

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: AB1072

<b>Project Name</b>	Second Transport Sector Project
<b>Region</b>	AFRICA
<b>Sector</b>	Roads and highways (80%); Ports, waterways and shipping (5%); General transportation sector (15%);
<b>Project ID</b>	P090075
<b>Borrower(s)</b>	GOVERNMENT OF MALI
<b>Implementing Agency</b>	Ministry of Equipment and Transport Mali Tel: (223) 221.9230 pst@datatech.net.ml
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Safeguard Classification</b>	<input type="checkbox"/> S <sub>1</sub> <input checked="" type="checkbox"/> S <sub>2</sub> <input type="checkbox"/> S <sub>3</sub> <input type="checkbox"/> S <sub>F</sub> <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	September 14, 2004
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<b>Estimated Date of Board Approval</b>	February 9, 2006

1. Key development issues and rationale for Bank involvement

The Second Transport Sector Project is included in the CAS and will support the priority theme of promoting growth. The July 7, 2003 CAS is fully aligned with the Government's PRSP and selectively focuses on three main themes : (a) promoting growth; (b) developing human resources; and (c) improving public finance management and governance. The first theme encompasses two pillars of the PRSP, which will be supported by the Second Transport Sector Project as well : (a) accelerated and redistributive growth; and (b) development of basic infrastructure and productive sectors.

The Government has started the preparation of a Second Transport Sector Program which will consist in a sector strategy for the coming decade and an investment plan consistent with the strategy. The program is expected to be presented to donors during a Round Table in 2005. The Second Transport Sector Project is part of this sector program as well as of a comprehensive World Bank assistance strategy to the transport sector, which started with the first Transport Sector Project (Cr. 2617-MLI, July 8, 1994) and continued with the Transport Corridor Improvement Project (TCIP, Cr. 3869-MLI) approved in March 2004, an Economic and Sector Work (ESW) on the transport sector carried out in 2003-2004 in parallel to the development of a Medium Term Expenditure Framework for the transport sector developed as part of the Fourth Structural Adjustment Credit under preparation (FY05) in addition to focused support to rural roads under the National Rural Infrastructure Project (NRIP, Cr. 3393-MLI, September 18, 2000) and the proposed Agricultural Diversification and Competitiveness Project (ADCP) under preparation (FY05).

The TCIP supports improvement of regional and national corridors and completion of institutional reforms in the transport sector. The reforms include concessioning of railway services between Dakar and Bamako which became effective in October 2003, and creation of a Road Fund (effective in 2000) and a Road Agency (scheduled in 2004). The Road Fund and the Road Agency will provide a framework for more efficient and transparent allocation and management of road maintenance resources.

The 2004 ESW reviewed key development issues in the transport sector in Mali and evaluated options for Bank involvement in the sector. It recommended a strategy based on three pillars:

- (a) Promote sustainable development of transport infrastructure by insuring adequate allocation of financial and human resources to infrastructure maintenance;
- (b) Increase transport sector efficiency by implementing sound market and fiscal policies to support the rapid modernization of Mali's transport companies;
- (c) Support cross-sectoral initiatives primarily in the areas of economic competitiveness, road safety, rural poverty alleviation, HIV/AIDS prevention and health services accessibility.

The ESW gave clearly the priority to maintenance and rehabilitation of the road network and to maintenance, improvement and construction of rural infrastructure. This is key to sustained economic growth in the country for which agriculture, especially cotton, represents about 40 percent of the GDP. Production of cotton is heavily penalized by poor condition of rural and earth roads in the cotton area. Transporters which collect cotton for the cotton company (CMDT, *Compagnie malienne des Textiles*) requested a 100 percent increase of the transport tariff because of poor road condition.

The proposed project will contribute to fill the gap between resources required and local resources available for maintenance and rehabilitation of the road network and for maintenance, improvement and construction of rural infrastructure. Currently, other donors are mostly involved in the construction or rehabilitation of paved roads along the regional corridors linking Mali to the regional ports. Few other resources are available for the earth road and rural road networks. The project will complement resources provided under the ADCP project (US\$10 million allocated to rural roads).

The Government currently mobilizes about US\$14 million from its own resources and from charges collected from road users for routine and periodic maintenance. This is almost a 60 percent increase since 2001. In its Letter of Sector Policy adopted in March 2004, the Government is committed to increase the national contribution to the road maintenance budget to US\$ 24 million in 2007, a 73 percent increase compared to 2004. Still, this remains below the needs estimated at about US\$30 million and the gap will need to be funded by external donors. In addition, the data above do not include financing requirements for the rural road network which has received insufficient attention until now. In 2004, the Government allocated US\$1.85 million to maintenance of rural roads. An inventory in 2002 concluded that 96 percent of the 60,000 km network of rural roads was in poor condition and as a result, rural communities remain inaccessible preventing the country to fully exploit its agricultural potential. The ESW

recommended that the Government allocates US\$ 18.5 million annually to the rural road network with resources provided by both the local budget and external donors.

While donors can help fill the financing gap for rural road construction and rehabilitation, for such support to be sustainable, the rural road maintenance financing issue and institutional issues need to be addressed. Institutional responsibilities are being transferred to communes as part of the decentralization process. Still, communes will have little resources and technical capacity to carry on these responsibilities. Therefore, the Government will need to continue to be involved for a long period and a mechanism needs to be defined to finance rural road maintenance involving participation from the beneficiaries and from the existing Road Fund. The Bank will bring its substantial experience in this area to help define and implement such mechanism. A National Rural Transport Strategy is being prepared under the NRIP Project and will recommend the type of mechanism to put in place.

The proposed project will concentrate on heavy maintenance and rehabilitation of roads in the cotton area and construction of two earth roads which open access to the region of Kidal and to villages along the rail line between Dakar and Bamako. Kidal, the regional capital of the poorer region in the Extreme North Mali, currently can only be accessed by plane or by a 300 km track in the sand from Gao, itself at about 1,000 km from Bamako. Similarly, the villages located along the rail between Bamako and the border of Senegal can only be accessed by rail services which are becoming more and more infrequent. The Government envisages to suppress these services which require subsidies to operate. As a result, the villages would become completely isolated. Bank support to the construction of this road will make complete the support provided to the Government in the railway sector which resulted in the concessioning of railway services between Dakar and Bamako. The road network used to collect cotton is 11,645 km long, of which 1,063 km are interface roads which link the secondary roads and the cotton plants to the primary road network; 2,710 km are secondary roads rehabilitated until 1998 but which have been poorly maintained since then; and 7,872 km of tertiary roads which have never been rehabilitated after their construction. Interface roads and tertiary roads need rehabilitation. The secondary road network is estimated to be deteriorated on 30 percent of its length.

In addition to roads, river transport is an important mode of transport for remote rural communities in the North of Mali. These communities cannot be accessed by roads. River transport is operated by informal operators using pinnaces and pirogues. While some boats have a large capacity of about 100 tons, there is no infrastructure to facilitate loading and unloading of passengers and freight. Pinnaces and pirogues are also unsafe and the construction technology needs to be improved to make them safer. The river transport operators contribute to propagate HIV/AIDS and they have little benefited from information and sensitization related to HIV/AIDS. No other donor is currently providing support in this sector.

Until recently, public passenger services in Bamako were operated by small minibuses and taxis only. While the service is critical for urban commuters, minibuses are the main source of congestion and pollution in the city. Since 2003, several new private operators have appeared which operate 50-seat buses. Six operators operate a total of 114 buses and intend to continue to increase their fleet and their services. To support these initiatives and better organize urban transport to offer better services to passengers, the municipality of Bamako envisages to create a

bus-only lane which would facilitate bus traffic during the peak hours. Also, a circular road would be created for minibuses around the center of Bamako. This would be the limit for minibuses while large buses would be allowed to enter the center. The Government also recently decided to shift gasoline from leaded to unleaded. The Bank can provide valuable support based on its participation to the Clean Air Initiative, which helps countries to move to unleaded gasoline.

## 2. Proposed objective(s)

The objective of the project is to provide better access and transport services to rural and urban communities by improving transport infrastructure in Mali.

## 3. Preliminary description

The project will include three components:

- (a) Improvement of road access and transport conditions to rural communities : The project will : (i) improve about 530 km of earth roads which will provide access to remote rural communities in Mali (Gao-Bourem-Kidal, Kita-Bafoulabe). The cost of the works is estimated at US\$15.6 million. (b) improve interface roads in the cotton area through regravelling of the roads rehabilitated before 1998 and through treatment of hot spots. The cost of the works is estimated at US\$44.6 million. and (c) improve river access to remote rural communities. No data are currently available on the needs and the costs. Works will consist in wharves and underwater jetties. A provision of US\$1 million is made.
- (b) Improvement of mass transit in Bamako: The project will help create a bus-only lane and a circular road for minibuses. This will include improvement of pedestrian paths to allow access of passengers of minibuses to the center of the city. The project will also acquire equipment to measure air pollution in Bamako The cost of the component is estimated at US\$6 million.
- (c) Institutional strengthening and capacity building: The component will include technical advisory services for : (i) implementing a financial and institutional mechanism to sustain rural road maintenance; (ii) supervision of works, implementation of social and environmental management plans, improvement of road safety, project management and financial and technical audits; and (iii) definition and implementation of a long-term strategy for building capacity in the sector based on an assessment of skills requirements, existing capacity, obstacles to use and development of capacity.

## 4. Safeguard policies that might apply

The following safeguard policies may apply:

- environmental assessment: Road works may impact on soil, water, air quality, flora and fauna. Rural roads improvement may impact on wild flora and fauna given the possibility that some roads lead to national parks or reserved areas.

- natural habitats;
- involuntary resettlement: Involuntary resettlement may result from acquisition of land during the construction of the Kita-Bafoulabe and Gao-Bourem-Kidal roads and development of the circular road for minibuses in Bamako. It may also result from the creation of borrowing sites for road materials used for the maintenance of rural roads. Works may also impact on economic activity and require move of vendors and road stalls.
- forests: This policy may apply from the maintenance or rehabilitation of rural roads and construction of new earth roads. and
- cultural property: This policy may apply from the construction of new earth roads.

The following studies are envisaged during project preparation:

- Environmental assessment (EA) and environmental and social management plan (ESMP) for construction of Kita-Bafoulabe and Gao-Bourem-Kidal earth roads : the study will determine whether land acquisition resulting in the loss of crops, built structures, incomes or shelters will occur in which case a resettlement action plan will also be prepared.
- EA and ESMP for rehabilitation and treatment of hot spots on rural roads : For roads which would be selected at a later stage during project implementation, a RAP will be prepared with the same standards as the RAP approved during project preparation;
- EA and ESMP for construction of river infrastructure;
- EA and ESMP for development of bus lane and circular road projects and resettlement action plan.

The Resettlement Policy Framework (RPF) prepared under the Transport Corridor Improvement Project (TCIP, approved on March 18, 2004) will be reviewed to ensure adequacy with the proposed project requirements and the revised RPF will be used for the preparation of resettlement action plans.

#### 5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	13.83
INTERNATIONAL DEVELOPMENT ASSOCIATION	63.00
Total	76.83

#### 6. Contact point

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