1. Country and Sector Background

1. Mali’s recent economic and policy performance has been solid and the country has achieved important gains in the fight against poverty; it also received substantial amounts of aid. Despite being battered by exogenous shocks, real growth has averaged 5.7 percent over the past decade and a half, and poverty declined from about 73 percent in 1989 to 68.3 percent in 2001 and to about 60 percent in 2005.\(^1\) Despite these past achievements, Mali faces significant economic and social challenges. Indeed, Mali is a vast landlocked country with a relatively narrow natural resource and human capital base. It is the largest country in West Africa (1.22 million square kilometers). With a population of about 13.5 million, population density is very low (less than 10 persons per square kilometer) resulting in high cost of public service delivery, difficulty in accessing some segments of the rural population, and high transportation costs for agricultural inputs and other goods.

2. Mali’s economy remains fragile in view of its vulnerability to climatic conditions and commodity price fluctuations (primarily cotton, oil and gold). The economy is dependent on agriculture and gold production, and exports are highly concentrated with gold and cotton together accounting for over 90 percent of export revenues. As a landlocked country, Mali faces challenges due to weak development of infrastructure and transportation services and economic and political conditions in neighboring countries. The business environment—notably road transportation and investment prospects—continues to suffer from the protracted socio-political crisis in Côte d’Ivoire.

\(^1\) The last national household expenditure survey was completed in 2001. A new survey is underway in 2006.
2. Objectives

1. The project’s development objective is to provide better access and transport services to rural and urban communities especially by improving key rural infrastructure in Mali and urban transport infrastructure in Bamako.

3. Rationale for Bank Involvement

1. Mali, as a landlocked country, faces internal and external accessibility issues, which generate high transport costs, adversely affecting the welfare of the poor and reducing competitiveness of Mali’s economy in driving up the prices of inputs, agricultural products, consumer goods and exports. The rationale for the Bank’s involvement is that improved rural infrastructure underpins economic growth, poverty alleviation and regional integration especially in landlocked countries, by providing rural populations with access to markets, social services and income-generating opportunities.

2. In Mali, institutional responsibilities are being transferred to local communities as part of the decentralization process. Still, local communities will have little resources and technical capacity to carry on these responsibilities. Long term involvement of the Government is therefore imperative and a mechanism needs to be defined to finance rural road maintenance with the participation of the beneficiaries and the existing Road Fund. The Bank will bring its experience in this area to help define and implement such mechanism.

4. Description

1. The TSP2 comprises three components: the first component will help improve rural access in order to promote growth-supporting rural and agro-industrial business activities. The second component deals with the implementation of part of the Bamako Urban Transport System improvement to support urban activities and regional growth. The third component addresses and includes all activities related to capacity building, institutional strengthening and project implementation, evaluation and monitoring. In each of the two infrastructure components, a combination of investments and technical advisory services is proposed. Annex 4 gives a detailed description of the components and activities under the project.

2. Component A: Improvement of Rural Access (US$80.9 million equivalent of which IDA will contribute for an amount of US$68.7 million): This Component will mainly address improvement of road access to isolated rural communities and includes five sub-components: (i) rehabilitation of about 350 km of earth roads - Kita-Bafoulabe (210 km) and Bandiagara-Douentza (140 km); (ii) spot improvement of about 1,400 km of interface roads, mainly in cotton production areas; (iii) rural road maintenance of 400 km using four years performance-based contracts method; (iv) implementation of socio-economic activities proposed by the local communities (road safety measures in the villages, access to markets, schools, health centers, ponds, wells, solar energy equipment, etc.); and (v) rehabilitation of four small wharves along the Niger River at Dioro, Tenekou, Konna and Diafarabe) selected according to economic advantages and continuity with road network.
3. **Component B: Improvement of Bamako Urban Transport System** (US$18.1 million equivalent of which IDA will contribute for an amount of US$15.0 million equivalent): This component will consist in: (i) creating a bus-only lane on Boulevard du Peuple (about 1.2 km); (ii) reconstructing a partially dedicated circular road in Bamako downtown (Anneau SOTRAMA about 3.8 km) to channel and facilitate minibus traffic; (iii) rebuilding pedestrian paths and passages to provide minibus passengers access to the center of the city and two pedestrian bridges to cross over dedicated main bus roads; (iv) supporting the institutional set up of the overall operation and inclusion of technical assistance and consultant services to support broader development of DRCTU traffic management capacity, specific equipment to measure air pollution in Bamako, implementation of a limited (pilot) traffic management system, including road safety database and remedies, etc.

4. **Component C: Institutional Strengthening and Project Management** (US$7.0 million equivalent of which IDA will contribute for an amount of US$6.3 million equivalent): This component will include technical advisory services and operating costs for: (i) supporting the implementation of financial and institutional mechanisms to sustain road maintenance; (ii) implementing of rural road access index study; (iii) implementing social and environmental management plans, monitoring environmental and social impacts mitigation measures, (iv) monitoring HIV/AIDS prevention and sensitization campaigns included in the Project activities through the contracts of civil works and supervision works; (v) definition and implementation of a medium-term sector strategy including capacity building for the various technical structures and implementation agencies; (vi) project management, financial and technical audits and (vii) monitoring and evaluation, including communication activities.

5. Financing

<table>
<thead>
<tr>
<th>Source:</th>
<th>($m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>11.6</td>
</tr>
<tr>
<td>International Development Association (IDA)</td>
<td>90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>101.6</strong></td>
</tr>
</tbody>
</table>

6. Implementation

1. The project will be implemented over a period of four calendar years and five fiscal years, completed by June 30, 2011 and closed by December 31, 2011. Prior to project effectiveness, a Steering Committee (Comité National de Pilotage), chaired by the Minister of Transport or its representative and composed of representatives of all the stakeholders will be established. The Steering Committee will be responsible for overall program and project oversight. It will monitor transfers of road maintenance funds to the Road Authority.

2. The overall coordination and implementation of the project will be carried out by a **National Coordination Unit (NCU)**. Headed by a National Coordinator recruited on a competitive basis, the NCU will be responsible for project execution, including procurement, financial management, and monitoring and evaluation of the various activities supported under the project. The NCU performance will be benchmarked against timely implementation of the project implementation plan. Focal persons within the Technical Departments and implementing agencies will be selected prior to project effectiveness to work closely with the coordinator.
3. The responsible Ministries or Departments (Maitre d'Ouvrage) will entrust the management of road works contracts to AGEROUTE (Agence d’exécution d’Entretien des Travaux Routiers) and AGETIER (Agence d’exécution des Travaux d’Infrastructure et d’Équipements Ruraux) through “Conventions de Maitrise d’Ouvrage Déleguée” (CMOD). The selected agencies meet IDA procurement capacity requirements. Annex 6 provides details of specific institutional arrangements and procedures agreed and a chart summarizing the links between the various structures involved. A project implementation manual satisfactory to IDA has to be prepared prior to project effectiveness.

7. Sustainability

1. An area of focus for the project is the establishment of financial mechanisms that will ensure sufficient, timely, stable and secure flow of funds to cover rural roads maintenance needs. The project will also assist with establishing appropriate financial management systems and adequate local expertise for the Road Authority (Road Fund), AGEROUTE, AGETIER, etc. It will strengthen their capacity to guarantee accountability and transparency.

8. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment (OP/BP/GP 4.01)</td>
<td>[x]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Natural Habitats (OP/BP 4.04)</td>
<td>[ ]</td>
<td>[x]</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td>[ ]</td>
<td>[x]</td>
</tr>
<tr>
<td>Cultural Property (OPN 11.03, being revised as OP 4.11)</td>
<td>[x]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Involuntary Resettlement (OP/BP 4.12)</td>
<td>[x]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Indigenous Peoples (OD 4.20, being revised as OP 4.10)</td>
<td>[ ]</td>
<td>[x]</td>
</tr>
<tr>
<td>Forests (OP/BP 4.36)</td>
<td>[x]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Safety of Dams (OP/BP 4.37)</td>
<td>[ ]</td>
<td>[x]</td>
</tr>
<tr>
<td>Projects in Disputed Areas (OP/BP/GP 7.60)*</td>
<td>[ ]</td>
<td>[x]</td>
</tr>
<tr>
<td>Projects on International Waterways (OP/BP/GP 7.50)</td>
<td>[ ]</td>
<td>[x]</td>
</tr>
</tbody>
</table>

1. **OP 4.12 Involuntary Resettlement:** For the urban transport component, a Social Study and Resettlement Action Plan (RAP) involving some 450 people, detailing the compensation packages and reinstallation strategies of displaced vendors and kiosks was prepared by the Government and approved by the Bank. No further displacement is anticipated for other project components. However, the Resettlement Policy Framework (RPF) prepared for the Transport Corridor Improvement project was updated by the Government and approved by the Bank. It will guide potential land acquisition and compensation during project implementation.

*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties’ claims on the disputed areas*
9. List of Factual Technical Documents

- Project Concept Note
- Project Information Document
- Integrated Safeguard Data Sheet
- Quality Enhancement Assessment
- Economic Assessment on Road (dates)
- Financial Management Report
- Environment impact Assessment for Kita – Bafoulabe (October 2006)
- Environment impact Assessment for Bourem – Kidal (October 2006)
- Environment impact Assessment for Bandiagara – Douantza
- Environment impact Assessment for 1400 km of rural roads in cotton areas
- Environment impact Assessment and relocation action plan for Boulevard du Peuple (October 2006)
- Environment Impact Assessment and relocation action plan for circular road (October 2006)
- Feasibility, technical and financial study for Boulevard du Peuple (October 2006)
- Feasibility, technical and financial study for circular road (October 2006)
- Feasibility, technical and financial study for Bandiagara – Douantza (May 2005)
- Feasibility, technical and financial study for 2008 km of rural roads including the 1400 km of the project road

10. Contact point
Contact: Siélé Silué
Title: Sr. Transport. Spec.
Tel: (202) 458-7148 - Fax: (202) 614-7147
Email: ssilue@worldbank.org

11. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW, Washington, D.C. 20433
Telephone: (202) 458-4500 - Fax: (202) 522-1500
Email: pic@worldbank.org
Web: http://www.worldbank.org/infoshop