

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

March 26, 2014

Report No.: AB7549

Operation Name	Regional Trade Facilitation and Competitiveness DPO
Region	AFRICA
Country	Africa
Sector	General industry and trade sector (100%)
Operation ID	P129282
Lending Instrument	Development Policy Lending
Borrower(s)	Republic of Cote d'Ivoire
Implementing Agency	NA
Date PID Prepared	March 26, 2014
Estimated Date of Appraisal	NA
Estimated Date of Board Approval	September 8, 2014
Corporate Review Decision	Following the corporate review, the decision was taken to proceed with the preparation of the operation.

I. Key development issues and rationale for Bank involvement

Notwithstanding a strong growth performance and a strong record in implementing structural reforms, poverty reduction has remained elusive in both Cote d'Ivoire and Burkina Faso. Partly due to the impact of Cote d'Ivoire's political crises since the late 1990s, the country's poverty rate has risen from a mere 18% in 1985 to over 50% in 2008, and may have deepened further due to the socio-political crisis. For Burkina, the evidence suggests that the poverty rate, while slightly reduced in recent years, has stagnated at around 48% over the past 10 years. Both countries have recorded persistently high underemployment, in particular among youth and women.

The failure to reduce poverty and improve living standards may be partly attributable to slow progress in diversification and structural transformation, partly on account of a poor business environment, notably high transport costs. Case studies have shown the importance of high transport costs. In particular, available evidence suggests that the Abidjan-Ouagadougou corridor is expensive, even by African standards.

In the context of their respective poverty reduction strategies, the governments of Cote d'Ivoire and Burkina Faso have prepared comprehensive reform programs of their transport sector. Cote d'Ivoire's National Development Plan focuses on good governance; better distribution of wealth; improved service delivery; a sustainable environment; and the repositioning of Cote d'Ivoire at the national and international levels. Burkina Faso's Strategy for Accelerated Growth and Sustainable Development (SCADD) emphasizes (i) promotion of growth and reduction of economic vulnerability; (ii) investment in human capital and social protection to increase resilience; (iii) good governance that makes the public sector more effective and efficient; and

(iv) incorporation of cross-cutting priorities, such as gender, demography, planning and building capacity to implement development policies.

Highlighting their renewed reform commitments, Cote d'Ivoire and Burkina Faso have requested support from the Bank through a regional Development Policy Operation. Motivating this request is the fact that many of the supported trade facilitation and transport reforms will only become effective if also implemented by both countries, and that authorities strongly value the convening power of the Bank and its expertise in the trade facilitation and transport sector. The Regional DPO offers appropriate incentives to overcome coordination failures and create positive externalities from collaboration.

II. Proposed Objective(s)

The proposed operation will be the first in a programmatic series of four Development Policy Operations to be undertaken from June 2014 to June 2018, the overarching objective of which is to support the implementation of the two governments' reform program. The Operation focuses its support on (i) reform of the trucking industry; (ii) organization of the trucking market; (iii) improving competitiveness of the gateway and inland platforms (ports, dry ports and Inland container depots), and (iv) improving the border clearance and international transit process.

The first operation (DPO-1) encompasses the following intermediate goals linked to achieving these broad objectives: (i) reform of access to the profession and reorganization of the transport market with a view to supporting professionalization of the industry; (ii) improve competitiveness of the Abidjan port by improving competition in the stevedoring market in Abidjan; (iii) improve the transit regime by reaching agreement among both countries between customs, chambers of commerce and industry on guarantees, and (iv) implement a reform program for border agencies to improve control and clearance times.

III. Preliminary Description

The Regional DPO aims at adopting a systematic approach to address the root causes of high trade transaction costs along the Abidjan-Ouagadougou corridor. Reducing transport costs and delays requires coordinated policy action from Burkina Faso and Cote d'Ivoire to optimize the following dimensions:

- *Physical flow of goods*: this requires (i) the establishment of a competitive and efficient market for cargo handling and trucking services, and (ii) the improvement of operational efficiency at terminals (this has linkages with the documentation and information process, which should be designed so as to not slow down movement of goods along the corridor);
- *Documentation and information flows*: simplifying and streamlining processes for the transit and clearance of goods can be achieved by (i) establishing mechanisms improving the availability, exchange and use of information, (ii) granting positive advantage to compliant operators so as to focus control for secure trade without hampering legitimate transactions, and (iii) ensuring professional standards for both border management agencies and logistics services.

The promotion of competitive market structures in transport and logistics services is a complementary and cross-cutting theme and largely determines the possibility for efficiency gains along the logistics chain to translate into actual reduction of costs and delays for traders.

The operation supports policy measures that Burkina Faso and Cote d'Ivoire intend to implement either in parallel individually or as joint actions, as some reforms (such as bilateral road agreements and transit measures) require strong bilateral cooperation and are inscribed in the context of regional commitments. The Regional DPO offers in this respect a powerful commitment and coordination mechanism that will enable the common ownership and delivery of an important set of reforms by each country.

IV. Poverty and Social Impacts and Environment Aspects

While the economic benefits of lower prices, more efficient service, and reduced transport and transit time are clear for firms and individuals customers of logistics and transport services, an appreciation of the poverty and social impact of the reforms supported by this operation on directly affected populations is needed. Given that the trucking industry is comprised largely of an over-supply of small independent truckers who operate on relatively thin margins, the poverty and social impact of trucking reform will be considerable.

Reforms are not expected to have negative environmental impact. In fact, the modernization of the trucking fleet as well as higher levels of compliance with the stipulated axle load limit may have a positive impact on the environment. At the same time, the expected greater volume of transport catalyzed by the reforms may possibly augment pollution.

V. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	
International Development Association (IDA)	TBD
Borrower/Recipient	
IBRD	
Others (specify)	
	Total

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