



**The World Bank**

Rural Economic Transformation Project Second Additional Financing (P181083)

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# Project Information Document (PID)

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Appraisal Stage | Date Prepared/Updated: 10-Nov-2023 | Report No: PIDA36759

**BASIC INFORMATION****A. Basic Project Data**

Country Liberia	Project ID P181083	Project Name Rural Economic Transformation Project Second Additional Financing	Parent Project ID (if any) P175263
Parent Project Name Liberia: Rural Economic Transformation Project	Region WESTERN AND CENTRAL AFRICA	Estimated Appraisal Date 30-Oct-2023	Estimated Board Date 08-Dec-2023
Practice Area (Lead) Agriculture and Food	Financing Instrument Investment Project Financing	Borrower(s) Republic of Liberia, Ministry of Agriculture	Implementing Agency Ministry of Agriculture

Proposed Development Objective(s) Parent

To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

**Components**

Improving the Enabling Environment for Agribusiness Development  
Enhancing Competitiveness and Market Access through Productive Alliances  
Agri-Marketing and Road Infrastructure Investments  
Project Coordination and Management and Contingency Emergency Response  
Support to Food Security

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

Total Project Cost	85.00
Total Financing	85.00
of which IBRD/IDA	76.00
Financing Gap	0.00

**DETAILS****World Bank Group Financing**



International Development Association (IDA)	76.00
IDA Credit	76.00
<b>Non-World Bank Group Financing</b>	
Trust Funds	9.00
Liberia Reconstruction Trust Fund	9.00

## Environmental and Social Risk Classification

Substantial

**B. Introduction and Context**

## Country Context

1. **Liberia's economy has been on a recovery path after facing a series of detrimental external shocks between 2014 and 2020.** These shocks ranged from the Ebola outbreak, plummeting prices of iron ore and rubber, the economic implications of the United Nations peacekeeping forces' withdrawal, extreme weather occurrences, to the devastating effects of the COVID-19 pandemic. Consequently, the country's per capita Gross Domestic Product (GDP) declined by a cumulative 15.4 percent, which pushed one-third and two-thirds of its population to live on less than US\$2.15 and US\$3.65 (2017 PPP terms) by 2020, respectively. This setback undid nearly half of the progress made between 2003 and 2013. Additionally, when gauged by regional and international metrics, Liberia's non-monetary poverty indicators, encompassing access to healthcare, education, and basic utilities, are notably low. There are pronounced disparities, particularly between rural and urban areas and across genders, stemming from unequal access to resources like productive assets, infrastructure, public services, and markets. Nevertheless, from late 2019 onwards, the nation's authorities have made commendable efforts to reinstate macroeconomic stability and bolster growth. Demonstrating resilience, the economy grew by 5 percent in 2021 and 4.8 percent in 2022, even in the face of global challenges like the war in Ukraine and broader economic uncertainties.

## Sectoral and Institutional Context

2. **Agriculture plays a key role in Liberia's socio-economic development.** The country relies heavily on the sector for employment, income generation and food security. Additionally, agriculture contributes to the country's GDP, export revenues, and foreign exchange earnings. It also provides raw materials for manufacturing industries such as rubber and palm oil, which are vital exports for the country. The sector has the potential to alleviate poverty and also stem rural-urban migration, which is a key development concern for the country.



3. **Although the country is endowed with favorable climate and soils necessary to underpin a vibrant agriculture sector, the performance of the sector has historically been low.** As an example, crop productivity, a useful indicator of sector performance is still low – even by the already modest standards in the subregion – rice yields stand at 1.48 Mt/ha, compared to 2.9 Mt/ha in Cote d'Ivoire and Ghana while cassava yields stand at 8.1 Mt/ha, compared to 23.0 Mt/ha in Ghana and 14.5 Mt/ha in Sierra Leone).<sup>1</sup>

4. **Among others, performance of the sector is constrained by poor road access/connectivity even in areas with high agricultural potential.** Large parts of Liberia's northeast, and much of the central, coastal, and southeastern regions do not have access to all-weather roads. The Rural Accessibility Index (RAI), a measure of the share of the rural population living within 2km of an all-weather road, was estimated at 41.9 percent, meaning that an estimated two thirds of Liberians (approximately 2.3 million people) reside more than two kilometers from an all-season road.<sup>2</sup> In most rural districts, RAI is less than 10 percent, implying that the bulk of rural communities are largely physically isolated. This poor connectivity undermines sector performance and competitiveness as farmers and agribusinesses face considerable challenges accessing both input and output markets (including high postharvest losses) as well other basic services. As a result, smallholders tend to sell produce in local markets where prices are relatively lower, and a significant share of the country's production is wasted through postharvest losses thus undermining farmer incomes and overall national food security.

5. **Despite the Government's current initiative to rehabilitate the main roadways and some key feeder roads in productive areas, more work is needed to improve roads and bridges in remote rural areas.** The Government of Liberia (GoL) has promoted a comprehensive road network and investment in strategic roads, including the southeastern corridor, in Liberia to improve agriculture sector performance and the overall country's competitiveness. Parts of the corridor which would provide reliable connectivity through an important rice production area (Nimba county) and establish basic east-west national road connectivity while enhancing regional connectivity- including Trans Africa Highway Seven, remain unfinanced. The proposed AF responds to the Government's request to construct this remaining undeveloped section of this important Southeastern Corridor with due consideration to climate change impacts on the resilience and sustainability of the road network in Liberia.

6. **Although Liberia's road network provides sufficient spatial coverage, poor road conditions limit mobility and access in most areas of the country making most of the roads unpassable during rainy seasons and rendering many rural communities isolated, sometimes for weeks at a time.** Liberia has a road network of about 13,019 km in length. With a road density of 13.42 kms per 100 km<sup>2</sup> of land it is reasonably comparable with that of other countries in the region. The length of non-urban roads is 12,453 km of which about 5.6 percent road length is paved, and 94.4 percent road length is unpaved<sup>3</sup>. The length of urban roads is 566 km of which only 36 percent is paved. Road condition in 2019 by surface type indicates that more than 60 percent of the paved road length is in good condition, about 12.8 percent is in fair condition and 26.7 percent in bad condition. About 22.5 percent of unpaved are in good condition,

<sup>1</sup> FAO Statistics.

<sup>2</sup> Spatial Analysis of Liberia's Transport Connectivity and Potential Growth (English). International Development in Focus Washington, D.C.: World Bank Group.

<sup>3</sup> Road Sector Development Program (RSDP), June 2023



46.5 percent in fair condition and 31 percent are in bad condition. The relatively higher figure in the good conditions of paved is due to the major investments on the few major corridors that were paved over the last decade.

7. **The proposed AF will support resilient infrastructure for road including last mile connections.** The exposure of Liberia's road network to climate variability and change is projected to increase<sup>4</sup>. Climate change is enhancing the risks, acting as a threat multiplier. Increased frequency of intense rainfall is expected. Changes in precipitation, temperature, and flooding can damage roads and bridges, increasing annual maintenance costs, causing delays for passengers, and reducing labor productivity<sup>5</sup>.

### C. Proposed Development Objective(s)

#### Original PDO

To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

#### Current PDO

To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

#### Key Results

8. The proposed second AF will mainly finance the scaling-up of a road corridor rehabilitation under the parent project. This road corridor has been prioritized for its contribution to markets access and overall food security.

9. By upgrading from unpaved to paved road, this proposed additional financing is transformative in adapting Liberia's road network to increased climate change risk which is a threat to connectivity and food security across the country. With the paved surface and other resilient designs, the proposed road is expected to remain passable throughout the year and withstand potential heavy rainfall and flooding.

### D. Project Description

10. The proposed AF will mainly finance the scaling-up of road rehabilitation under the parent project. This road corridor to be rehabilitated has been prioritized for its contribution to market access and overall food security. Key revisions to the parent project will include: (i) changes in project costs and modification of activities; and (ii) changes in the results framework. The AF will deploy additional credits in the amount of US\$76 million from IDA and an additional grant in the amount of US\$9.0 million from the Liberia

<sup>4</sup> For 1901 - 2016, mean annual precipitation is 2,500 mm, and mean monthly precipitation of the country varies from 27 mm in January to 400 mm in September.

<sup>5</sup> According to the Liberia Country Climate and Development Report (CCDR), Liberia is one of the world's lowest emitters of greenhouse gases, and as it develops, Liberia will need to focus on adaptation measures.. The modeling results in the CCDR show large increases in both maintenance costs and travel delays. Impacts are generally higher under the wet/warm scenario than the dry/hot scenario because extreme precipitation and flooding cause the greatest damage to roads and bridges. By 2050, delays could reach 12.5 million additional hours relative to the baseline. Annual weather-driven repair costs over 2031–50 could rise to \$900 per km.



Reconstruction Trust Fund.

11. By upgrading from unpaved to paved road, this proposed AF is transformative in adapting Liberia's road network to increased climate change risk which is a threat to connectivity and food security across the country. With the paved surface and other resilient designs, the proposed road is expected to remain passable throughout the year and withstand potential heavy rainfall and flooding.

12. The 75 km road from Toe-Town to Zwedru will complement the achievement and the on-going activities financed by the WB in Liberia: (i) 248 km road corridor improvement from Monrovia to Ganta and the Guinea border (LIBRAMP – P125574); (ii) 100 km Southeastern road corridor improvement from Ganta to Saglepie and Tappita<sup>6</sup> (SECRAMP – P149279); and (iii) 40 km Southeastern road corridor improvement from Tappita to Toe-Town (parent project). This will also complement the African Development Bank funded 166 km road improvement between Kelipo, Fishtown, Harper, and Havaala on the Southeastern corridor.

13. **Component 3 (Agri-Marketing and Road Infrastructure Investments) costs will increase by US\$85 million** (US\$76 million from IDA, US\$9 million from the LRTF) to scale-up investments in infrastructure<sup>7</sup>. The AF scale-up activities will focus mainly on financing: (i) the construction of an additional 75 km road on the Southeastern corridor; (ii) climate-resilient spot improvements to feeder roads leading to the corridor; (iii) the related monitoring, E&S, and climate adaptation consultancy services; (iv) the associated Human Resources operating costs; (v) a cost overrun / funding gap on the 40 km road from Tappita to Toe-Town under the parent project; and (vi) a contingency for resettlement and physical / price adjustment.

14. The 75 km road section from Toetown to Zwedru on the Southeastern corridor links the southeastern part of Liberia, where about a third of its population dwells, to the capital city of Monrovia as well as the Freeport of Monrovia. This investment is key to providing an economic lifeline for inaccessible rural areas that are strongly vulnerable to climate change impacts and with high incidence of poverty. It will also support the economic integration of the region with the rest of Liberia and neighboring countries and foster regional trade with Côte d'Ivoire and Guinea. In addition, the construction of this segment to an all-weather standard by closing a critical gap in road connectivity that constrains market access and agricultural production in Nimba County will contribute to improvement in market access, reduce logistical cost, reduce post-harvest losses, boost agricultural sector competitiveness, and improve rural livelihoods and food security.

15. The road will be constructed under a design-build approach based on an existing conceptual design. Works will include full construction of a climate-resilient two-lane carriageway (3.75-meter-wide lanes and 1.5-meter paved shoulders) with bituminous surfacing along the existing right-of-way, with associated drainage structures, and road furniture. In the urbanized zones, the road section will have 1.5-meter-wide

<sup>6</sup> The 39 km between Ganta and Saglepie is entirely financed by a Government of Liberia funding.

<sup>7</sup> The Government of Liberia will also use their own resources to finance a 10 km spur road linking the Southeastern corridor at Toe-Town with the Ivory Coast border.



block paved pedestrian walkways on both sides with climate-resilient features, wide concrete side drains to accommodate heavy precipitation, and disability inclusive access as required. The works will also provide several cross-drainage structures, culverts, and bridges over streams and rivers. The pavement will have a 20-year design life. The designs and works will also incorporate road safety measures through pre-investment, design, and post-construction safety audits. Spot improvements on critical sections of feeder roads, severely affected by climate change impacts, that link targeted agricultural production zones and the primary road corridor will also be financed following design parameters that increase resiliency to climate change and extreme weather events.

**Legal Operational Policies**

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

**Summary of Assessment of Environmental and Social Risks and Impacts****E. Implementation**

## Institutional and Implementation Arrangements

16. No change is proposed to the Institutional and Implementation Arrangements.

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### APPROVAL

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