



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
BF-TRANSPORT SECTOR MODERNIZATION AND CORRIDOR TRADE FACILITATION PROJECT
APPROVED ON JANUARY 12, 2017
TO
BURKINA FASO
TRANSPORT
AFRICA WEST

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ABBREVIATIONS AND ACRONYMS

DPO	Development Policy Operation
ESIA	Environmental and Social Impact Assessment
GoBF	Government of Burkina Faso
IDA	International Development Association
IP	Overall Implementation Progress
PAMOSET	Transport Sector Modernization and Corridor Trade Facilitation Project in Burkina Faso
PIU	Project Implementation Unit
PDO	Project Development Objective
RTFCC	Regional Trade Facilitation and Competitiveness Credit
SOFIGIB	Interbank Guarantee Company of Burkina Faso



BASIC DATA

Product Information

Project ID P156892	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 12-Jan-2017	Current Closing Date 30-Jun-2022

Organizations

Borrower Burkina Faso	Responsible Agency Permanent Secretariat of the Transport Sector Program, Ministry of Transport, Urban Mobility and Road Safety, Ministry of Economy, Finance and Development, SOCIETE FINANCIERE DE GARANTIE INTERBANCAIRE DU BURKINA
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Project Development Objective (PDO)

Original PDO

The proposed PDO is to improve the efficiency and safety of transport services on the Burkinabe section of the Ouagadougou (BurkinaFaso) - Abidjan (Ivory Coast) road transport corridor.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-59410	12-Jan-2017	03-Mar-2017	29-Jun-2017	30-Jun-2022	20.00	16.22	4.59

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Update on overall project implementation

1. The Transport Sector Modernization and Corridor Trade Facilitation Project in Burkina Faso (PAMOSSET) along the Abidjan Ouagadougou Corridor supports the objectives of the Regional Trade Facilitation and Competitiveness Credit (RTFCC) Development Policy Operation (DPO), together with a similar project in Cote d'Ivoire. The RTFCC DPO series directly supports joint efforts by the Burkinabé and Ivorian Governments to reduce trade and transport costs, in order to improve the competitiveness of the tradable sectors of the economy. The US\$25 million PAMOSSET project is financed through an IDA Credit of US\$20 million and counterpart funding of US\$5 million.

2. The PAMOSSET Project Development Objective (PDO) is to improve the efficiency and safety of transport services on the Burkinabe section of the Ouagadougou – Abidjan road transport corridor. The main project activities are: (i) the institutional support of transport operators and government technical services to comply with the new reform related to the professionalization of the transport sector, (ii) the renewal of about 150 old heavy cargo trucks, (iii) the modernization of customs and trade facilitation, and finally (iv) the improvement of road safety along the corridor. Progress towards achieving the PDO is rated Moderately Unsatisfactory because, with six months until project closing, the remaining timeline for the implementation of the truck fleet renewal mechanism under Component 2 is very tight. There is a major risk that the remaining time of implementation will not be sufficient to finalize the renewal of the 150 trucks. Similarly, the overall Implementation Progress (IP) is rated Moderately Unsatisfactory because of the delays related to the progress of transport training activities, the renewal of the vehicle fleet, the recruitment of the scrapping operator and the implementation of recommendations from the road safety inspection.

3. Most of the capacity building activities under *Component 1 - Institutional strengthening and capacity building support for public and private sector participants in the transport sector* have been implemented. The main activities for the subcomponent "support to transport operators" are well advanced, with multiple training activities already executed (e.g. training in Morocco, Cote d'Ivoire and France for representatives of the General Directorate of Land and Maritime Transport, Burkina Shippers' Council, and Chamber of Commerce and Industry – Burkina Faso). Similarly, the activities benefitting the Chamber of Commerce are under implementation, with the driving simulator in place and used since April 2018. However, the validation of the legal framework and the signature of the regulatory texts for the elaboration of the technical training repositories, which represent the key activity of this component, is planned to be approved by end December 2021, with substantive delays when compared to the original timeline.

4. *Component 2 - Development of a heavy cargo truck renewal scheme*, which holds 64 percent of the project's budget (including the counterpart funds), has experienced delays in the operationalization of the truck fleet renewal scheme in the first years of implementation due to the availability of studies to set up the truck fleet renewal mechanism as well as the identification of a vehicle scrapping operator. Key advancements that were achieved to date are: (i) the availability of a manual (final version) defining the set-up and procedures of the truck fleet renewal mechanism, (ii) a convention is signed between the Government of Burkina Faso (GoBF) and the Interbank Guarantee Company of Burkina Faso (SOFIGIB) in order to facilitate access to credit for operators to purchase new trucks to replace old ones, and (iii) in June 2020, the disbursement of the US\$10 million IDA financing for the first loss guarantee. Moreover, to meet the deadline for the scrapping of 150 vehicles, in the beginning of 2021 the GoBF has identified CIM-METAL as the scrapping operator to be included in the project. This is in addition to identifying a potential site for vehicles scrapping beyond the implementation timeline of the PAMOSSET, for which environmental and social studies were carried out, validated by the



National Bureau of Environmental Assessments and reviewed by IDA. Remaining activities on the critical path are : (i) the availability of the scrapping premium to be paid by the government (the down payment for the truck loan), (ii) the selection of truck dealers for the provision of new/used truck; (iii) the environmental and social audit for CIM-METAL operations, as part of a convention which is expected to be signed between GoBF and CIM-METAL.

5. *Component 3 - Support to customs modernization and trade facilitation on the Burkinabe section of the Corridor* is advanced as the interconnection of the customs administrations of Burkina Faso and Cote d'Ivoire of their information systems has been effective in February 2019 thanks to the technical assistance of the project. The technical assistance has provided financing for the operationalization of the Automated System for Customs Data (ASYCUDA) of the two countries, including transfer of knowledge to customs information communications technology (ICT) staff, and the bilateral meetings between the two customs.

6. Several activities financed under *Component 4 - Road safety on the Burkinabe section of the Corridor* have progressed well, despite initial delays in finalizing the purchase of equipment and delays in the recruitment process of consultants to carry out relevant studies. All the terms of reference, as well as the training and sensitization campaign budget have been reviewed and authorized by the World Bank for implementation. Many trainings and sensitization campaigns have been undertaken, and the equipment for road accident monitoring has been purchased and most of it installed and operational. However, there are substation delays with the final version of the report summarizing the analysis done and recommendations of the road safety inspection. This activity one of the key ones for the road safety component, and was carried out on the Burkinabe section of the Ouagadougou- Abidjan road corridor in 2020.

B. Rationale for restructuring

7. As specified in the Project Appraisal Document (PAD), *Component 2 - Development of a heavy cargo truck renewal scheme* was estimated at a cost of US\$16 million of which about US\$11 million funded by IDA and about US\$5 million funded by GoBF. The entirety of the GoBF counterpart was allocated to *Sub-component 2B: Support the establishment of a truck renewal scheme to facilitate the replacement of old unsafe trucks with new ones*.

8. The GoBF has allocated approximately US\$ 5 million to finance the scrapping premium as part of the development of a heavy cargo truck renewal scheme under Component 2. According to the findings of the Technical Assistance Report "*Rapport d'étape de l'assistance technique 2eme phase*" commissioned as part of the PAMOSET to determine the setup of this mechanism, the scrapping premium was finally estimated at a maximum amount of US \$ 20,000 per truck to be scrapped, leading to an overall scrapping premium of maximum US\$ 3 million for the 150 trucks targeted to be renewed under the project. Thus, savings of approximately US\$ 2 million of the counterpart funding are eligible to be released from the project. In light of this, on March 3, 2021, IDA received a request from the Ministry of Economy, Finance, and Development of Burkina Faso to restructure the project to: (i) reduce the national counterpart funding amount from US\$ 5 million to US\$ 3 million, which represents the amount strictly necessary for the scrapping mechanism, (ii) reallocate approximately US\$ 1.9 million (approximately Euros 1.6 million) from Category 2 to Category 1; and (iii) adjust the results framework.

II. DESCRIPTION OF PROPOSED CHANGES

9. In view of the above request, the present restructuring proposes: (i) to reduce the national counterpart funding from approximately US\$ 5 million to approximately US\$ 3 million; and (ii) to reallocate approximately US\$ 1.9 million (approximately Euros 1.6 million) from Category 2 of Eligible Expenditures to Category 1. Regarding the revision of the result framework to replace PDO indicators at seven months before project closure, considering progress towards the exiting



indications as well as indicators considered to replace them, the proposed change does not seem relevant. The Project Implementation Unit (PIU) is used to collect the data of these indicators and can continue do so. Moreover, new indicators considered to replace existing ones, can be monitored by the PIU in preparation of the client’s implementation completion report.

10. This is the second request for project restructuring. There are no changes to the PDO or safeguard category, and the project does not require any policy waivers.

11. **Change in counterpart funding allocation.** The GoBF counterpart funding allocated to the *Component 2 - Development of a heavy cargo truck renewal scheme* will be reduced from US\$ 5 million to US\$ 3 million, resulting in a total cost of US\$14 million for the Component 2. The IDA allocation for the component will remain the same, about US\$11 million.

12. **Reallocation of funds between disbursement categories.** During the implementation of the project, additional studies and activities not initially foreseen under *Sub-component 2A: Technical assistance required to put in place an operational framework for a truck fleet renewal program as well as for the recovery and recycling of decommissioned trucks* and under *Sub-component 2C: Support operation of technical committee for the implementation of the financial mechanism and for management of old unsafe trucks scrapping scheme*, proved necessary for the substantial achievement of the PDO. To ensure continuation of activities under Component 2, funds totaling US\$ 1.9 million (approximately Euros 1.6 million; the exact amount is as indicated in Client connection) currently available from Category 2 (*Goods, non-consulting services, consultants’ services, Training, and Operating Costs for Part 2(b-ii) under the project*) will be reallocated to Category 1 (*Goods, non-consulting services, consultants’ services, Training, and Operating Costs for the Project except Part 2(b-ii)*). Savings on Category 2 expenditures were gained as all studies and technical assistance to support the establishment of a truck renewal scheme were completed, hence a part of funds previously allocated for that activity (equivalent to US\$12.17 million) can now be used to fund other project activities under Component 2.

13. The Financing Agreement for Burkina Faso is therefore amended to include: (i) the reduction in counterpart funding ; and (ii) the reallocation of funds of disbursement categories.

III. SUMMARY OF CHANGES		
	Changed	Not Changed
Reallocation between Disbursement Categories	✓	
Other Change(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓



Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-59410-001 Currency: EUR				
iLap Category Sequence No: 1	Current Expenditure Category: GDS,NCS,CS,TRG,OC expt Part2(b)			
8,300,000.00	4,877,396.94	9,915,304.05	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: GDS,NCS,CS,TRG,OC for Part2(b)			



The World Bank

BF-Transport Sector Modernization and Corridor Trade Facilitation Project (P156892)

	10,000,000.00	8,384,695.95	8,384,695.95	69.00	69
Total	18,300,000.00	13,262,092.89	18,300,000.00		