

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC13750

Project Name	Infrastructure and Local Development Program II (P151077)
Region	AFRICA
Country	Gabon
Sector(s)	General public administration sector (20%), General water, sanitation and flood protection sector (35%), Other social services (6%), Other industry (5%), Urban Transport (34%)
Theme(s)	Urban services and housing for the poor (60%), Micro, Small and Medium Enterprise support (10%), Participation and civic engagement (10%), Municipal governance and institution building (20%)
Lending Instrument	Investment Project Financing
Project ID	P151077
Borrower(s)	GABONESE REPUBLIC
Implementing Agency	CN-TIPPEE
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	27-Feb-2015
Date PID Approved/ Disclosed	01-Mar-2015
Estimated Date of Appraisal Completion	30-Mar-2015
Estimated Date of Board Approval	28-May-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Located in Central Africa, Gabon had an estimated population of 1,530,000 inhabitants in 2011 of which more than 83 percent live in urban areas. Oil production over the past 40 years has transformed Gabon into one of Africa's few middle-income countries, with a gross domestic product (GDP) per capita estimated at US\$11,114. Despite declining oil production and attempts at economic diversification, Gabon remains largely dependent on natural resources and remains the fifth-largest oil producer and the second-largest exporter of manganese in sub-Saharan Africa.

With a Human Development Index (HDI) of 0.69 in 2014, Gabon's human development still falls short of countries with similar per capita income and income inequality is high. The richest quintile

of the population receives half of the national income; yet one-third lives in poverty. The latest national household survey dated 2005, revealed an increase in the proportion of Gabon's population living below the poverty line from 25 percent in 1997 to 33 percent in 2005. A new poverty survey is currently being planned for May/June 2015, with technical assistance from the World Bank. The country's unemployment rate is high at 27 percent (2010) and youth and women are the most affected.

In spite of its wealth, Gabon is unlikely to meet a number of the Millennium Development Goals by 2015, namely the targets related to poverty reduction, infant and maternal mortality, and the prevalence of HIV/AIDS. Moreover, the significant share of precarious housing is one of the indicators of increased poverty in Gabon. In 2005, 8 percent of homes were located in precarious habitats and by 2011 this had risen to 11.6 percent. In addition, the percentage of households with access to an effective solid waste system remains relatively low (37.2 percent in 2010) and has declined since 2005 (45.4 percent).

Following the election of President Ali Bongo in 2009, Gabon has formulated a medium-term strategy aimed at becoming an emerging country by 2025 (Plan Stratégique Gabon Emergent, PSGE). In 2012, the Government announced a new infrastructure plan, amounting to US\$13 billion, to be implemented between 2013 and 2016. This is a global development strategy aimed at providing Gabon with the requisite infrastructure across the country for the socio-economic development of its hinterland and a real diversification of its national economy.

Sectoral and Institutional Context

Gabon is one of the most highly urbanized countries in Africa. An estimated 83 percent of its population of 1.5 million is urban and its annual urbanization rate is about 5 percent. The population consists primarily of young people, who make up 41 percent of the population. The high rate of urbanization is driven essentially by a concentration of economic and forestry activities around the main urban centers of Libreville and Port-Gentil. These two cities account for more than 50 percent of the population and 60 percent of the country's jobs.

Rapid and uncontrolled urbanization has led to the development of unplanned settlements on undeveloped lands, and an increase in the number of poor urban households with dysfunctional basic urban services. Due to the lack of planning and inadequate infrastructure investments, development has often taken place in flood-prone areas that are not suitable for habitation, making subsequent delivery of services expensive, and increasing the risk of natural disasters. These so-called "under-integrated" neighborhoods, in which more than ¾ of the urban population and 60 percent of economically disadvantaged households (EDH) live – are characterized by poor access to basic social services, houses built of makeshift materials, lack of land titles, high density (more than 250 inhabitants/km), poor urban mobility (the number of individuals with access to an all-season road is estimated at 43 percent), and lack of wastewater/drainage systems. Solid waste is usually abandoned in the streets or thrown into the drainage canals.

The unfinished decentralization agenda leaves cities with limited means and capacity to discharge their functional mandate. Almost 18 years after its enactment, the framework law (Law No. 15/96 of June 6, 1996) is still encountering implementation difficulties owing, in particular, to: (i) the government's delay in genuinely transferring powers (responsibilities) and the resources needed for their effective implementation by local governments; (ii) the lack of institutional capacity of these local governments; and (iii) the lack of defined urban policies and the failure by municipalities to

enforce regulations in terms of land use and management of public investments.

Despite the key role played by cities in Gabon's economic growth, the urban sector has not benefited from sufficient financing (less than 10 percent of public investment) during the past two decades, which would have led the promotion of a real economic development of cities. Most investments that were financed involved resources generated by the oil industry and did not follow a proper budget planning and procedures enacted by a budget law.

In 2007, the World Bank's Board of Directors approved the first phase of the Infrastructure and Local Development Project (ILPD1) for an amount of US\$25 million; the project closed in 2011. ILPD1 intervened in six Gabonese provincial capitals: Libreville, Lamberene, Oyem, Mouila, Port Gentil, Franceville. It aimed to: (i) increase access of the population living in low income settlements to basic services; and (ii) sustain access of Small and Medium Enterprises and Small and Medium Industries (SMEs/SMIs) to civil works and construction contracts with the public sector. ILDP1 succeeded in the provision of urban infrastructure and services but there were shortcomings related to the sustainability of access of SMEs to construction contracts financed under the project.

Relationship to CAS

The project is fully aligned with the new Country Partnership Strategy (CPS) adopted for the period 2012-2016 by the Executive Board of the World Bank in April 2012. The CPS will support Gabon's PSGE to: (i) increase Gabon's competitiveness and employment and (ii) support vulnerability and resilience. This project supports these goals by: (a) improving access to urban services in underserved and under-integrated neighborhoods and; (b) promoting the capacity of municipalities and other stakeholders (e.g. SMEs, SMIs) to improve access to infrastructure and services.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The project development objective is to provide access to services for the population living in targeted low-income settlements and strengthen municipalities' capacity to maintain these services.

Key Results (From PCN)

- (i) Direct project beneficiaries (number), of which female (percentage);
- (ii) Number of persons with access to an improved drainage system in the zones covered by the project;
- (iii) Number of persons with access to all-season roads within 500 meters in the context of the project;
- (iv) Share of the budget of the targeted municipalities allocated to the financing of infrastructure and its maintenance;
- (v) Percentage of community sub-projects fully functional 2 years after their completion.

III. Preliminary Description

Concept Description

This is a follow-up operation to ILDP1. It is expected that the proposed project will be able to: (i) build on the achievements of the initial project, particularly in terms of implementation of basic infrastructure, job creation and capacity building to SME/SMI; and (ii) start to address the problems of capacity-building for municipalities to enable them to better perform their roles in urban

development. The focus of the ILDP1 on access to services will be maintained in the ILDP2, which will gradually introduce performance criteria for municipalities to improve urban and municipal management and incentivize the municipalities to be more responsible and accountable. This will also constitute initial steps towards operationalizing the decentralization framework law and present an approach that can be scaled up with government resources.

The participatory approach initiated under ILDP1, with community involvement in project identification, preparation, and monitoring of works, helped improve transparency of urban investments and promote better lines of accountability between municipalities and local populations. The approach will be maintained and reinforced in the proposed project, with links to the performance criteria. Publication of information on urban and municipal management will be a basic principle of the project and civil society organizations will be involved in monitoring performance in relation to governance of the city.

The project will be implemented in the six cities targeted during the first phase - Libreville, Port-Gentil, Franceville, Oyem, Lambaréné and Mouila – with the potential to add other cities to the extent this does not lead to spreading resources too thinly. The criteria for the selection of neighborhoods within the cities are the same as in ILDP1, namely the degree of isolation, access to basic urban services, housing density and typology, availability of municipal technical units. During project preparation, additional criteria will be set up to determine the indicative allocation of resources across the participating municipalities. Efforts undertaken under ILDP1 in the area of capacity-building for SMEs/SMIs will be strengthened to ensure the utilization of labor-intensive techniques.

Lastly, the project will also build on the available results of former similar operations conducted by the French Development Agency (FDA) the African Development Bank (AfDB) and the World Bank in these municipalities. During project preparation and implementation, training will be provided in the area of procurement, financial management and project management to improve governance at the project level.

Project Components

Component 1 (US\$80 million): Urban infrastructure and services in disadvantaged neighborhoods in the targeted municipalities. The objective of this component is to increase access to improved services in underserved neighborhoods. The investments will improve urban mobility, drainage, sanitation, water, electricity and health and education facilities in specific low-income neighborhoods, while also improving land erosion control in coastal areas, markets and collective facilities for the broader population. This component will have three sub-components: (i) implementation of a Priority Investment Program to allow for the completion of some unfinished works and already identified works in the targeted neighborhoods under ILDP1; (ii) preparation of Strategic Development Plans for additional works in the targeted neighborhoods; and (iii) financing of investments identified in the Strategic Development Plans to increase access to urban infrastructure and services for project's beneficiaries. The investments will be linked to performance criteria to be gradually introduced under the project, and with targeted support provided under component 2 for the cities to live up to defined criteria.

Component 2 (US\$15 million): Institutional support and capacity-building for project stakeholders. The objective of this component is to strengthen the capacity of municipalities for planning,

programming, managing basic services, infrastructure and maintenance, and environmental and social protection measures, and collecting municipal revenues. Performance criteria will be developed in these areas and will be supported by improving systems and capacity to collect taxes through the updating of the municipal tax base, improved revenue collection capacity, and capacity-building for the administrative and financial management of municipalities and municipal agencies responsible for provision of the services. Organizational and financial audits of the participating municipalities will take place during project preparation. Those audits will help identify the areas of capacity building needed in the participating municipalities as well as the performance contracts to be agreed between the participating municipalities and the Ministry. This component will have four sub-components: (i) capacity building support for the participating municipalities in financial management, revenue collection, procurement and urban planning; (ii) capacity building and efforts to involve other project stakeholders in the targeted municipalities (including community organizations, NGOs) to improve local governance; (iii) capacity building support for central government entities involved in urban management in terms of training, technical assistance and limited contribution to equipment and goods etc...; and (iv) training and capacity building support for the private sector, primarily for SMEs/SMIs involved in project implementation.

Component 3 (US\$5 million): Management, coordination, monitoring and evaluation. This component will finance project management costs, audits, monitoring and evaluation of project activities, training and the costs of oversight of environmental protection activities.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source		Amount	
Borrower		0.00	
International Bank for Reconstruction and Development		100.00	
Total		100.00	

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