liberia Road Asset Management Project Stage: Board

<b>Project Stakeholder Risks</b>	<b>Rating</b>	<b>M</b>		
<b>Description:</b> The Bank, Borrower, and Donors have kept a long-standing collaborative relationship in the infrastructure sector; with the proven effectiveness of the Bank's role as a facilitator. General public perception of the Bank's and other donor's involvement in recovery is generally very positive.	<b>Risk Management:</b> Planned Strategic Investment Plan for total transport sector shall help to improve the effectiveness of donor coordination in planning investment over short, medium and long term horizon in the infrastructure sector.			
	<b>Resp:</b> Borrower and Bank	<b>Stage:</b> All	<b>Due Date:</b> Continuous	<b>Status:</b> Ongoing
<b>Implementing Agency Risks (including fiduciary)</b>				
<b>Capacity</b>	<b>Rating:</b>	<b>H</b>		
<b>Description:</b> The main risk is the still limited capacity of the IIU in contract management and performance monitoring. One of the most pressing issues is staffing in key technical positions. The Bank has been supporting, financially and technically the IIU's on-going effort to recruit qualified professionals in key positions. Successful recruitment and following skills transfer to long term National staff will be essential for capacity building.	<b>Risk Management:</b> The project will finance TAs for capacity-building and operating cost of IIU. TA will be provided for initial four years of the project. TA through a Technical Support Group (TSG) composed of a mix of specialists: (i) Contract Specialist, (ii) Road Asset Specialist, (iii) Procurement Specialist and (iv) other short term experts, on demand, that will be required from time to time, will provide the technical assistance to IIU. In addition, introduction of performance service contracts for all IIU staff will also support building up capacity, by increased efficiency and motivation.			
	<b>Resp:</b> IIU, MPW, Bank's Task Team	<b>Stage:</b> All	<b>Due Date:</b> Continuous	<b>Status:</b> Ongoing
<b>Governance</b>	<b>Rating:</b>	<b>M</b>		
<b>Description:</b> While the overall accountability of the Government and various involving entities is reasonably high, the current transitional-status of the IIU may pose a risk on the stability of its leadership, and hence affect its decision-making and management capacity. Currently, the arrangement of separate FM function under the PFMU, although increases transaction costs, is still necessary to maintain the necessary transparency. Once combined with operation of the planned Road Agency/Authority may increase a risk to Governance, however, such risk will be substantially lowered, when the on-going capacity building and adopted procedures produce tangible outcomes.	<b>Risk Management:</b> The capacity building involving professional support to FM will directly help mitigating such risks. In addition, the method of construction by shifting the construction and management risks from Government to Contractors and significantly reduced number of contract transactions by using life cycle method of contracting (asset management), will improve significantly the governance risks.			
	<b>Resp:</b> IIU, PFMU, MPW, Bank's Task Team	<b>Stage:</b> All	<b>Due Date:</b> Continuous	<b>Status:</b> Ongoing

<b>Project Risks</b>					
<b>Design</b>		<b>Rating:</b>	<b>L</b>		
<b>Description:</b> The proposed design does not entail excessive complexity in its technical, scope/size, geographical dispersion, and implementation aspects that would pose serious risk on project implementation.		<b>Risk Management:</b> N/A			
		<b>Resp:</b> IIU, MPW and Bank's Task Team	<b>Stage:</b> All	<b>Due Date:</b> Continuous	<b>Status:</b> Ongoing
<b>Social &amp; Environmental</b>		<b>Rating:</b>	<b>L</b>		
<b>Description:</b> The GOL has been consistently committed to addressing social and environmental issues in previous and on-going projects. The project safeguards arrangements will allow proper checks and balances to address potential risks: the IIU has already prepared a Resettlement Policy Framework (RPF) and a generic Environmental Management Plan for roads (EMP) prepared for the Urban and Rural Infrastructure Rehabilitation Project. The contracting entity will be responsible for developing and implementing a project-specific Health, Safety and Environment Plan (HSEMP) and a RAP based on the EMP and RPF which will be closely monitored by the monitoring consultant. The civil works will start only after these instruments have been reviewed and disclosed in-country and at the Infoshop. The Resettlement Action Plans (RAPs) and the Health, Safety and Environmental Management Plans (HSEMPs) for Lot 1 of the parent project are under preparation by the contractor and are progressing in accordance to the planned implementation schedule.		<b>Risk Management:</b> Based on the guidance in the ESMF and RPF, HSEMPs and RAPs will be prepared as and when necessary during implementation. The detailed RAP and HSEMP will be reviewed by the monitoring consultant, the IIU and the Bank, disclosed when acceptable and will be monitored by the monitoring consultant. The RAPs and the HSEMPs for Lot 1 of the parent project are under preparation. The RAP will be completed in two phases. The first phase RAP is focusing on areas with less complicated resettlement impacts to ensure that the process takes off smoothly while preparing for the second phase for the RAP. The first phase RAP was re-submitted on August 15, 2012 for review upon which the RAP will be disclosed in-country and at the Infoshop. The Bank will do all necessary due diligence.			
		<b>Resp:</b> IIU, MPW, Contracting Entities	<b>Stage:</b> Implementation	<b>Due Date:</b> Continuous	<b>Status:</b> Ongoing
<b>Program &amp; Donor</b>		<b>Rating:</b>	<b>M</b>		
<b>Description:</b> The interdependency of the project on other programs/projects is limited. As assessed under Risk 1.1, multiple donors contributing to the LRTF have already formally committed to funding as decided at its Oversight Committee meeting.		<b>Risk Management:</b> N/A			
		<b>Resp:</b> Government and Bank	<b>Stage:</b> All	<b>Due Date:</b> Continuous	<b>Status:</b> Ongoing
<b>Delivery Monitoring &amp; Sustainability</b>		<b>Rating:</b>	<b>M</b>		
<b>Description:</b> While the civil works cost estimate for Lot 2 has been		<b>Risk Management:</b> This risk shall be mitigated by enhanced competition through wider publicity for Lot 2 contract.			

<p>revised and updated to current level and increased price contingencies have been added, there is a risk that contractors may factor higher risk premium and bid prices may be higher than planned. Delinking of Lot 1 and Lot 2 civil works may also lead to a perception of first mover advantage for the winning contractor of Lot 1 and impact competition.</p> <p>The project sets out clearly defined and measurable criteria to evaluate output and performance of the contracting entities. Under the proposed arrangement that requires independent monitoring by project manager, contract management by the IIU, and technical assistance to support the IIU functions, the likelihood of such risks will be kept low.</p>	<p>Overall project risks will be carefully explained during pre-bid meeting.</p> <p>The likelihood will depend on the Design Risk. With expected improvement in IIU's management and supervision capacity, this risk will be lowered.</p>			
	<p><b>Resp: IIU, MPW and Bank Task Team</b></p>	<p><b>Stage: All</b></p>	<p><b>Due Date :</b> Continuous</p>	<p><b>Status: Ongoing</b></p>
<p><b>Overall Risk</b></p>				
<p><b>Implementation Risk Rating: M</b></p>				
<p><b>Comments:</b> The country already has established several major contractors who are ready to undertake similar assignments. The consultants' responses and interest have increased with the increased stability and business prospects of the country.</p>				

### **Annex 3: Financial Management, Disbursements and Procurement**

1. **Financial Management.** The existing arrangements for the Liberia Road Asset Management Project (LIBRAMP) will continue which means that Project Financial Management Unit (PFMU) will be responsible for the financial management functions of the project. Created in 2006 with the assistance of the Bank, the PFMU is hosted in the Ministry of Finance and is staffed with competent accounting professionals. It has been the centralized unit responsible for the financial management functions of donor funded projects in Liberia since 2006. It has a unit head and also has an internal audit unit that reviews supporting documents of payment requisitions and conducts periodic internal controls tests to ensure that internal control procedures are followed. PFMU has strong budgetary, accounting, financial reporting and internal control arrangements that are satisfactory to the World Bank. The overall risk rating of the project is Substantial. However, the residual risk is Moderate due to risk mitigation measures achieved through the use of PFMU for financial management. Through the capacity building component of the project however, the Infrastructure Implementation Unit (IIU) is expected to build financial management capacity within two years of effectiveness to take over project financial management responsibilities from the PFMU. A Bank financial management assessment will be conducted to determine the adequacy of financial management arrangements at IIU prior to the transfer of financial management responsibilities.

2. *Staffing.* No additional staff is proposed to be hired from the additional financing (AF) for PFMU. However, the related operational costs of maintaining the staff during the life of the project, including computer hardware, stationery, mailing withdrawal applications, and printing project FM reports shall form part of the costs that the project will bear.

3. *Budgeting.* The PFMU and IIU will work together to prepare an annual budget for the project based upon the agreed program to be financed. Most of the activities of the key components are already known and these will be included in the project annual budgets. The annual project budget will be reviewed and agreed with the World Bank, and no objections will be issued by the World Bank task lead for activities agreed upon in the budget.

4. *Internal Controls.* The PFMU has laid down internal control procedures and processes that ensure that transactions are approved by appropriate personnel and ensure segregation of duties between approval, execution, accounting and reporting functions. These procedures and processes, which are documented in a Financial Management Manual adopted by PFMU, were assessed as adequate and meet the International Development Agency (IDA) requirements. The Internal Audit unit of PFMU is manned by two qualified staff who perform periodic reviews and report on their findings. The presence of these internal audit functions in PFMU has strengthened its internal managements. Currently, the focus of the internal audit functions is split between pre-audit and systemic audits. This greater focus on systemic checks and controls have added greater value to their control functions and engendered greater impact on project implementation.

5. *Accounting.* Accounting for the use of the project funds, using a cash basis of accounting, will be carried out by the PFMU using a robust accounting system (SUN Accounting system) that provides for adequate segregation of function, accurate recording of all accounting transactions of the project. The system is also capable of producing accurate periodic financial

reports including un-audited interim financial reports (IFR) and annual project financial statements that considered acceptable to the Bank. A project fixed assets register will be maintained at all times to correctly reflect assets acquired or created under the project.

6. **Disbursement Summary.** The project's components will each serve as a disbursement category as defined in the table below.

**Table 1: Disbursement Summary**

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in US\$ million)</b>	<b>Percentage of Expenditure to be Financed by the Grant (inclusive of Taxes)</b>
1. Civil Works (OPRC) for Monrovia-Ganta-Guinea Border Road	20.4	100%
2. Consultant Services, Operating Cost and Training	4.8	100%
3. Unallocated	24.8	100%
<b>Total Amount</b>	<b>50.0</b>	<b>100%</b>

7. *Financial Reporting and Monitoring.* The arrangements under original project shall be applicable to AF.

8. *External Auditing Arrangements.* The arrangements under original project shall apply to AF. The TORs for an external auditor under LIBRAMP was adjusted so to cover both LIBRAMP and the AF. An external auditor will be hired by November 30, 2012, as per an action plan agreed with the Government and an amendment to the LIBRAMP Financing Agreement.

9. **Financial Management Supervision.** The financial management supervision missions' objectives will include that of ensuring that strong financial management systems are maintained for the project at the PFMU, and there is adequate FM implementation guidance provided to IIU by the PFMU throughout project life. Equally, annual field visits to PFMU and IIU will be conducted to ensure that their internal control procedures remain robust. The supervision will include desk reviews of IFRs, testing of expenditures, review of audit reports, and evaluation of the efficiency of the payment processing, internal control processes, and funds flow arrangements. A major focus of supervision will be to review the implementation progress in the setting up and strengthening of the financial management wing of IIU as a key project component.

10. **Procurement.** The major changes to the procurement implementation include the following:

- (a) Use of the most recent Guidelines to both LIBRAMP and the proposed AF upon signature of the Financing Agreement for the proposed AF by the Bank. The following will apply: (a) "*Guidelines: Procurement Under IBRD Loans and IDA Credits*" dated

January 2011; (b) "*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*" dated January 2011; and (c) "*Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*" dated October 15, 2006, and revised in January 2011. *Provided that the procurement rules under the LIBRAMP Financing Agreement will apply for any good, work and service to which the procurement process was initiated prior to the signature of the Financing Agreement for this AF and there is no remaining funding under LIBRAMP to finance said good, work or service; and*

(b) Maintenance of exceptions to National Competitive Bidding (NCB) selection procedures, by incorporation of the following provisions into bidding documents so that the following shall apply to the procurement of goods, works and non-consulting services: (i) foreign bidders shall be allowed to participate in NCB procedures; (ii) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (iii) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (iv) in accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the credit shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in the Procurement Guidelines.

11. A procurement plan for the first 18 months, dated April 20, 2012 has been prepared and agreed with the Government, which will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The procurement plan shall indicate those contracts which are subject to prior review. All other contracts shall be subject to post review.

12. The Bank carried out a procurement capacity assessment of the IIU in June 2010 under the original financing. The IIU as an agency of MPW is subject to the national laws and, therefore, respects the Public Procurement and Concessions Act of Liberia, which was enacted in 2005; amended and restated in September 2010, and provides a good legal framework for the conduct of transparent and comprehensive procurement. Its procurement rules respond, to a large extent, to donor-funded requirements and the associated procurement and consultants' guidelines, like those of the World Bank.

13. The procurement staff of the IIU is still made up nominally of two national procurement officers. The existing procurement staffs in IIU are engaged as consultants. The procurement officers of the IIU have experience in handling projects financed by the IDA and other donors and are reasonably familiar with Bank guidelines and procedures. They have also benefited from relevant courses and Bank funded training programs. The LIBRAMP had proposed recruitment of two procurement specialists. Though the hiring was completed as planned, later contract of one of the procurement specialist was discontinued. The IIU is planning a replacement. For this

reason, although there is improvement, there are still weaknesses and challenges in the delivery capacities of the current procurement staff, particularly in the quality of bidding documents, other reports and contract management. This has demanded significant guidance and assistance from the Bank team.

14. The overall risk for procurement (prior to mitigation measures) is considered “High” due to: (a) delays in procurement processing, (b) instances of lack of adherence to Bank procurement guidelines, and (c) poor contract management.<sup>4</sup> A number of actions to mitigate the procurement risks are still recommended, as the original mitigation measures are not yet implemented which include: (a) strengthening of capacity building technical assistance through a re-designed supporting consultancy firm that will include a contracts manager and procurement specialist with international experience; (b) immediate recruitment on an individual basis and maintenance of both a contracts manager and procurement specialist with international experience, as an immediate interim measure until the consultancy firm has acceptable proven performance; and (c) maintenance of a minimum of two national procurement staff with clearly defined and allocated staff responsibilities and monitoring performance to be trained in readiness for the new Road Agency to take over from IIU.

15. The procurement risk is High, and could be reduced to Medium once the mitigation measures are fully implemented.

16. **Procurement Supervision:** The Bank procurement specialists will regularly participate in implementation support missions to assist in monitoring procurement procedures and plans. During the regular implementation support missions, the procurement plans will be updated at least twice each year (or more often as required to reflect the actual project implementation needs) and post procurement reviews will be carried out at a minimum once annually.

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<sup>4</sup> As part of the URIRP supervision, a procurement and financial management review recently identified potential ineligible expenditures of US\$0.60 million for civil works because the procurement process used on two such contracts did not follow the requirements of the Financing Agreement. The mitigation measures proposed under the LIBRAMP are considered adequate to help address IIU's limited capacity. However, the Bank may provide additional recommendations/mitigation measures to the Recipient to address the IIU's deficiencies.

## **Annex 4: Road Sector Governance and Anti-Corruption Action Plan**

1. *Country Background.* Liberia's institutional capacity is still weak, fiduciary aspect not being an exception, although steadily improving. Regulatory frameworks have been in place, but their implementation has been constrained by inadequate staffing and skills in various entities (e.g., General Audit Commission, investigation function within the Ministry of Justice, etc.), as well as systemic fraud and corruption. Governance Commission Act of 2007 is helping lead a comprehensive program to reengineer Liberia public sector institutions. The Liberia Anti-Corruption Commission (LACC) Act of 2008 was passed in 2008, leading to an establishment of the LACC in the same year. An enactment of the Public Financial Management Act of 2009 was a stride to improve the legal and regulatory environment and management of public finances. The Public Procurement and Concession Commission (PPCC) became autonomous in 2010 through the Amended and Restated PPCC Act. The PPCC has established a Complaint, Review and Appeals Panel, and at least two complaints have been heard. These positive turns and their outcomes were measured by the Transparency International's Corruption Perceptions Index, in which Liberia moved up from the thirtieth place in 2008 to the eleventh in 2011 out of 47 countries in sub-Saharan Africa.

2. *Changing Environment and Sustainability and Ownership.* This additional financing is in continuation of the initially approved initial Project which was the first in the transport sector that will be implemented under regular operational policy, instead of OP 8.00. The country is exiting the emergency recovery stage and entering into a normal path to development. With that recognition, now the Governance and Anti-corruption (GAC) strategy should move away from temporary measures that respond to individual incidents; and rather should foster reforms and capacity building that will sustain good governance in the long-term. During the course of such a fundamental shift in strategy, it is also critical that the public sector entities gradually take ownership on the governance agenda.

3. *The Proposed GAC Actions.* The key approach to a sustainable GAC improvement is a realistic and possible well defined action plan based on steady capacity building and awareness of the Government institutions and general public in implementation of transport projects. The action plan, developed under the initial project is limited to a few actions that are practical but highly effective, and which have been financed through the project as necessary. Details of the proposed actions and their monitoring indicators are summarized in table below.



**Table 1: Governance and Anti-Corruption Action Plan for the Additional Financing**

GAC Objectives	Actions (by client and the Bank)	Monitoring indicators*
<p>To enhance internal accountability by reducing risks of fraud and corruption.</p>	<p><b>Client</b></p> <ul style="list-style-type: none"> <li>• Use post-qualification instead of pre-qualification, to avoid advance knowledge of the firms invited to bid and possible collusion among firms.</li> <li>• Establish contractual arrangement of the OPRC, under which an Independent entity will undertake audit that will help improve internal control.</li> <li>• IIU in collaboration with the Bank provide additional specific financial management strategies as may be required or needed to enhance internal control.</li> <li>• Additional activities to verify the quality and quantity outcomes, given to Monitoring Consultant for OPRC type of contracts.</li> </ul> <p><b>Bank</b></p> <ul style="list-style-type: none"> <li>• Engage specialist in output and performance based contracting to support the Client and the Bank in evaluation of performance and management activities for all civil works and consultancy operation.</li> </ul>	<ul style="list-style-type: none"> <li>• The contracts for Lot 2 will be procured using post-qualification criteria.</li> <li>• Independent audit reports are produced in year 1, 4, 7 and 10 of project life.</li> </ul>
<p>To enhance information transparency both within the Government and for beneficiaries.</p>	<p><b>Client</b></p> <ul style="list-style-type: none"> <li>• Enhance information transparency through proper documentation and information disclosure in both the print and electronic media as a policy with respect to project preparation and implementation, primarily throughout the procurement process.</li> <li>• Create an IIU website on the Internet where all project information, including procurement status will be made available to the public.</li> </ul>	<ul style="list-style-type: none"> <li>• Extensive archive of documents has been created and is being maintained at the IIU.</li> <li>• Information disclosure in both the print and electronic media is achieved with respect to project preparation, implementation and monitoring.</li> <li>• IIU website has been created in March 2011.</li> </ul>

	<ul style="list-style-type: none"> <li>• Improve documentation and archiving system at the IIU by setting up a library and record room.</li> <li>• Host radio programs where project information is disseminated to the public in English and local languages.</li> <li>• Encourage the involvement of beneficiaries and affected communities by allowing them to participate in decision making during project preparation implementation and monitoring through stakeholder forums and workshops at regular intervals.</li> <li>• Constitute project preparation, implementation and monitoring council involving the beneficiaries and affected communities.</li> <li>• Create grievance committee at the project level comprising IIU, the Bank, beneficiaries and affected communities to ensure beneficiary participation during project preparation, implementation and monitoring.</li> </ul> <p><b>Bank</b></p> <ul style="list-style-type: none"> <li>• Support the IIU in creating a website on the internet.</li> <li>• Assist IIU to devise strategies to enhance information transparency during project preparation, implementation and monitoring level by engaging Engineering Society of Liberia, Liberia Contract Watch multi-stakeholder coalition, Universities, and Technical Institutions at various stages</li> <li>• Assist IIU to publish in local dailies (Newspapers) the views and opinions of affected communities and beneficiaries.</li> <li>• Assist IIU to conduct periodical</li> </ul>	<ul style="list-style-type: none"> <li>• Project launch workshop was hosted and its discussions and findings are documented and implemented.</li> <li>• Project beneficiaries and affected communities grievance/complaint committee established and have regular meetings by the second quarter of 2012.</li> <li>• The Public Relations Officer at the IIU have prepared Radio programs on project information and activities and local newspapers advertisement and articles are launched in third quarter of 2012.</li> <li>• Road User Satisfaction Survey is conducted bi-annually starting 2012.</li> </ul>
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	<p>a Road Users satisfaction survey.</p> <ul style="list-style-type: none"> <li>• Support the recruitment of a public relation officer within the IIU to disseminate project information.</li> </ul>	
<p>To strengthen oversight throughout project life.</p>	<p><b>Client</b></p> <ul style="list-style-type: none"> <li>• Create a citizen reporting system via suitable communication modes given community conditions, such as mobile phone hot-line, emails, mailing, etc.</li> <li>• Establish project civil society forum where project implementer, and civil society meet regularly to discuss information and data pertaining to project preparation and implementation at all levels. The view of the forum should be considered, documented and disseminated.</li> <li>• Establish project preparation and implementation board of inquiry to review project activities.</li> <li>• Put legislation into place to guard against bad governance and corruption activities during project preparation and implementation.</li> <li>• Establish a checks-and-balance inter-ministerial and civil societies committee to monitor adequate supervision of project activities.</li> </ul> <p><b>Bank</b></p> <ul style="list-style-type: none"> <li>• Continue close engagement and frequent supervision and provide implementation support as needed.</li> <li>• This Project will be under E-ISR and Contract Watch; a formal mechanism to get civil society feedback and added to ISRs</li> <li>• Bank task team continues its regular visit to Liberia to inspect</li> </ul>	<ul style="list-style-type: none"> <li>• Citizen reporting is being implemented and all affected communities have access to the reporting system.</li> <li>• Project civil society forum established and meets regularly and meeting proceedings are documented and disseminated.</li> <li>• Appropriate legislation enacted to guide against bad governance and corruption in project activities.</li> <li>• Project Covered under E-ISR and Contract Watch Program</li> </ul>

	<p>and review project preparation and implementation activities.</p> <ul style="list-style-type: none"> <li>• Video conferencing every 3-4 weeks to review status of all operation, issues and planed operations.</li> <li>• Assist IIU to create a citizen report system to document and disseminate information and activities to the project beneficiaries, affected communities concerns and the public.</li> </ul>	
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\* The reporting frequency of some of the indicators will be finalized upon submission of specific project implementation schedules as envisaged in OPRC format.

## **Annex 5: Implementation Support Plan**

1. The implementation support plan describes how the Bank and other development partners will support the implementation of the risk mitigation measures identified in the Operational Risk Assessment Framework and provide the technical advice necessary to facilitate achieving the Project Development Objectives (PDO) (linked to results/outcomes identified in the result framework). The implementation support plan also identifies the minimum requirements to meet the Bank's fiduciary obligations.
2. Currently, the capacity for road sector management is weak. This and existing Bank transport projects are implemented through Infrastructure Implementation Unit (IIU) in the Ministry of Public Works (MPW), which will be converted eventually to a full-fledged Road Authority. Gradually the capacity of the IIU and later Road Authority will grow and that quality road sector management will be brought in place.
3. Significant and direct Bank support to the execution of the project will continue. This will require technical missions for the project every two to three months, staffed with team with extensive experience in contract management (particularly performance based contracts), seasoned engineers, safeguards, and less frequently procurement and financial management. During this initial period, the Bank will effectively act as augmentation to the IIU. The role of the Bank will only gradually evolve to a more normal supervision mode and only as development of sector capacities becomes adequate.
4. Concurrently, there will be extensive support to the development of IIU. In order to build up long term sustainability, strong emphasis shall be placed on attracting and retaining quality local staff and where needed assist in the development of that staff.
5. The contractual arrangements in this Design-Build-Operate-Maintain-Transfer road contracts under output and performance-based road contracting (OPRC) methodology take account of the capacity of the sector management. As compared with traditional contracting approaches, fewer staff will be required by IIU due to limited number of transactions over the life cycle of road. Further, because of the size of the contracts, the vast majority of payment will be through direct payment method.
6. The Bank team will provide specific support to implementation during each phase of the project life as laid out in the tables below:

**Table 1: Implementation Support**

<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>	<b>Resource Estimate</b>	<b>LRTF OC Role</b>
First twelve months	Successful procurement of OPRC contracts, monitoring consultancy	Procurement and Safeguards	Technical staff time (engineering, procurement, safeguards): 50 staff-weeks	Minimal
12-36 months	Contract management and completion of rehabilitation works to the standards stipulated in contracts	Contract management, Monitoring and evaluation	Technical staff time: 40 staff-weeks per year	Minimal
36-120 months	Monitoring and management of output and performance of the road contracts	Road asset management, Monitoring and evaluation	Technical staff time: 20 staff-weeks per year	Minimal
Throughout project life	Institutional development of the implementing unit	Institutional reform and capacity building for road sector	Staff time: 32 staff-weeks	Some technical and institutional support

**Table 2: Skills Mix Required**

<b>Skills Needed</b>	<b>Number of Staff Weeks</b>	<b>Number of Trips</b>
Task Team Leader	127	35
OPRC Specialist	50	24
Procurement Specialist	50	Local
Financial Management Specialist	20	Local
Environmental Safeguards	14	12
Social Safeguards	14	12 (Regional)
Port Specialist	4	2
Institutional Development Specialist Consultant	32	8