

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

DOMINICAN REPUBLIC

MULTIPHASE PROGRAM FOR ROAD INFRASTRUCTURE, PHASE I

(DR-L1008)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND OUTCOMES MONITORING.....	1
A.	Background, problem, and rationale	1
B.	Objectives, components, and costs	2
C.	Results framework with key indicators	6
II.	FINANCIAL STRUCTURE AND PRINCIPAL RISKS	7
A.	Financial instruments.....	7
B.	Environmental and social risks	7
C.	Fiduciary risk	9
D.	Other special considerations and risks.....	9
III.	EXECUTION AND MANAGEMENT PLAN	10
A.	Summary of execution considerations.....	10
B.	Monitoring and evaluation provisions.....	12
C.	Major post-approval activities	13

ANNEXES

Annex I	Results Matrix
Annex II	Procurement Plan
Annex III	Safeguard and Screening Form for Classification of Projects (SSF)
Annex IV	Maps

APPENDICES

Proposed resolution

Electronic Links and References	
REQUIRED	
1.	Annual work plan [Plan of activities] http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1182065
2.	Monitoring and evaluation [Describes the methodology for using the outcome indicators – Ref. paragraph 3.10] http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1148888
3.	Environmental and social management plan (ESMP) [Shows the environmental analysis and the ESMP – Ref. paragraphs 2.3 to 2.8] http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1141145
OPTIONAL	
1.	Technical options and designs [Identifies road sections, their grouping and characteristics – Ref. paragraph 1.11] http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1132844
2.	Project cost and economic viability analyses [Presents the technical and economic evaluation results – Ref. paragraph 2.12] http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1143582
3.	Financial management / Financial considerations and control systems Institutional analysis / Staff, procedures and other capacity-related matters [Presents the sector institutional assessment findings, and the ICAS findings – Ref. paragraphs 2.9 to 2.11] http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1143558
4.	Map http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1149475

ABBREVIATIONS

AWP	Annual work plan
DGAR	Departamento de Gestión Ambiental y Riesgo [Risk and Environmental Management Department]
DGMCC	Dirección General de Mantenimiento de Carreteras y Caminos Vecinales [Highway and Local Road Maintenance Bureau]
DGPPI	Dirección General de Planificación y Programación de Inversiones [Investment Planning and Programming Bureau]
ESMP	Environmental and Social Management Plan
HDM	Highway Development and Management
ICAS	Institutional Capacity Assessment System
ICB	International competitive bidding
IRI	International Roughness Index
IRR	Internal rate of return
NCB	National competitive bidding
NPV	Net present value
OCGPFE	Oficina de Coordinación General de Proyectos Financiados con Recursos Externos [General Coordination Office for Projects Financed with External Resources]
OFID	The OPEC (Organization of the Petroleum Exporting Countries) Fund for International Development
PCU	Project Coordinating Unit
RCI	Road condition indicator
SAMCV	Sistema de Administración del Mantenimiento de Caminos Vecinales [Local Roads Maintenance Management System]
SEMARN	Ministry the Environment and Natural Resources
SEOPC	Ministry of Public Works and Communications
SPN	Special procurement notice
VIADOM	Programa de Concesiones Viales de República Dominicana [Dominican Road Concessions Program]

PROJECT SUMMARY

DOMINICAN REPUBLIC
MULTIPHASE PROGRAM FOR ROAD INFRASTRUCTURE – PHASE I
(DR-L1008)

Financial Terms and Conditions ¹					
Borrower: Dominican Republic				Amortization period:	25 years
Executing agency: Ministry of Public Works and Communications (SEOPC)				Grace period:	5 ½ years
Source	Amount (US\$ million)			Disbursement period:	5 ½ years
	Phase I	Phase II	Phase III	Inspection and supervision fee:	0
IDB (Ordinary Capital)	50.0	110.0	70.0	Interest rate:	Variable
Cofinancing	30.0	-	-	Credit fee:	0.25%
Local contribution	11.7	30.2	22.0	Currency:	U.S. dollars from the
Total	91.7	140.2	92.0		Single Currency Facility
About the project					
Objective and description:					
<p>The objective of the program is to reduce vehicle operating costs and travel times for goods and passengers traveling on the country's road infrastructure. Its purpose is to support the rehabilitation and reconstruction of the national road system and launch a process of change in road conservation policy and management by designing and introducing contracting modalities to further develop a sustainable mechanism for guaranteeing regular maintenance of the highway and local road system. The project comprises three components: (i) rehabilitation and reconstruction, maintenance of sections of the national highway system, and reconstruction of road works impacted by natural disasters; (ii) routine and periodic maintenance of local roads; and (iii) institution-strengthening to enhance management of road maintenance and of the system for verifying vehicle weight and size.</p>					
Special contractual conditions:					
<p><u>Special conditions precedent to the first disbursement:</u> hiring the administrative and financial advisor and contracting the consulting firm and the consultancy services to draft bidding documents (see paragraph 3.5). <u>Special conditions for project execution:</u> approval of the bidding documents prior to using Component 1 and Component 2 resources; phased execution of the tenders for rehabilitation and maintenance under Component 1; the signing of an institutional cooperation agreement between the SEOPC and the Ministry of the Environment and Natural Resources (SEMARN) prior to using Component 1 resources; adoption of the measures established in the environmental and social management plan (ESMP) during program execution; completion of the vehicle measurement and weight control system diagnostic assessment prior to using pilot project resources; and retroactive recognition of expenditures (see paragraphs 1.15, 2.7 and 3.6 to 3.8). Once the general conditions precedent to the first disbursement for commencing execution have been met, the Bank may disburse an advance of up to US\$10 million to finance repair and reconstruction works stemming from the recent emergency situation arising from a natural disaster.</p>					
Exceptions to Bank policies:					
None.					
<div> <div>Project qualifies as:</div> <div> <div>SEQ []</div> <div>PTI []</div> <div>Sector []</div> <div>Geographic []</div> <div>Headcount []</div> </div> </div>					

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendations. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount.*

* With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND OUTCOMES MONITORING

A. Background, problem, and rationale

- 1.1 Sustainable economic growth in the Dominican Republic is closely linked to the transport sector. The internal transportation system must ensure efficient access to the continually growing tourist hubs, free trade areas, and the primary agricultural and mining markets. Transportation costs account for a major portion of the end price of goods and services, and are directly tied to the condition of the infrastructure and the operating efficiency of the modes of transport. Analyses to determine vehicle operating costs show that the difference between a road in poor condition versus one in good condition adds about US\$0.17 to the per kilometer cost for a heavy truck. This translates into a 12% to 18% cost increase for an average trip, or an end consumer cost increase of 2% to 4% on goods and services. The Dominican Republic's road system comprises 4,921 km of highways, and 8,912 km of local roads. The road system's coverage provides for adequate movement of people and goods between all regions and production centers in the country.
- 1.2 Basically, the problem arises from the absence of a good conservation policy, as existing roadways are in distress much sooner than anticipated in their design owing to the lack of preventive maintenance and conservation during their service life. Road infrastructure maintenance has been neglected. Consequently, investments for reconstruction have been driven up more than necessary because, in many cases, the durability of reconstruction work fell 50% short of design life under proper maintenance. The system has deteriorated significantly—73% is in moderate or poor condition.
- 1.3 There are two factors affecting the current condition of the road system: inadequate maintenance of the system, and excesses in weight and size by transport companies. With respect to the first factor, a large proportion of the resources earmarked for maintenance are actually used to cover payroll at the Ministry of Public Works and Communications (SEOPC), resulting in limited service capacity under the maintenance force account modality. With respect to the second, regulations are lax and out of date. The cargo limits exceed design loads and, in general, are some 18% higher than the average for the region. The combined effect of these regulations and inadequate controls means that the initial investment is also larger.
- 1.4 The government has deployed a strategy with two pillars to improve road maintenance. The first pillar is an ambitious concessions plan, known as VIADOM (the Dominican Road Concessions Program), to expand, improve, and maintain at least 990 km of trunk roads with an investment of US\$684 million provided by the concessionaire, who will collect tolls to recover the investment. VIADOM is split into three lots of 319 km, 214 km, and 457 km, respectively, of high volume roads, with bidding scheduled for the first half of 2008. The second pillar consists in developing a medium-term rehabilitation and maintenance investment plan for the non-concessioned trunk roads and the secondary road system. This plan will prioritize the timing of interventions to ensure the stability of the local roads that

are in good condition. The proposed multiphase program supports the second pillar of the government's strategy. The SEOPC is working on the design and implementation of a strategy to find sustainable solutions to the local roads problem, seeking to increase the scale of existing SEOPC management instruments.

- 1.5 The three most recent Bank operations for the sector supported the local roads subsector. The IDB has not participated in any highway projects since 1980 when it financed the improvement and expansion of the Duarte highway. Several World Bank operations have focused on highway rehabilitation and maintenance. The most recent one included a component to support periodic and routine maintenance under a contract. The program was discontinued when loan resources were used up, so it failed to bring about a cultural change where the stakeholders (users, government, transport companies, and construction industry) become active participants as they enjoy the benefits of a well maintained infrastructure for a long time. The present program will pick up where the previous experience left off, and seek to develop a lasting plan.
- 1.6 The SEOPC is responsible for managing the entire transportation sector although, in practice, its activities are limited to the road subsector (planning and executing designs, construction, rehabilitation and maintenance, as well as pavement markings and road signs and issuing driver's licenses). Despite some progress made under programs supported by multilateral entities, the SEOPC never developed the institutional strength nor the management capacity to administer projects like this one. Instead, a General Coordination Office for Projects Financed with External Resources (OCGPFE) was established with the support of multilateral entities. It has coordinated the execution of many earlier programs financed with IDB and World Bank resources, has limited staff, and ensures coordination with other SEOPC agencies involved in the programs, such as the Highway and Local Road Maintenance Bureau (DGMCC), the Investment Planning and Programming Bureau (DGPPI), and the Risk and Environmental Management Department (DGAR) with respect to environmental issues.
- 1.7 Tropical Storm Noel caused significant damage to the country's road infrastructure, initially found in the south (San Cristóbal and San José de Ocoa provinces) and the north (La Vega, Monseñor Noruel, and Salcedo provinces primarily). SEOPC staff initially identified the damage; the Bank, in turn, conducted direct inspections in November 2007 and found that the damage to the road infrastructure was typical for this type of storm, primarily: land slides, damage to the drainage system; damage to retaining walls; scouring of embankments; bridge access cut off; and partial or total loss of bridges. This situation warrants allocating project funds to the urgent rehabilitation or partial reconstruction work.

B. Objectives, components, and costs

- 1.8 The objective of the program is to reduce vehicle operating costs and travel times for goods and passengers traveling on the country's road infrastructure. Its purpose is to support rehabilitation and reconstruction of the national system and launch a

process of change in road conservation policy and management by designing and introducing private sector contracting modalities to further develop a sustainable mechanism for guaranteeing regular maintenance of the highway and local road systems.

- 1.9 The proposed operation will be a multiphase program, with three overlapping execution phases of approximately five years each, so the full program is expected to span a 12-year investment period. Bank financing for each phase is estimated at US\$50,¹ US\$110, and US\$70 million, respectively, as shown in Table I-1. The Bank will process Phases II and III upon verifying the progress made with respect to the objectives of the preceding phase(s), including satisfactory execution of works, design and introduction of institutional and operational maintenance mechanisms, and the attainment of agreed upon milestones (see paragraph 3.9). Table I-2 presents the physical targets expected from execution of each of the three program phases.

Table I-1. Financing plan (US\$ million)				
CATEGORY	PHASE I	PHASE II	PHASE III	Total
1. Engineering and administration	7.8	11.8	9.7	29.3
2. Direct costs	81.4	123.7	100.8	305.9
4. Unallocated (contingencies and escalation)	2.2	3.3	2.7	8.2
5. Financial expenses	0.3	1.4	0.9	2.6
Total program cost	91.7	140.2	114.1	346.0
IDB (Ordinary Capital)	50.0	110.0	70.0	230.0
Cofinancing	30.0	-	-	30.0
Local contribution	11.7	30.2	44.1	86.0
Total financing	91.7	140.2	114.1	346.0

Table I-2. Highway rehabilitation and maintenance targets for the program (km)				
CATEGORY	PHASE I	PHASE II	PHASE III	Total
Repair and reconstruction	111	-	-	111
Highway rehabilitation	204	413	319	936
Routine highway maintenance	1,098	2,100	2,700	5,898
Maintenance of local roads (microenterprises)	2,000	2,000	2,000	6,000

- 1.10 Phases II and III will include new maintenance contracts for the systems covered in the preceding phase, plus new rehabilitation works to help lock in the model, ensure the continuity of private sector activities under this new modality, and guarantee the budget items used to finance road maintenance. Phase I of the proposed program includes the three components described below.
- 1.11 **Component 1 – Highway rehabilitation, reconstruction, and maintenance.** This component will support the reconstruction of 111 km of highways affected by

¹ Part of the US\$80 million in Bank resources originally planned for Phase I were substituted by US\$30 million in cofinancing resources.

Tropical Storm Noel, rehabilitation of 204 km, and routine maintenance of 1,098 km in sections of the national highway system, to ensure service levels remain adequate. The planned works include: (i) two lots or groups of road sections where the investments will include comprehensive rehabilitation and maintenance, to be executed under four-year contracts; (ii) three lots or groups of road sections where investments will cover rehabilitation to be executed under rehabilitation contracts of up to two years; and (iii) rehabilitation and reconstruction work to address the damage from natural disaster-induced emergencies. The sections grouped together under comprehensive rehabilitation and maintenance contracts will be located in the same geographic area. The sections not included in the comprehensive contracts will be tendered as discrete rehabilitation contracts. The lot names and characteristics are listed in the technical annexes. The reconstruction works seek to re-establish safe transit conditions and make those highways and roads less vulnerable to similar events in the future. The reconstructions works will be concentrated in San José de Ocoa province.

- 1.12 The comprehensive contracts will be designed using resources from the institution-strengthening component. Each comprehensive rehabilitation and maintenance contract will include two distinct responsibilities: (i) the initial rehabilitation of some highway sections based on SEOPC predesigns, with quality controls and unit-price-based payments in accordance with customary contract practice, with a partial execution period of up to two years; and (ii) maintenance of all roads (including rehabilitated roads) for the contractual period, with flexible conditions allowing for some works to be paid on the basis of unit prices, and others as determined and managed by the contractor, with road condition indicators (RCI) or results-based controls.
- 1.13 **Component 2 – Maintenance by microenterprises.** Investments will be made in routine and periodic maintenance of 2,000 km of local roads system-wide. The principal activities to be financed include road patching, controlling vegetation, shape correction and resurfacing the wearing course aggregate, cleaning, repairing and replacing culverts and crossovers, repairing bridges, repairing masonry ditches, mechanical maintenance of ditches, and maintenance of road signs. Investments will be made through existing microenterprises, with roads selected annually in keeping with the priorities of the Local Roads Maintenance Management System (SAMCV), prioritizing roads in good or maintainable condition (Road Condition Index² over 70). This component takes advantage of the management systems and the successful experience resulting from loan 1114/OC-DR.
- 1.14 **Component 3 – Institution-strengthening.** This component will support management of maintenance and of the weight and size control system, as well as support the consulting work needed to address the declared emergencies stemming

² The Road Condition Index (RCI) is a function of road surface and drainage system condition. It ranges from 0 to 100, where an RCI>70 means the road is in good condition, and an RCI<10 means it is in extremely poor condition.

from natural disasters. Support for maintenance management comprises the following key activities: (i) update the highway inventory; (ii) draft a highway maintenance standards manual, which can be gradually incorporated into the comprehensive maintenance contracts for works, covering the fundamental indicators, how they are evaluated and the correlation with payments to contractors; (iii) prepare the standard bidding documents for each type of maintenance and rehabilitation contract, and the corresponding maintenance models, with recommendations for flexibility to facilitate moving from quantity-based and unit-priced contracts to standards-based maintenance contracts—to this end, an analysis of the construction industry and the institutional situation of the sector will be carried out; (iv) in light of the results from the previous activity, evaluate the best organizational structure to supervise maintenance contracts with an option to establish a Special Contract Supervision Unit under the DGMCC; (v) update the microenterprise and road workers' management control system; (vi) execute damage identification efforts, predesigns, designs, and supervision for reconstruction of road works.

- 1.15 The component provides for conducting a pilot where investments will be made in the axle load measurement and control system, assuring the system operates along the entire road system. As a condition precedent to use of pilot resources, consulting services will be procured to carry out the following activities: (i) an institutional analysis of involved agencies and a review of existing regulations, taking into account the interests of the SEOPC (to extend road service life), and of transport companies and consumers (to cut transportation costs); (ii) a detailed analysis of freight vehicle flows and where cargo is generated, existing technological and administrative options to implement the pilot plan, and their effect on infrastructure costs and user safety, including an economic assessment of those effects; and (iii) formulating recommendations for specific investments to be made with program resources allocated to the pilot, and their execution plan. In support of the institution-strengthening component, the operation contains provisions for specific technical assistance as required during project execution, together with training, procurement of computer, communications and laboratory equipment, and other logistical support for SEOPC agencies.
- 1.16 The project will finance several activities to support execution, including hiring a consulting firm to assist project management, tasked with the activities listed in paragraph 3.2. Lastly, the project makes allowances for funds to be used to contract construction work supervisors, additional workers or incentives mandated by the Borrowers' legal framework for staff of the OCGPFE—the agency in charge of program execution. Funds will also be provided for any additional studies and final designs required for Phase II of the program. Table I-3 summarizes project costs and financing.

Table I-3 Phase I costs and financing (in US\$ million)				
CATEGORY	IDB	Local counterpart		Total
		Cofinancing	Borrower	
1. Engineering and administration	6.1	1.7	0.0	7.8
1.1 Engineering and studies	0.5	0	0.0	0.5
1.2 Supervision of works and audit	3.6	1.7	0.0	5.3
1.3 Support for program administration	2.0	0.0	0.0	2.0
2. Direct costs	42.4	27.6	11.4	81.4
2.1 Rehabilitation, reconstruction, and maintenance	32.7	27.6	5.4	65.7
2.1.1 Reconstruction and emergency response	10.0	0.0	0.0	10.0
2.1.2 Rehabilitation and maintenance	22.7	27.6	5.4	55.7
2.2 Maintenance by microenterprises	6.0	0.0	6.0	12.0
2.3 Institution-strengthening	3.7	0.0	0.0	3.7
3. Unallocated (contingencies and escalation)	1.5	0.7	0.0	2.2
4. Financial expenses	0.0	0.0	0.3	0.3
4.1 Credit fee	0.0	0.0	0.3	0.3
4.2 Interest	0.0	0.0	0.0	0.0
Program total	50.0	30.0	11.7	91.7

C. Results framework with key indicators

- 1.17 The most important project outcome will be lower operating costs³ and shorter travel times.⁴ These variables, together with investment costs, are the principal determinants of the project's economic return, and are the key indicators for measuring the results. Furthermore, the number of kilometers under maintenance contracts is an indicator for measuring the operation's impact.
- 1.18 In summary, the program is expected to result in a 10% average travel time reduction, with values ranging from 2% to 36%, and an estimated 10% reduction in operating costs. Likewise, by the end of Phase I, there should be at least 274 km of road under maintenance contracts, and the SEOPC should be better able to manage and finance road maintenance. Upon completion of Phases II and III, 80% of the trunk and secondary road systems, in aggregate, is expected to be in good condition, compared to 39% today, and a sustainable maintenance management and financing mechanism should be in place for 70% of these systems. The indicators and their projected values are outlined in the attached results matrix.

³ The repair and reconstruction works will yield additional benefits through recovering permanent, safe road serviceability for persons and goods.

⁴ The project also yields benefits by increasing accessibility for families and firms, and generating greater value added for economic activities that benefit from roads being in good condition. However, these benefits are not normally quantified as they are difficult to quantify and allocate.

II. FINANCIAL STRUCTURE AND PRINCIPAL RISKS

A. Financial instruments

- 2.1 This operation has been structured as a multiphase loan, as this financial instrument is well suited to a project requiring systematic, continued Bank support over a longer term, with multiple interrelated phases, in order to meet the road maintenance investment and sustainability targets. The total cost for Phase I of the program is estimated at US\$91.7 million, of which the Bank will contribute US\$50 million, US\$30 million will come from cofinancing, and US\$11.7 million from local resources.
- 2.2 The OPEC (Organization of the Petroleum Exporting Countries) Fund for International Development (OFID), informed the Government of the Dominican Republic of its intention to participate in this cofinancing.⁵ The Phase I disbursement plan is summarized in Table II-1.

Table II-1. Disbursement plan – Phase I						
(US\$ million)						
Year	1	2	3	4	5	Total
IDB	10.0	10.0	15.0	10.0	5.0	50
Cofinancing	6.0	6.0	9.0	9.0	-	30
Local	2.3	2.3	3.5	2.3	1.3	11.7
Total	18.3	18.3	27.5	21.3	6.3	91.7

B. Environmental and social risks

- 2.3 Adverse environmental and social impacts from the road rehabilitation works under this operation will be small-scale, limited to a small area, of short duration, and easily mitigated or offset. There has been little environmental damage from highway construction in the past. No changes to the right of way of highways are anticipated. There will be no impact on the flora and fauna, on tourist, historical, archeological, paleontological, or geological sites, or indigenous reservations, and no expropriations, involuntary resettlements, or cultural impact.⁶
- 2.4 The rehabilitation or partial reconstruction works in response to the damage from Tropical Storm Noel will largely help to bring back the damaged physical infrastructure, and create conditions so that similar events in the future have a lesser impact. Accordingly, no adverse environmental or social impact is expected, since the interventions will basically be for mitigation. The most positive interventions will be restoring riverbeds, controlling river and stream erosion, reducing the flow

⁵ Should the cofinancing resources fail to materialize, funds may be obtained from the local counterpart or from the Bank itself, possibly through a supplemental loan.

⁶ In a communication dated 11 October 2007, SEMARN certified that in accordance with existing policies and expected impacts, no environmental study was required for the roads in question.

- speed of drainage water (which will help reduce turbidity and silting) and stabilizing slopes through seeding and reforestation.
- 2.5 The principal risks from these rehabilitated highways will be high vehicle speed, and the danger of flooding following torrential rains owing to obstruction of the drainage system by trash thrown alongside the road. The completed environmental analysis made recommendations for reducing accidents. To mitigate the risk of drainage system obstructions, community meetings will be organized, a guide on trash collection and disposal will be prepared, and a workshop for practitioners on how to develop a project on handling trash and flood prevention will be offered.
- 2.6 The proposed social and environmental compensation program will support institution-strengthening for the Risk and Environmental Management Department (DGAR), an agency of the Ministry of Public Works and Communications (SEOPC), and SEOPC cooperation with the Ministry of the Environment and Natural Resources (SEMARN), by making available the equipment needed to help it perform its duties relating to program-financed works. The support will include procuring equipment and vehicles, and adapting manuals concerning the technical environmental specifications, for inclusion in the bidding documents, all of which will help the DGAR discharge its duties in the sector. Workshops on social and environmental management and supervision for road projects will also be organized for government officials and technical staff at the construction and supervision companies.
- 2.7 The environmental and social management plan (ESMP) must be observed throughout project execution, adopting the mitigation, prevention, or compensation measures identified therein. These measures will be reflected in the bidding documents, as well as in the civil works and project supervision contracts. The ESMP focal points include the contractors' social and environmental specialists, and social and environmental supervisors. Construction companies will be responsible for implementing the impact mitigation measures when performing civil works. Before construction work may begin, contractors must submit for approval by the focal point, the mitigation measures they intend to implement at the work site. Immediately before beginning the construction work, contractors will give a program-financed environmental and social ethics course to all their workers.
- 2.8 The environmental analysis confirmed this is a Category B project in the environmental classification. This category covers operations that are likely to have mostly localized, short-term adverse environmental and social impacts and risks, and for which effective mitigation measures are readily available. Such impacts are not generally irreversible, permanent, and/or large-scale. The social and environmental actions will cost US\$333,900, of which US\$129,600 are part of good engineering practices and will be included in contractor proposals. These resources are included in item 1 of the budget (see Table I-1).

C. Fiduciary risk

- 2.9 The fiduciary risk was analyzed on the basis of the sector analysis conducted and information obtained through the Institutional Capacity Assessment System (ICAS).⁷ From a sector standpoint, the principal risk is related to maintenance difficulties in the country (see paragraph 1.2). From an operational and administrative standpoint, the analysis indicates that there is low to moderate risk for project execution in the financial administration, internal control, and external control areas and that mechanisms are needed to strengthen activity programming, administrative management, human resources management, and administration of goods and services. Should these risks materialize, road works could deteriorate at a pace beyond what is considered normal, and execution periods could be lengthened.
- 2.10 The maintenance lag is caused by the absence of effective policies to manage and finance maintenance. The solution can be addressed in both the medium and long term, as it calls for a change to the prevailing culture, which in turn requires the participation of all stakeholders, not only the government, but users, especially freight transportation companies and cargo generators, and the road construction industry. This risk is addressed through the design of the operation itself. The three planned phases include resource allocations for institution-strengthening, focusing on maintenance and strengthening the axle weight control system. Furthermore, use of comprehensive contracts engages the construction industry in bringing about cultural change.
- 2.11 The operational and administrative strengths stem from the experience gained by the project coordinating unit (PCU), working under the OCGPFE, in its traditional function as executing agency for IDB loans. The weaknesses are of a structural nature, owing to the country's overall institutional problems, as evidenced by the lack of continuity in the use of programming and administrative systems that are normally part of loan operations. What is more, the analysis points to low wages for SEOPC technical staff as one of the major obstacles to attracting and retaining human resources. To address these issues, the project would strengthen the PCU execution structure with personnel, equipment, and revamped management procedures. In addition, the services of a consulting firm will be retained to support technical management of the project, and wage incentives charged to loan resources will be authorized, provided they are awarded pursuant to the borrower's legal framework and based on performance appraisal mechanisms. The Phase I annual work plan provides for a number of activities to be carried out with Bank support prior to eligibility for the first disbursement. They are intended to mitigate any other administrative risks.

D. Other special considerations and risks

- 2.12 **Economic and technical evaluation.** The sections of road were selected based on a cost-benefit analysis of the entire network, taking into account the coverage of the

⁷ A more detailed institutional analysis is presented in the project technical files.

VIADOM concession program. The sections selected for rehabilitation and maintenance were grouped geographically, and rehabilitation investments calculated based on road conditions, as determined by on-site visits, practitioners' expertise, and economic assessment results. The economic assessment of investments considered the entire road system, resulting in positive internal rates of return (IRR) ranging from 17% to 42%.⁸

III. EXECUTION AND MANAGEMENT PLAN

A. Summary of execution considerations

- 3.1 The borrower for the project will be the Dominican Republic, and the executing agency the Ministry of Public Works and Communications (SEOPC). Execution will be managed by the program coordinating unit (PCU) working out of the General Coordination Office for Projects Financed with External Resources (OCGPFE). The PCU will coordinate the program taking advantage of its existing organizational structure and the positive experience gained through management of previous IDB- and World Bank-financed programs. The PCU will be supported by a consulting firm hired with program resources, and will coordinate all activities with other SEOPC agencies, such as the DGMCC, DGPPI, and DGAR.
- 3.2 The consulting firm will: (i) provide support for all phases of the contracting processes; (ii) provide support to ensure full compliance with Bank procedures; (iii) provide logistical support for the SEOPC to supervise and monitor project execution, and review supervision reports; (iv) monitor contract execution; (v) support transportation needed for the SEOPC to monitor and supervise the project; (vi) provide the technical and engineering consultancy services required for the project; (vii) confirm and endorse the technical specifications for inclusion in Phase I bidding documents and contracts; (viii) prepare the pre-design of roads for inclusion in Phase II of the program; (ix) design, implement, and maintain the program website; and (x) support the preparation of maintenance manuals and specifications for the program.
- 3.3 External firms including, among others, specialists in environmental supervision, will be hired with program resources to supervise the contracts for civil works carried out under the program. Because this project will be introducing a new maintenance management modality, it is important for the public sector to develop its own supervision capacity. The project will therefore evaluate the possibility of establishing a Special Contract Supervision Unit in the DGMCC. This evaluation will be carried out as part of the institutional analysis of the sector envisaged under Component 3, to determine the scope of the transition to standards-based contracts. The SEOPC will be responsible for the maintenance of rehabilitated sections not

⁸ Details on the assumptions and methodology used for the economic assessments are provided in the project technical files.

- covered by the comprehensive contracts. These sections may be included as maintenance projects in Phase II of the program.
- 3.4 Should it become necessary to add or change road sections, the sections must meet the following criteria: (i) be part of the national highway system; (ii) have been preselected through a technical and economic analysis broken down into sections of the system (Highway Development and Management (HDM) model), showing an economic internal rate of return equal to or greater than 12%; (iii) for sections requiring rehabilitation, a preliminary engineering predesign will be prepared, indicating expected outcomes, and providing sufficient details to call for bids on design and build contracts; or (iv) be part of the work(s) necessary to address emergencies declared as a result of a natural disaster.
- 3.5 **The following are special conditions precedent to the first disbursement:** (i) select and hire an administrative and financial advisor; (ii) select and contract the consulting firm; and (iii) select and contract consulting services to draft the bidding documents for the comprehensive maintenance services, rehabilitation services, and maintenance services by microenterprises, including model contracts. Nonetheless, to finance activities to address the declared emergency resulting from the natural disaster caused by Tropical Storm Noel and to facilitate compliance with these special conditions, the Bank may declare partial eligibility of up to US\$10 million, once the general conditions precedent to the first disbursement for commencing loan execution have been met.
- 3.6 **Other special execution conditions.** Except in the case of addressing a declared emergency stemming from a natural disaster, the use of Component 1 and 2 resources will be contingent upon approval by the Bank of the bidding documents for the comprehensive maintenance services, rehabilitation services, and maintenance services by microenterprises, including model contracts. The call for bids for the second lot in Component 1, including the rehabilitation contracts and a comprehensive rehabilitation and maintenance contract, will be contingent upon having signed the contract for the first lot, having approved the designs for civil works contracted in Phase I, and having made any necessary adjustments to the program's physical targets based on the final cost of the first lot procured under the design and build modality. Lastly, use of Component 1 resources will be subject to the SEOPC and the SEMARN signing an institutional cooperation agreement under which the former commits to make available to the latter the equipment it will need to expeditiously discharge its duties relating to program-financed works.
- 3.7 **Other provisions.** (i) The SEOPC will open two "special accounts" to manage the Bank loan and local counterpart funds; (ii) a revolving fund equivalent to 5% of the loan amount will be established, in accordance with Bank procedures, for program disbursements. The SEOPC will submit to the Bank semiannual progress reports on the status of the revolving fund. These reports will be presented within 60 days after the end of each six-month period in the calendar year during program execution, to control the use of the fund and prepare disbursement requests on behalf of the borrower; (iii) works, goods, and consulting services will be procured in accordance

with Bank policies (documents GN-2349-7 and GN-2350-7). The force account method can be used to execute works to address declared emergencies stemming from a natural disaster, with the no objection of the Bank's Country Office; moreover, for works, direct contracting for up to US\$1 million and shopping for up to US\$2 million can be used, in accordance with Bank policies and as described in the Procurement Plan. An updated procurement plan covering the following 18 months of program execution will be submitted annually; (iv) throughout execution, the SEOPC will submit the program annual financial statements to the Bank; and (v) the external audit of the program will be performed by an independent audit firm acceptable to the Bank, in accordance with Bank requirements, following the guidelines established in the terms of reference for external audits of Bank-financed projects (document AF-400). The procedures established in the external audit bidding document (document AF-200) will be utilized in selecting and hiring the firm. The audit costs are part of the program cost and will be financed with Bank loan resources.

- 3.8 **Retroactive financing.** With the Bank's acceptance, up to US\$10 million in loan proceeds can be used to reimburse expenditures made or to finance expenditures under the project from the date on which the emergency from Tropical Storm Noel was declared (31 October 2007), in accordance with Bank lending policies.
- 3.9 **Phase II eligibility.** Phase II of the program may be submitted to the Bank's Board of Executive Directors for consideration, provided the Phase I objectives are being substantially met, and compliance with the following targets and indicators is confirmed: (i) at least 75% of the Phase I loan resources are committed, and 50% of resources have been disbursed; (ii) the weight and size control study has been concluded; (iii) progress in contracting maintenance provided for under Phase I has been evaluated; (iv) progress instituting maintenance contracts in Phase I has been evaluated; (v) the maintenance model has been reviewed based on the evaluation's findings; and (vi) the Bank has received the documents specifying the technical quality of maintenance work, established based on the experience gained in Phase I, including the technical manual for periodic and routine maintenance of paved roads, the classification of routine and periodic maintenance typologies, with the corresponding activities and costs; and the qualified inventory of paved roads; and standard contract for supervision. The milestones will be evaluated by an independent firm of consultants in accordance with the terms of reference agreed between the Bank and the executing agency.

B. Monitoring and evaluation provisions

- 3.10 The program outcomes are typical for a road project, where one measures operating cost and travel time savings, and the resulting economic return. In addition, the level of system maintenance coverage is monitored. The planned structure of the operation allows for these measurements to be carried out expeditiously and economically. The measurement methodology and responsibilities are defined in the technical annex. The project will be monitored by means of semiannual meetings, in addition to a midterm evaluation to be carried out by an external

consultant once the milestones listed in paragraph 3.10 (i) and (ii) have been reached.

C. Major post-approval activities

- 3.11 In order to expedite the start of loan execution, the annual work plan (AWP) proposes considerable Bank support for the preparatory activities, especially while the SEOPC awaits legislative ratification of the loan, and the availability of the budget allocation to execute loan and counterpart resources. This support includes using administrative resources to hire individual consultants, and assigning significant time from sector specialists to support the SEOPC in the project startup process and preparation of the bidding documents for the first two lots. Significant support will also be needed for reviewing the investment needs to repair and reconstruct road works affected by Tropical Storm Noel. The bulk of this support will be provided in the first six months following loan approval, once the government sends the loan for legislative approval, and starts the process to include additional funds in the budget allocation to cover the counterpart funds requirement for the first year of execution. The AWP estimates that 33 weeks of sector specialist time will be needed, together with US\$32,000 for individual consultants and travel expenses. The AWP also includes provisions for resources to monitor all the activities associated with project startup, especially to monitor the behavior of the risks identified by the specialized risk analysis methodology currently used by the Bank's Country Office in the Dominican Republic.

MULTIPHASE PROGRAM FOR ROAD INFRASTRUCTURE, PHASE I (DR-L1008)
RESULTS MATRIX

Objective	Reduce transportation costs and travel times, while preserving the country's highways, supporting a change in roadway conservation management through the introduction of new maintenance contract modalities.		
Multiphase program outcome indicators	Baseline	Target	Comments
At the end of Phases I, II, and III, a significant proportion of the trunk and secondary road system will be in good condition.	Year 0=39%	Year 10=80%	A road in good condition means that the International Roughness Index (IRI) is less than or equal to 3, the bridge structures and drainage systems are in good condition, and there is proper signposting. In Phases II and III, precise indicators of operating cost and travel time savings will be calculated for the specific road sections included in the program, and will be consistent with those prepared in Phase I.
A significant proportion of the trunk and secondary road system will have a sustainable maintenance management and financing mechanism.	Year 0=4%	Year 10=70%	The sustainability of the mechanism will be determined on the basis of financial sufficiency observed in the immediately preceding three years, and management sufficiency measured by an external evaluation commissioned during Phase III, which will focus on the capacity of SEOPC planning, procurement, and supervisory systems, and the procurement capacity of the construction industry to meet system maintenance demand.
The trunk and secondary road systems have an operational weight and size control system which is able to exercise adequate control over overweight vehicles.	Year 0 = inadequate weight and size control system	Year 10 = adequate weight and size control system	The weight and size control system will be characterized through a diagnostic study and a plan of action to be developed with Phase I resources. The specific indicators will be correlated to the average effective excess weight level, and the coverage of the weight control system measured as a percentage of the road system.
Phase I outcome indicators	Baseline	Target	Comments
Average reduction in vehicle operating costs.	Year 0=0%	Year 5=10%	The HDM model will be used to calculate operating costs. Cost assessments will be based on actual values of inputs and yields at the time of the evaluation. The model will also be run using input cost assumptions and constant yields so as to measure the impact that can be attributed to the project.
Average reduction in travel time.	Year 0=0%	Year 5=10%	Time values are estimated by direct measurements on the ground carried out by the PCU, with support from the consulting firm.
Increase in the length of road covered by maintenance contracts.	Year 0=0 km	Year 5=274 km	In year 5, the total length of system under maintenance contracts, with two or more years remaining at the time of the measurement, will be calculated.

Objective of Component 1	Rehabilitation and maintenance of highways under two comprehensive rehabilitation and maintenance contracts.							
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Component 1	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Comments
Outputs								
Repair and reconstruction of roads affected by natural disasters.	0 km	111 km					111 km	
Rehabilitation of the roads in the program's five lots.	0 km	0 km	30 km	90 km	63 km	20 km	203 km	
Km maintained under multiyear contracts.	0 km	0 km	101 km	154 km	254 km	274 km	274 km/year	
Intermediate outputs								
Road length under comprehensive contracts.	0 km	0 km	154 km	274 km	274 km	274 km	N/A	
Road length under rehabilitation contracts.	0 km	0 km	121 km	121km	83 km		N/A	
Road length for repair and reconstruction, IDB.	0 km	111 km					111 km	
Road length rehabilitated with IDB funds.	0 km	0 km	15 km	29 km	20 km		64 km	
Road length rehabilitated with cofinancing funds.	0 km	0 km	15 km	61 km	43 km	20 km	139 km	

Objective of Component 2	Maintenance of a portion of the local road system by microenterprises, to ensure service levels remain adequate.							
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Component 2	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Comments
Outputs								
Maintenance by microenterprises.	0 km	500 km	500 km	500 km	500 km			

Objective of Component 3	Institution-strengthening to support maintenance management, weight and size control, and strengthening of the SEOPC's environment department.							
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Component 3	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Comments
Weight and size control pilot concluded, resulting in a sustainable control plan.	N/A						Pilot plan concluded; program-financed scales procured and operational; medium-term plan initiated.	As a result of the pilot, it is anticipated that a medium-term investment and management plan is formulated, and will be further developed during the subsequent phases.
SEOPC maintenance management capacity strengthened.	N/A						The SEOPC management system is rated as adequate.	Rating of the management system will be based on the evaluation carried out to determine whether the Phase II eligibility criteria have been met.
Intermediate outputs								
Weight and size system diagnostic.			Completed					
Program-financed scales.			Bidding in progress	Scales procured	Scales operating			
Highway inventory update.	N/A	Contracted	Executed			Updated		
Draft a highway maintenance manual.	N/A	Contracted	Executed			Revised		
Draft the standard maintenance and rehabilitation bidding documents.	N/A	Contracted and completed						
Update the microenterprise and road workers' management control system.	N/A			Completed				
Proposed flexible maintenance contract (balance between unit prices and standards) resulting from the evaluation and monitoring of construction industry market conditions and the institutional situation.	N/A	Contracted and completed						

**MULTIPHASE PROGRAM FOR ROAD INFRASTRUCTURE, PHASE I (DR-L1008)
PROCUREMENT PLAN**

Description of the contract and estimated cost of procurement (US\$ thousands)	Procurement method	Review	Source of financing		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
			IDB %	Local/Other %		SPN publication	Completion of contract		
1. Goods									
1. Weight control pilot US\$1,700	ICB	Ex ante	100%		No	1st quarter 2009	3rd quarter 2009	Pending	
2. Vehicles and computer hardware US\$82.3	NCB	Ex post	100%		No	3rd quarter 2008	4th quarter 2008	Pending	
2. Consulting services									
Consulting firm for program management US\$2,000	QCBS	Ex ante	78%	22%	No	3rd quarter 2008	1st quarter 2012	Pending	
Supervision Lot 4 US\$1,000	QCBS	Ex ante	68%	32%	No	3rd quarter 2008	1st quarter 2011	Pending	
Supervision Lot 5 US\$1,000	QCBS	Ex ante	68%	32%	No	2nd quarter 2009	3rd quarter 2011	Pending	
Supervision Lot 1 and Lot 3 US\$1,200	QCBS	Ex ante	68%	32%	No	1st quarter 2009	2nd quarter 2010	Pending	
Supervision Lot 6 US\$1,200	QCBS	Ex ante	68%	32%	No	1st quarter 2010	2nd quarter 2011	Pending	
Diagnostic assessment of weight control pilot US\$300	QCBS	Ex ante	100%	32%	No	3rd quarter 2008	4th quarter 2009	Pending	
Individual consultants for Environment, Engineering, Procurement, and Financial Administration (seven contracts US\$950)	IC	Ex post	75%	25%	No	1st quarter 2008	1st quarter 2009	Pending	
3. Civil works									
Reconstruction and repair works (several contracts) US\$10,000	DC	Ex post/ Ex ante	100%	0%	No	4th quarter 2007	2nd quarter 2008	In process	
Comprehensive contract Lot 4	ICB	Ex ante	50%	50%	No	3rd quarter 2008	1st quarter 2011	Pending	

Description of the contract and estimated cost of procurement (US\$ thousands)	Procurement method	Review	Source of financing		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
			IDB %	Local/Other %		SPN publication	Completion of contract		
US\$15,400									
Comprehensive contract Lot 5 US\$14,000	ICB	Ex ante	50%	50%	No	2nd quarter 2009	3rd quarter 2011	Pending	
Rehabilitation Lot 1 US\$10,700	ICB	Ex ante	50%	50%	No	1st quarter 2009	2nd quarter 2010	Pending	
Rehabilitation Lot 3 US\$6,700	ICB	Ex ante	50%	50%	No	1st quarter 2009	2nd quarter 2010	Pending	
Rehabilitation Lot 6 US\$8,900	ICB	Ex ante	50%	50%	No	1st quarter 2010	2nd quarter 2011	Pending	
Maintenance by microenterprises, 40 contracts US\$10,000	NCB	Ex post	50%	50%	No	3rd quarter 2008	4th quarter 2011	Pending	

ICB: International competitive bidding; NCB: National competitive bidding; DC: Direct contracting; IC: Individual consultant; QCBS: Quality- and cost-based selection.

Shortlists of consultants for consulting services estimated to cost less than US\$200,000 equivalent per contract may consist entirely of national firms.

The Bank's standard bidding documents will be used for international competitive bidding (ICB) for the procurement of project works. National competitive bidding (NCB) processes will be carried out using national bidding documents agreed to the Bank's satisfaction.

The ICB process will be used to procure works costing more than US\$3 million, and goods costing more than US\$250,000. NCB will be used to procure works costing less than US\$3 million but more than US\$150,000, and goods costing less than US\$250,000 but more than US\$50,000, and shopping for amounts less than US\$250,000 for works, and US\$50,000 for goods. Standard ICB and NCB documents, and shopping procedures for the project will be agreed between the Bank and the executing agency.

For the procurement of works to address situations in which an emergency has been declared stemming from a natural disaster, with the Bank's no objection, the following thresholds will apply: force account in the event of a declared emergency; shopping can be used for contracts with an estimated budget of less than US\$2 million for works and US\$50,000 for goods; and direct contracting can be used for contracts with an estimated budget of less than US\$1 million. These thresholds will apply provided the successful bidder has the capacity to take on the works and the benchmark prices are consistent with market prices in emergency situations; the bidder will no be allowed to execute more than three contracts at the same time. For the purposes of delegation of authority, these procurements will be considered medium risk.

The project does not call for domestic margin of preference for procurements.

All contracts are subject to ex ante review by the Bank, with the exception of vehicles, computer hardware, individual consultants, contracts with microenterprises for local roads where the amount and scope justify ex post review, and works contracts to address emergency situations stemming from natural disasters, which are subject to retroactive recognition of expenditures.

SAFEGUARD POLICY FILTER REPORT

This Report provides guidance for project teams on safeguard policy triggers and should be attached as an annex to the Project Concept Document (or equivalent) together with the Safeguard Screening Form, and sent to CESI.

1. Save as a Word document.
2. Enter additional information in the spaces provided, where applicable.
3. Save new changes.

PROJECT DETAILS	IDB Sector	Transportation and Communication	
	Type of Operation	Investment Loan	
	Additional Operation Details		
	Country	Dominican Republic	
	Project Status	New Operation	
	Investment Checklist	Generic Checklist	
	Team Leader	Néstor Roa	
	Project Title	Multiphase Program for Rehabilitation and Maintenance of Highway Infrastructure – Phase I.	
	Project Number	DR-L1008	
	Safeguard Specialist(s)	Mario Epstein	
	Assessment Date	2007-08-20	
	Assessment Number	2007-08201311-2	
	Additional Comments		
SAFEGUARD POLICY FILTER RESULTS	Type of Operation	Investment Loan	
	Safeguard Policy Items Identified (Yes)	Financing activities in a geographic area exposed to natural hazards such as floods, earthquakes, or the operation has the potential to exacerbate risk to human life or property (also see Natural and Unexpected Disasters Policy).	(B.01)
		The operation includes large infrastructure works (e.g. large number of workers, use of heavy machinery, or physical modification of the landscape).	(B.03)
		Any part of the investment or component(s) is being co-financed.	(B.15)
	Potential Safeguard Policy Items	No potential issues identified	
	Recommended Action	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PCD (or equivalent) and Safeguard Screening Form to CESI Secretariat. <i>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</i>	
ASSESSOR DETAILS	Additional Comments		
	Name of person who completed screening:	Mario Epstein	
	Title	Prof. Dr., IDB consultant	
	Date	2007-08-20	

SAFEGUARD SCREENING FORM

This Report provides a summary of the project classification process and is consistent with Safeguard Screening Form requirements. The printed Report should be attached as an annex to the Project Concept Document (or equivalent) (together with the Safeguard Policy Filter Report) and sent to CESI.

1. Save as a Word document.
2. Enter additional information in the spaces provided, where applicable.
3. Save new changes.

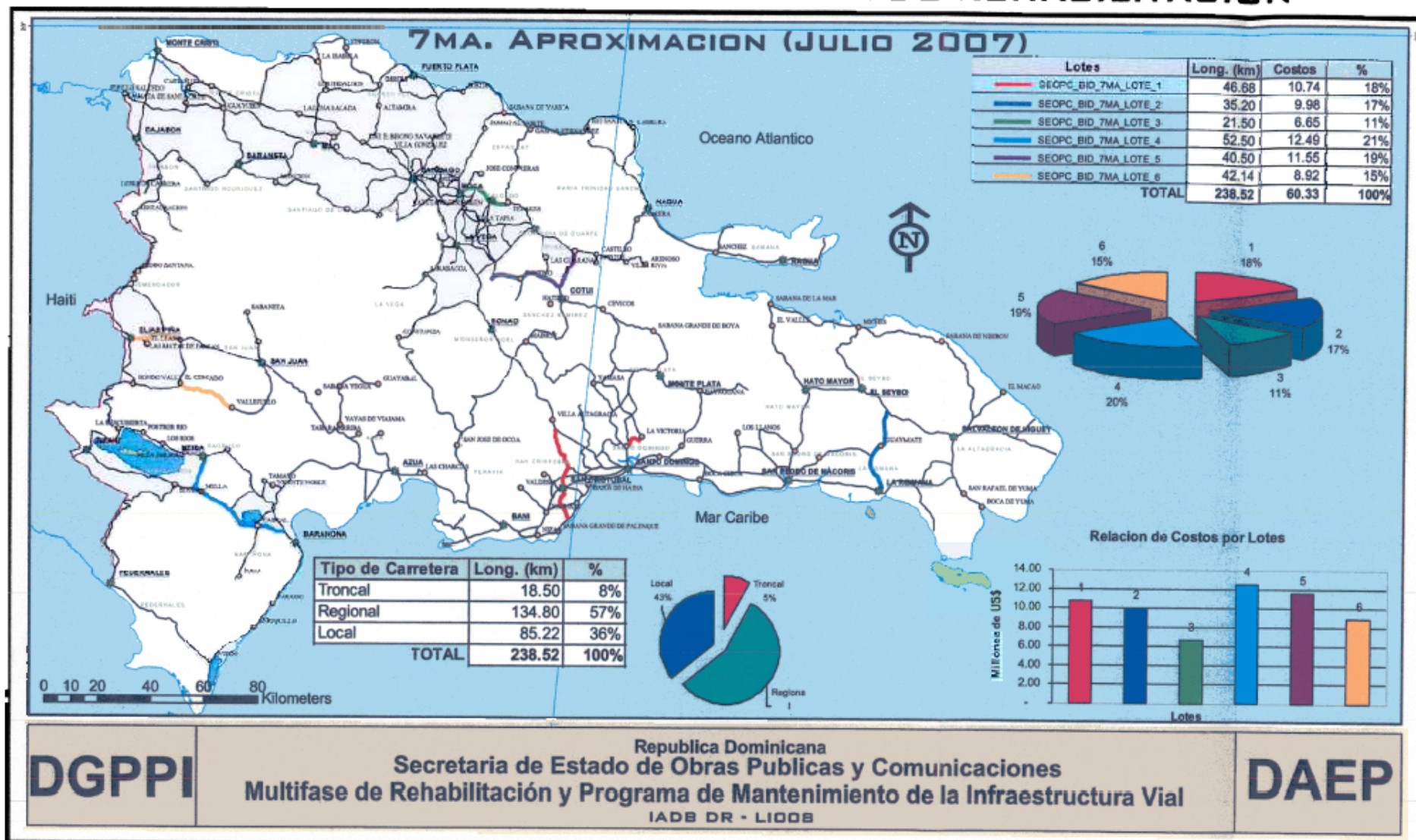
PROJECT DETAILS	IDB Sector	Transportation and Communication
	Type of Operation	Investment Loan
	Additional Operation Details	
	Country	Dominican Republic
	Project Status	New Operation
	Investment Checklist	Generic Checklist
	Team Leader	Nestor Roa
	Project Title	Multifase de Rehabilitación y Mantenimiento de Infraestructura Vial – Fase I
	Project Number	DR-L1008
	Safeguard Specialist(s)	Mario Epstein
	Assessment Date	2007-08-20
	Assessment Number	2007-08201705-2
	Additional Comments	

PROJECT CLASSIFICATION SUMMARY	Project Category: B	Override Rating:	Override Justification:
	Conditions/Recommendations	<ul style="list-style-type: none"> Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements). The Project Team must send the PCD (or equivalent) containing an Environmental and Social Strategy (ESS -- the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3; paragraph 9) and the SSF to the CESI. <p><i>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</i></p>	

SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	Identified Impacts/Risks	Potential Solutions
	<p>Safety issues associated with structural elements of the transaction (e.g. dams, public buildings etc), or road transport activities (heavy vehicle movement, transport of hazardous materials, etc.) which could result in <u>minor</u> health and safety risks to local communities.</p> <p>Generation of untreated solid waste but this is <u>minor</u> in volume and does not contain hazardous materials.</p>	<ul style="list-style-type: none"> Address Community Health Risks: The client should provide an annual review of success in managing community risks (including details of grievances and any independent audits undertaken during the year). Solid Waste Management: The client should monitor and report on waste reduction, management and disposal.

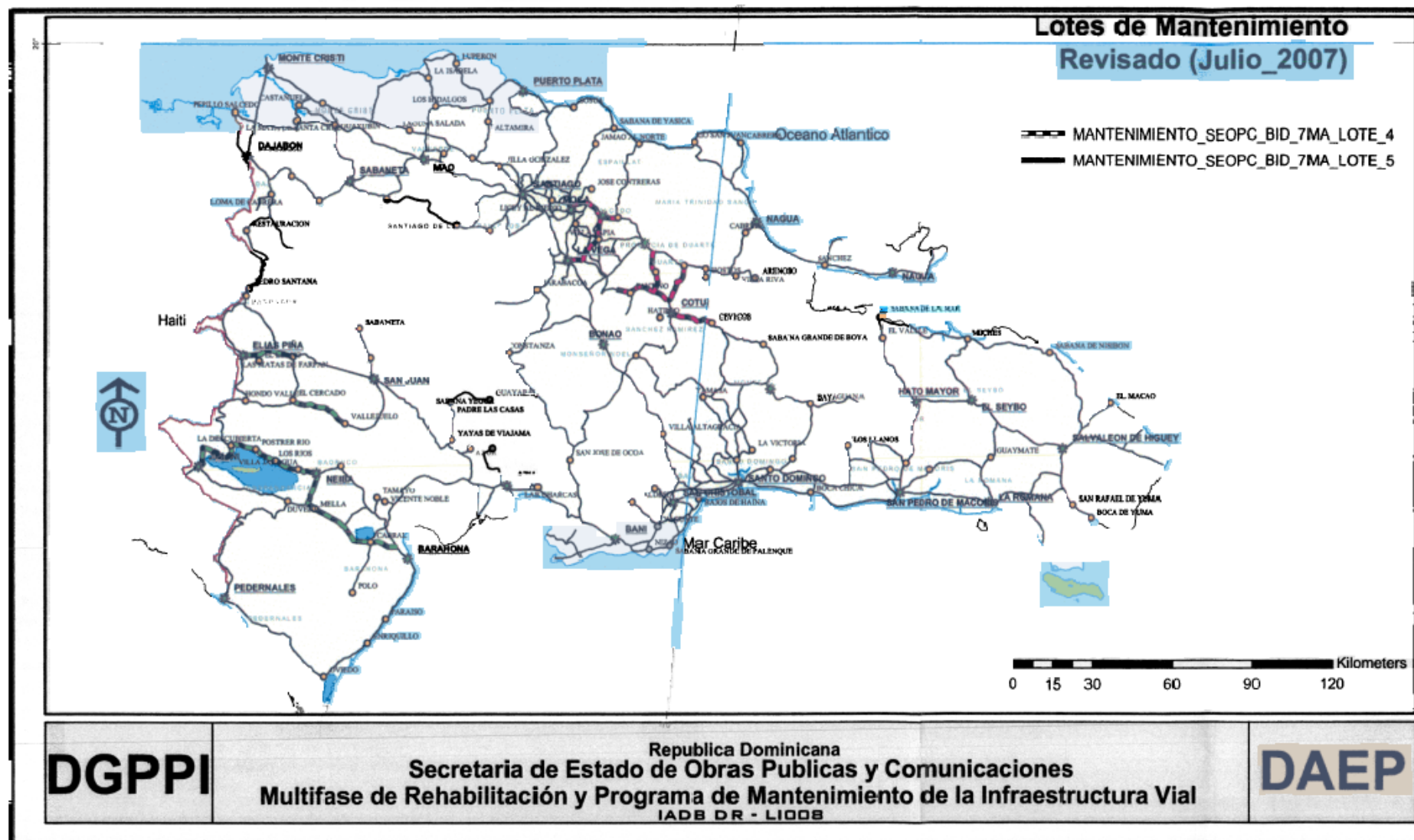
ASSESSOR DETAILS	Name of person who completed screening: Mario Epstein	Date: August 20, 2007
	Comments:	

LOTES DE CARRETERAS PROGRAMA DE REHABILITACION



Nota: El lote 2, originalmente incluido en la Fase I, se pospone para la Fase II, para permitir el financiamiento de las obras de emergencia requeridas como resultado de los efectos de la tormenta Noé.

LOTES INTEGRALES DE MANTENIMIENTO



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/07

Dominican Republic. Loan ____/OC-DR to the Dominican Republic.
Multiphase Program for Road Infrastructure, Phase I

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Dominican Republic, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the first phase of multiphase program for road infrastructure. Such financing will be for the amount of up to US\$50,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ ____ 2007)

LEG/SGO/CID/IDBDOCS#1185568
DR-L1008