I. Basic Information

Date prepared/updated: 07/21/2006

Report No.: AC318

1. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID:</th>
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<tr>
<td>Lesotho</td>
<td>P075566</td>
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<table>
<thead>
<tr>
<th>Project Name</th>
<th>Task Team Leader:</th>
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<tbody>
<tr>
<td>Lesotho Integrated Transport Project</td>
<td>Gylfi Palsson</td>
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<table>
<thead>
<tr>
<th>Estimated Appraisal Date:</th>
<th>Estimated Board Date:</th>
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<tr>
<td>May 19, 2006</td>
<td>October 3, 2006</td>
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<tr>
<th>Managing Unit</th>
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<tr>
<td>AFTTR</td>
<td>Specific Investment Loan</td>
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<table>
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<th>Sector</th>
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<tr>
<td>Roads and highways (80%); General transportation sector (20%)</td>
<td>Rural services and infrastructure (P); Administrative and civil service reform (P); Regional integration (S); Infrastructure services for private sector development (S); Municipal governance and institution building (S)</td>
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<th>Other financing amounts by source:</th>
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<tr>
<td>BORROWER/RECIPIENT</td>
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<tr>
<td>EC: EUROPEAN DEVELOPMENT FUND (EDF)</td>
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Environmental Category: B - Partial Assessment

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<th>Simplified Processing</th>
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<tbody>
<tr>
<td>Simple [ ]</td>
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Is this project processed under OP 8.50 (Emergency Recovery): Yes [ ] No [X]

2. Project Objectives

The Integrated Transport Project (ITP) will contribute to the Government’s poverty reduction and economic growth strategy by improving the rural and urban population’s access to basic services, markets and employment opportunities. By assuring connectivity between and within the regions, it will facilitate social service delivery and ongoing democratization and decentralization programs. By supporting sector institutional and policy reforms, it will contribute to more efficient and transparent use of public resources and governance reform programs. By funding civil works, promoting labor-based methods and promoting sustainable road maintenance financing, it will generate immediate and continuous employment opportunities.

The project is also consistent with the Africa Action Plan as it will contribute to activities related to accelerating with development partners implementation of the framework on harmonization, alignment and results embodied in the Paris declaration, placing effective mechanism for monitoring, reporting, and following up on the delivery of aid commitments, and to raise agricultural productivity and to connect rural poor people to the rest of the economy through investments in roads.
3. Project Description
Under ITP, IDA will along with the EU take a leadership role among donors in supporting road sector reforms and capacity building, while supplementing Government and other development partners’ commitment for developing the road network and addressing isolation problems. In addition, the project will support the formulation of integrated policies and strategies for aviation, rail and water transport sectors with a view towards more coordinated transport sector management.
To accomplish these goals, the project will have four components:

- Component A: Institutional Reform in the Road Sub-Sector
- Component B: Policy reformulation in other transport sub-sectors
- Component C: Infrastructure Investments
- Component D: Project Management and Monitoring and Evaluation

Component A: Institutional Reform in the Road Sub-Sector. Total US$ 8.864 million:
Financing: EU US$ 8.464 million; Bank US$ 0.400 million.

This component will support Government’s proposed institutional reforms in the roads sub-sector and will have two sub-components:
Sub-Component A1: Support for Roads Sub-sector Institutional Reforms. The project will support Government’s reform effort with:

- Advisory services for planning change and implementation support at central and local level.
- Capacity building for Roads Directorate
- Refurbishing/equipment for Roads Directorate
- Capacity building for Local Authorities
- Equipment for Local Authorities
- Training for staff redeployment to other public sector activities resulting from the organizational arrangements.
- Elaboration for private sector development to replace remaining force account activities.

Sub-Component A2: The roads sub-sector development and capacity support will finance technical assistance, institutional support and training resources for implementation of key reforms stated in Government’s Letter of Sector Policy. These include:

- Road safety program with focus on establishment of driver training and examination system, vehicle inspection system and creation of a Road Safety Council;
- Institutional capacity for database and Geographic Information System (GIS);
- Road Fund (RF) revenue reforms, with a focus on improving cost recovery mechanisms and achieving full self-sufficiency by 2010, as well as improvements in RF management, RF monitoring mechanisms and road management and maintenance funding stakeholder awareness program;
Study of basic access and mobility including Intermediate Means of Transport (IMT) study and pilot project;

A local construction industry development plan;

Continuation of the successful contractors training program (CTP);

TA support for Alternative surfacing standards study;

Institutionalizing environmental management;

Upgrading of Lesotho Road Management System (LRMS) including: (a) mechanized road condition survey for RB roads; (b) annual review of RB and DRR ? and future RD road program; (c) expanding the system for urban roads.

Evaluation of options for Department of Traffic and Transport computerization;

Implementation of computerization of vehicle registers, licenses and data;

Supporting capabilities in social assessment and monitoring, gender issues, HIV/AIDS and GIS capabilities.

TA support to implementing agencies (DRR and RB) and RD upon its establishment.

Component B: Policy reformulation in other transport sub-sectors. Total US$ 1.180 million:

Financing: EU US$ 1.036 million; Bank US$ 0.144 million.

This component will finance technical assistance and studies for the elaboration of transport sub-sector policies and strategies: urban planning and transport; aviation, rail, IMT and inland water transport aligned with roads sub-sector. These sub-sectors have been preparing their development plans in isolation from each other and no comprehensive study has ever been carried out to determine the impact of individual sub-sectors on the overall economy of the country.

Maseru Urban Planning and Transport Study. In light of the inadequate urban transport planning and management capacity within Maseru City Council (MCC) and in other urban centers, MoPWT and later RD will, in the medium term, assist in the management of the urban road network until such time that sustainable institutional and human resources capacity has been established in MCC and other urban centers to provide and maintain adequate infrastructure and related services. For the purposes of preparing for such transfer of responsibilities for the urban transport network to the local governments, a comprehensive study will be undertaken.

The purpose is to undertake a comprehensive study of the MCC’s overall urban planning and transport activities, with a special focus on the transport system. Focused studies will also be undertaken in other sectors, such as utilities, housing, employment, community facilities and environmental services. The overall objectives of the Study are as follows:

To provide policy, institutional, financial and investment guidance regarding urban planning and management, urban transport infrastructure and transport services to the MCC for the next 10-20 years.

To formulate strategies for development of effective urban planning and transport system in Maseru, as well as suggesting short- and long-term improvements in
management systems and service delivery which will benefit the city's residents in the short-, medium- and long-terms.

To provide policy, institutional, financial and investment framework regarding urban public transport infrastructure and associated services to the MCC in the short-, medium- and long-terms.

Integrated transport study and policies development (Civil Aviation, Rail, IMT and Inland Water Transport) aligned with the roads sub-sector. Policies, strategies, development and management of the indicated sub-sectors have traditionally been elaborated in isolation of each other and the road sector. In order to achieve a better integrated transport sector, this subcomponent will support Government's effort of stock-taking and elaboration of complete set of policies and strategies appropriately aligned with the road sub-sector.

Review and formulate policy of civil aviation, rail, IMT and inland water transport with the aim of arriving at an integrated multimodal transport policy aligned with the country's road sub-sector policies.

Review and recommend amendments to institutional arrangements for the sub-sectors.

Develop an inventory and collect condition data for all aviation, rail, IMT and inland water infrastructures

Define roles and responsibilities for regulatory, safety and management aspects.

Prepare a roadmap for the development of aviation, rail, IMT and inland water transport infrastructure and services.

Capacity Building. Capacity building through training, in line with the proposed reform, for transport sector staff.

Component C: Infrastructure Investments. Total Including Contingencies, US$ 23.375 million:

Bank Financing: US$ 19.038 million

This component will support the Government's prioritized program for the key network improvements through rehabilitation of paved roads with emergency repairs, contributing in opening of new corridors, and limited upgrading of rural roads considered critical for improving accessibility in the isolated areas. It will finance civil works, environmental assessments and design and supervision services for the following activities:

Emergency improvement for the Northern Corridor through emergency repairs on the paved section Oxbow ? Mokhotlong, which has deteriorated rapidly due to frost susceptible material in the base course;

Contributing to South Eastern Corridor, through the construction of two bridges over Senqu and Senqunyane rivers, their approaches and a limited length of access road. This investment forms part of a multi-donor effort on the ?Roma-Romabanta- Semonkong-Sekake-Qacha?Neks Nek? will reduce the distance by 140km between the two regional centers of Qacha?Neks Nek and Maseru.

Upgrading of Rural Roads, through the upgrading of 25km of Mantsonyane-Lesobeng road, currently inaccessible due to difficult terrain, yet critical for the socioeconomic development of the eastern region and upgrading of 6km of Likotopong-Lintsa feeder road.
Bank Financing: US$ 2.418 million

TA support for Project Office to finance the local consultant positions for Project Manager, Financial Manager, Financial Controller, Financial Accountant, Procurement Compliance Officer, and Environmental and Social Coordinator, with support of Secretary, Office Assistant and Driver.

Additional TA support to Planning Unit to finance the local consultant positions for Statistician and Assistant Statistician.

Monitoring and evaluation, including HIV/AIDS, gender, poverty alleviation and economic development associated with civil works.

4. Project Location and salient physical characteristics relevant to the safeguard analysis
The project will support the government prioritized program for the construction of the two bridges over the Senqu and Senquyane rivers, periodic maintenance of gravel roads and key network improvements through rehabilitation of paved roads with emergency repairs, contribution to opening of new roads, and limited upgrading of rural roads to improve accessibility in isolated areas. Refer to Component C for location of proposed activities.

5. Environmental and Social Safeguards Specialists
Mr Colin P. Rees (QAG)
Ms Wendy M. Walker (AFTTR)

6. Safeguard Policies Triggered

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<thead>
<tr>
<th>Policy</th>
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<tr>
<td>Environmental Assessment (OP/BP 4.01)</td>
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II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues
1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

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Road upgrading and rehabilitation will have an impact on the environment (land and hydrology, vegetation, etc.) but these can be readily mitigated. While the activities are beneficial to local communities, there may be some instances of land acquisition and compensation for structural and resource loss. An EA and RAP have been prepared and cleared by ASPEN for the Senqu and Senquyane bridges civil works. During preparation, an SEA and RPF were written, discussed and disclosed.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Not Applicable

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
The roads included in this project have been selected because they will link, or improve links with otherwise isolated or remote communities. The road between the two bridges in the Senqu Valley has been realigned to provide direct access to the clinic at Ha Nkau and from the clinic to the airstrip to facilitate emergency evacuations with the flying doctor service. The alignment also prevents the road from cutting directly through cultivated fields and instead follows, wherever possible, existing tracks thereby limiting land take to small strips of fields.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
A Sectoral Environmental Assessment and Resettlement Policy Framework have been prepared, cleared and disclosed locally. These documents provide implementation guidelines and an institutional framework for the MoPWT. The EA and RAP for the Senqu and Senquyane bridges civil works have been completed, cleared by ASPEN and disclosed. The MoPWT have established an Environment/Social Coordinator position and created a Resettlement Desk which will be fully functional prior to the beginning of activities. Training in environmental and social safeguards is being undertaken by the Environmental/Social Coordinator. In addition, the team environment and social consultants gave several awareness building seminars on these issues during preparation.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
The major stakeholders are the local communities which will benefit from the upgraded roads and new bridges. Other major stakeholders are the MoPWT, district and local authorities. Both the RPF and SEA have been disclosed in-country and at the World Bank Infoshop. The affected people are part of a continuous consultation process which began when the roads were identified and which has continued during the SEA and social studies carried out under the RAP. The EA and the RAP have been disclosed in relevant public places (in Sesotho and English) and made available to all stakeholders (World Bank office, local government offices, MoPWT offices, etc.)
### B. Disclosure Requirements Date

**Environmental Assessment/Audit/Management Plan/Other:**
- Date of receipt by the Bank: 07/06/2006
- Date of "in-country" disclosure: 07/19/2006
- Date of submission to InfoShop: 07/19/2006

For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors:

**Resettlement Action Plan/Framework/Policy Process:**
- Date of receipt by the Bank: 07/10/2006
- Date of "in-country" disclosure: 07/19/2006
- Date of submission to InfoShop: 07/17/2006

*If the project triggers the Pest Management and/or Cultural Property, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.*

If in-country disclosure of any of the above documents is not expected, please explain why:

### C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

**OP/BP/GP 4.01 - Environment Assessment**
- Does the project require a stand-alone EA (including EMP) report? Yes
- If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report? Yes
- Are the cost and the accountabilities for the EMP incorporated in the credit/loan? Yes

**OPN 11.03 - Cultural Property**
- Does the EA include adequate measures related to cultural property? Yes
- Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? Yes

**OP/BP 4.12 - Involuntary Resettlement**
- Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? Yes
- If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan? Yes

**The World Bank Policy on Disclosure of Information**
- Have relevant safeguard policies documents been sent to the World Bank’s Infoshop? Yes
- Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? Yes
**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?  
Yes

Have costs related to safeguard policy measures been included in the project cost?  
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?  
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?  
Yes

**D. Approvals**

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<tr>
<th>Signed and submitted by:</th>
<th>Name</th>
<th>Date</th>
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<tr>
<td>Task Team Leader:</td>
<td>Mr Gylfi Palsson</td>
<td>07/19/2006</td>
</tr>
<tr>
<td>Environmental Specialist:</td>
<td>Mr Colin P. Rees</td>
<td></td>
</tr>
<tr>
<td>Social Development Specialist</td>
<td>Ms Wendy M. Walker</td>
<td></td>
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<tr>
<td>Additional Environmental and/or Social Development Specialist(s):</td>
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<tbody>
<tr>
<td>Regional Safeguards Coordinator:</td>
<td>Mr Warren Waters</td>
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<tr>
<td>Comments:</td>
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<tr>
<td>Sector Manager:</td>
<td>Mr Gylfi Palsson</td>
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<tr>
<td>Comments:</td>
<td>Mr Gylfi Palsson, Acting Sector Manager for Mr. Sanjivi Rajasingham</td>
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