

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.: PIDISDSC16716

Date Prepared/Updated: 15-Jan-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Burkina Faso	Project ID:	P156892
		Parent Project ID (if any):	
Project Name:	BF-Transport Sector modernization and trade facilitation Project (P156892)		
Region:	AFRICA		
Estimated Appraisal Date:	11-Oct-2016	Estimated Board Date:	12-Jan-2017
Practice Area (Lead):	Transport & ICT	Lending Instrument:	Investment Project Financing
Borrower(s):	Burkina Faso		
Implementing Agency:	Permanent Secretariat of the Transport Sector Program, Ministry of Transport, Urban Mobility and Road Safety, Ministry of Economy, Finance and Development		
Financing (in USD Million)			
	Financing Source		Amount
	BORROWER/RECIPIENT		5.00
	International Development Association (IDA)		20.00
	Financing Gap		0.00
	Total Project Cost		25.00
Environmental Category:	B - Partial Assessment		
Concept Review Decision:	Track I - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):			

B. Introduction and Context

Country Context

Burkina Faso is a landlocked low-income country with a GDP (Atlas method) of US\$12.7 billion and a rapidly (+2.8% per annum) increasing population of 16.9 million inhabitants. Burkina Faso has seen rapid economic growth in recent years, with an average GDP growth of about 5 percent over the 2005 and 2014 period. The key drivers of economic growth during this period have been rapidly growing gold production, improved performance of the cotton industry and expansion of the services sector (e.g., banking, insurance, transport). Burkina Faso also has a good track record in terms of sound macroeconomic management, structural reforms of public financial management and investment climate. Despite the dynamism of some services sectors, Burkina's economy remains highly vulnerable to exogenous factors, including erratic weather conditions, downward trend in commodity prices, political instability and reductions in FDI and ODA. Furthermore, there has so far been limited movement by the Burkinabe economy to move up the value chain in terms of transformation towards higher value added activities, for instance in agribusiness and manufacturing.

Burkina Faso went through major political upheaval since the October 2014 protests that forced the resignation of the Faso President after 27 years in power and led to the establishment of a transition Government. The planned presidential elections, which were delayed by a coup attempt mid-September 2015, were finally held on November 29, 2015, and they were the country's first democratic political transition. While political uncertainty has undoubtedly contributed to the recent slowdown in the economy, the transition Government demonstrated its commitment to maintaining the reform momentum and has moved to address the governance issues which had catalyzed the protest movements.

Despite the strong economic performance over the last decade, Burkina Faso has had limited success to foster broad-based growth, employment creation and poverty reduction, in a context of rapid demographic growth. The poverty headcount has stagnated since 2009, despite strong economic growth, and approximately 46 percent of the population still lives below the poverty line. Furthermore, Burkina Faso ranked 183 out of 188 in the 2015 UNDP Human Development Index (HDI). The Bank's 2013-2016 Country Partnership Strategy (CPS) for Burkina Faso shows that there is significant income inequality between regions of the country and a clear urban/rural divide, with most of the poor living in rural areas where there is little industry or capital formation. This notably highlights the importance of better connecting rural areas to the economically dynamic centers and markets within and outside of Burkina, which requires both adequate transport infrastructure and efficient transport and logistics services.

Sectoral and Institutional Context

High trade and transport costs in West Africa in general, and in Burkina Faso in particular, undermine the potential of the economy and its domestic, regional and global market potential to accelerate structural transformation and reduce poverty. Furthermore, it hinders the ability of the tradable sectors of the economy to move up the value chain.

Weak land transport services: Regarding the road transport sector, a combination of inadequate transport infrastructure, inadequate regulations and market distortions have created a large gap between prices and costs in the provision of transport services and an environment not conducive to enhance the sectors contribution to the country's economy. Furthermore, the lack of clear criteria for access to the transport profession and of transparent market mechanisms to match supply and demand for quality transport services, has given rise to the emergence of a few dominant operators that capture large rents through the allocation of freight to truckers and the

whole chain of logistics. This means that the sector is divided between a large number of small informal and inefficient transporters and a small number of larger and relatively efficient trucking companies. The resultant low profitability of the transport service sector creates strong incentives for small truckers to resort to short-term profit maximizing behaviors, including through overloading, use of obsolete trucks, and poor maintenance. This affects the durability and safety of operations, damages the road network and discourages containerization, for which the rate in West Africa remains amongst the lowest in the world. In addition, a major problem affecting the efficient use of the truck fleet, and thus profitability of the trucking industry, is the slow rotation time on regional corridors. This is further compounded by delays at the ports, archaic customs and transit procedures, Non-Tariff Barriers (NTBs) and the difficulty to find backhaul cargo. These conditions make it difficult for the majority of transporters to fully cover the cost of capital of their operations and finance new trucks.

Reform of transport sector. The Government of Burkina Faso (GoBF) has launched over the last ten years an ambitious and comprehensive program of reforms to modernize road transport and improve the trade environment. This also included professionalizing the trucking industry, reforming the access to the profession, improving the functioning of the transport market, facilitating the fleet renewal of the trucking industry, and streamlining trade and transit procedures. One of the key objectives of this program was/is to improve the efficiency of transport services on key transport corridors to enhance Burkinabe economic operators' access to export markets and reduce the cost of imports. This program was supported by WAEMU's Road Program I (RP-I) on one of the key transit corridors (Tema – Ouagadougou – Bamako road corridor), which was in turn supported by several development partners including the World Bank Group through the West Africa Transport and Transit Facilitation Project (WATTFP) (2008-2015 for an amount of US\$190 million).

Regional dimension of the Abidjan to Ouagadougou corridor (Corridor). The Regional Trade Facilitation and Competitiveness Credit (RTFCC) series of DPOs is a joint program of transport sector reforms in Cote d'Ivoire and Burkina Faso. The RTFCC DPO series, the first of which was approved by the World Bank Board in June 2015 for a combined amount of US\$100 million (US \$50 million Ivory Coast and US\$50 million Burkina Faso), directly support the efforts of the Burkinabe and Ivorian Governments to reduce trade and transport transaction costs, especially on the Abidjan – Ouagadougou transport corridor. The focus on this corridor is guided by its already high economic relevance for both countries and its potential for further traffic growth as the Port of Abidjan, thanks to a heavy program of investments, is progressively regaining its position as one of the most used gateway ports for transit trade in West Africa after the 2010/11 political crisis. Concerning Burkina Faso only, Abidjan accounted for 35% of transit trade to the country in 2013, ahead of Lomé (31%), Cotonou and Tema (17% each). The latest figures, which require confirmation, show an increased market share for Abidjan in terms of transit for Burkina Faso.

In order to ensure that the reform programs supported by the RTFCC DPO series of operations achieve the desired results and are sustained, both Burkina Faso and Cote d'Ivoire have requested the World Bank's support to implement some of the more challenging transport and customs-related policy measures, as well as to mitigate their potential negative impacts on vulnerable stakeholders. The proposed project is intended to respond to this request for Burkina Faso and is being prepared in parallel to a similar planned operation for Cote d'Ivoire. The proposed BF specific project will focus on a set of transport, trade and transit facilitation measures that specifically target the Corridor to make it more competitive but also support the modernization/

professionalization of the trucking industry in BF.

Relationship to CAS/CPS/CPF

The proposed project is fully aligned with the Government’s Strategy for Accelerated Growth and Sustained Development (SCADD) and with the current Country Partnership Strategy (CPS) for 2013-2016, the objectives of which argues that “Burkina's development depends extensively on its taking part in regional initiatives to sustain competitiveness within the region, overcome trade barriers, reduce transportation and energy costs, and enhance the stability of the region.”

C. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed PDO is to improve the competitiveness of the Burkinabe section of the Abidjan – Ouagadougou transport corridor, through the implementation of transport and trade modernization measures.

Key Results (From PCN)

Key result indicators for the project include:

- Average transit time and variability from Ouagadougou to the border with Cote d’Ivoire
- Change in C-5 ratio of long haul Burkinabe trucking industry.
- Average age of long haul Burkinabe trucking fleet.
- Percentage of road transport sector operators compliant with the new regulatory environment.

D. Concept Description

To better align with the current reform priorities of the GoBF, the proposed project focuses on supporting the implementation of regulatory reforms and addressing policy issues concerning road transport, transit and trade facilitation to improve the competitiveness of the Burkina Faso portion of the Corridor. (Although the primary focus of the project will be on the Corridor, certain activities that will be supported by the project will have spill over activities on the whole transport sector.)

The project directly complements/supports the RTFCC DPO in Burkina Faso. It also complements/supports other World Bank projects in Burkina Faso, which include investment in physical transport infrastructure, such as the proposed Urban Development and Mobility Infrastructure Project (Projet d’Infrastructures de Développement Urbain et de Mobilité - PIDURMO) and Donsin Transport Infrastructure Project. Furthermore, the IFC may support the fleet renewal part of the proposed project to ensure the more rapid modernization of the long haul trucking fleet in Burkina Faso. Finally, it complements/supports other development partner’s interventions in the sector such as the European Union, African Development Bank, BOAD, and French Development Agency.

In order to achieve the PDO, the proposed project is designed to support GoBF with the following self-reinforcing two pronged approach:

- i. Provision of technical and financial assistance to enable the effective implementation over the medium term of key but challenging transport and customs-related reforms identified in the Policy Matrix of the RTFCC DPO.

- ii. Establishing support mechanisms to help private operators adapt to the new regulatory environment and mitigate the potential negative long term socio-economic impact of these reforms.

The proposed project would be financed by a proposed IDA credit of about US\$20 million equivalent, with estimated co-financing from GoBF of about US\$2 million to be confirmed during preparation. The proposed project components and activities are as follows:

1. Capacity building for public and private transport service providers (about US\$3 million) This component will strengthen the capacity of the Go and of professional associations in the transport / transit/trade sector to effectively modernize and to provide efficient support and services to private operators. It will include the following activities:

- Institutional strengthening of the Ministry of Infrastructure and Transport and related agencies to enable them to implement and monitor a wide set of reforms in the transport sector.
- Capacity building for professional transport sector associations.
- Formalization of public-private dialogue between the Government and the private sector on transport, transit and trade issues, communication campaigns on transport and trade reforms to build broad ownership and support.
- Support of regional dialogue with Cote d'Ivoire on transport corridor issues such implementation of the bilateral road transport agreement, establishment of permanent dialogue framework or corridor management body.
- Putting in place an independent regulator to address competition, practices and rent-seeking issues in different segments of the logistics chain and on key intra/inter regional corridors.

2. Accompanying measures for the professionalization of the trucking industry (about US\$15 million). This component will include activities to support the professionalization of the road transport industry, as well as accompanying measures for the transport and logistics operators who may not have the ability or willingness to adapt to the new regulatory framework. It will include the following activities:

- Development of the public and private training capacity for transport and logistics professions (e.g. transport company managers, truck drivers, freight forwarders), through the development of new/support of existing vocational training institutions, the encouragement of private provision of training, etc..
- Support to a truck renewal scheme to ensure the replacement of old unsafe trucks with more modern, safe and fuel efficient trucks.
- Support the establishment of modern market-based freight allocation mechanisms.
- Support for the establishment of cooperatives of small transport operators and of partnerships between small and large operators.
- Support for informal transport operators who cannot comply with new regulatory requirements for reconversion in other transport related activities or retraining in other fields with support to start a new activity.
- Support to M&E activities (road users survey; logistics costs measurement and pricing in the trucking industry) to monitor on the ground transport conditions on the BF portion of the Corridor.

3. Support to customs and trade modernization (about US\$2 million). This component will focus on activities to increase the efficiency of trade and transit procedures:

- Modernization of customs transit procedures (e.g. risk management, Authorized Economic Operators scheme, transition to paperless procedures) and promotion of coordination between border management agencies.
- Promotion of alignment of customs practices and systems with neighbors, such as Cote d'Ivoire, to facilitate regional trade and transit (e.g. customs' interconnection, mutual recognition of geo-localization and tracking devices, support for operationalization of the Joint Border Post at La Leraba) on the Corridor.
- Professionalization of the clearing and forwarding industry and of customs officials.
- Streamline border crossing procedures.
- Promotion of containerization and cooperation with transporters and shipping lines to reduce incentives to de stuff containers at the ports.

4. Road safety component (about US\$2 million). This component will focus on activities to improve the safety in the provision of transport services on the Burkina portion of the Abidjan to Ouagadougou transport corridor by:

- If not available, preparing Corridor specific road safety action plan.
- Conducting sensitization campaigns on the Corridor, involving CSOs/NGOs active in road safety issues.
- Identifying accident black's spots on the Corridor and developing plan to reduce them.
- Improving road furniture on Corridor.
- Supporting road safety agency (ONASER) activities related to the Corridor and by linking it to World Bank Group GRSF.

II. SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Burkina Faso section of the Abidjan – Ouagadougou transport corridor.

B. Borrower's Institutional Capacity for Safeguard Policies

The Borrower has an experience in managing World Bank operations and the safeguards aspects of those operations. Also, the country has a legal and regulatory framework resulting and an interest in promoting safeguards inclusions to operation culture in all his development strategy. The country strategy is environmentally coherent with this philosophy as it is part of the the key pillars of the country's Strategy for Accelerated Growth and Sustained Development for 2011–15 (Stratégie de Croissance Accélérée et de Développement Durable- SCADD). Though one can be comfortable that the borrower institutional capacity for safeguard policies is acceptable. The hosting unit has implementing successive Bank infrastructure projects including safeguards issues. Also this unit is staffed with a safeguard person whose role is to support the preparation for environmental and social aspects. In terms of regulatory the country has a national agency (Bureau National des Evaluations Environnementales-BUNEE) that is in charge of environmental studies, the monitoring and control of project implementation at the national level. The project will also receive guidance from the

Bank's environmental and social specialists in the Project team.

C. Environmental and Social Safeguards Specialists on the Team

Abdoul Wahabi Seini (GSU01)

Abdoulaye Gadiere (GEN07)

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Environmental Assessment (OP 4.01, BP 4.01, and GP 4.01) applies, because of the fleet renewal activity and the associated vehicles' scrappage mechanism.</p> <p>There will be no investment in this project because the project will mainly provide assistance to the GoBF to successfully implement transport industry sector reforms and support trade facilitation and customs' modernization. The project scope also includes road safety activities.</p> <p>To mitigate potential adverse impacts, an Environmental and Social Impact Assessment (ESIA) as well as a Waste Management Plan (WMP) will be prepared, reviewed, consulted upon and disclosed within Burkina Faso and at the infoshop prior the appraisal.</p>
Natural Habitats OP/BP 4.04	No	The policy is not triggered under the proposed project
Forests OP/BP 4.36	No	The project will not expected to have any impact on forest
Pest Management OP 4.09	No	The project does not involve pest management.
Physical Cultural Resources OP/BP 4.11	No	The project activities are not expected to infringe or impact any cultural artifacts in its targeted area
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/ BP 4.12	TBD	No resettlement issues are anticipated, this will be confirmed during the evaluation phase if there will not be any activities requiring resettlement or land acquisition. .
Safety of Dams OP/BP 4.37	No	The project will not finance any dam construction.
Projects on International Waterways OP/BP 7.50	No	The project will not finance any activities with impacts on international waterways.

Projects in Disputed Areas OP/ BP 7.60	No	The project will not finance any activities in disputed areas.
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E. Safeguard Preparation Plan

1. Tentative target date for preparing the PAD Stage ISDS

14-Feb-2016

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.

Prior to Appraisal (between December and January 15, 2016).

III. Contact point

World Bank

Contact: Fabio Galli

Title: Lead Transport Specialist

Contact: Aguiratou Savadogo-Tinto

Title: Sr Transport. Spec.

Borrower/Client/Recipient

Name: Burkina Faso

Contact:

Title:

Email:

Implementing Agencies

Name: Permanent Secretariat of the Transport Sector Program

Contact: Franck Toe

Title: Permanent Secretary of PST

Email: pst-2@pst-2.bf

Name: Ministry of Transport, Urban Mobility and Road Safety

Contact: Souleymane Soulama

Title: Minister

Email: n/a

Name: Ministry of Economy, Finance and Development

Contact: Hadizatou Rosine Coulibaly/Sori

Title: Minister

Email: n/a

IV. For more information contact:

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

V. Approval

Task Team Leader(s):	Name: Fabio Galli, Aguiratou Savadogo-Tinto	
<i>Approved By</i>		
Safeguards Advisor:	Name: Maman-Sani Issa (SA)	Date: 08-Nov-2016
Practice Manager/ Manager:	Name: Nicolas Peltier-Thiberge (PMGR)	Date: 09-Nov-2016
Country Director:	Name: Pierre Frank Laporte (CD)	Date: 09-Nov-2016

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.