

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC1218

Project Name	North-South Corridor Highway Project (P145361)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Yemen, Republic of
Sector(s)	Rural and Inter-Urban Roads and Highways (100%)
Theme(s)	Infrastructure services for private sector development (50%), Regional integration (20%), Export development and competitiveness (20 %), Conflict prevention and post-conflict reconstruction (10%)
Lending Instrument	Specific Investment Loan
Project ID	P145361
Borrower(s)	Republic of Yemen
Implementing Agency	Ministry of Public Works and Highways
Environmental Category	A-Full Assessment
Date PID Prepared/ Updated	03-Oct-2013
Date PID Approved/ Disclosed	03-Oct-2013
Estimated Date of Appraisal Completion	07-Mar-2014
Estimated Date of Board Approval	29-Apr-2014
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. Situated on the southern part of the Arabian Peninsula, the Republic of Yemen has a population of some 24 million, of which about 76 percent live in rural areas where poverty incidence is particularly high. The country has a low GNI per capita of US\$1,110 (2011), while on the UNDP Human Development Index, Yemen ranked 154th out of 187 countries in 2011. However, the report also showed that average life expectancy is up from 41.6 years in 1970 to 62.7 in 2010, with women's life expectancy mirroring the overall trend. Across all economic indicators, Yemen is characterized by high levels of poverty and inequality.

2. In addition to the already existent widespread poverty, Yemen experienced intense and extensive domestic unrest from February 2011 until November 2011. The long-lasting conflict and turmoil, and severe shortages of food and fuel, combined with high commodity prices left many

poor unprotected. During this period of crisis, the economy contracted by 10.5 percent and the number of those living below the poverty line is estimated to have increased by 8 percentage points to 50 percent of the Yemeni population. Rising fuel costs caused sharp increases in transport costs, sometimes reaching 100 percent in urban areas and twice as much in rural areas. Meanwhile, oil production is expected to continue to decline and reserves are expected to run out by 2021 in the absence of new oil discoveries and developments. State revenues from natural gas production and exports will offer some cushion, but cannot compensate for the loss of oil revenues.

3. As a result of the events of 2011, Yemen has embarked on a political transition based on an agreement brokered by the Gulf Cooperation Council (GCC). The Government of National Reconciliation was formed and confirmed by Parliament in December 2011. Presidential elections were held in February 2012, and President Abd Rabbuh Mansur Al-Hadi sworn in soon afterward. The National Dialogue Conference (NDC), a key element of the GCC agreement and transition process, was launched in an atmosphere of much hope, trepidation, and protest. The transition is expected to end in February 2014 with legislative and presidential elections to be held under a new constitution, followed by the inauguration of a new president and formation of a new parliament. Implementation of the GCC agreement is largely on track, though gains achieved so far are fragile and important challenges lie ahead.

4. In the meantime, this transition government has an opportunity to start addressing the underlying causes of instability and social strife in order to rebuild Yemen's social and economic base, and to restore macroeconomic stability. There is an overall sense of optimism and hope for inclusive change in post-revolution Yemen, but the country's transition may face significant risks if reforms and economic opportunities do not materialize quickly, and if substantive changes are not felt by the population. Yemen needs the collective support of the development community as it works to sustain its political transition and economic recovery, while fighting strong countervailing forces, including regional grievances that have led to enduring separatist violence in the north and south, al-Qaeda militancy, and recalcitrant elements of the previous regime in Sana'a.

Sectoral and Institutional Context

5. Yemen's road sector has gone through a radical transformation in the past three decades. The most striking element has been the creation of a network of modern paved roads linking most of the main cities and governorates, particularly in the densely populated and mountainous western part of the country. This network has indeed grown from only about 5,000 km in 1990 to about 14,000 km in 2010, a 280 percent increase over about twenty years. Major progress has also taken place in rural areas where about 5,500 km of paved roads have been constructed in the past twenty years (out of a total of 58,200 km of non-urban roads). The paved road network is in relatively good condition, in part due to its young age but also due to the mostly excellent geotechnical conditions and road building materials in Yemen. The improvements of the road network have had a major impact on the population and the economy, promoting internal and external trade, enabling a growing share of the population to have access to public services and markets, and ensuring that food imports reach remote areas.

6. Moreover, the organization of the road sector and its main institutions has also radically changed in the past decades. The Ministry of Public Works and Highways (MPWH) has gradually taken firm control of the road sector and of the strategies and expenditure programs necessary for its development. In addition, a diverse set of private road construction and maintenance companies and engineering firms has emerged with a cadre of qualified specialists with good understanding of the

special physical conditions and human constraints in Yemen. Despite this positive change in Yemen's road sector, the Government still needs to develop more effective methods and institutions that are necessary for managing, operating and maintaining its road network at higher standards, particularly larger infrastructure such as new highways.

7. Unfortunately, Yemen also has one of the poorest traffic safety records in the region with almost 6,500 deaths every year on the road network. Traffic police records show about 13,000 accidents with injuries each year, affecting about 17,000 people and their families. It is thus clear that Yemen's transportation challenges go beyond the physical and economic, and that future transport-related programs should include strong road safety components.

8. In terms of main road arteries, Yemen's major cities are connected by an existing North-South road. It begins in the southern port city of Aden and passes through Taiz, Ibb, Dhamar, Sana'a, Amran and Saada before reaching the Saudi Arabian border. Although the existing road is a vital transportation route, it was not designed for efficient long-distance and inter-urban traffic. It suffers from a host of problems affecting its use, first and foremost its inadequate physical capacity for handling rising levels of traffic. This lack of capacity has resulted in traffic jams, particularly where the road passes directly through the densely populated and congested centers of the capitals of eight governorates. Another problem are the high gradients and often sharp curves of the road, resulting in low average travel speeds of only between 40 to 60 km/hour. Overall, the road cannot serve as an efficient long-distance transport artery for passengers and commercial freight. The Ministry of Public Works and Highways estimates that traffic on the road has increased at a rate of 5 percent per year over the past ten years, with traffic now surpassing the road capacity on many sections. Long lines of vehicles form behind heavy trucks which slowly climb or descend the winding mountainous road sections. This leads to risky behavior of drivers trying to overtake trucks, often resulting in serious accidents claiming many lives.

9. The MPWH has implemented partial solutions in the past, such as bypasses and ring roads in some cities, but they did not generally resolve the issues mentioned above, prompting the Government to seek a more comprehensive solution. With this intention, the Yemeni Government started already in 2003 to conceptualize and design a completely new dual carriageway highway between Aden and the border with Saudi Arabia ("Saada-Aden Yemen International Corridor Highway" or "SAYICH"). The new highway will provide the country with a 710 km long North-South route that will adequately serve its current and future transport needs. Detailed and in-depth studies to select the best overall highway alignment and the most appropriate technical design solutions were carried out between 2003 and 2005 by a German engineering design firm hired by the GoY. Since that time, however the GoY has not been able to mobilize the funding necessary for that highway.

10. During the ongoing National Dialog Conference, the Corridor Highway was identified by all parties involved as a key strategic project which would be crucial for unifying the country and provide much needed economic opportunities for the numerous communities along the corridor. Besides the medium- and long-term benefits of transport cost reduction, trade facilitation and better access to markets and services, and general economic revitalization, the construction itself of the road would bring important short-term benefits through job opportunities for thousands of workers. It is these short-term benefits that are of specific importance in the context of the ongoing political consolidation and unification process. There is thus a clear and widespread consensus that the construction of this highway will provide strong economic and social benefits to the inhabitants of

the eight Governorates it will connect with each other. These are the Governorates of Aden, Lahj, Taiz, Ibb, Dhamar, Sana'a, Amran and Saada, which represent about two thirds (2/3) of Yemen's total population. There is virtually no disagreement between the various groups involved in the National Dialog Conference about the central importance of this planned highway for Yemen's process of internal integration and political consolidation.

11. The first section of the new highway to be built is between Aden and Taiz, with a length of 140 km. This section is of particular importance in the context of the National Dialog, since it connects the areas of the former South and North Yemen, and thus the main conflicting interest groups. Recognizing the above, and the need to demonstrate actual quick progress on the ground, the Government of the Kingdom of Saudi Arabia agreed in early 2013 to fund the construction of the first 85 km of this section between the city of Taiz and the locality of Noubat Dokaim. Loan and Grant Agreements totaling US\$ 320 million were signed between the Saudi Fund for Development (SFD) and the GoY in March 2013. The tender for the construction of these 85 km was formally launched on June 30, 2013. It is expected that contracts for the civil works can be awarded before end of 2013 and construction works will start early in 2014.

12. The Bank is planning to support the Government's program for the Saada – Aden Yemen International Corridor Highway (SAYICH). Initially, funding of US\$ 150 million is to be provided, most of which would be for the construction of the remaining 55 km section between Aden and Taiz, and thereby completing the funding needed to complete this 140 km long section. IDA funding could also be provided for later stages of the SAYICH Program.

13. The different sections of the SAYICH Program are shown below. The Program envisions multiple donors for the different highway sections. At this stage, the proposed IDA funding under the "Yemen Corridor Highway Project" described in this PCN would be for the construction of the 55 km section between Aden and Noubat Dokaim. The project will nevertheless also include activities to lay the groundwork for the other future sections of the SAYICH Program, such as updating existing feasibility and design studies, and carrying out new environmental and social safeguards studies. In addition, the project will also help to establish appropriate institutional arrangements for the management, operation and maintenance of the entire future SAYICH.

Section 1:

A.) Aden - Noubat Dokaim (55km) - to be funded by IDA

B.) Noubat Dokaim - Taiz (85 km) - to be funded by Saudi Fund for Development

Section 2: Taiz – Ibb – Dhamar – Sana'a (214 km)

Section 3: Sana'a – Amran – Saada (Albain border) (358 km)

Relationship to CAS

14. The Yemen Corridor Highway Project will support the achievement of the following strategic objective outlined in the CAS of April 29, 2009: Strategic Objective 1 - Help accelerate and diversify economic growth, particularly Thematic Area 1.3, enhance infrastructure services.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective is improved transport connectivity between Aden and Taiz.

This objective will be achieved through (i) the construction of 55 km of new highway between Aden and Noubat Dokaim, to complement the the 85 km being constructed between Noubat Dokaim and Taiz; and (ii) establishing appropriate institutional arrangements for the management, operation and maintenance of the highway.

Key Results (From PCN)

15. Progress towards meeting the development objective will be measured by outcome indicators which will be further refined during project preparation.

At this stage, the proposed outcome indicators at the end of the project are:

- (i) Decrease in travel time between Aden and Taiz;
- (ii) Decrease in vehicle operating costs between Aden and Taiz;
- (iii) Decrease in traffic fatalities between Aden and Taiz;
- (iv) Definition and establishment of an institutional structure for the management, operation and maintenance of the SAYICH
- (v) Project beneficiaries (out of which female percentage)

III. Preliminary Description

Concept Description

18. The Yemen Corridor Highway Project would achieve the above mentioned Project Development Objective though the implementation of two project components:

19. Component 1: Highway construction (US\$ 138 million). This component will include (i) civil works for the construction of a sub-section of 55 km of a double carriageway highway between Aden and NoubatDokaim, (ii) consulting services for the supervision of construction for the same section, and (iii) technical audits to ensure quality of construction. The MPWH already commissioned feasibility and design studies for this section in 2003, which the World Bank team reviewed and determined to be overall satisfactory. A further detailed review of the design documents will be carried out by the World Bank team during project preparation. For procurement purposes, the 55 km sub-section will be divided into two smaller, roughly equal lots in order to facilitate the ability of local Yemeni contractors to prequalify for the works.

20. Component 2: Institutional Support and Strengthening (US\$ 12.0 million). This component will be comprised of several subcomponents:

- Preparation for Sections 2 and 3 of the Saada – Aden Yemen International Corridor Highway through the following activities:
 - a) Preparation of Environmental and Social Safeguards studies (ESIA, EMP, RAP) and implementation support, for the following sections of the highway: (i) Taiz – Sana’a (Section 2); (ii) Sana’a - Amran (part of Section 3);
 - b) Update of existing design and feasibility studies for the section between Taiz and Sana’a (Section 2) and between Sana’a and Amran (part of Section 3).
- Road safety. This will include a review of the existing design of the Aden – Noubat

Dokaim section with the specific purpose of detecting and remedying any potential deficiencies in terms of road safety. This is of particular importance for this highway because it will be Yemen's first highway enabling drivers to travel at higher speeds. The review, which can most probably be funded through a Bank-executed trust fund, would be combined with practical training of engineers at the MPWH on road safety issues.

- Definition of asset management arrangements for International Corridor Highway. This subcomponent will include activities required for the establishment of arrangements for the effective and efficient management, operation and maintenance of the new highway corridor. Although the civil works component of the project only includes the 55 km sub-section from Aden to Noubat Dokaim, it will be necessary to make the necessary arrangements for the entire road corridor asset, which will eventually connect Aden in the South to the Saudi border in the North. This subcomponent will be developed with an eye to also generate social benefits for the communities living along the road, such as the inclusion of small and medium-sized local firms as much as possible and efficient.
- Communications campaign. This will include the design and execution of MPWH's information and communications campaign for the purpose of building public and stakeholder support for the International Corridor Highway Program.
- Training and capacity building. This subcomponent will also include resources to fund various types of training and capacity building for staff of the MPWH, apart from the resources for road safety training and asset management described above.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	570.00	Total Bank Financing:	150.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			100.00
International Development Association (IDA)			150.00

SAUDI ARABIA Saudi Fund for Development	320.00
Total	570.00

VI. Contact point

World Bank

Contact: Andreas Schliessler
 Title: Lead Transport Specialist
 Tel: 5772+310 / -
 Email: aschliessler@worldbank.org

Borrower/Client/Recipient

Name: Republic of Yemen
 Contact: Ministry of Planning and International Cooperation
 Title:
 Tel:
 Email:

Implementing Agencies

Name: Ministry of Public Works and Highways
 Contact: H.E. Eng. Omar Al-Korshomi
 Title: Minister
 Tel: 967735556577
 Email:

VII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>