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Report No. PID8012

Project Name	Comoros-Environment, Water and (@)... Infrastructure Project
Region	Africa
Sector	Transport, water supply, and urban development
Project ID	KMPE47250
Borrowers	Government of Comoros
Implementing agency	Ministere de l'Equipment et de l'Energie Address Direction Nationale de l'Infrastructure Contact person: Ahmed Hassan Tel: 269-732993 Fax: 269-732993 E-mail: DGTP@sntp.km
Environmental Category	A (Full assessment)
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1. Country and sector background

The Islamic Federal Republic of Comoros comprises three islands in the Indian Ocean (Grande Comore, Anjouan and Mohéli), with a population of around 544,000 and a GNP per capita estimated at US$350 in 1999, a significant decline since the late 1980s.

A history of political instability and weak governance has led to poor economic performance and continuing poverty. Political instability results from the twin crises of separatism on Anjouan and lack of democratic legitimacy of the government in Grande Comore and Mohéli. Refusal by the Anjouan separatists to accept a compromise led to unrest in Grand Comore and riots that prompted the army to intervene and take over power in a bloodless coup on April 30, 1999. A return to legitimate government will be difficult, until all parties agree to hold elections on the entire national territory.

The military rulers are working to resolve the political crisis and improve the economic situation. In December 1999, a civilian government was named, with the support of 22 out of Comoros' 30 political parties, and promised to carry out elections once the crisis is resolved. The government has also improved economic and financial management, resulting in its ability to pay civil servants on a more regular basis. Nevertheless, the situation remains very unstable. The combined efforts of the Organization of African Unity (OAU), regional neighbors and interested European governments have created a new dynamic which holds the promise of breaking the political impasse.

Road transport. Improved roads are critical to Comoros's efforts to fight poverty and stimulate rural growth and encouraging investment in tourist facilities and manufacturing industries. Currently, while operation of the

road maintenance fund assures that resources are available for routine maintenance, Comoros lacks institutional and financial capacity to adequately provide periodic maintenance for all its 564 kilometers of roads. Furthermore, while road transport safety is improving due to support from the road maintenance fund and donors (IDA, European Union, Agence FranÕaise de Développement, Fonds d'Aide et de Coopération), road travel is still dangerous due to inadequate signs, unstable road shoulders and an antiquated and poorly enforced road code. To reduce travel time and vehicle operating costs, the government plans to improve both routine and periodic maintenance of roads. It will do this by reforming and strengthening the road maintenance fund, privatizing regional equipment pools and workshops, and strengthening the capacity of the MinistÒre de l'Equipment et de l'Energie to manage the road sector more effectively, efficiently and sustainably. To save lives and reduce injuries and property damage, government plans to increase road safety by installing improved signs, rehabilitating and reshaping unsafe road shoulders among other measures.

Urban water supply. The percentage of population with access to safe drinking water is relatively low in Comoros (current rates of coverage are 30 percent for Grand Comore, 45 percent for Anjouan, and 60 percent for Mohéli). Responsibilities for water resources management are scattered among multiple public sector institutions, most of which are understaffed, have limited resources and lack technical capabilities. Existing water infrastructure has limited capacity and is in poor condition due to lack of maintenance. This has resulted in poor quality services, high water losses (on Grande Comore water losses are estimated as being as high as 45 percent) and threats to human health as demonstrated by a recent cholera outbreak. Cost recovery for water services is nonexistent. The government has adopted the recommendations of the UNICEF-financed national action plan for water and basic sanitation to (a) integrate the water sector into the national environmental action plan (NEAP); (b) establish an institutional framework to monitor, plan and coordinate water sector activities; (c) focus on rural and periurban microprojects; (d) focus on the needs of beneficiary communities and increase their contribution to service delivery; (e) use appropriate technologies to increase low-cost, sustainable coverage of water and sanitation services; (e) standardize construction; (f) strengthen water engineering capacity in Comoros; and (h) introduce charges for water services. The operations of the water and electricity authority (Compagnie Nationale de l'Eau l'èlectricité des Comores (CEE)) have been privatized, which has led to improved management and delivery of services in Grande Comore (CEE does not operate in the water sector in Anjouan and Mohéli islands). A key element of the strategy is to assure that poor households have access to clean water at prices they can afford. Therefore, while government plans to make water operations financially self-sufficient by charging users full long-run marginal costs for water, it also intends to cap prices of water from public standposts at levels so that poor households pay no more than 5 percent of their average annual income for water.

2. Project objectives

The proposed project is an integral part of a multidonor-financed infrastructure, water and environment program in Comoros, and supports the development objectives of the larger program. The primary program objective is to improve living conditions and stimulate economic growth in Comoros, while protecting the environment through investments in basic infrastructure. Focusing on two priority sectors (roads and urban water supply), the specific

objectives of the project are to: (a) maintain road infrastructure and improve the safety of road transport; (b) upgrade and expand urban water infrastructure and significantly increase access to clean water for people living on the Anjouan and Mohéli islands by 2005; and (c) improve decentralized management of road transport and water supply through strengthening of public sector institutions, increased public awareness, stakeholder participation, and implementation of cost-recovery measures. The project would seek to decentralize the responsibility for project management and promote increased participation of beneficiary communities and the private sector in implementing and managing road maintenance and water supply.

3. Rationale for Bank involvement

The International Development Agency (IDA) has been involved in the transport sector of Comoros for the past twenty years, financing three highway and road maintenance projects, most recently the Road Maintenance Project which closed in 1997. Through these and projects in other sectors, IDA has developed a close working relationship with Comoros.

IDA has also developed effective relationships with other donors active in Comoros. The government is looking to IDA to take the lead in coordinating donors as they resume implementation of their plans to support the country's national economic recovery efforts. Through the proposed project, IDA has a critical role in mobilizing donor support for the large multidonor program.

4. Project description

The IDA financed project is part of a large multi-donor infrastructure and environment program. The total amount of the program is estimated at US$52 million over eight years. A description of IDA-financed components follows:

Component A: Transport

The transport component of the project will assist Comoros improve its roads maintenance, safety, and management through three subcomponents: national and regional roads periodic maintenance, roads safety, and institutional strengthening.

The periodic maintenance subcomponent will support periodic maintenance of the priority road network. This will complement the EU financed periodic maintenance and the routine maintenance financed by the road maintenance fund. A program involving all donors (IDA, EU, AFD, African Development Bank, and others) and a contribution from the road maintenance fund is envisaged covering a total of 218 kilometers on Grande Comore, 157 kilometers on Anjouan and 83 kilometers on Mohéli. IDA will finance priority sections of the overall roads maintenance program. Implementation of this project will prevent further deterioration of the existing road network and contribute to establishing an effective road maintenance policy aimed at renewing roadway surfaces every ten to twelve years with permanent annual (minor) maintenance of roadways and related structures through contracts with small and medium-sized enterprises and contractors.

The roads safety subcomponent will finance the installation of traffic signals and signs and works to stabilize road embankments. It will also strengthen the capacity of the executing agency in monitoring the road safety and enforcing the law. Details were finalized during appraisal.

The studies, expertise and institutional strengthening subcomponent will finance a study of options for institutional setups for road maintenance, including privatization of regional road maintenance centers and withdrawal of the state from labor contracting. It will provide technical assistance to DNI and DRIs to strengthen their role in planning and programming of road maintenance, management of contracts and supervision of works. In addition, the subcomponent will provide technical assistance to the road maintenance fund to improve its operations and financial management.

Component B: Urban water supply

The urban water supply subcomponent will support the rehabilitation and extension of urban water infrastructure in Moutsamoudou, Domoni and Ouani on Anjouan (about 72,000 inhabitants) and Fomboni on Mohéli (about 15,000 inhabitants). It is expected that the Agence FranÕaise de Développement (AFD) will finance rehabilitation and extension of water systems in rural areas of Grande Comore, Anjouan and Mohéli. The urban water supply under IDA financing will involve UNICEF and NGOs in information, sanitary education and communication campaigns to encourage people to participate in managing and maintaining the water systems and in paying for water services.

The institutional strengthening subcomponent will support technical assistance to strengthen management and operations of urban water utilities. A study of institutional and financial issues has been completed for project preparation and its recommendations will be used in developing an efficient, effective and sustainable water management and cost-recovery system. This subcomponent will also finance public consultations and public awareness raising activities to involve beneficiaries with decisions on project issues, assist them in selecting and managing a private operator, and gain acceptance of plans to charge for water.

Component C: Support to the sectors and program coordination

This component will support technical assistance to strengthen coordination among agencies responsible for different sectors under the project. It will also provide technical assistance and logistical support for the project coordinating unit. Although French Cooperation will finance most of the expenses of the coordination unit, the IDA Credit will assist with logistical support for coordination. This component will also support training on environmental management for government staff and others involved with the design, implementation, maintenance and operation of project activities. In particular, training is planned for the staffs of the DNI, DRIs and the Directorate General of the Environment. Training activities also involve two actions directed at the public. The first involves publication of overviews of project operations, including descriptions of activities, administrative procedures being followed, potential environmental impact of activities and impacts on the country's communities. The second involves school courses to educate students about the environmental issues of the project. Approximately US$50,000 of project funds have been allocated for training and awareness activities on environmental matters.

Component D: Project preparatory studies (under the Project Preparation Facility)

The Project Preparation Facility (to be refunded) has financed activities to

prepare the project for implementation, including feasibility studies, social assessment, environmental impact assessment, institutional and cost recovery study, preparation of detailed engineering designs, tender documents, and development of maritime, construction and urban development codes.

5. Financing	(US$ million)
Government	0.3
International Development Association (IDA)	11.4
Cofinancier: French Cooperation (FC)	1.6
Total:	13.3

6. Implementation

Project implementation period. The project will take place over five years, fiscal 2002-2006. It will be completed by June 30, 2005 and closed by December 31, 2005.

Project coordination. The MinistÒre de l'Equipment et de l'Energie through the DNI will be responsible for overall project coordination and implementation. The DNI, which will consolidate the existing competencies in roads, urban and water matters, will be comprised of representatives of the Directorate of Public Works (Direction de Générale Travaux Publics (DGTP)), Directorate of Energy and Directorate of Urban Development, who have experience coordinating, planning and executing projects financed by IDA, the EU, the African Development Bank, Fonds d'Aide et de Coopération (FC, France) and Islamic Development Bank. The DNI, which once set up will replace the above mentioned three directorates, will be supported by a designated coordination unit (cellule de coordination, CC) headed by an international expert, who is already in place. FC is financing the coordination unit, the technical assistance and the training program to strengthen capacity of the DNI and DRIs in their new roles.

Project oversight. A steering committee?comprised of representatives of the ministries of finance, infrastructure and energy, transport and tourism, environment, and representatives of various stakeholder groups (urban communities, road users, water users) will provide policy guidance and overall project oversight, and will ensure coordination and cooperation between central, regional and local authorities, government agencies involved with project implementation, and the private sector. The steering committee will be constituted prior to Board presentation.

Executing agency. The MinistÒre de l'Equipment et de l'Energie through the DNI (to be set up prior to Board presentation) will execute the project. Regional directorates (Directions Régionales de l'Infrastructure (DRIs)) will monitor implementation of road maintenance and water works on individual islands through a decentralized management structure. Supervision of works will be carried out by consulting firms to be recruited by DNI according to World Bank procurement guidelines and procedures.

Procurement. Consultant services, works and equipment to be financed under the IDA Credit will be procured according to World Bank procurement guidelines.

Accounting, financial reporting and auditing arrangements. Prior to Board

presentation, DNI will establish an improved project accounting system tracking the cost of the various works, goods and services provided under the project, in accordance with the "Financial, Accounting, Reporting, and Auditing Handbook," dated January 1995, as well as a draft Financial Management Procedures Manual. Also prior to Board presentation, DNI and the road maintenance fund will appoint a financial manager acceptable to IDA. During the first year of implementation, the road maintenance fund will establish an improved accounting and financial management system. Assessment of the project's financial management for adequacy and readiness for PMR-based disbursements will be carried out within 12 months of project implementation in order to evaluate the transition effectiveness to the new enhanced disbursement mode. On the basis of this evaluation, DNI will prepare an action plan, acceptable to IDA, to implement the measures recommended with clear deadlines for implementation stages. Independent auditors acceptable to IDA will annually audit the accounts of DNI, the project and the road maintenance fund. The reports of such audits will be submitted to IDA no later than six months after the end of the government's fiscal year for the project accounts and road maintenance fund accounts. The DNI and the road maintenance fund will appoint the auditors prior to effectiveness.

Supervision. During the first two years of project implementation, IDA will devote some 14 staff weeks a year for supervision. During the following three years, it will devote 12 weeks a year to supervision. Supervision missions, which will be carried out twice a year, will generally include infrastructure specialists. Periodically, missions will include technical and financial management specialists. Particular attention will be paid to the operations of the road maintenance fund, community participation in the water component, effectiveness of cost recovery systems, and progress with privatizing water operations.

Monitoring and evaluation. Overall project monitoring will be based on indicators prepared during appraisal and on the project implementation plan finalized by the MinistÒre de l'Equipement et de l'Energie (MEE) and agreed during negotiations. MEE (and later on DNI, once set up) will prepare progress reports every three months, commencing in March 2001, and submit them to IDA within one month thereafter. These will include information on (a) the status of the project relative to the agreed timetable of project execution and disbursements, (b) key performance indicators, and (c) work program and projections of expenditures for the next quarter. This reporting will help the DNI and the Bank identify and address problems quickly. Once a year during project implementation, a joint annual review will be carried out with DNI and the donors involved in the concerned sectors, to assess the overall progress achieved during the current year. No later than four months after the Credit closing date, the DNI will prepare and provide to the Bank a report on the execution of the project, its costs and current and future benefits to be derived from it, to be attached to the Bank's Implementation Completion Report in accordance with IDA guidelines.

Midterm review. IDA will carry out a midterm review jointly with the government, FC, DNI, DRI, the road maintenance fund and other involved parties no later than 2§ years after the project becomes effective. In addition to covering all areas included in quarterly progress reports, the midterm review will (a) assess compliance with clauses of the Credit Agreement, especially those concerning financial management and auditing; (b) implementation progress relative to plan of physical works and institutional strengthening

components; and (c) performance of the road maintenance fund. In addition, the parties will finalize decisions on tariff policies and cost recovery mechanisms to be implemented under the water component.

7. Sustainability

As part of a larger donor-supported program, the IDA Credit will support interventions that complement and build upon those of other donors. In addition, the project is based on the participation of community groups that are already involved in providing services to residents. The project will capitalize on existing capacity, which has already been built during previous IDA-financed road maintenance projects, and strengthen it at central and regional levels. Cost recovery mechanisms will be developed and implemented to help pay for water services. The road maintenance fund will be restructured to ensure overall long-term financial sustainability of road maintenance activities.

8. Lessons learned from past operations in the country/sector

Donor coordination. Given the relatively large number of donor operations and the government's low absorptive capacity, there is a strong need for coordination of donor assistance in Comoros. The proposed project is part of a larger donor-financed infrastructure and environment program, which will facilitate coordination of donor support. IDA has been a key player in donor coordination since the identification of the infrastructure and environment program and the project. Coordination will be maintained during project supervision and formal yearly donor coordination meetings are planned to be held during the joint annual reviews.

Community participation. Worldwide experience shows that participation can help in designing projects that reflect community preferences, and therefore avoiding costly mistakes. Participation in decision-making also creates a sense of ownership which should contribute to the sustainability of project benefits by increasing willingness of beneficiaries to pay for services and maintain the assets. In this project, communities have been consulted at very early stage of project preparation through a social assessment study. They have participated in decisions on the design of water systems, tariff structure and cost-recovery mechanisms. They will also participate in the management and operations of the water systems and of the road maintenance fund.

Privatization of water utility operations. The operations of the water utility have been privatized on Grande Comore, a tariff system has been set up, and cost recovery mechanisms established. This is working well, and similar schemes will be established on Anjouan and Mohéli under the project. The selection of the private operator will be made on the basis of competitive bidding according to World Bank guidelines.

9. Program of targeted intervention. No

10. Environmental aspects (including public consultation)

A full environmental impact assessment has been carried out for the project. The major environmental impacts of the project's two components and their treatment follow:

Transport. This component involves mainly maintenance of existing roads, which will have minor, if any, environmental impacts. Major works include

stabilization of road embankments, which will involve some reshaping of land surfaces and destruction of roadside vegetation.

Urban water supply. This component involves rehabilitation of existing infrastructure and extension of urban water works. Poor construction practices can disturb land and cause erosion, which can damage streams and aquatic ecosystems and degrade soil cover. Carelessness during construction can also result in contamination of water courses by chemical or organic pollutants. Construction of small reservoirs along the streams can disturb rheophile aquatic fauna accustomed to rapid currents in the higher parts of the watersheds. Increased consumption of water accompanied by poor drainage can lead to changes in the water table, and to contamination of water and soil.

Contractors will specify in their bidding documents plans for addressing environmental issues during construction. These plans will be included in final contracts. Government entities and the Bank will closely monitor implementation of the plans.

Measures to mitigate or offset environmental impacts of the project

There are two categories of measures to mitigate environmental impacts of the project: those put into place during construction (which apply to all project operations), and those pertaining to easements and operations of the various facilities. The total cost of the measures is estimated to be about US$400,000. The costs of these measures will be included in the construction contracts.

Environmental consultation and training plan

STAKEHOLDER CONSULTATIONS. The principal stakeholders involved with environmental protection (government authorities, nongovernmental organizations, and local associations) were involved in identifying the project's environmental impacts, specifying measures to address them and reviewing the environmental impact assessment (EIA) and environmental management plan. Consultations with primary stakeholders were carried out for the behavioral and social study that was conducted at the same time as the EIA. Additional consultations, to be financed by the IDA Credit, are planned during preparation of the final designs of project works.

TRAINING ACTIVITIES. Protecting natural resources requires government actors and others to fully take into account the environmental impacts of their activities. In Comoros, special training is needed for all those involved in the design, implementation, maintenance and operation of project activities. In particular, training is planned for the staffs of the national and regional implementing agencies and the Directorate General of the Environment. The implementing agencies must ensure that the measures to protect the environment are incorporated in the implementation of works and the Directorate General of the Environment must enforce environmental laws and regulations, so training for staffs of these agencies is particularly important. Training activities also involve two actions directed at the public. The first involves publication of overviews of project operations, including descriptions of activities, administrative procedures being followed, potential environmental impact of activities and impacts on the country's communities. The second involves carrying out public education and communication campaigns regarding

the environmental issues of the project. About US$60,000 of project resources are allocated for consultation and training activities.

11. Contact point:

Task manager
Abdelmoula Ghzala
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: 202-473-4450
Fax: 202 473 8326

12. For information on other project related documents contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-5454
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop

Note: This is information on an evolving project. Certain components may no necessarily be included in the final project.

This PID processed during the week ending December 1, 2000.