

**Addendum no. 1 to ACTION DOCUMENT**

**THE EUROPEAN UNION EMERGENCY TRUST FUND FOR STABILITY AND ADDRESSING THE ROOT CAUSES OF IRREGULAR MIGRATION AND DISPLACED PERSONS IN AFRICA**

**1. IDENTIFICATION**

Title	Reference: T05-EUTF-HOA-ER-86 <b>Reconnecting Eritrea and Ethiopia through rehabilitation of the main arterial roads in Eritrea – Phase 2</b>			
Zone benefitting from the action / Localisation	Eritrea			
Total cost	Total estimated cost: 15 000 000 EUR Total amount drawn from the Trust Fund: 15 000 000 EUR			
Aid modality(ies) and implementation modality(ies)	Project Modality Indirect Management with United Nations Office for Project Services (UNOPS)			
DAC – codes	21020 – Road Transport			
Main delivery channels	UNOPS - 41502			
Markers	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participatory development / good governance	X		
	Aid to environment	X		
	Gender equality and empowerment of women and girls	X		
	Trade development			X
	Reproductive, maternal, newborn and child health	X	☐	☐
	Disaster Risk Reduction	X	☐	☐
	Nutrition	X	☐	☐
	Disability	X	☐	☐
	<b>Rio Markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	X		
	Combat desertification	X		
	Climate change mitigation	X		
	Climate change adaptation	X		
<b>Migration marker</b>		X		
SDG	<b>Goal 1:</b> No Poverty <b>Goal 8:</b> Decent Work and Economic Growth <b>Goal 9:</b> Industry, Innovation, and Infrastructure <b>Goal 16:</b> Peace, Justice and Strong Institutions			
Valetta Action	<b>1.</b> Development benefits of migration and addressing root			

Plan Domains	causes of irregular migration and forced displacement
Strategic priorities of the Trust Fund	<b>1. Greater economic and employment opportunities</b>
Beneficiaries of the action	Eritrean and Ethiopian enterprises and business persons who will benefit from enhanced road connectivity for import and export through the Ethiopian-Eritrean corridor All the commercial drivers will directly benefit from improved roads' conditions. Government of the State of Eritrea (GSE) will be strengthened in terms of the procurement process and control of labour safety standards. Indirectly all the Eritrean population will have better and faster access to imported goods and an improved mobility via the renewed roads network.
Derogations, authorized exceptions, prior agreements	None

## **2. RATIONALE AND CONTEXT**

### **2.1. Summary of the action and its objectives**

The overall objective of the project is to rehabilitate the main arterial roads in Eritrea along the Eritrea-Ethiopia trade corridor (Massawa - Nefasit - Ser'ha - Zelambesa) in order to help reinforce peace and economic integration between Eritrea and Ethiopia. Following the historic peace agreement between Eritrea and Ethiopia in July 2018, reconnecting the two countries and providing Ethiopia access to Eritrea's ports is a key priority. This will help to boost both countries' economies, increase regional economic integration and generate job opportunities.

Given the urgency presented by the GSE to open their ports to Ethiopian commercial trade, the EU signed a Contribution Agreement with UNOPS for EUR 19.9 Million (T05-EUTF-HOA-ER-66) to assist the Eritrean Authorities in the procurement process for the acquisition of the necessary construction plants and equipment for the first phase of a large Road Rehabilitation Programme. The EU support under phase 1 targeted the rehabilitation of the road Nefasit – Ser'ha.

The action described in this Action Document is the logical continuation of Phase 1 and will support the procurement of construction plants, equipment and materials to support the road rehabilitation and construction works. Similarly to Phase 1, Phase 2 will be implemented through a Contribution Agreement with UNOPS, who will work in close cooperation with the GSE, who will lead the procurement processes. For construction materials, UNOPS will also agree with RSTC on standard operation procedures for measurement and payment, as well as a monitoring system to assess the quality and quantity of the materials used.

UNOPS has strong experience both in procurement and road infrastructure and has established an effective cooperation with the GSE during Phase 1. UNOPS will continue to follow up on the use of the supplied items. Technical assistance will be available on the broader road rehabilitation and construction works, on quality and standards including for labour safety. The costs associated with the actual delivery of the rehabilitation/construction works by the construction companies, including labour costs, will be paid for solely by the Government.

## **2.2. Context**

### ***2.2.1. National context***

On 9 July 2018, the Eritrean President and Ethiopian Prime Minister signed a Joint Declaration of Peace and Friendship. This marked the end of the state of ‘no war, no peace’, the re-establishment of diplomatic relations, and political, economic, social and security cooperation. It also foresees the resolution of the border issue. The international community responded very positively. A further demonstration of this was the lifting by the UN Security Council of the sanctions on Eritrea in November 2018.

This rapprochement provides a major opportunity for both countries. After the signing of the peace declaration, Eritrea experienced immediate benefits, due to the opening of the borders, the resuming of communications, the organization of twice-daily flights between the two countries and the reduction in the price of basic commodities due to the flow of goods from Ethiopia. It has to be noticed that until April 2019 land borders with Ethiopia were temporarily opened as a demonstration of good faith by both countries following the peace agreement. The GSE has reassured the international community that the land borders will be re-opened once proper border management measures are in place, which is just a matter of time and is the objective of ongoing discussions between Eritrea and Ethiopia. A high-level inter-ministerial committee, composed of senior Government representatives from both Ethiopia and Eritrea, has been established to advance discussions on the basis of the peace declaration. This also includes negotiating a trade agreement between the two neighbours. A confirmed key priority for both Governments is to open up the Eritrean roads and ports to commercial trade from Ethiopia. This will help consolidate the peace agreement, as well as regional and economic integration. It is intended to support Eritrea’s economic development, both in terms of revenues and job creation.

This will also provide a catalyst for realising a broader set of opportunities. Recent high-level dialogue with the EU has demonstrated the Government’s interest and commitment to achieve sustainable and broad-based economic growth. The Government of Eritrea enacted the law of National Service in 1992, in the immediate aftermath of the country's independence. The original law was further amended in 1995 and enacted as Proclamation 82/1995. This was prompted by security, developmental, cultural, educational and nation-building considerations<sup>1</sup>. The creation of jobs will create a condition for the Government to start the process of demobilising people from National Service. With the current major limitations in job opportunities, this is a significant challenge.

The rapprochement also has potential far-reaching implications for stabilisation in the Horn of Africa (HoA). This is already starting to materialise in particular with Somalia and Sudan, though with the potential to push this further to enhance the connectivity and cooperation across the HoA. Now is a critical time to ensure the drive and achievement of cooperation works at a much faster pace than countervailing forces of fragmentation. This proposed action is a major contribution to this process.

### ***2.2.2 Sector context: policies and challenges***

The immediate priorities of the Government are to rehabilitate the main arterial roads leading from the Ethiopian border to Massawa port. These priorities have been recently confirmed by the GSE during discussions with the EU Delegation to Eritrea. The GSE is making progress in the rehabilitation and construction works using its own resources, but it still needs support to

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<sup>1</sup> <http://www.shabait.com/categoryblog/29440-national-service-synopsis-of-underlying-rationale-and-past-trajectory->

complete the works in a short period of time. There are three main road corridors, by order of priority:

- **Road Corridor 1: Nefasit – Dekemhare – Senafe – Ser'ha**, which is the main route down to Adigrat and Mekele in Tigray. Improvements to the road between Nefasit and Dekemhare will allow trucks (including heavy loaded transport trucks or commercial trucks carrying shipping containers) to avoid going through Asmara and down the steep escarpment to Massawa.
- **Road Corridor 2: Dekemhare - Tera Imni – Mendefera - Adi Kuala**, which is the fastest route down to Adwa and accessing Amhara.
- **Road Corridor 3: Mendefera – Barentu**, which is planned to be connected after Tesseney towards the border with Sudan (and on to Kassala) and Ethiopia (from the border at Humera). The road connecting Mendefera with Barentu will facilitate the movement of goods towards the Western part of the country towards Sudan and the north-western part of Ethiopia (Gondar). The next priority after this will be the road from Tesseney to Humera (see the map in Annex II).

In order to rapidly open up these routes and Massawa port to commercial Ethiopian traffic in the shortest possible time, the Government has instituted emergency procedures to rehabilitate these roads, though the works will continue after the opening.

Under Phase 1 of the "Reconnecting Eritrea and Ethiopia through rehabilitation of the main arterial roads in Eritrea" project all supply contracts have been signed for the acquisition of construction plants and equipment which will cover parts of Road Corridor 1. The equipment procured under Phase 1 is being delivered to Eritrea starting from November 2019 and Phase 1 is expected to be completed during the first trimester of 2020.

In 2018 and in the first part of 2019 the GSE has deployed two major state owned construction companies. The main operations have already started focusing mainly on the first part of the road, which comprises the first 40 km (Nefasit – Dekhamare). The Government has recently clarified that it intends to organize the works on the road Nefasit - Ser'ha into two sections, based on the construction plants and equipment currently available and the additional ones that will be procured through the EU support (phase 1 and phase 2). Section 1 covers the first 75 km from Nefasit to Maiseraw, while section 2 covers the remaining 80 km until Ser'ha.

For all sections, rehabilitation and road improvement works will consist of widening the road, earthworks, pavement rehabilitation and construction including a bituminous surface, improvement of the alignment and construction of bridges, small drainage structures, retaining walls, passing lanes, traffic control and signage.

All the works are directly under the supervision of the Ministry of Public Works (MoPW). A Special Project Unit (SPU) will be formed and will include MoPW staff and other experts from relevant Eritrean Ministries (i.e. Ministry of Land, Water and Environment – MoLWE and the Ministry of Labour and Social Welfare - MoLSW etc.). The SPU/MoPW will be responsible for certifying that the works have been constructed according to standards. The Standard Documents for the Project include: the Eritreans Standard Technical Specifications for Road and Bridgeworks<sup>2</sup>. Eritrea Design Guidelines, Typical Cross-section Drawings, Standard Detail Drawings, Relevant international standards and guidelines. Regarding the division of tasks and responsibilities, the RSTC will lead project implementation and provide

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<sup>2</sup> The Eritrea Government has 'Standard Technical Specifications for Road and Bridgeworks - year 2000' and Standard Set of Drawings' that were prepared during a Technical Assistance project by (USA) Louis Berger International (LBI) consultants in year 2000 and adopted by MoPW as their standard to be referred for road construction works in Eritrea.

Government Liaison and Coordination, SPU/MoPW will check, evaluate, measure, monitor and certify that the quantity and quality of works is acceptable, while UNOPS will verify the submitted documentation initially through a desk review..

From observations taken from joint Government/EU/UNOPS visits along the upper part of the Road, where the works have started already (section 1, Nefasit to Dekemhare), including excavation and widening works, and the construction of concrete culverts and stone masonry, there were a number of large construction plants operating. The quality of this works appeared good and overall progress was positive. The quality is reinforced by the use of qualified staff trained in the government technical institutes. Based on information received by the Government, clearing of sites, excavation and widening works are also ongoing along the full length of road corridor 1.

The action described in this Action Document is the logic continuation of Phase 1 for procurement of the plant and equipment. The resources made available under phase 1 are not sufficient to cover all the needs in terms of plants, equipment and materials to be procured to rehabilitate the road corridor up to the border with Ethiopia.

### ***2.2.3. Justification for use of EUTF funds for this action***

The overwhelming reason to use the EUTF is to allow speed and flexibility to implement programmes that could support Eritrea in responding to emerging needs in the new regional context, following the rapprochement with Ethiopia, in line with the new dual track approach for the relationship between the EU and Eritrea that was endorsed by the European Council Africa Working Group (COAFR) on 12 December 2018.

The GSE has confirmed to the EU that one of its top priorities is to make sure that the road corridors can handle a high volume of commercial trucks between the Ethiopian border and the Eritrean ports, allowing speed and efficiency. Eritrea and Ethiopia agreed immediately in starting of the rehabilitation process of the main arterial roads to improve trade creation effects. This will also have major additional beneficial impact on Eritrea, creating economic and job opportunities, creating the conditions that will allow incremental reform. In doing so, the action is also expected to contribute to addressing the root causes of irregular migration from Eritrea.

## **2.3 Lessons learnt**

The EU has a historical engagement in supporting roads in Eritrea. This included the rehabilitation of the Nefasit-Dekemhare-Tera Imni road (part of Road Section 1), which was concluded in 2002.

The following are key lessons:

- Economic returns to infrastructure investment in post-conflict environments are likely to be high, and transport infrastructure is likely to present the highest immediate economic returns;
- Relieving key bottlenecks, e.g. narrow bridges, can have significant impacts at relatively low cost;
- Significant delays in major projects have tended to result from excessively complex implementation arrangements. These have related in particular to the difficulties of meeting the stringent procurement process requirement;

- There is the possibility for quick results after a (protracted) crisis through repair of assets damaged.

Although it has only been implemented since April 2019, some preliminary lessons can also be drawn from phase 1:

- The establishment of a constant tripartite dialogue between UNOPS, RSTC and the EU Delegation to Eritrea substantially facilitates information-sharing and allows parties to discuss issues and constraints as they arise in the implementation of the procurement;
- There has been significant progress made since the start of Phase 1 in terms of understanding each party's role and the need to ensure value for money and accountability and have these clearly defined in ensuing agreements;
- During phase 1, UNOPS has built a strong partnership with GSE and started a dialogue on quality and requirements for basic standards, including labour safety;
- Phase 1 has shown that it is possible to rely on the national procurement system, provided that it is assessed and it is verified that it complies with international standards and best practises (UNOPS procurement procedure);
- The project justification remains valid and the Government demonstrated that it attaches priority to its implementation.

## **2.4 Complementary actions and synergies**

As part of the implementation of the Joint Declaration, the Eritrea and Ethiopia Governments have formed an inter-ministerial committee to address trade and transport connectivity. One of the complementary actions is strengthening and augmenting the capacities at Massawa port. This is being explored with Gulf and other private partners.

There are currently no known complementary programmes concerning the road corridors mentioned in section 2.2.2 being undertaken by other partners in Eritrea. The Government of Ethiopia, through the Ethiopian Ministry of Finance and the office of the Prime Minister is exploring several opportunities to assess the potential and develop trade, transport and industrial corridors with Eritrea.

In addition, the rehabilitation of the arterial road between Eritrea and Ethiopia will enhance the infrastructure and promote trade and economic integration among the two countries. Several donors are engaged in regional economic integration and exploring ways to support concrete infrastructure investments for this purpose. For example, the objectives of this Action fit under the overall purpose of the "HoA Initiative" promoted by the EU, the World Bank (WB) and the African Development Bank (AfDB) in collaboration with five countries of the so called HoA region (Ethiopia, Eritrea, Djibouti, Kenya and Somalia), in particular under pillar 1 – infrastructure, and 2 - trade.

## **2.5 Donor coordination**

There are few donors with bilateral programmes in Eritrea, and none are specifically known to be currently engaged in the roads sector, apart from China which is not engaged in the road corridor n.1 Nefasit - Ser'ha. The EU will look to reach out to all donors, including those from the Gulf, who are supporting connectivity and cooperation between Eritrea and Ethiopia. There is an existing Eritrea Development Partners Forum, led by the UN, where most donors with a presence are represented. Information about this road project will be shared through

this forum, and possible synergies with other interventions sought. The EU also regularly updates the EU MSs on the progress of the road project.

In addition, coordination with the HoA initiative will be ensured through the participation of DEVCO HQ and EU staff to the meetings organized under the initiative.

### **3. DETAILED DESCRIPTION**

#### **3.1 Objectives and expected outputs**

The **overall objective** (expected impact) of the project is to contribute to reinforcing peace and economic inclusive integration between Eritrea and Ethiopia.

The **specific objective** (expected outcome) (SO) is to improve transport connectivity for commercial trade and for people along the arterial roads between Massawa and the Ethiopian border.

The **expected output** is that the road between Nefasit and Zelembesa (approximately 155 km in length) is rehabilitated in various phases and able to effectively handle commercial traffic flows.

The procurement activities will contribute towards improving the speed and progress of the rehabilitation and construction works by significantly scaling up the number and availability of construction plants, equipment and materials. The first priority of the project will be to complement the procurement already undertaken under phase 1 to rehabilitate and carry out road improvement works along priority road corridor 1, from Nefasit to Ser'ha. The items procured under phase 1 do not fulfil the whole needs identified to cover the rehabilitation, construction and upgrading of the 155 km road. The road should be completed with a bituminous surface for the full length of the road and be suitable for use by heavy transport of goods to and from the Port of Massawa and the border with Ethiopia.

Phase 2 will focus on the procurement of additional construction plants and equipment, and materials for the above mentioned works that will be led by RSTC and assisted by UNOPS. In principle, the procurement under Phase 2 will include two parts, procurement of additional plants and equipment and procurement of materials; a detailed procurement plan will be agreed upon based on justifications provided by RSTC. Part of the construction materials and most of the additional plant and equipment will need to be sourced internationally, while the rest of construction materials (such as cement, sand and gravel) may be procured locally. The RSTC and UNOPS will determine which entity can offer greater advantage and value for money for procuring these items. UNOPS will make the payments for international procurement, similar to Phase 1. Standard operation procedures for measurement and payment for locally procured construction materials are currently being developed by UNOPS experts and negotiated with RSTC. A standard rate (i.e. a maximum rate) per km for material cost will be determined.

GSE, the EU and UNOPS will determine and put in place a monitoring system to assess the quality and quantity of the materials used. The labour and other costs associated with the actual delivery of the rehabilitation and construction works by the State-Owned construction companies will be paid for and arranged solely by the Government replicating the agreements put in place during the Phase 1 in the period April 2019 – December 2019.

Particular attention will be given to ensuring that minimum standards for health and safety of the workers involved are ensured.

The programme has been designed in a flexible way in order to respond to the emergency nature of the works, as defined by the GSE.

## 3.2 Main activities

### 3.3.1. Activities associated with each result

UNOPS will support the RSTC, which will lead the procurement process, for all of the procurement activities associated with the works falling under the scope of this Action. The roles and responsibilities of each party are described and formalized in a Project Cooperation Agreement concluded between UNOPS and RSTC.

RSTC will pre-identify the needed construction plants, materials and equipment and will draft the related technical specifications, relevant drawings and guidelines. UNOPS will cooperate with RSTC to revise the technical specifications and will provide necessary suggestions, taking into consideration the existing plant and equipment used in the country and the current expertise of the road construction companies in handling the plant and equipment and their maintenance. The final decision on the construction plants, materials and equipment to be procured under phase 2 is based on a need assessment and requirements agreed between the EU, UNOPS and RSTC to complete the road rehabilitation and upgrading works.

Together, RSTC and UNOPS will determine which entity can offer greater advantage and value for money during the formulation of the procurement plan and strategy for procuring internationally sourced items. UNOPS, after having completed the mandatory steps required by the no objection procedure<sup>3</sup>, will make the related payments.

While RSTC is fully responsible for the acceptance process, UNOPS experts will regularly be present (as observer) during the acceptance of the goods and equipment delivered by the selected suppliers at the Port of Massawa, including during physical inspection and testing upon delivery verifying that the goods respond to the technical specifications agreed, and will be present during the receipt and transfer of the goods to the RSTC.

RSTC/UNOPS will agree on a precise methodology for the measurement and payment of construction materials utilized for the works. A transparent payment scheme, standard procedures (including measurement) and a monitoring system will be agreed beforehand between UNOPS and RSTC. The monitoring system will also involve the Ministry of Public Works, which is the regulatory body for all construction works, including roads, in Eritrea.

UNOPS will assess and confirm the quality and quantity of the construction materials (i.e. road pavement materials and small structures proposed to be constructed in Phase 2) based on documentation submitted by RSTC, which will be prepared by the Government Contractor(s) and subsequently verified and certified by the Ministry of Public Works. UNOPS will certify that the documentation is acceptable and in accordance with the Project Documentation (i.e. Eritrean and international Technical Specifications, relevant drawings and guidelines by the Ministry of Public Works).

UNOPS will also be engaged in the follow up of the use of the supplied items and will report to the EU accordingly. UNOPS engagement in technical assistance will be subject to definition of modalities with the EU.

Among the items to be procured, UNOPS and RSTC will also agree on a list of safety and health equipment to be purchased. The purchase of these items will be accompanied by training (ToT – Training of Trainers) on safety and health for workers, involved in road

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<sup>3</sup> The “no objection” is an administrative process that applies to each procurement process that generates a contract and consists in reviewing the documentation related to the procurement process to confirm that the process steps agreed by RSTC and UNOPS have been effectively followed, Project Cooperation Agreement signed between UNOPS and RSTC.



construction and rehabilitation works. In addition, environmental protection and statistics on social impact may be collected using relevant local Ministries through social and environmental impact studies.

RSTC/UNOPS/EU will organize periodical site visits at least every four months or as required to follow up on the use of the supplied items and the progress of the works.

**3.2.2. Target groups and final beneficiaries**

The GSE and specifically the RSTC, the Government’s central procurement authority will be strengthened to meet their obligations in terms of procurement processes and adherence to international health and safety standards in regards to construction equipment.

Commercial drivers using the trade corridor between Massawa and Zelambesa will directly benefit from the improved road conditions. Another target group is Eritrean and Ethiopian enterprises and businessmen who will benefit from faster and more reliable connection for import and export through the Eritrean-Ethiopian corridor.

This will imply more efficient and safer working conditions and better access of goods to the markets reducing transportation cost and finally reducing the prices of all trade goods, generating a trade creation effect which will be positively impacting on all the producing sectors and in particular on the services. The improved trade corridors will support economic and trade integration between the two Countries, ultimately supporting the peace process.

Such a situation will have, in the medium term, an effect on the entire private sector which may attract new entrepreneurs who before had no convenience in the investing their capitals.

Indirectly all the Eritrean population will benefit from the increased choice of goods on the market, private sector development and job creation. In addition, the enhanced trade opportunities will stimulate the development of services connected to trade along the trade corridor. This will in turn encourage private entrepreneurs in investing in the sector, which could ultimately create new jobs. Eventually the creation of jobs will also create a condition for the Government to start the process of demobilising people from National Service. With the current major limitations in job opportunities, this is a significant challenge.

People living along the road will benefit from the increased activities and it will generate economic growth. Local administrations (kebabi/village level) will be involved as a first governance level.

The rehabilitation/construction of the road will be creating opportunities for large-scale employment of unskilled or semi-skilled labourers in road construction and maintenance.

**3.3 Risks and assumptions**

Risk	Level of risk	Mitigation measures
Rapprochement with Ethiopia falters or collapses.	Medium	The EU continues to engage in constant political dialogue with both countries, as well as directly lend its support to the peace process and wider regional integration
The land borders between Eritrea and Ethiopia remain closed	Low	The EU has been informed by the Eritrean authorities that land borders will open once concrete arrangements are finalised with the Ethiopian authorities. Through constant political dialogue both with Eritrean and Ethiopian

		authorities, the EU will be able to follow up on this issue.
Emergency procedures affect design, planning and delivery, and hence the sustainability of the project.	Medium	Regular planning and monitoring of the overall works by the Government, as well as provision of technical support as requested by the EU in agreement with the RSTC.
Delays in procurement affect the pace of delivery.	Medium	Building a strong joint approach to procurement between RSTC and UNOPS, and regular dialogue to ensure challenges are addressed. Lessons learnt from phase 1 will help in expediting the procurement process.
Resettlement of households affected by the construction sites	Medium	The GSE has developed a plan and has already started the construction block for those households affected by the construction of the road. The plan foresees both temporary solutions as well as the construction of new housing in the vicinity of the old houses.  During upcoming site visits UNOPS and the EU Delegation will assess the implementation of this plan on the basis of acceptable standards.
Ability of construction companies to scale up and fully utilise in a timely manner the material and equipment procured.	Medium	Constant dialogue and follow up of construction companies' absorption capacity and incremental scale up of construction companies, and adjusting procurement requirements and schedule as appropriate. UNOPS can provide advice on the basis of access to information it will have in its capacity as verifier of documentation/records submitted by the MoPW.
Basic workplace health and safety standards are not met resulting in injuries to the workforce.	Medium	UNOPS will keep a dialogue on health and safety measures.  Procurement of health and safety equipment for the construction companies, and providing further training or support as necessary.

The **assumptions** for the success of the project and its implementation include:

- The rapprochement between Eritrea and Ethiopia remains on track.
- EU relations with Eritrea continue to strengthen and there is regular dialogue.
- UNOPS maintains a good working relationship with the RSTC and other Eritrean counterparts, as developed under phase 1.
- The Government regularly monitors and ensures that the road rehabilitation/construction works meet quality and standards and exchange regularly with UNOPS. UNOPS and EU have regular access to the sites for follow up on the use of the plant, equipment and materials procured.

### 3.4. Mainstreaming

**Environment:** Efforts will be made to ensure that the environmental impact of road construction/rehabilitation works is minimised, such as the disposal of non-biodegradable

construction waste, suppression of dust, preserve and protect all water courses, control erosion, protection of flora and fauna and the public etc. Environmental issues will be further developed in the description of the action. The Ministry of Land, Water and Environment is involved in supervising compliance with national environmental standards.

**People living in vulnerable situations:** Throughout the Action, efforts will be made to ensure gender equality. Capacity building activities will include gender equality. Health and safety measures for workers will be gender sensitive. Local communities, including women, will benefit from income generating opportunities through these works, and subsequent maintenance, and by having better and more efficient access to markets and employment during construction.

During implementation, due attention will be dedicated to ensuring alignment to the EU's Gender Action Plan 2016-2020 priorities on "Access to decent work for women of all ages" (objective 14) and "Equal access and control over clean water, energy, transport infrastructure, and equitable engagement in their management, enjoyed by girls and women" (objective 16).

**Human rights:** In line with the EU core values, a rights-based approach will be adopted during the implementation of the Action. Local authorities will consult the population affected by the construction throughout the process. Proper compensation should be guaranteed to land owners/land users affected by the road construction. Health and safety measure of construction workers and the public will be taken into consideration through purchasing health and safety equipment to be distributed to the workers involved in the road construction/rehabilitation, together with training. Adequate attention will be given to road safety, and reducing the number of deaths and injuries from road traffic accidents. The EU will keep a constant dialogue with RSTC and with the Government and will carry out regular field visits to monitor that basic standards and safeguards are met and decent working conditions are respected during the road construction<sup>4</sup>.

### 3.5. Stakeholders analysis

*Government of State of Eritrea:* The project will include a number of different parts of the Government, including the RSTC, responsible for procurement, construction companies, and concerned Ministries. The Ministry of Public Works is the regulatory body mandated to approve, supervise and verify the road construction works. The Ministries of Land, Water and Environment and of Labour and Social Welfare respectively, have responsibilities in ensuring compliance with environmental and labour related standards.

*Private sector.* A principal beneficiary will be the private sector and trucking operators in both countries.

*Eritrean population.* Direct benefits include economic opportunities from the rehabilitation and maintenance of the roads, and through associated services with the resumption of commercial transport and trade (such as catering, accommodation, vehicle repairs and maintenance). This will also increase the opportunity for enhanced services and other benefits as a result of increased government revenues and reduced prices for goods as a result of

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<sup>4</sup> The Government of the State of Eritrea has ratified six of the nine international human rights treaties: the Convention on the Rights of the Child (1989) and its Optional Protocols (both 2000); the Convention on the Elimination of All Forms of Discrimination Against Women (1979); the International Convention on the Elimination of Racial Discrimination (1965); the International Covenant on Economic, Social and Cultural Rights (1966); the International Covenant on Civil and Political Rights (1966); and the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984).

increased trade. Local development will also be enhanced through the improvement of the road connectivity with other parts of the country and Ethiopia.

#### **4. IMPLEMENTATION ISSUES**

##### **4.1. Financing agreement, if relevant**

Not applicable

##### **4.2. Indicative operational implementation period**

The implementation period will be up to 48 months from date of contract signature, to coincide with the planned construction period communicated by the Government for Phase 2. However, the implementation period can be reduced in case the activities are completed in advance.

##### **4.3. Implementation modalities**

The envisaged method of implementation, as experienced in Phase 1, will be indirect management through the conclusion of a Contribution Agreement with UNOPS, who will provide support to the Government, in particular to the RSTC, to undertake procurement of materials, construction plants and equipment, as well as oversight for verification of the quantities and quality of construction materials used.

UNOPS been selected to implement this project because of its mandate and its proven technical capacity in managing large procurement contracts, also working in partnership with national entities. In addition, UNOPS has in-house technical expertise in road design, rehabilitation and construction, as well as it has developed a good working relationship with RSTC and the concerned road construction companies. The extent and modalities of UNOPS support pertaining to mainstreaming on people living in vulnerable situations and human rights will be defined in the EU-UNOPS contribution agreement.

The budget for communication and visibility, and monitoring, evaluation and audit will be managed in direct management.

##### ***Organisational set up and responsibilities***

The governance and coordination structure described in the Project Cooperation Agreement (PCA) signed between UNOPS and RSTC and that has produced satisfactory results in Phase 1 will be replicated with some amendments also for Phase 2.

A Procurement Review Committee (PRC) will be established. This is a Government-led coordination mechanism and involves those leading the oversight and delivery of the rehabilitation and construction, as well as the EU Delegation to Eritrea and UNOPS. This tripartite methodology foresees constant dialogue between RSTC, the EU and UNOPS through a system of periodical meetings.

The procurement process will be run under RSTC responsibility. RSTC procurement guideline/manual will apply. RSTC and UNOPS will agree on the process to be followed, according to the respective responsibilities agreed in PCA's matrices and in accordance with best practices and public procurement principles, such as best value for money, competition, fairness, integrity, transparency and best interest of stakeholders. The RSTC and UNOPS will determine the procurement method to be applied for each procurement processes with the aim to contract suppliers that can offer greater advantage and value for money. The main UNOPS's role is to guarantee that the identified procedure is respondent to the international standard providing a no-objection procedure.

#### 4.4. Indicative budget

Component	Amount EUR
Indirect management	
Support to procurement of construction plants, materials and equipment for road rehabilitation, and follow-up	15 000 000
<b>Total</b>	<b>15 000 000</b>

#### 4.5 Monitoring and reporting

The implementing partner must establish a permanent internal, technical and financial monitoring system for the action and prepare regular progress reports and final reports.

In the initial phase, the indicative logical framework agreed in contract and / or the agreement signed with the implementing partner must be complemented by benchmarks and targets for each indicator. Progress reports provided by the implementing partner should contain the most recent version of the logical framework agreed by the parties and showing the current values for each indicator. The final report should complete the logical framework with reference points and final values for each indicator.

The final report, financial and descriptive, will cover the entire period of the implementation of the action.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Particular attention will be given to ensuring that minimum standards for health and safety of the workers involved are ensured.

The implementing partner(s) will report on a number of common EUTF indicators of the selected results for this Action (see list in English / French published on the EUTF web site).

The first level of monitoring will be undertaken through the internal monitoring system put in place by the Government to supervise the on-going emergency road rehabilitation program. Progress reports will be regularly submitted to UNOPS and the EU, who will also undertake regular monitoring visits to the sites. Drawing on its capacities, UNOPS will be in charge of the regular follow up, limited to the scope of work of procurement and use of procured goods and materials.

The main component of this action will be integrated with the EUTF Monitoring and Learning System (MLS)<sup>5</sup> for the reporting of selected output and outcome indicators, and UNOPS must take part in case study exercises and the learning strategy developed by the MLS. It will also be expected to provide regular (at least quarterly) data to the MLS in a format, which will be introduced during the contract negotiation stage. UNOPS will have to report against a selected number of the MLS output indicators. The monitoring of these indicators will therefore have to be included in the M&E systems (in addition to the indicators already existing in the project logical framework, see Annex II).

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<sup>5</sup> T05-EUTF-HOA-REG-28

Project Implementing Partners will be required to provide regular data, including the evolution of the actual values of the indicators (at least every three months) to the contracting authority, in a format which is to be indicated during the contract negotiation phase. The evolution of the indicators will be accessible to the public through the EUTF website and the Akvo RSR platform (<https://eutf.akvoapp.org/en/projects/>).

#### **4.6 Evaluation and audit**

If necessary, ad hoc audits, evaluations or expenditure verification assignments could be contracted by the European Commission for one or several contracts or agreements

Audits and expenditure verification assignments will be carried out in conformity with the risk analysis in the frame of the yearly Audit Plan exercise conducted by the European Commission. The amount allocated for external evaluation and audit purposes should be shown in EUR. Evaluation and audit assignments will be implemented through service contracts, making use of one of the Commission's dedicated framework contracts or alternatively through the negotiated or the single tender procedure.

#### **4.7 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, which will be developed early in the implementation. The measures are implemented by the Commission, the partner country, the contractors, the beneficiaries and/or the entities responsible in terms of legal obligations regarding communication and visibility. Appropriate contractual obligations will be included in the financing agreement, purchase and grant agreements and delegation as well as contribution agreements.

Communication and visibility requirements for the European Union are used to establish the communication and visibility plan for the action and the relevant contractual obligations.

#### **List of acronyms**

COAFR - European Council Africa Working Group  
EDF - European Development Fund  
EU - European Union  
EUTF - European Union Trust Fund for Africa  
GSE - Government of the State of Eritrea  
HoA - Horn of Africa  
MoPW - Ministry of Public Works  
MoLWE - Ministry of Land, Water and Environment  
MoLSW - Labour, Social and Welfare  
PCA - Project Cooperation Agreement  
RSTC - Red Sea Trading Corporation  
SPU - Special Project Unit  
UNOPS - United Nations Office for Project Services

**Annexes:**

Annex I: Indicative logical framework

Annex II: Map of road rehabilitation priorities.

## Annex: Indicative Logical Framework Matrix

The indicative logframe matrix will evolve during the lifetime of the action and can be revised as necessary: The activities, the expected outputs and related indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the Action, no amendment being required to the financing decision. The logframe matrix should be used for monitoring and reporting purposes: new lines will be added for including baselines / targets for each indicator at contracting or inception stage new columns may be added to set intermediary targets (milestones) for the output and outcome indicators whenever it is relevant, as well as to regularly update values (“current value”) for reporting purpose. The inception report should include the complete logframe (e.g. including baselines/targets). Progress reports should provide an updated logframe with current values for each indicator. The final report should enclose the logframe with baseline and final values for each indicator.

*Additional note:* The term "results" refers to the outputs, outcome(s) and impact of the Action (OECD DAC definition).

	<b>Results chain: Main expected results (maximum 10)</b>	<b>Indicators (at least one indicator per expected result)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Impact (Overall objective)</b>	Contribute to reinforcing peace and economic inclusive integration between Eritrea and Ethiopia	<ul style="list-style-type: none"> <li>Ethiopian commercial trade starts operating through Massawa port</li> <li>Ongoing dialogues between the two Governments to support the arrangements, development and delivery of transport connectivity and trade.</li> </ul>	Dialogue and press reports	The Government of Eritrea and Ethiopia remain committed to rapprochement and a trade agreement between the two Counties is reached.
<b>Outcome(s) (Specific Objective(s))</b>	Improve transport connectivity for commercial trade and for people living along the arterial roads between Massawa and the Ethiopian border	<ul style="list-style-type: none"> <li>Average daily traffic (vehicles/day)</li> <li>Average speed on rehabilitated road (km/h)</li> <li>Journey time between Massawa and Ser'ha</li> <li>Transportation costs of goods</li> <li>Accident rates on roads</li> </ul>	Government reports	Road rehabilitation goes to plan and major bottlenecks along the roads are addressed.



<p><b>Other Results (Outputs and/or Short-term Outcomes)</b></p>	<p>Road between Nefasit and Ser'ha is rehabilitated and able to effectively handle commercial traffic flows</p>	<ul style="list-style-type: none"> <li>• Km roads rehabilitated, which in turn will include:             <ul style="list-style-type: none"> <li>• Km of road graded</li> <li>• Km of subgrade treatment</li> <li>• Km of road asphalted</li> <li>• Culverts built, rebuilt, rehabilitated</li> <li>• Retaining walls built and slopes stabilised</li> <li>• Ditches built</li> <li>• Road safety and environmental facilities installed</li> <li>• Number of plants, equipment and materials procured and delivered</li> <li>• Duration of procurement process (days)</li> </ul> </li> </ul>	<p>Government reports and monitoring missions</p> <p>Procurement reports</p>	<p>Construction companies are able to scale up and make use of procured items in a fast and effective way.</p> <p>UNOPS maintains a good working relationship with the RSTC and other Eritrean counterparts, resulting in no major delays in procurement.</p> <p>UNOPS can regularly access the road rehabilitation sites in order to assess quality and standards are reached.</p>
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**Annex II: Map of road rehabilitation priorities.**

**IMMEDIATE PRIORITY OF THE GOVERNMENT OF ERITREA  
REHABILITATION OF MAIN ARTERIAL ROADS  
ETHIOPIAN BORDER TO MASSAWA PORT**

