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IDA/R2017-0325/1

November 1, 2017

**Closing Date: Monday, November 20, 2017
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

Lesotho - Lesotho Transport Infrastructure and Connectivity Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed credit to Lesotho for a Lesotho Transport Infrastructure and Connectivity Project (IDA/R2017-0325), which is being processed on an absence-of-objection basis.

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Report No: PAD1933

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 13 MILLION
(US\$18.3 MILLION EQUIVALENT)

TO THE

KINGDOM OF LESOTHO

FOR A

LESOTHO TRANSPORT INFRASTRUCTURE AND CONNECTIVITY PROJECT

October 30, 2017

Transport & ICT Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective September 30, 2017)

Currency Unit	=	Lesotho Maloti (LSL)
LSL 13.375	=	US\$1.00
US\$1.00	=	LSL 13.375
US\$1.00	=	SDR 0.70756386

FISCAL YEAR

April 1 – March 31

ABBREVIATIONS AND ACRONYMS

AGYW	Adolescent Girls and Young Women
AIDS	Acquired Immune Deficiency Syndrome
CE	Citizen Engagement
CLO	Community Liaison Officer
CPF	Country Partnership Framework
EIRR	Economic Internal Rate of Return
ESHS	Environmental, Social, Health and Safety
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
FY	Fiscal Year
GBV	Gender-Based Violence
GCM	Global Circulation Models
GDP	Gross Domestic Product
GoL	Government of Lesotho
GRS	Grievance Redress Service
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
IDA	International Development Association
IPF	Investment Policy Financing
ITP	Integrated Transport Project
LITIS	Lesotho Integrated Transport Information System
LRMS	Lesotho Road Management System
LSL	Lesotho Maloti
LTDC	Lesotho Tourism Development Corporation
M&E	Monitoring and Evaluation
Mascon	Maseru Container Terminal
MoPWT	Ministry of Public Works and Transport
MTEC	Ministry of Tourism, Environment and Culture
NPV	Net Present Value
NRSC	National Road Safety Council
OFID	OPEC Fund for International Development
OPRC	Output and Performance Based Contracts

PCRs	Physical Cultural Resources
PDO	Project Development Objective
PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
PU	Procurement Unit
RADMS	Road Accident Data Management System
RD	Roads Directorate
RF	Road Fund
RPF	Resettlement Policy Framework
RRMP	Roads Rehabilitation and Maintenance Project
RSD	Road Safety Department
SACU	Southern African Customs Union
SADC	Southern African Development Community
SCD	Systematic Country Diagnostic
SDR	Special Drawing Rights
STI	Sexual Transmitted Infections
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
WB	World Bank

Regional Vice President:	Makhtar Diop
Country Director:	Paul Nomba Um
Senior Global Practice Director:	Jose Luis Irigoyen
Practice Manager:	Benedictus Eijbergen
Task Team Leader:	Sevara Melibaeva

KINGDOM OF LESOTHO
LESOTHO TRANSPORT INFRASTRUCTURE AND CONNECTIVITY PROJECT (LTIC)
(P155229)

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PAD DATA SHEET

Lesotho

Lesotho Transport Infrastructure and Connectivity Project (LTIC) (P155229)

PROJECT APPRAISAL DOCUMENT

AFRICA

Transport & ICT Global Practice

Report No.: PAD1933

Basic Information			
Project ID P155229	EA Category B - Partial Assessment	Team Leader(s) Sevara Melibaeva	
Financing Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 21-Nov-2017	Project Implementation End Date 30-Jun-2023		
Expected Effectiveness Date 28-Feb-2018	Expected Closing Date 31-Dec-2023		
Joint IFC No			
Practice Manager/Manager Benedictus Eijbergen	Senior Global Practice Director Jose Luis Irigoyen	Country Director Paul Numba Um	Regional Vice President Makhtar Diop
Borrower: The Kingdom of Lesotho			
Responsible Agency: Ministry of Public Works and Transport			
Contact: Telephone No.:	Mothabathe Hlalele 26622327310	Title: Email:	Principal Secretary saintmothabathe@gmail.com
Responsible Agency: Roads Directorate			
Contact: Telephone No.:	Sydney Matsepe 26658871466	Title: Email:	Acting Director General sydneytsiu@gmail.com

Project Financing Data (in US\$ millions)										
<input type="checkbox"/>	Loan	<input type="checkbox"/>	IDA Grant	<input type="checkbox"/>	Guarantee					
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Grant	<input type="checkbox"/>	Other					
Total Project Cost:		18.30			Total Bank Financing:		18.30			
Financing Gap:		0.00								
Financing Source							Amount			
International Development Association (IDA)							18.30			
Total							18.30			
Expected Disbursements (in US\$, millions)										
Fiscal Year	2018	2019	2020	2021	2022	2023	2024	0000	0000	0000
Annual	3.00	4.00	4.00	4.00	2.00	1.00	0.30	0.00	0.00	0.00
Cumulative	3.00	7.00	11.00	15.00	17.00	18.00	18.30	0.00	0.00	0.00
Institutional Data										
Practice Area (Lead)										
Transport & ICT										
Contributing Practice Areas										
Gender										
Proposed Development Objective(s)										
The proposed Project Development Objectives are to (a) improve access to social services and markets in targeted rural areas of Lesotho; (b) strengthen road safety management capacity; and (c) improve the Recipient's capacity to respond promptly and effectively to an Eligible Crisis or Emergency.										
Components										
Component Name							Cost (US\$, millions)			
Improving Infrastructure Access							9.20			
Improving Road Safety							4.40			
Institutional Strengthening Support to the Transport Sector							4.70			
Contingency Emergency Response Component							0.00			
Systematic Operations Risk- Rating Tool (SORT)										
Risk Category								Rating		
1. Political and Governance								High		
2. Macroeconomic								High		
3. Sector Strategies and Policies								Substantial		
4. Technical Design of Project or Program								Moderate		

5. Institutional Capacity for Implementation and Sustainability	Substantial		
6. Fiduciary	Moderate		
7. Environment and Social	Moderate		
8. Stakeholders	Moderate		
9. Other			
OVERALL	Substantial		
Compliance			
Policy			
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]	
Does the project require any waivers of Bank policies?	Yes []	No [X]	
Have these been approved by Bank management?	Yes []	No []	
Is approval for any policy waiver sought from the Board?	Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []	
Safeguard Policies Triggered by the Project	Yes	No	
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	
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Road Traffic Bill		31-Mar-2018	
Description of Covenant			
The Recipient shall, not later than March 31, 2018, submit to the Parliament for consideration and approval the Road Traffic Bill of 2017, amending the Road Traffic Act No. 6 of 1981. (Section I.F of Schedule 2 of the Financing Agreement)			

Name	Recurrent	Due Date	Frequency
Project Implementation Team	X		CONTINUOUS
Description of Covenant			
The Recipient shall, at all times during the implementation of the Project, maintain the Roads Directorate and the Planning Unit with qualified and experienced staff in adequate numbers, terms of reference, resources and functions, satisfactory to the Association, in accordance with the Operational Manual. (Section I.A.1(c) of Schedule 2 of the Financing Agreement)			
Name	Recurrent	Due Date	Frequency
Project Steering Committee	X		CONTINUOUS
Description of Covenant			
The Recipient shall maintain the Project Steering Committee (PSC) with a mandate, resources and terms of reference, in form and substance satisfactory to the Association. (Section I.A.2(a) of Schedule 2 of the Financing Agreement)			
Name	Recurrent	Due Date	Frequency
Operational Manual	X		CONTINUOUS
Description of Covenant			
The Recipient shall ensure that the Project is carried out in accordance with the Operational Manual and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Operational Manual, or any provision thereof. (Section I.B.1 of Schedule 2 of the Financing Agreement)			
Name	Recurrent	Due Date	Frequency
Annual Work Plan and Budget	X		CONTINUOUS
Description of Covenant			
The Recipient shall, not later than March 31 of each year, prepare and furnish to the Association an annual work plan and budget (Annual Work Plan and Budget) for the Project for the subsequent year, said Annual Work Plan and Budget of such scope and detail as the Association shall have reasonably requested. (Section I.C.1 of Schedule 2 of the Financing Agreement)			
Name	Recurrent	Due Date	Frequency
Environmental and Social Safeguards	X		CONTINUOUS
Description of Covenant			
The Recipient shall implement the Project in accordance with the Environmental and Social Management Framework (ESMF), the Environmental and Social Management Plan (ESMP), the Resettlement Policy Framework (RPF), and any environmental and social management plan(s), and any resettlement action plan(s) (Safeguard Instruments). The Recipient shall ensure that no works for any section of an access road, footbridges or other works shall commence until: (i) all resettlement measures set forth in any resettlement action plan(s) shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Affected Persons; (ii) all land acquisition required for such works shall have been concluded and such land shall be free of encumbrances and ready to be handed over, all in a manner acceptable to the Association; and (iii) all			

plans, programs and actions as required by the applicable Safeguards Instruments have been fully developed and shall have entered into effect. (Sections I.D of Schedule 2 of the Financing Agreement)

Conditions

Source Of Fund	Name	Type
IDA	Operational Manual	Effectiveness

Description of Condition
 The Recipient has adopted the Operational Manual, in form and substance satisfactory to the Association. (Section 4.01 of the Financing Agreement)

Source Of Fund	Name	Type
IDA	Contingency Emergency Response Component	Disbursement

Description of Condition
 Notwithstanding the provisions of paragraph 1 of Section III of the Financing Agreement, no withdrawal shall be made: (b) under Category 2, for Emergency Response under Part D of the project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that the following conditions have been met in respect of said activities:

- (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the IRM Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
- (ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.D of Schedule 2 to the Financing Agreement;
- (iii) the Recipient's Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.D of Schedule 2 to the Financing Agreement, for the purposes of said activities;
- (iv) the Recipient has adopted an IRM Operations Manual in form, substance and manner acceptable to the Association and the provisions of the IRM Operations Manual remain, or have been updated in accordance with the provisions of Section I.D of Schedule 2 so as to be - appropriate for the inclusion and implementation of said activities under the IRM Part.

(Section III.2.(b).(i)-(iv) of Schedule 2 of the Financing Agreement)

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Sevara Melibaeva	Team Leader (ADM Responsible)	Senior Transport Economist	TTL	GTI01
George Daniel	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GG001
Chitambala John Sikazwe	Procurement Specialist	Senior Procurement Specialist	Procurement	GG001

Tandile Gugu Zizile Msiwa	Financial Management Specialist	Sr Financial Management Specialist	Financial Management	GGO25
Camilla Gandini	Team Member	Consultant	Gender	GSU07
Cyprien Pierre Francois Benoit d'Harcourt	Team Member	Temporary		GTI07
David T Silcock	Team Member	Consultant	Road Safety	GTI07
Desta Wolde Woldearegay	Team Member	Program Assistant	Project Assistant	GTI01
Edith Ruguru Mwenda	Counsel	Senior Counsel	Legal	LEGAM
Fiona J Collin	Peer Reviewer	Lead Transport Specialist	Peer Reviewer	GTI03
Gylfi Palsson	Peer Reviewer	Lead Transport Specialist	Peer Reviewer	GTI04
George Ferreira Da Silva	Team Member	Finance Analyst	Finance	WFALA
Justin Runji	Peer Reviewer	Sr Transport. Spec.	Peer Reviewer	GTI07
Keneuoe Francoise Mofolo	Team Member	Program Assistant	Project Assistant	AFMLS
Kisa Mfalila	Environmental Safeguards Specialist	Senior Environmental Specialist	Environmental Safeguards	GEN01
Kulwinder Singh Rao	Peer Reviewer	Sr Highway Engineer	Peer Reviewer	GTI07
Majbritt Fiil-Flynn	Social Safeguards Specialist	Consultant	Social Safeguards	GSU07
Marc Sanford Shotten	Peer Reviewer	Sr Transport. Spec.	Peer Reviewer	GTISO
Masekeleme Esdorine Sekeleme	Team Member	Team Assistant	Team Member	AFMLS
Mohammad Nadeem	Counsel	Legal Analyst	Legal	LEGLE
Petrus Benjamin Gericke	Team Member	Lead Transport Specialist	Road Engineering	GTI07
Rajesh Rohatgi	Team Member	Sr Transport. Spec.	Senior Transport Specialist	GTI01
Raman V. Krishnan	Team Member	Senior ICT Policy Specialist	ICT	GTI09
Stephen Muzira	Peer Reviewer	Sr Transport. Spec.	Peer Reviewer	GTI04
Tojoaropenitra Ramanankirahina	Peer Reviewer	Senior Transport Engineer	Peer Reviewer	GTI08

Tomoaki Kawabata	Team Member	Transport Specialist	Transport Specialist	GTI07	
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Lesotho	Thaba-Tseka	Thaba-Tseka	X		
Lesotho	Quthing	Quthing	X		
Lesotho	Maseru	Maseru	X		
Lesotho	Leribe	Leribe	X		
Lesotho	Berea	Berea	X		

I. STRATEGIC CONTEXT

A. Country Context

1. ***With a per capita gross national income of US\$1,280 (2015) and a Gini coefficient estimated to be 0.54, Lesotho is one of the poorest countries in Southern Africa and one of the most unequal in the world.*** It is a small and landlocked country in the middle of South Africa, with a predominantly mountainous terrain and a population of 2 million. Over the past decade, Lesotho's economy has grown at an annual rate of 4 percent per capita, comparable to the rest of the Southern African Customs Union (SACU) region. However, this growth has not been inclusive, resulting in persistent high levels of poverty and inequality. Lesotho underwent an important change in the drivers of growth, shifting from an economy dependent on net exports to one driven primarily by Government spending. Public spending rose from 36.2 percent of gross domestic product (GDP) in FY2004/05 to about 52 percent in 2015-2016, one of the highest such ratios in the world. A national headcount poverty rate of 57.1 percent virtually unchanged between 2002 and 2010. In 2016, estimates suggested that 59.6 percent of the Basotho remained extremely poor. Moreover, inequality increased from a Gini coefficient of 0.51 to 0.54 over the same period. Per capita consumption of the bottom 40 percent of Lesotho's population has contracted by 0.4 percent annually over the past five years, one of the world's slowest rates.

2. ***Political instability and decreasing exports have been hampering economic growth in the past few years.*** In 2015, GDP growth increased to 5.6 percent mostly due to the services sector. The agriculture sector contracted by 7.2 percent in 2015 because of losses in crop production due to early frost and heavy rains. Average growth of GDP between 2010-2015 was at 4.8 percent falling short of 7 percent target set in National Strategic Development Plan to reduce poverty and inequality to desirable levels. In the last nine years, Lesotho's share of manufacturing in GDP declined from 17.8 percent in 2004 to 10.9 percent in 2015 as a result of lower growth in the textile and garments sector, due to the global economic crisis and the rapid growth in other sectors, notably mining. The manufacturing sector has recently contracted because the Philips light bulb factory and three textile firms closed in early 2014 and three major American wholesale buyers canceled their textile orders due to continuing political uncertainties. In addition, the South African economy has slowed down affecting negatively the manufacturing exports, foreign direct investments, and remittances coming to Lesotho. Due to the difficult political situation, there has been an under execution of public investment, so its contribution to GDP was smaller than expected. Growth is expected to rise only slightly from an estimated 2.5 percent in 2016 to 3 percent in 2017 due to weak growth prospects in South Africa, lower SACU revenues, and expected fiscal consolidation. The main contribution to the acceleration of growth in 2017 will come from the mining sector.

3. ***Unemployment remains high and the fiscal situation continues to deteriorate.*** Lesotho faces an unemployment rate of 28 percent, with 32.1 percent of the female labor force unemployed compared to 21.3 percent of the male labor force. Lesotho's fiscal outlook is deteriorating due to a decline in SACU revenues from 21.2 percent of GDP in 2015/16 to about 13.6 percent of GDP in 2016/17 and is expected to remain low in the medium term. Lesotho is assessed to be at moderate debt distress with a debt-to-GDP ratio of 47.8 percent.

4. ***The country remains vulnerable to the climate change with rising temperatures and rain deficits in the dry season and floods and landslides in the rainy season.*** Lesotho has declared a national emergency as a result of prolonged drought experienced during the 2015/16 planting season induced by the impact of El Niño. Water shortages in Lesotho affect not only agricultural activities but also industrial production, access to basic services (for example, health centers and schools), and household

consumption patterns. Limited clean water availability is also having an impact on health: a 300 percent increase in diarrhea was reported between November and December 2015. The five remote mountainous districts are the most severely affected and hardest to reach. Food crisis in Lesotho usually peaks by the end of the year (before the next viable harvest). During the El Niño-related food crisis, the number of people affected reached 680,000. As part of the response to this, there is a need for proper infrastructure for fast and easy access to health services and delivery of water and food to those affected. In addition to drought, in the rainy season, the rising river levels, floods, and landslides create serious access problems for rural communities.

5. ***Lesotho has one of the highest human immunodeficiency virus (HIV)/acquired immune deficiency syndrome (AIDS) prevalence rates in the world.*** According to the Joint United Nations Programme on HIV/AIDS (UNAIDS) estimates, 23 percent of Basotho people between the ages of 15 and 49 were infected with HIV in 2015, 9,900 people died of AIDS-related illnesses, and about 73,000 children under the age of 18 were orphaned due to AIDS. Since 2013, the overall number of new HIV infections has stabilized to 18,000; however, the female adolescent population continued to experience an increase of 1,400 new infections. With regard to HIV awareness, only 39 percent of women and 31 percent of men in Lesotho have a comprehensive knowledge of HIV prevention measures and transmission risks.¹ In light of this burden, the Government of Lesotho (GoL) has committed to the UNAIDS' 90-90-90 targets² to reduce HIV infection and AIDS death by 2020. The results of the population-based HIV impact assessments survey indicate that Lesotho is on track to achieve these targets, with 68 percent of adults living with HIV found to be virally suppressed³.

B. Sectoral and Institutional Context

6. ***The transport system in Lesotho is dominated by road as the main mode with limited air and rail transport services.*** Private sector operators predominantly provide road freight services. The Government-managed Lesotho Freight and Bus Services Corporation provides local transport services to remote parts of the country that have no viable commercial services. The country has scheduled international air transport services between Maseru and Johannesburg with no scheduled domestic air services. The international airport in Lesotho has not undergone certification and is not currently compliant with the international standards for safety and security. The only rail service available on a regular basis is a freight line from the Maseru Railway Station to Bloemfontein. The rail network in Lesotho consists of a railhead of about 2.5 km with some industrial sidings linked to the Maseru Station rail yard. Two freight trains run every day, carrying mainly cement, maize, fuel, and freight containers, making up about one-third of Lesotho's international trade in bulk goods. The Maseru Container Terminal (Mascon) is a large-scale freight hub connected to Lesotho network of main roads through Moshoeshoe Road in the industrial area of Maseru. The GoL is currently exploring opportunities in converting Mascon into a dry port to improve the interface of road and rail transport and enhance the turnover time of trucks services.

¹ "Comprehensive knowledge of HIV is a composite measure and indicates that an individual knows that both consistent condom use and limiting sexual intercourse to one uninfected partner can prevent HIV, and that a healthy-looking person can have HIV, and rejects the two most common local misconceptions about the transmission of HIV, which in Lesotho are that HIV can be transmitted through mosquitoes and that a person can become infected with HIV by sharing food with a person who has AIDS." 2014 Lesotho Demographic and Health Survey.

² 90 percent of people living with HIV know their status, 90 percent of people who know their status are accessing treatment and 90 percent of people on treatment are virally suppressed.

³ People living with HIV that are virally suppressed live longer, have fewer complications due to HIV and are less likely to transmit the virus.

7. ***The unevenly distributed road network hinders growth, especially in isolated highland areas with high agricultural potential.*** In the past 10 years, considerable investments have been made to expand the urban and rural road networks and to rehabilitate existing roads for improved access. However, the road network is mostly concentrated in the lowlands and foothills, which constitute 25 percent of the country's total area. Arterial roads connect all districts in Lesotho to nine border crossing points with South Africa, but relatively fewer rural roads connect villages and towns in highland districts of Thaba-Tseka, Mokhotlong, Qacha's Nek, and Quthing that constitute the remaining 75 percent of Lesotho's territory and have high agricultural potential in animal and crop farming and production of wool and mohair. In the highlands, a network of bridal paths, footbridges, and river crossings provides some access to the main roads and to basic services such as schools and health centers, but this access is impeded by the mountainous terrain and further by floods and landslides during heavy rainfall. The poor condition of roads leading to the district capitals of Mokhotlong and Thaba-Tseka also constrains the access of rural farmers to urban markets to sell their produce. As a result, the 25 percent of Lesotho's population living in these remote highlands has limited connectivity to agricultural markets and business opportunities. The Rural Access Index in Lesotho is estimated at 18 percent, which mean that approximately 1.29 million rural residents do not have good access to the road network.⁴ The rural access has been found to be as low as 4.7 percent in Mokhotlong and 6.9 percent in Thaba-Tseka. In that regard, the transport sector can contribute to growth and job creation indirectly through improved access and connectivity, in addition to generating short-term employment opportunities in construction.

8. ***The tourism sector offers the greatest economic potential but is constrained by poor quality road connections.*** With its rich natural scenery and unique topography, offering mountain hiking and skiing, hot springs and waterfalls, and caves with ancient rock art, Lesotho has the potential to become a highly sought tourism destination. There are 12 tourist sites that have been identified by the Ministry of Tourism, Environment, and Culture (MTEC) of Lesotho and Lesotho Tourism Development Corporation (LTDC) that with better road access and connections could attract a greater number of visitors. Among these are the fertile Khubelu river valley in the Letseng-la-Terae area of Mokhotlong District that has a rich scenery highly attractive for tourism. The beautiful sceneries of mountains and valleys in Malealea (Mafeteng District), including a renowned Malealea Lodge, and the nature reserve in Letsa-la-Letsie (Quthing District), have been attracting hundreds of international and local tourists. The roads that lead to these areas are a major challenge hindering flow of traffic and year-round access to the sites.

9. ***The majority of Lesotho's unpaved road network remains in poor condition due to inadequate levels of maintenance and limited absorbing capacity of the local contractors.*** The rugged highland areas covering three-quarters of Lesotho's land area continue to challenge the expansion of road infrastructure, as well as the maintenance of the existing network. The current national road network is in excess of 7,500 km. According to the 2015 visual condition surveys, the Roads Directorate (RD) manages 5,864 km of this network, of which only 1,527 km is paved and the rest is gravel (3,015 km), earth (1,170 km), and tracks (132 km). Of the paved roads, only 26 percent are in good condition, and 32 percent are in poor and very poor condition. The maintenance of the road network, including routine and periodic, is financed from the Road Fund (RF) and the Government budget. Based on the Lesotho Road Management System (LRMS), established under the previous World Bank-financed Integrated Transport Project (ITP),⁵ the budget includes a rolling three-year priority investment program for the core maintainable road network to eliminate the backlog of deferred periodic maintenance, avoid further deterioration of the poor roads,

⁴ World Bank calculations of Rural Access Index, based on the RD's 2015 Visual Road Condition Survey.

⁵ The Lesotho Integrated Transport Project (P075566), IDA Credits 42370 and 48270, IDA Grants H-2550 and H-6230, and EU Grant TF-90728.

and preserve the existing road assets. The immediate needs for maintenance, upgrade, and rehabilitation of the road network managed by the RD is LSL 4.17 billion.⁶ The funding for road maintenance is allocated by the RF that has a steady revenue stream with 50-55 percent sourced from the road maintenance levy on petrol and diesel sales and about 40-45 percent from tollgate fees. The RF's current annual revenue totals approximately LSL 160 million (US\$11.9 million equivalent) and expenses are LSL 80 million (US\$5.9 million equivalent). Other revenue sources include motor vehicle license, registration and clearance fees, cross-border permit fees, and axle load violation fines. However, the current levels of capacity of the contractors are not adequate to absorb the financial resources allocated for maintenance, resulting in the accumulation of surplus funds every year, which are carried over to the subsequent fiscal years. The current cumulative surplus amount is about LSL 400 million (US\$29.8 million equivalent). The rehabilitation backlog of the paved roads exceeds the norm by 22 percent⁷ and 90 percent of the unpaved roads remain in fair or poor condition. Moreover, the districts with the highest incidence of poverty in Lesotho (Botha-Bothe, Mofale's Hoek, and Mafeteng) are characterized by poor road condition with routine maintenance being highly underfunded.

10. **Several years following the reforms to improve road sector management, the road institutions continue to experience institutional capacity constraints.** As part of the road sub-sector reforms initiated with support of the World Bank-financed Road Rehabilitation and Maintenance Project (RRMP),⁸ a number of institutional improvements were implemented. Among them were the establishment of the RF and Road Board⁹ in 1998 and introduction of new practices to move road maintenance management toward private contracting. The reforms were continued with support of the ITP, under which the responsibilities for managing the national road network were shifted from the Ministry of Public Works and Transport (MoPWT) to a semi-autonomous RD set up in 2010 as an arm of the MoPWT, and management of the tertiary and feeder roads was decentralized to local authorities. Despite these improvements, the RD requires institutional strengthening to efficiently provide and maintain safe roads with better access and refocus management of road infrastructure for accommodating the impacts of climate change. In addition, the functions of the RF, operational for several years, require a review to update its responsibilities in line with the changing road network requirements.

11. **Lesotho also faces a number of challenges in road safety, with high fatality rates in densely populated districts and high road accident incidence in the mountainous terrains.** Road safety problems in Lesotho are of two types: (a) in the lower, more densely populated districts of Maseru and Leribe (where approximately 50 percent of deaths occur) pedestrians suffer unduly; and (b) due to particularly challenging driving conditions in the mountainous terrain and winding roads, the highland parts of the country have a high incidence of road accidents. Though the number of road deaths in Lesotho has been relatively stable in recent years, there was a surprisingly large (26 percent) reduction in 2014. The annual fatalities fluctuated around 300 during 2009-2012, a rate of around 15 deaths per 100,000 population. There was a substantial fall in deaths in 2014 and 2015 to 222 and 228, respectively, but the deaths rose again in 2016 to 318, a rate of 15.9 fatalities per 100,000 population. This compares with the rate of around five in the safest countries in the world. Analysis by age revealed that for 2007-2009, between 11 and 26 percent of fatalities were 19-year-old or under. In the same period, of deaths where gender was

⁶ If the current RD budget of LSL 800 million is allocated annually over the next five years, the backlog of immediate needs can be cleared, excluding the technical needs that will develop over the five years.

⁷ Roads Directorate. 2017. *Visual Road Condition Surveys 2015: Survey Results Report*.

⁸ The Road Rehabilitation and Maintenance Project (RRMP) (P001403), IDA Credit No. 2857 LSO.

⁹ The RF and Road Board were established by regulation under the Finance Act 1995 and by the Minister responsible for finance in 1996, which became effective in 1998 and was then amended by Road Fund Legal Notice No. 72 of 2005.

recorded, 75 percent were male. Despite the reported fall in 2014 (which could be due to variations in the extent of reporting), the increase in 2016 suggests that the background trend must still be turned down to achieve the GoL's goal of meeting the United Nations (UN) Decade of Action for Road Safety target of 50 percent reduction in road accident deaths and serious injuries between 2010 and 2020.

12. **Road safety management capacity is weak in Lesotho, and the road safety reform has not been concluded due to lack of political support.** At present, road safety activities are led by the Road Safety Department (RSD) in the MoPWT. Although not formally defined as such, the RSD functions as the lead agency. RSD staff are on the payroll of the ministry, but the great majority of its activities are funded through annual transfers from the RF. This includes purchase of equipment for other stakeholders, such as the police. The RSD has around 40 staff, of whom 15-20 are professional. The budget allocation from the RF for FY2015/16 is almost LSL 5 million (US\$375,000 equivalent). There is no prescribed percentage of the RF's income allocated to road safety; annual allocations thus vary depending on the 'bid' from the RSD and the RF's view of priorities. A proposal to establish a National Road Safety Council (NRSC) has been under discussion for several years based on the road safety policy paper written by the MoPWT in 2010 and approved by the Cabinet in 2011. However, it has not been acted on until recently, mainly due to lack of political support. The first Board meeting to launch the NRSC took place in June 2016, after five years of inaction. However, the necessary legal framework needs to be put in place to legalize the NRSC and enable its full operationalization and budgetary allocation. The MoPWT submitted an amended Road Traffic Bill to the Parliamentary Counsel in May 2017, which is expected to be approved no later than March 31, 2018. Moreover, drivers' licenses, both for new drivers and renewals, were not issued in Lesotho between 2014 – early 2017 due to the problems with the previous contractor, leading to termination of the contract. The driving test pass certificates were temporarily accepted as driving permits during this period. As a result, there was a backlog of around 70,000 pending license issuances and an increased road safety risk with unqualified drivers using the roads. The MoPWT has sought an assistance of the Ministry of Home Affairs to clear the backlog in the short term and as of June 2017, the drivers' licenses are being printed under this temporary arrangement.¹⁰ In addition, Lesotho is one of the few countries where third-party vehicle insurance is not required. This means injured crash victims have no recourse to compensation, and for low-income families, this can have a very serious impact.

13. **Although Lesotho has made considerable strides in promoting an inclusive and equal development, additional efforts are still needed to ensure equal rights among its female and male population.** Lesotho adopted national legislation and the main international, regional, and subregional instruments to protect women and men's rights and address gender-based inequalities.¹¹ The Constitution of Lesotho guarantees the right to equality; however, the dual legal system often hinders this constitutional guarantee. Customary laws are more prevalent in rural and remote areas, influencing practices that discriminate against women. In Lesotho, female-headed households tend to be poorer (58.1 percent) than single-father families (48.5 percent). Regarding access to education, Lesotho has a long

¹⁰ The World Bank is currently assisting the MoPWT in preparation and finalization of bidding documents for a contractor to be engaged to issue driving licenses.

¹¹ In 1995, Lesotho ratified the Convention on the Elimination of All Forms of Discrimination Against Women and its Optional Protocol in 2004. Since 2004, it is also party to the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa and to the Southern African Development Community (SADC) Protocol on Gender and Development. At a national level, the key legislations include: (a) the 2003 Sexual Offences Act; (b) the 2006 Legal Capacity of Married Persons Act, providing the repeal of customary laws that give husbands legal authority over wives and/or their property; (c) the 2011 Children Protection and Welfare Act; (d) the 2011 Anti-Trafficking in Person Act; and (e) the 2011 National Assembly Electoral Act.

tradition of girls' education. Primary and secondary education completion rate is 93.4 percent for women and 77 percent for men. Although completion rates are higher among women, they do not translate into more access to labor market. The unemployment rate of 32.1 percent for women exceeds the unemployment rate of 21.3 percent for men. Maternal mortality, adolescent pregnancy, and child marriage are also major concerns in Lesotho, with 496 mortalities per 100,000 live births and 89 births per 1,000 girls (15-19). In addition, adolescent girls and young women (AGYW) are disproportionately affected by HIV. Among the young population with HIV diagnosed in 2015, 4,000 cases were among young women, compared to 2,400 cases among the young men. Women in Lesotho are more likely to experience gender-based violence (GBV) with 86 percent of women to have experienced a form of GBV at least once in their lifetime.

14. ***Differences in gender roles and norms lead to different travel patterns of transport access and use.*** Based on socio-culturally defined gender roles and responsibilities, women and men use different transport modes. Focus group discussions and community gatherings held in the proposed project areas revealed that men often ride horses, while women rely greatly on walking. In terms of mobility, women have more complex travel patterns than men, combining their household chores and care giving tasks with income-generating activities and community obligations. Women's daily travels consist of water and firewood fetching and food collection. Sometimes they also accompany children to school or go to the clinic. Men usually travel for economic reasons, such as going to the fields for crop harvest or to markets to sell wool. Existing gender differences in modes of transport and travel patterns have direct impact on women and girls' security. While walking in isolated areas or during late hours with no lighting, women and girls can become victims of potential GBV, including physical and sexual violence.

C. Rationale for Bank involvement

15. ***The World Bank's previous engagement in the transport sector in Lesotho helped deepen the understanding of transport issues in the country.*** During this continuous engagement, major road sector reforms were kick-started and boosted under the previous World Bank-financed projects in the transport sector. The RRMP supported the creation of the RF and Road Fund Board, the consolidation of two road management agencies (Labor Construction Unit and Civil Works Section) in the Department of Rural Roads, the improvement of road maintenance management capabilities, and a move toward private contracting, along with training of public and private sector stakeholders. These reforms required fundamental changes to established practices. Under the ITP, the reforms were fast-tracked with shifting responsibilities from the MoPWT to a newly set up semi-autonomous RD and reducing the administrative costs of the RF from 25 percent to 12.8 percent. A significant step has also been initiated for a more efficient and effective road safety management through establishment of the NRSC, though its operationalization is not yet completed. Therefore, the World Bank is well placed through the proposed project to build on the policy dialogue initiated under its previous engagement and not to lose the momentum for continuing the reform process in road asset management, road safety, and the transport sector in general.

16. ***In addition, the World Bank has extensive experience in road safety policy in Africa.*** The work carried out as part of the Africa Transport Policy Program (SSATP) as well as other regions will benefit the GoL in its efforts to complete the road safety reforms initiated under the ITP and achieve the global decade of road safety target as well as the Sustainable Development Goal target for road safety. With Lesotho's transport system being dominated by the road, the country is in high need of rapid interventions in targeted portions of the network where deaths are occurring. The proposed project design was tailored to provide the push required to create unambiguous commitment from the Government and a

comprehensive strategy regarding road safety. Lesotho made a major step in getting the Cabinet's approval for establishing the NRSC, and while this legal ground was critical, the ITP failed at making the NRSC become a functioning entity by the end of the project (June 30, 2015). This issue emphasized the importance of continuous political commitment in road safety agenda and the need for a strong road safety champion at a high level. The proposed project will create the incentives that are still required in building political support to complete the reform process and fully achieve the intended outcomes. With only three years remaining before the end of the UN Road Safety Decade, the gaps in Lesotho require all stakeholders to turn momentum into action quickly to meet the UN Decade's target by 2020.

D. Higher Level Objectives to which the Project Contributes

17. ***The proposed project is fully aligned with the new World Bank Group Country Partnership Framework (CPF) for FY2016-2020 for Kingdom of Lesotho¹² and the priorities identified under the Systematic Country Diagnostic¹³ (SCD).*** The proposed project will contribute to the second focus area of the CPF on promoting private sector job creation, through increasing road connectivity to markets and creating short-term employment opportunities in the road construction and maintenance works. The CPF identifies that safe connectivity to roads is critical to competitiveness and job creation in Lesotho, as higher returns to export-oriented activities depend on reliable infrastructure and construction works create short-term employment. The proposed project will also support the key agenda identified in the SCD of ensuring individuals' effective contribution to the growth through closing the gaps in access to key basic infrastructure in remote rural areas. The proposed investments will contribute towards improved infrastructure access in the areas of Lesotho identified as most suitable for horticulture by the Ministry of Trade and Industry. This will complement the support provided by the World Bank-financed Private Sector Competitiveness Project¹⁴ to the GoL's plans to develop fruit farming for driving economic growth.

18. ***The project will also support the priorities outlined in the Lesotho National Strategic Development Plan and Vision 2020.*** These include the development of an integrated transport system, gender equality, and women empowerment. In addition, the proposed project will directly assist Lesotho's commitment outlined in the Intended Nationally Determined Contribution (2015) report to meet climate mitigation goals through improving vehicle efficiency under the new vehicle inspection and driver licensing system and achieving national resiliency to climate change by incorporating climate-proven design and standards across all infrastructure sectors, including transport.

19. ***The proposed project will promote a gender-sensitive approach to address selected gender-based concerns and facilitate an inclusive and equal development.*** Three main areas of intervention have been identified, including unemployment, HIV, and GBV. In line with the main focus area of the FY2016-2020 CPF, the proposed project will contribute to the creation of short-term employment opportunities in the construction sector targeting both women and men. Based on potential for increased risk of HIV and GBV, the proposed project is expected to conduct extensive awareness-raising interventions on HIV prevention and GBV among beneficiary communities. In addition, specific activities will be conducted to reduce the risk of HIV among AGYW.

¹² *Country Partnership Framework for Kingdom of Lesotho (FY2016-2020)*, discussed by the Executive Directors of the World Bank on June 30, 2016, Report No: 97823-LS.

¹³ *Systematic Country Diagnostic for Kingdom of Lesotho*, June 25, 2015, Report No: 97812.

¹⁴ Second Private Sector Competitiveness Project (P144933), IDA Credits 53090 and 59610.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

20. The proposed Project Development Objectives are to (a) improve access to social services and markets in targeted rural areas of Lesotho; (b) strengthen road safety management capacity; and (c) improve the Recipient's capacity to respond promptly and effectively to an Eligible Crisis or Emergency.

B. Project Beneficiaries

21. *The project is expected to directly benefit about 27,155 people of all ages and gender by improving their access to markets, health services, and additional social services* (school, administration, and police offices). Direct project beneficiaries are people from communities with limited or seasonal access to key basic infrastructure, who will be provided with better access through the footbridges constructed under the project. Indirect project beneficiaries are the tradable sectors of the economy and the private sector, whose growth will be supported by job creation opportunities assisted by enhanced access and connectivity to markets and services.

Table 1. Project Beneficiaries

Footbridge Location	District	Poverty Rate by District ^a (%)	River Crossing	Rural Accessibility Index by District (%)	Direct Beneficiaries
Mpharane - Masokoaneng	Thaba-Tseka (8)	39.6	Linakeng	6.9	850
Khetsi - Matsosa			Lesobeng		1,500
Kolberg - Matsoetsoe			Mashai		1,500
Noha - Auplaas			Nkhoaneng		1,000
Lulang - Tiping			Manamaneng		1,500
Kokoana - Montmarter			Likotopong		700
Koebung - Peterose			Koebung		1,500
Tsoelike - Thaba Bosiu			Senqunyane		1,200
Tsoeneng - Leralleng	Maseru (3)	52.8	Koro-Koro	24.8	600
Tsilo - Morumotso			Morumotso		250
Mekateng - Leutsoa			Pitsaneng		750
Bosco - Makhaola	Berea (3)	60.8	Heola	26.7	800
Mokomahatsi - Tuke			Mokomahatsi		1,500
Khasane – Thaba – Lesoba			Mak'holo		600
Hlotse - Likhakeng	Leribe (4)	62.2	Hlotse	24.8	8,000
Seetsa - Fobane			Motinyane		500
Tsekelo - Mofeli			Phuthiatsana		2,500
Mosamo - Mothamahane			Mokotakoti		950
Potomane-Shalane	Quthing (1)	54.3	Senqu	9.9	955
			TOTAL		27,155

Source: RD; 2001. Note: a. Poverty data for 2002/03 based on 2001 Household Survey. No later data is available.

22. *The footbridge designs will be prepared cognizant of the needs of women and girls, men and boys, and the disabled and elderly residing in the adjacent communities.* Specific attention will be devoted to children safety in the footbridges design to prevent cases of injuries or fatalities while using the footbridge. Specific interventions targeting women beneficiaries and respective results indicators are

designed and included in the project. Women-targeted interventions will address the main gender-related concerns in transport, such as women's unemployment, GBV and HIV prevention, especially among female population between the ages of 10 and 24.

23. ***The proposed project will utilize citizen engagement (CE) approaches to involve beneficiary communities in the early stages of project development.*** Through community engagement and mobilization, the project is expected to consult and collaborate with direct beneficiaries and promote transparency and accountability.

C. PDO Level Results Indicators

- Pedestrian travel time reduction during rainy season to basic services and local agricultural markets
- Local agricultural markets with improved transport connectivity
- Budget allocation to the NRSC provided at least three years in a row
- Road accident reporting streamlined

III. PROJECT DESCRIPTION

A. Project Components

24. The proposed project will build on the lessons and results from the previous World Bank-financed projects¹⁵ and finance the following four components:

25. ***Component 1: Improving Infrastructure Access (US\$9.2 million equivalent including contingencies).*** This component will improve access of rural population to agricultural and job markets and social services in targeted isolated areas of Lesotho. It will do so through construction of approximately 35 footbridges (***US\$4.2 million, including contingencies***) in communities located in areas that are cut off from road access, especially in the heavy rain season when river water levels increase. The locations of 19 footbridges have been identified through a prioritization exercise carried out by the Government (see section VI.B for a detailed description of prioritization criteria). The remaining 16 footbridge sites will be selected during implementation in accordance with the criteria set forth in the Project Operational Manual. The climate-resilient measures will be incorporated in the design of all footbridges with consideration of flood levels. The footbridges will provide the settlement inhabitants, children and women in particular, with the needed all-weather pedestrian connection over a river or a highland terrain for safely accessing schools, health services, and markets. Specification of employing locally 100 percent of the unskilled labor force for the footbridge works, including at least 25 percent of the local female labor force, will be included in bidding documents and contracts.

26. This component will also include the provision of technical advisory services to (***US\$5 million***): (a) prepare design for any required site-specific safeguard instruments for the footbridges, when such sites are identified; (b) conduct an assessment study for introduction of output and performance-based contract (OPRC) methods in the road sector; and (c) monitor and supervise the work contracts and

¹⁵ The Lesotho Integrated Transport Project (ITP) (P075566) closed on June 30, 2015, and the Road Rehabilitation and Maintenance Project (RRMP) (P001403) closed on December 31, 2003.

develop of the project monitoring and management system to ensure transparency and accountability in managing works.

27. **Component 2: Improving Road Safety (US\$4.4 million equivalent).** This component will support activities to address road safety in a more integrated manner to achieve the Government's objective to meet the global decade of road safety aim of halving road deaths between 2010 and 2020. To do so, this component will finance two sub-components:

- a) **Sub-component 2.1: Strengthening Road Safety Management Capacity (US\$900,000).** This sub-component will strengthen the road safety management capacity of various actors. To do so, it will finance the carrying out of a program of activities for (i) capacity building and institutional strengthening of the RSD and NRSC to effectively address road safety; (ii) acquisition of vehicles for the RSD and road safety equipment for the RSD and traffic police; and (iii) deployment of the road accident data management system (RADMS) to improve the systematic recording and reporting of road accidents through a companion GPS-enabled smartphone application, which will be used by trained citizens and traffic police to report accidents in real time. The RSD is effectively the lead agency for road safety in Lesotho and provides equipment and support to the traffic police and other Government departments. Following the launch of the NRSC,¹⁶ establishment of which was recommended under the ITP, the RSD will become the NRSC's secretariat. The capacity building and institutional strengthening support to the NRSC is entirely contingent on the full operationalization of the NRSC and enactment of the Road Traffic Bill by the Parliament.
- b) **Sub-component 2.2: Establishing Lesotho Integrated Transport Information System (US\$3.5 million).** This sub-component will contribute toward improved road safety management through an integrated record management system for driver licensing and vehicle inspections and will bring road safety benefits from more streamlined and systematized driver licensing and vehicle inspection processes. It will do so by supporting the implementation of an integrated vehicle registration and driver licensing system with a traffic management information system – entitled the Lesotho Integrated Transport Information System (LITIS) – and carrying out a needs assessment and system specification for establishment of the proposed LITIS. Currently, the responsibility for driver licensing and vehicle inspections lies with the MoPWT through its RSD and Department of Traffic and Transport.¹⁷

28. **Component 3: Institutional Strengthening Support to the Transport Sector (US\$4.7 million equivalent).** This component seeks to continue institutional strengthening¹⁸ support to the transport sector and building the capacity of the staff of the RD and MoPWT, through the following activities:

¹⁶ The first meeting of the NRSC Board to formally launch the council took place on June 30, 2016. The full legalization and operationalization of the NRSC is pending the approval of the Road Traffic Bill submitted to the Parliamentary Counsel in May 2017.

¹⁷ Under the ITP, an assessment of the vehicle inspection and driver licensing system was carried out recommending privatization of the vehicle inspection in Lesotho (SweRoad 2014). However, the decision to proceed with this recommendation has not been taken by the Government yet.

¹⁸ This will build on capacity building and training provided during the previous World Bank-financed ITP, which included the following: (a) establishment of the RD under the 2010 RD Act and decentralization of management of 500 km of roads to local governments along with personnel; (b) recruitment and training of the RD and RF staff; (c) training of 900 staff redeployed to other Government agencies or the private sector for reskilling as a result of road

- a) Provision of technical advisory services for preparation of the National Transport Master Plan, including institutionalization of cross-sectoral coordination in transport planning and decision making (US\$2 million)
- b) Strengthening of the institutional capacity of the RD and MoPWT for project implementation (US\$1 million)
- c) Implementation of CE mechanisms and HIV/AIDS and gender-targeted activities (US\$200,000), including carrying out a program of activities, *inter alia*: (i) behavior change and awareness-raising activities on HIV/AIDS prevention among beneficiary communities to address the limited knowledge on HIV/AIDS and reduce discrimination and stigma toward HIV-affected people; (ii) awareness-raising and behavior change training activities among female and male beneficiaries on GBV prevention, care, and reporting mechanisms; (iii) establishment of gender-balanced monitoring committees in each beneficiary community to facilitate a continuous dialogue and collaboration between communities, the RD, and contractors; and (iv) development of CE and grievance redress mechanisms to facilitate reporting of feedback and concerns associated with the implementation of the proposed project and to collaborate toward its improvement
- d) Capacity building of the staff of the RD, RF, and MoPWT and local industry contractors, provision of training to the staff on OPRC management and pricing methods, and engagement with local engineering schools to train future cadre of specialists (US\$1,000,000)
- e) Provision of technical assistance to the RD and RF in designing and piloting community-based maintenance schemes to address sustainability of road assets (US\$500,000)

29. **Component 4: Contingency Emergency Response Component (CERC) (with an initial zero dollar allocation. In case this component is activated, it will be financed with IDA funds).** This component allows for the possibility to access resources for eligible expenditures in the event of an Eligible Crisis or Emergency, to provide immediate response to the Eligible Crisis or Emergency, as needed. This component is being proposed for incorporation into the project with zero allocation, given that Lesotho remains vulnerable to climate change with rising temperatures and rain deficits. Lesotho declared a national emergency following the severe drought during the 2015/16 planting season that affected nearly 40 percent of the population.

B. Project Financing

30. **The lending instrument for the proposed project will be an IDA credit in the amount of SDR 13 million (US\$18.3 million equivalent).** Table 2 below presents the expected financing scheme by proposed project components and sub-components.

sector reforms; (d) retraining of 800 former staff of the Department of Rural Roads and Roads Branch and of 455 people from the former road sector force account; and (e) installation of the geographic information system (GIS) for planning and training of staff.

Project Cost and Financing

Table 2. Estimated Project Cost and Financing (US\$, millions)

Project Components	Project Cost (US\$, millions)	IDA financing (US\$, millions)	% IDA financing
Component 1: Improving Infrastructure Access	9.2	9.2	100
Component 2: Improving Road Safety	4.4	4.4	100
Sub-component 2.1: Strengthening Road Safety Management Capacity	0.9	0.9	100
Sub-component 2.2: Establishing Lesotho Integrated Transport Information System	3.5	3.5	100
Component 3: Institutional Strengthening Support to the Transport Sector	4.7	4.7	100
Component 4: Contingency Emergency Response Component	0.0	0.0	0
Total	18.3	18.3	100

C. Lessons Learned and Reflected in the Project Design

31. ***Adequate maintenance arrangements for road projects need continuous attention and a long-term solution.*** Road asset management, at least of national roads, has improved under the previous World Bank-financed project, with the establishment of the LRMS. This will be further addressed in the proposed project, with regard to both funding needs and the adequacy of capacity within the RD. Measures will be taken to attract more skilled engineers and financial management (FM) specialists and provide technical assistance to introduce more efficient and effective contractual practices for managing roads assets based on performance in the entire country.

32. ***For road safety reform to be effective, it needs unambiguous commitment from the Government and a comprehensive strategy.*** The failure of the NRSC to become a functioning entity under the World Bank-financed ITP emphasizes the importance of political commitment to road safety agenda and the need for a strong road safety champion at a high level. Lesotho made a major step in getting the Cabinet's approval for establishing the NRSC, and while this legal ground was critical, more work and push were required in building political support to fully achieve the intended outcomes. A dated legal covenant has been integrated in the project design to incentivize the Borrower to complete the reform process and ensure the approval of the amended Road Traffic Bill, submitted to the Parliamentary Counsel in May 2017, to enable full operationalization and provision of adequate resources to the NRSC.

33. ***There is a need to strengthen the project implementation capacity.*** For the recently completed ITP, financed by the World Bank and the European Union, the implementation was the responsibility of a separate stand-alone Project Implementation Unit, which despite being fully staffed with full-time employees at all times, resulted in major implementation delays throughout the project and poor FM performance. As a result, the capacity of the MoPWT and the RD fell short of needs. To address this issue and ensure long-standing institutional memory, knowledge transfer, and in-house capacity building within the implementing agencies, the project will be implemented by the Planning Unit of the MoPWT and RD with support of a dedicated team made up of a full-time Project Coordinator, Procurement Specialist, and FM Specialist.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

34. ***The proposed project will be implemented by two implementing agencies, the RD and the Planning Unit of the MoPWT.*** Both entities have had experience with implementation of World Bank-financed projects, but the Planning Unit will require strengthening of the project management and fiduciary capacities. The RD will handle the implementation of all the civil works and related activities under Component 1. The fiduciary capacity of the RD has been found adequate to undertake the implementation of Component 1. The Planning Unit on behalf of the MoPWT will be handling the implementation of all activities under Components 2 and 3.

35. ***The implementation capacity of the Planning Unit will be strengthened through hiring of a Project Coordinator, FM Specialist, and Procurement Specialist, funded under the project.*** The Procurement Specialist will work closely with the Procurement Manager of the Procurement Unit of the MoPWT to coordinate and handle the procurement responsibilities for the activities implemented by the ministry under Components 2 and 3 and fill in the capacity gap of the RD to fulfill the reporting and procurement requirements under the World Bank-financed projects. The FM Specialist will be responsible for the FM of the entire project, including Component 1 implemented by the RD. Specifically, the FM responsibilities will include, *inter alia*, (a) preparing the annual budgets and monitoring thereof; (b) overseeing the accounting function of all components; (c) ensuring the execution of the audit of the entire project; and (d) preparing quarterly financial and annual financial statements for the entire project. The FM Specialist will work under the supervision and guidance of the ministry's Financial Controller. The proposed arrangements will be monitored and reviewed as the volume of transactions increases for the project.

36. ***Each agency will be responsible, inter alia, for (a) the management of the environmental and social safeguards aspects; and (b) undertaking of procurement and contract management activities for respective components.*** The Project Coordinator will be responsible for project management of the entire project, including Component 1 implemented by the RD. The Project Coordinator duties will comprise, *inter alia*, the following: (a) coordinating the project as a whole working closely with the Planning Unit and the RD and ensuring timely submission of combined progress reports and other documents to the World Bank; (b) following up on submissions in coordination with the RD and Planning Unit of the MoPWT and other stakeholders; and (c) reporting on the project implementation progress to the World Bank and to a Project Steering Committee (PSC) chaired by the MoPWT.

37. ***The PSC will be set up with representation from the agencies and stakeholders engaged in the project.*** These will include, *inter alia*, the relevant departments of the MoPWT, RD, RF, Ministry of Local Government, Ministry of Development Planning, Ministry of Finance, MTEC, LTDC, Ministry of Agriculture and Food Security, Ministry of Trade and Industry, and Traffic Police. The PSC will be chaired by the Principal Secretary of the MoPWT and be responsible for providing overall strategic guidance for the proposed project, coordination with other sector interventions, and the review and validation of the following, among other: (a) annual work plans; (b) the project evaluation and progress reports; and (c) the project's FM and accounting reports. These arrangements and establishment of the PSC have been confirmed by the Government by a letter dated September 25, 2017.

B. Results Monitoring and Evaluation

38. ***The proposed project includes a set of monitoring indicators to allow the effective measurement of the project outcome and results.*** Continuous monitoring, periodic reviews, and midterm evaluation will be based on pre-determined indicators, which will measure inputs, processes, outputs, and outcomes. These indicators together with the monitoring and evaluation (M&E) arrangements are detailed in the Results Framework. Measurement of the implementation progress of the proposed project activities will be documented in project progress reports on a quarterly basis. The responsibility for the preparation of project progress reports will lie with the Project Coordinator in the Planning Unit of the MoPWT. The Project Coordinator will coordinate with the RD, the Planning Unit, and other departments of the MoPWT in accordance with the project implementation plan to collect data required for M&E of indicators. The RD, the Planning Unit, and other departments of the MoPWT will be responsible for M&E of their respective components, as indicated in the Results Framework. The Project Coordinator will ensure that the reports are submitted to the World Bank for review on time and in accordance with the agreed formats. In addition to reporting on the proposed project results indicators and intermediate outcome indicators, the reports will include information on disbursements, FM, procurement, and social and environmental policies and guidelines, as well as an updated annual plan of works and activities. The reports will also include M&E results of the project's gender and social aspects. The RD's Social Development Specialist will be responsible for M&E of gender-targeted and social interventions. The World Bank's supervision missions will be conducted jointly with the OPEC Fund for International Development (OFID) whenever possible and will generally take place twice a year.

C. Sustainability

39. ***Design of the proposed project includes suitable, appropriate, and relevant sustainability provisions.*** The sustainability of the proposed project-financed interventions will be ensured through robust implementation support and quality controls and the subsequent routine maintenance of the constructed footbridges. Sustainability of project outcomes will be achieved as part of the technical assistance under Component 3 to the road sector institutions in setting up and piloting long-term efficient maintenance practices of road assets, with proper management of the resources allocated to that purpose. This outcome will also be supported by adequate capacity building of the implementing agencies included in the proposed project. Furthermore, the proposed project's contribution to the achievement of the Sustainable Development Goal regarding road safety will be secured by the implementation of the related institutional reforms, thus building on the results of the ITP. The improvement of vehicle efficiency under the new vehicle inspection and driver licensing system, along with the incorporation of climate-proven design of the footbridges, will help strengthen the resiliency of the project-financed infrastructure to climate change, thus ensuring long-term connectivity in the project targeted areas. To address the sustainability of the road sector in general, the proposed project will provide technical assistance to the RD and RF for designing mechanisms to introduce community-based maintenance methods.

D. Role of Partners

40. ***The World Bank has been working in close coordination with other development partners in Lesotho on transport issues to ensure complementary support to the sector.*** In recent years, there have been increased consultations and collaboration among principal development partners in carrying out the policy dialogue with the GoL. The MoPWT has indicated its intention to improve donor coordination to further deepen the shared understanding of Lesotho's development challenges in the transport sector. These developments have resulted in leveraging potential financing from OFID for improving road

infrastructure access through applying performance-based contracting methods. The proposed project will support the preparation of the preparatory studies, bidding documents, and appropriate safeguards for the rehabilitation and maintenance of secondary roads to be potentially financed by the World Bank and OFID.¹⁹ In addition, the World Bank will coordinate and build on the work carried out by the United Nations Children's Fund and United Nations Population Fund in Lesotho with regard to prevention of HIV/AIDS to leverage additional support for mitigation activities of HIV/AIDS-related risks in the proposed project.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

41. ***The overall risk to the proposed project is rated Substantial.*** Risks related to the sector strategies and policies and institutional capacity for implementation and sustainability are rated Substantial. Political and governance and macroeconomic risks are rated High. All other risks are rated Moderate.

42. ***Political and governance. There is a high political and governance risk stemming from the still fragile political situation in Lesotho following the elections and the security issues.*** These could strain the Government to mobilize political support for agreed reforms in road safety supported under the proposed project as well as for prioritization criteria for selection of road investments. The risk will be mitigated through continuous policy dialogue and provision of support to the NRSC under the proposed project subject to completion of road safety reforms and parliamentary approval of the amended Road Traffic Bill, submitted to the Parliamentary Counsel in May 2017, that will legalize the status of the NRSC.

43. ***Macroeconomic. The macroeconomic risk is rated High in light of the decline of fiscal revenues from the SACU that challenge the country's macroeconomic framework and its capacity to finance investment programs.*** Given this severe drop in revenues, Lesotho must make tough fiscal decisions to avoid a severe crisis, characterized by currency peg erosion, higher inflation, and a rising debt burden. Insufficient Government commitment to address macro-fiscal and structural challenges and the slow pace of implementing the SADC Commission recommendations have led to the suspension of significant donor support. The World Bank will maintain an on-going dialogue with the authorities on macro-fiscal policy issues and implementation of fiscal adjustment to maintain macroeconomic stability.

44. ***Sector strategies and policies. Considering the pending approval of the amended Road Traffic Bill for legalization of the NRSC's operations, the risk associated with sector strategies and policies is rated Substantial.*** This will be mitigated through conditioning the support to the NRSC under the proposed project subject to approval of the amended Road Traffic Bill that will legalize the status of the NRSC.

45. ***Institutional capacity for implementation and sustainability. There is a substantial capacity risk due to low capacity of the implementing agencies to carry out the FM and procurement processes and lack of World Bank guidelines and procedures.*** This will be addressed through recruitment of full-time FM and Procurement Specialists responsible for project implementation as well as through close supervision of the World Bank team.

¹⁹ In case of financing of these by OFID, the safeguards policies and guidelines of the World Bank will apply accordingly to the interventions associated with the World Bank support.

46. **Environmental (climate change and disaster risks). The environmental risk category is rated Moderate.** The recent impacts of El Niño have led to the prolonged drought period in Lesotho. According to the Global Circulation Models (GCM) models, Lesotho is characterized by climate variability, the most important determinants being increased frequency, magnitude, and duration of extreme climate events such as floods, frost, and droughts. The projected increase in air temperature derived from the GCMs range from a low of about 0.8°C to a high of 2.9°C above the historical average of 12.7°C. Although, Lesotho's transport infrastructure is susceptible to climatic variations and vulnerable to projected increases in climate variability, the risk is Moderate as the impacts can be mitigated by incorporating both engineering and non-engineering measures such as protective engineering structures into the design of footbridges. If a drought occurs, food insecurity and limited water supply may adversely affect the working conditions of contractors during construction works. This risk will be mitigated through careful understanding of impacts in construction sites and incorporation of mitigation measures and associated costs in the works contracts.

47. **Social. The social risk is Moderate and is associated with the creation of jobs in footbridge construction and related risk of GBV and HIV/AIDS incidence.** The potential increase in the incidence of HIV/AIDS and GBV will be mitigated through strong CE overseen by the RD social specialist, including community monitoring committees in each beneficiary area and awareness-raising activities among workers and community residents on prevention of HIV/AIDS transmission. Contractors will adhere to all contractual requirements on social safeguards, including a code of conduct guiding the workers' engagement with communities.

48. **The risk associated with the influx of labor is Moderate.** A total of about 525 workers are expected to be required for construction of 35 footbridges scattered across the country, of whom about 80 percent will be recruited locally from within the beneficiary communities for unskilled labor tasks and the remaining 20 percent from within Lesotho for skilled labor. At least 25 percent of unskilled laborers are expected to be recruited among women. Moreover, the footbridges will primarily be built using standard designs and are considered small works with a short construction period and no long-term campsites setup. The thorough mitigation measures will be put in place within the proposed project to mitigate any potential risks to the communities related to GBV, child labor, and increased HIV/AIDS incidence. These will include the following: (a) promoting female short-term employment in footbridge construction; and (b) supporting interventions targeting AGYW, who have been found to be the most-at-risk segment of population. The construction contracts will also incorporate standard World Bank Environmental, Social, Health, and Safety (ESHS) clauses requiring the contractor to apply the workers' code of conduct, measures against child labor and GBV, and labor influx guidelines. The social specialist of the RD will coordinate the social safeguards and gender interventions. To operationalize the principles embodied in the codes of conduct, an action plan on child labor and an action plan on GBV will be developed to provide instruments for preventing and addressing social risks among the workers and local community residents.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

49. **The World Bank offers global experience in road safety and rural accessibility and has an established knowledge of Lesotho's transport sector.** The WB's engagement in country's road sector and road safety reforms kick-started under the previous projects offer an added value for continuation of the

policy dialogue and completion of the reform process (see section I.C for a detailed description of the rationale for Bank involvement).

50. **Overall, the proposed project offers value for money in the use of public resources because** (a) the provision of quality infrastructure for better mobility and access is a win-win solution for the target populations; (b) improvements in road safety will lead to better health and economic outcomes with reduced mortalities and injuries for a more productive and healthy society and mitigating the push of families into poverty due to the loss of breadwinners; and (c) improvements in the institutional capabilities of the RD and MoPWT will ensure a better managed, more efficient, and more reliable transport system, resulting in an optimized use of scarce public resources. The financing is proposed with public funds as opposed to private financing because the private sector may not be interested in investing in the mountainous and remote areas, and there is no justification for further cost recovery on the same without causing an undue burden to road users living in remote areas and therefore totally relying on the footbridge crossings.

51. The economic analysis is based on the following data:

Table 3. List of Footbridges with Known Locations^a

Name of the Footbridge	District	Number of Beneficiaries	Time Savings (hours)	Number of Fatalities in Last 5 years	Construction Cost (US\$)
Mpharane - Masokoaneng	Thaba-Tseka (8)	850	5	1	50,000
Khetsi - Matsosa		1,500	4	4	93,000
Kolberg - Matsoetsoe		1,500	5	1	75,000
Noha - Auplaas		1,000	5	1	43,000
Lulang - Tiping		1,500	5	1	47,000
Kokoana - Montmarter		700	5	1	51,000
Koebung - Peterose		1,500	5	2	72,000
Tsoelike - Thaba Bosiu		1,200	5	0	101,000
Tsoeneng - Leralleng	Maseru (3)	600	5	0	56,000
Tsilo - Morumotso		250	1	0	59,000
Mekateng - Leutsoa		750	2	1	48,000
Bosco - Makhaola	Berea (3)	800	5	0	40,000
Mokomahatsi - Tuke		1,500	0.66	1	55,000
Khasane – Thana - Lesoba		600	2	1	42,000
Hlotse - Likhakeng	Leribe (4)	8,000	0.75	1	250,000
Seetsa - Fobane		500	5	1	50,000
Tsekelo - Mofeli		2,500	2	0	80,000
Mosamo - Mothamahane		950	1	1	60,000
Potomane-Shalane	Quthing (1)	955	3.5	0	250,000

Source: RD.

Note: a. One of the footbridges has been excluded from the economic analysis due to lack of data.

$$\text{Net present value} = \sum_{n=2018}^{2027} \frac{B_n - C_n}{(1 + r)^{n-2018}}$$

where B_n are the benefits in year n , C_n the costs in year n , and r the discount rate.

52. A discount rate of 6 percent was utilized, and the footbridges were modeled and reported on their net present value (NPV) and economic internal rate of return (EIRR). The model adopts the ‘consumer surplus’ approach to estimate project benefits that in this case include travel time savings and reduction in drowning accidents.

53. **Main assumptions.** The cost of time is assumed to be US\$0.2 per hour. The cost of an accident is estimated to be US\$10,000. The model considers population growth with an annual growth rate of 0.1 percent.²⁰

54. **The results of the economic analysis.** The results of the model as well as the sensitivity analysis are summarized in the table below:

Table 4. Results of the Economic and Sensitivity Analyses

	Result	20% Increase in Construction Cost	20% Decrease in User Benefits	Combined Scenario
NPV (US\$, millions)	1.841	1.601	1.233	0.993
EIRR (%)	93	52	47	31

55. **Sensitivity analysis.** Appropriate sensitivity analysis has been undertaken predicating defined changes in the capital costs of the project and the user benefits (see Table 4). The results suggest that the economic viability of the project is robust, with an NPV of US\$0.993 million and an EIRR of 31 percent at 6 percent discount rate in the combined scenario (20 percent increase in the capital costs and 20 percent decrease in the user benefits).

56. **Climate adaptation benefits.** Resilience is a central feature of design solutions that will be defined for construction of footbridges financed under Component 1. This will include integration of appropriate measures in the designs of footbridges to address climate vulnerability and resilience to severe floods and ensure proper and safe crossing of rivers by pedestrians in heavy rain seasons. About 10 percent of the total estimated cost of US\$4.2 million for construction of footbridges is expected to be associated with resilience-building measures on the footbridges, such as flood protection. The adaptation co-benefit is calculated as a ratio of the resilience associated commitment per total amount of IDA financing for the component. Hence, the adaptation co-benefit that can be attributed to the proposed project activities is 10 percent.

57. **Climate mitigation benefits.** Mitigation benefits are expected from the improved vehicle registration and inspection under the integrated LITIS financed under Sub-component 2.2. The new system is expected to contribute to mitigating the aged vehicle fleet and shift toward more fuel-efficient vehicles, especially for commercial trucks. In addition, considering that the project will support footbridge

²⁰ Lesotho Bureau of Statistics (2006) *Population and Housing Census Atlas*.

infrastructure for enhancing non-motorized transport use and pedestrian mobility, the climate mitigation benefits are 100 percent.

B. Technical

58. ***Selection criteria of footbridge locations.*** The project will support the construction of 35 footbridges for pedestrian crossings. Locations of 19 of these footbridges have been identified following a prioritization exercise undertaken by the RD and MoPWT in close consultation with and inputs from the district council offices and other line ministries. The selection was based on the following criteria: (a) frequency and duration of floods (how long it takes for the river to subside and allow traffic after heavy rains); (b) population served; (c) pedestrian travel time to the nearest alternative crossing; (d) use of the footbridges (access to basic services, markets); (e) number of drowning incidents in the past five years; (f) accessibility to vehicles (to assess the difficulty in shipping-in materials to the construction site); and (g) the type of a footbridge required.

59. ***Design of footbridges.*** Of 19 footbridges with known locations, 17 will be constructed following the standard design developed in-house by the RD, and two (across the Hlotse and Senqu Rivers) will follow the customized non-standard design given the greater length and complexity of the respective sites. The standard footbridges will be constructed on-site by assembling the structural steel section panels, manufactured in accordance with the RD's design specifications, using a jig, fix scaffolding, and mount steel sections on the pillars. The designs for all the footbridges will consider, as far as possible, the beneficiary needs and preferences, especially with regard to safety measures for women, children, and the elderly, as well as the flood levels for determining the positioning of abutments and the height of the bridge deck. During the consultations with beneficiaries at Tsekelo and Seetsa (Fobane) sites, a concern was raised on the safety of the children crossing the footbridges due to the large gaps in the current design of side railings. The design of footbridges has been modified in response to this concern by incorporating a proper coverage of the side rail gaps, as technically feasible, to make the crossing safe for children.

C. Financial Management

60. ***The Planning Unit within the MoPWT will be accountable for the project FM (including budgeting, accounting, payments, internal controls, transaction processing, as well as quarterly and annual financial reporting).*** This responsibility will be entrusted with the FM Specialist recruited and based in the Planning Unit of the MoPWT. Budgets will be prepared based on approved work plans and procurements plans. In accordance with the World Bank's financial reporting requirements, the unaudited interim financial reports will be prepared and submitted to the World Bank not later than 45 days after the end of each fiscal quarter. The annual project financial statements, including the auditor's opinion and a Management Letter, will be submitted to the World Bank not later than six months after the end of the fiscal year. The annual audit will be carried out by the Office of the Auditor General of Lesotho.

61. ***Disbursements under the project will be done in accordance with the rules and procedures as set out in the World Bank's disbursement handbook.*** The project will open a segregated Designated Account, denominated in U.S. dollars at the Central Bank of Lesotho to receive funds from the World Bank. The project will use an Advance disbursement method as the primary option. The Reimbursement and the Direct Payment options will also be available for the project. Details for various disbursement methods are provided in the World Bank's disbursement handbook.

62. The overall conclusion of the FM assessment is that the project's FM has an overall risk rating of Moderate and the FM arrangements are found satisfactory as per the World Bank's minimum requirements under the World Bank's Investment Project Financing (IPF) policy and procedures on financial management.

D. Procurement

63. ***The procurement for the proposed project will be carried out by the Procurement Units (PUs) of the two implementing agencies: (a) the RD-PU and (b) the MoPWT-PU.*** Both entities require strengthening of their procurement and contract management capacities. This will be done through hiring of a Procurement Specialist, funded under the project and putting into place a contract management plan for major contracts. The Procurement Specialist will work closely with the Procurement Manager for the RD and the Procurement Manager for the MoPWT to ensure skills transfer to staff in the PUs. All procurement to be financed under the project will be carried out in accordance with the World Bank Policy on Procurement for IPF Borrowers (dated July 1, 2016) and the provisions stipulated in the Legal Agreement. A Project Procurement Strategy for Development (PPSD) has been developed to determine the approach to market, the selection methods, evaluation options, and any other sustainability considerations that may need to be included. A market assessment of the local construction industry showed that out of 76 registered local construction contractors as of May 2017, there are about nine categorized to execute works such as construction of footbridges or similar type of infrastructure. The RD and MoPWT and consequently the local contracting and local consulting market have experience in traditional contracting methodologies but have no experience in OPRCs. The PPSD consider this as well as other factors in determining the procurement plan and the packaging requirements. The project will carry out implementation in accordance with the 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD and IDA and Grants', dated July 1, 2016 (the Anticorruption Guidelines).

64. ***The implementing agencies have prepared an acceptable Procurement Plan in the new Systematic Tracking of Exchanges in Procurement system.*** The Procurement Plan, approved on July 21, 2017, includes (a) a brief description of the activities/contracts to be procured during the first 18 months of project implementation; (b) the approach to market and selection methods to be applied; (c) the cost estimates; (d) time schedules; and (e) the World Bank's review requirements. Procurement arrangements for the Component 4 are described in the Project Operational Manual.

E. Social (including Safeguards)

65. ***The Involuntary Resettlement Policy (OP/BP 4.12) is triggered given that civil works in footbridge construction may induce limited land acquisition*** in the form of strips of land, which will include rocks, grass, trees and farmland. No physical displacement and resettlement impacts have been identified in the targeted footbridge construction sites with known locations. Flexible alignment will be designed around potentially affected village infrastructure. A Resettlement Policy Framework (RPF) was prepared during project preparation as there were some additional footbridge locations that were not known during preparation. It was approved by the World Bank on May 11, 2017, and disclosed in Lesotho on June 22, 2017, and on the World Bank's external website on June 28, 2017. The Environmental and Social Management Framework (ESMF) has also been prepared by the Borrower, approved by the World Bank, and disclosed in the country on June 22, 2017, and on the World Bank's external website on June 28, 2017. Both the RPF and ESMF have been subjected to national consultations and endorsed by the Department of Environment before the World Bank's clearance and approval, in line with OP/BP 4.12.

66. **Community involvement through CE activities is sought as a means to empower beneficiary communities to become part of the planning and decision-making process at a local level.** During preparation, three community consultations and six focus groups were organized in communities near the proposed footbridge construction sites, namely, in Berea and Leribe districts. Over 500 people were engaged in the consultations and 65 people participated in the focus groups. The objectives of this exercise were to investigate the needs of women and men and to promote their contribution to the final design of footbridges. Community involvement will also be carried out during project implementation and construction phases. CE activities will be executed by the RD and Planning Unit of the MoPWT and will include the establishment of gender-balanced monitoring committees in each beneficiary community to facilitate a continuous dialogue and collaboration among the communities, the RD and the contractor. These committees will serve as a contact point between the communities and the contractor to facilitate a friendly and supportive environment between community members and workers, provide updates during construction, and report to the RD and the MoPWT any issues or complaints associated with the implementation of works. The RD's social specialist will coordinate with the Community Liaison Officer (CLO), supervise the CE activities and report and manage the responses to the complaints. The CLO will set up local Community Liaison Committees and conduct meetings with the community members during construction.

67. **The gender assessment carried out during project preparation identified unemployment, HIV/AIDS, and GBV epidemic as the main gender-sensitive issues that the project may affect or be affected by.** Based on this, the following specific interventions have been integrated into the proposed project design under Component 3: (a) implementation of measures targeting AGYW to mitigate their vulnerability to HIV as a result of the labor influx and increased incomes through the project-financed construction works, to raise their and their families' awareness about potential HIV risks and to increase their agency;²¹ and (b) development of behavior change and awareness-raising activities on HIV prevention and on GBV risks among female and male beneficiaries to tackle the GBV epidemic, address masculinity issues, and promote new and more constructive male identities. This will include trainings among community health workers and reporting mechanisms for GBV cases. The RD's social specialist will be in charge of coordinating and supervising the implementation of gender-targeted interventions under the proposed project.

68. **The influx of workers is expected to be limited due to focus on hiring locally, but may lead to potential increased stock theft, social conflict, disease transmission, and GBV.** Under the proposed project, local labor will be recruited wherever possible. Given the already high incidence of GBV and sexually transmitted infections (STIs) in the country, including HIV/AIDS, the potential transitional relations may occur and might have some critical implications on local women and girls' lives, including the likelihood of the increase of STIs, GBV, adolescent pregnancy, and families' disruptions. To address these risks, the ESHS procurement clauses covering labor recruitment, safety, and HIV/AIDS will be incorporated in all works contracts, requiring the contractors (a) to carry out awareness campaigns and implement mitigation measures among workers and local residents for prevention of GBV and HIV/AIDS transmission; and (b) to apply codes of conduct on child protection and GBV. The RD's social specialist will be responsible to coordinate and monitor the application of the codes of conduct by the contractor as well as implementation of other ESHS requirements.

69. **A web-based grievance redress system will also be put in place in the proposed project areas to allow beneficiaries to file any possible complaints.** While communities may also launch grievances

²¹ 'Agency' here refers to self-esteem and the ability of a person, or agent, to act for herself or himself.

through the community monitoring committees, traditional leaders, councilors, or the RD, an electronic grievance redress mechanism will be established through the web-based application. The project beneficiaries will be able to submit questions, complaints, or suggestions through multiple channels, including a web portal, text messages, e-mails, and smartphone applications.

F. Environment (including Safeguards)

70. ***Based on the screening of the proposed project activities and a preliminary assessment of the baseline characteristics of potential project sites, the project is classified as an Environmental Assessment Category B - Partial Assessment.*** The adverse environmental and social risks that are likely to be generated by the construction of footbridges under Component 1 are construction related, site specific, within the existing alignment, and largely reversible and can be readily addressed through known mitigation measures. These include vegetation clearing, dusts, soil erosion due to borrow pits areas, injuries, noise and poor construction-related waste management.

71. ***Environmental Assessment (OP/BP 4.01) is triggered given that the project activities for construction of footbridges have the potential for some localized environmental and social adverse risks and impacts.*** The environmental assessment for the project was carried out at two levels. First, at the overall project level, the Borrower has prepared an ESMF that (a) describes the physical, biological, and social baseline characteristics of the project areas; (b) defines the eligibility criteria for the civil works; and (c) describes procedures for screening and scoping potential positive and adverse impacts for all proposed investments and mitigation and monitoring measures. The ESMF has been prepared by the Borrower, consulted upon and approved by the World Bank, and disclosed in Lesotho on June 22, 2017, and the World Bank's external website on June 28, 2017, in line with OP/BP 4.01. Second, the site-specific Environmental and Social Management Plan (ESMP) for the construction of 19 footbridges for pedestrian crossing, for which locations have been identified during preparation, has been prepared by the Borrower, consulted upon and approved by the World Bank on July 19, 2017, consulted upon, and disclosed in Lesotho on July 27, 2017, and the World Bank's external website on July 31, 2017. The remaining footbridges, for which the locations were not known during preparation, will be covered by the ESMF.

72. ***Natural Habitats (OP/BP 4.04) is triggered on a precautionary basis.*** None of the proposed areas for project intervention are located in or close to areas and ecosystems with natural unique flora and fauna or are sensitive. The ESMF, prepared by the Borrower and approved by World Bank, includes appropriate screening criteria to identify potential negative impacts on critical or sensitive areas, and measures to prevent, mitigate, and/or compensate potential negative impacts on critical or sensitive areas.

73. ***Physical Cultural Resources (OP/BP 4.11) is also triggered on a precautionary basis.*** No impact to any physical cultural resources (PCRs) is expected from the construction of footbridges and other project activities, nor will access to places of worship or shrines be restricted during construction. However, there will be land movements and excavation activities and chance findings may occur. The ESMP for footbridges and the ESMF, all prepared by the Borrower and approved by the World Bank, include specific guidelines to address chance finds and corresponding protocols of action. The project will screen for PCRs and chance finds, and appropriate plans and measures will be put in place, if required, to protect PCRs.

74. ***The responsibility for monitoring environmental and social aspects will lie with the RD's Environmental Unit.*** The Environmental Unit will support the project in the environmental and social

safeguard issues and coordinate with the MoPWT to ensure compliance with national regulations and the World Bank's safeguards policies. In addition, a social specialist of the RD will coordinate and supervise the project's social safeguards and gender and CE interventions.

G. World Bank Grievance Redress

75. Communities and individuals who believe that they are adversely affected by a WB supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VII. RESULTS FRAMEWORK AND MONITORING

Country: Lesotho

Project Name: Lesotho Transport Infrastructure and Connectivity Project (LTIC) (P155229)

Results Framework

Project Development Objectives

PDO Statement

The proposed Project Development Objectives are to (a) improve access to social services and markets in targeted rural areas of Lesotho, (b) strengthen road safety management capacity, and (c) improve the Recipient's capacity to respond promptly and effectively to an Eligible Crisis or Emergency

These results are at Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values						
		YR1	YR2	YR3	YR4	YR5	YR6	End Target
Pedestrian travel time reduction during rainy season to basic services and local agricultural markets (Percentage)	0.00	0.00	0.00	10.00	30.00	50.00	50.00	50.00
Local agricultural markets with improved transport connectivity (Number)	0.00	0.00	0.00	1.00	3.00	5.00	5.00	5.00
Budget allocation to the NRSC provided at least three years in a row (Yes/No)	No	No	Yes	Yes	Yes	Yes	Yes	Yes

Road accident reporting streamlined (Yes/No)	No	No	No	Yes	Yes	Yes	Yes	Yes
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Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values						
		YR1	YR2	YR3	YR4	YR5	YR6	End Target
Number of footbridges constructed (Number)	0.00	0.00	5.00	10.00	20.00	30.00	35.00	35.00
Number of additional beneficiaries from year-round footbridge access, disaggregated by gender (Number)	0.00	0.00	0.00	9000.00	20000.00	25000.00	27155.00	27155.00
Number of additional beneficiaries from year-round footbridge access that are women (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	50.00	50.00	50.00	50.00	50.00
Share of surveyed project beneficiaries who are satisfied with quality of footbridges, disaggregated by gender (Percentage)	0.00	0.00	0.00	50.00	75.00	100.00	100.00	100.00

Share of surveyed project beneficiaries who are satisfied with quality of footbridges that are women (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	50.00	75.00	100.00	100.00	100.00
Number of direct local jobs created in construction of footbridges, disaggregated by gender (Number)	0.00	0.00	75.00	150.00	300.00	450.00	540.00	540.00
Number of direct local jobs created in construction of footbridges that are taken by women (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	25.00	25.00	25.00	25.00	25.00
Integrated LITIS with fuel efficient vehicle inspection standards established (Yes/No)	No	No	No	No	Yes	Yes	Yes	Yes
Road safety equipment acquired and utilized on a routine basis by the RSD and traffic police (Yes/No)	No	No	No	Yes	Yes	Yes	Yes	Yes
Number of RD, RF and MoPWT staff trained (Number)	0.00	0.00	5.00	10.00	15.00	20.00	25.00	25.00

Number of RD, RF, and MoPWT staff trained that are women (Number - Sub-Type: Supplemental)	0.00	0.00	2.00	5.00	7.00	10.00	10.00	10.00
RADMS established (Yes/No)	No	No	No	No	Yes	Yes	Yes	Yes
National Transport Master Plan submitted to the Cabinet (Yes/No)	No	No	No	No	No	Yes	Yes	Yes
Share of surveyed project beneficiaries who are satisfied with quality of footbridges, disaggregated by gender (Percentage)	0.00	0.00	0.00	50.00	75.00	100.00		100.00
Share of surveyed project beneficiaries who are satisfied with quality of footbridges that are women (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	50.00	75.00	100.00		100.00
Number of GBV and HIV/AIDS awareness-raising campaigns carried out in the project areas (Number)	0.00	0.00	2.00	4.00	6.00	8.00	10.00	10.00

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Pedestrian travel time reduction during rainy season to basic services and local agricultural markets	Measure of a percentage reduction of average pedestrian travel time in project areas from beginning to end before and after construction of footbridges in rainy season to reach basic services and local agricultural markets. The baseline average travel time for pedestrians for the footbridge locations has been estimated at about 5 hours.	Annually	Project progress reports, community surveys	MoPWT Planning Unit / RD
Local agricultural markets with improved transport connectivity	Measure of improved access to agricultural and job markets	Annually	Project progress reports	MoPWT Planning Unit / RD
Budget allocation to the NRSC provided at least three years in a row	Measure of strengthened institutional capacity for road safety management and completion of institutional reform process in road safety	Annually	Project progress reports, NRSC Board and Technical Committee meeting minutes	MoPWT Planning Unit / RSD
Road accident reporting streamlined	Measure of improved road safety management and monitoring with regard to systematic recording, reporting and documentation of road accidents and integration of reported information in the management of road safety in general	Quarterly	Project progress reports, RSD/NRSC reports	MoPWT Planning Unit / RSD

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of footbridges constructed	Measure of progress of construction of footbridges under the project	Annually	Project progress reports	MoPWT Planning Unit / RD
Number of additional beneficiaries from year-round footbridge access, disaggregated by gender	Measure of number of additional beneficiaries from improved access provided by newly constructed footbridges	Annually	Project progress reports	MoPWT Planning Unit / RD
Number of additional beneficiaries from year-round footbridge access that are women	Measure of number of additional beneficiaries from improved access provided by newly constructed footbridges, that are women	Annually	Project progress reports	MoPWT Planning Unit / RD
Share of surveyed project beneficiaries who are satisfied with quality of footbridges, disaggregated by gender	Measurement of citizen's participation among beneficiaries in decision-making activities and their satisfaction with project activities and progress	Annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD
Share of surveyed project beneficiaries who are satisfied with quality of footbridges that are women	Measurement of citizens' participation among beneficiaries in decision-making activities and their satisfaction with project activities and progress that are women	Annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD
Number of direct local jobs created in construction of footbridges, disaggregated by gender	Measure of employment creation in construction of footbridges	Bi-annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD

Number of direct local jobs created in construction of footbridges that are taken by women	Measure of employment creation in construction of footbridges, of which jobs taken by women	Bi-annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD
Integrated LITIS with fuel efficient vehicle inspection standards established	Measure of the improvement to the management and revenue collection procedures for vehicle inspection and driver licensing services to enhance road safety management	Annually	Project progress reports	MoPWT Planning Unit / DTT / RSD
Road safety equipment acquired and utilized on a routine basis by the RSD and traffic police	Measure of improved capacity for enforcement of road safety	Annually starting year 3	Project progress reports	MoPWT Planning Unit / RSD / traffic police
Number of RD, RF, and MoPWT staff trained	Progress on human resource capacity building within the RD, RF, and MoPWT	Annually	Project progress reports	MoPWT Planning Unit / RD
Number of RD, RF and MoPWT staff trained that are women	Progress on human resource capacity building within the RD, RF, and MoPWT disaggregated by gender	Annually	Project progress reports	MoPWT Planning Unit / RD
RADMS established	Measure of improved road accident reporting and documentation and road safety monitoring.	Annually	Project progress reports, RSD/NRSC reports	MoPWT Planning Unit / RSD
National Transport Master Plan submitted to the Cabinet	Progress toward strengthened institutional framework for transport planning	Once	Project progress reports	MoPWT Planning Unit
Share of surveyed project beneficiaries who are satisfied with quality of footbridges, disaggregated by gender	Measurement of citizens' participation among beneficiaries in decision-making activities and their satisfaction with project activities and progress	Annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD

Share of surveyed project beneficiaries who are satisfied with quality of footbridges that are women	Measurement of citizen's participation among women beneficiaries in decision-making activities and their satisfaction with project activities and progress	Annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD
Number of GBV and HIV/AIDs awareness-raising campaigns carried out in the project areas	Measure of progress of implementation of gender targeted interventions and HIV/AIDs mitigation measures	Annually	Supervision consultant reports, project progress reports	MoPWT Planning Unit / RD

