



TRANSPORT

LOW INCOME *

TRADE-ENABLING

FRAGILE & CONFLICT

LIBERIA

Ganta-Zwedru Road Corridor

GIF FUNDING & LEVERAGE

GIF Project Definition Grant:

\$75,000

Anticipated GIF Project
Structuring Support:

\$1.3 million

Potential Private Investment
Mobilized:

\$60 million

Roads in Liberia are in urgent need of repair to stimulate regional economic activity and connect inland areas to the coast and neighboring countries. A proposed project will connect a 125-km section of the road between Ganta and Zwedru with an all-weather road under a concession contract with guarantees from the World Bank. The GIF will support an initial market sounding and determine if there is interest from investors and lenders to provide commercial financing for the project.

EXPECTED PROJECT OUTCOMES

- ◆ Improve both regional and cross-border traffic and will support Liberia's reconstruction effort
- ◆ Stimulate economic activity in the region, and enhance trade with neighboring Cote d' Ivoire, Guinea and Sierra Leone
- ◆ Ease transportation to the capital, Monrovia, and the coastal areas of the country
- ◆ Improve health care by improving access to a modern regional hospital

TECHNICAL PARTNERS



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

* Based on World Bank Group classification by income

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BACKGROUND

Since 2003, Liberia has engaged in a major reconstruction effort following its brutal, 14-year civil war, which led to more than 200,000 deaths and left the country devastated. Many of its roads and highways remain in poor condition, particularly those in rural areas. At present, 2.3 million Liberians lack access to all-weather roads. This has a broad, negative impact on economic development and affects all sectors, including trade, agriculture, and healthcare. While road transport is the dominant mode of transport, one of the main challenges faced by the country is limited road transport connectivity.

The road connecting Ganta and Zwedru, the respective capitals of Nimba and Grand Gedeh counties, is a case in point. It experiences frequent closures, particularly during the rainy season (July to September). Besides disrupting business, the poor state of the road keeps families separated and creates shortages of goods. It can take up to three weeks to travel between towns during those months.

The improvement of transport infrastructure, especially of roads, is also expected to reduce existing disparities among different regions. The southwest and northeast are the two corridors with the highest transport costs. For instance, per ton transportation cost of imported goods is found to be approximately a third higher along the Monrovia to Pleebo (a town in southeast Liberia) corridor when compared with the Monrovia to Ganta corridor.

Road sector reform activities are progressing, albeit slowly. The Parliament passed a Road Fund Act in December 2016 which has already been made effective but is yet to be made operational. In 2017, with support from the World Bank and International Monetary Fund, the Liberian

government secured \$200 million in assistance to improve the road. The Ministry of Public Works is leading this initiative.

PROJECT FEATURES

The project will use a “blended finance” approach to meet the estimated cost of \$120 million. The World Bank committed \$80 million to the project and the remainder will be financed through a public-private partnership (PPP), to build, finance, and maintain the road. The government of Liberia will make annual payments for construction and maintenance and will be supported by guarantees from the World Bank.

WHY GIF

The GIF provided grant funding of \$75,000 to hire an international external advisory firm to undertake an initial market sounding for the first PPP project for roads in the country, supported by an International Development Association (IDA) guarantee.

This market sounding has been already completed and it will allow the government to gauge investor interest from both regional and international developers. The sounding will also contribute data for the financial analysis to determine the cost and impact of a guarantee.

The GIF is now working to provide the next stage of funding to bring on a transaction advisor for the PPP. The GIF support will assist the government through the procurement process and to reach financial close.

The Global Infrastructure Facility, or GIF, is a partnership of governments, multilateral development banks and private sector financiers that facilitates private-sector investment in complex infrastructure projects in emerging economies. We serve as a platform through which governments collaborate with international financial institutions and private sector investors to design, structure and implement these complex projects.

The comprehensive project-preparation support provided by the GIF draws on the expertise of its advisory partners which includes commercial banks and institutional investors. The broad partnership ensures that well-structured and bankable infrastructure projects are brought to market in a way that meets the needs of governments and service users in a sustainable way.