Public Disclosure Authorized

Public Disclosure Authorized

Document of
The World Bank

**FOR OFFICIAL USE ONLY**

Report No.: PAD1989

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF EURO 112.40 MILLION
(US$120 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CÔTE D'IVOIRE

FOR AN

# INFRASTRUCTURE FOR URBAN DEVELOPMENT AND COMPETITIVENESS OF SECONDARY CITIES PROJECT

May 05, 2017

Trade and Competitiveness Global Practice
Transport and Information, Communication and Technologies (ICT) Global Practice
Social, Urban, Rural, and Resilience Global Practice
Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS
(Exchange rate effective March 31, 2017)

| | | |
|---|---|---|
| Currency Unit | = | CFA Franc (CFAF) |
| EUR 1 | = | US$1.0681 |
| US$1 | = | CFAF 614.13444434 |

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| AADT | Average Annual Daily Traffic |
| ANDE | *Agence Nationale de l'Environnement* (National Agency of Environment) |
| AWPB | Annual Work Plan and Budget |
| BPC | Business Plan Competition |
| DA | Designated Account |
| DPO | Development Policy Operation |
| EIRR | Economic Internal Rate of Return |
| ERR | Economic Rate of Return |
| ESIA | Environmental and Social Impact Assessment |
| ESMF | Environmental and Social Management Framework |
| ESMP | Environmental and Social Management Plan |
| FM | Financial Management |
| GDP | Gross Domestic Product |
| HDM | Highway Development and Management |
| ICB | International Competitive Bidding |
| IEG | Independent Evaluation Group |
| IFC | International Finance Corporation |
| IFR | Interim Financial Report |
| IGF | *Institut General des Finances* (The Directorate of Inspection of the Ministry of Finance) |
| INS | *Institut National des Statistiques* (National Statistics Institute) |
| LCC | Local Consultative Committee |
| LCS | Least-Cost Selection |
| M&E | Monitoring and Evaluation |
| MGB | *Marché de Gros de Bouaké* (Bouaké's Wholesale Market) |
| MSME | Micro, Small, and Medium Enterprise |
| NCB | National Competitive Bidding |
| NPV | Net Present Value |
| OHADA | *Organisation pour l'Harmonisation en Afrique du Droit des Affaires* (Organisation for the Harmonization of Business Law in Africa) |
| OSER | Office of Road Safety |
| PAMOSET | Transport Sector Modernization and Corridor Trade Facilitation Project |

| | |
|---|---|
| PCU | Project Coordination Unit |
| PDO | Project Development Objective |
| PIDUCAS | Infrastructure for Urban Development and Competitiveness of Secondary Cities Project |
| PIM | Project Implementation Manual |
| PMU | Project Management Unit |
| PP | Procurement Plan |
| PPR | Post Procurement Review |
| PRICI | *Projet d'urgence de renouvellement des infrastructures pour la Cote d'Ivoire* - Emergency Infrastructure Renewal Project |
| QCBS | Quality- and Cost-Based Selection |
| RAP | Resettlement Action Plan |
| RFP | Request for Proposals |
| RPF | Resettlement Policy Framework |
| SBD | Standard Bidding Document |
| SIA | Specialized Implementing Agency |
| SME | Small and Medium Enterprise |
| SOE | Statement of Expenditure |
| TTL | Task Team Leader |
| UN | United Nations |
| WAEMU | West African Economic and Monetary Union |

| | |
|---|---|
| Regional Vice President: | Makhtar Diop |
| Country Director: | Pierre Frank Laporte |
| Senior Global Practice Director: | Anabel Gonzalez, Jose Luis Irigoyen, and Ede Jorge Ijjasz-Vasquez |
| Practice Manager: | Rashmi Shankar, Nicolas Peltier-Thiberge, and Meskerem Brhane |
| Task Team Leader: | Maiko Miyake, Hatem Chahbani, and Mahine Diop |

**REPUBLIC OF CÔTE D'IVOIRE**
**Infrastructure for Urban Development and Competitiveness of Secondary Cities**

## TABLE OF CONTENTS


**Page**

**I. STRATEGIC CONTEXT ..... 1**
A. Country Context ..... 1
B. Sectoral and Institutional Context ..... 2
C. Higher Level Objectives to which the Project Contributes ..... 7
**II. PROJECT DEVELOPMENT OBJECTIVES ..... 8**
A. PDO ..... 8
Project Beneficiaries ..... 8
PDO Level Results Indicators ..... 8
**III. PROJECT DESCRIPTION ..... 9**
A. Project Components ..... 9
B. Project Financing ..... 14
C. Lessons Learned and Reflected in the Project Design ..... 14
**IV. IMPLEMENTATION ..... 17**
A. Institutional and Implementation Arrangements ..... 17
B. Results Monitoring and Evaluation ..... 18
C. Sustainability ..... 18
**V. KEY RISKS ..... 19**
A. Overall Risk Rating and Explanation of Key Risks ..... 19
**VI. APPRAISAL SUMMARY ..... 20**
A. Economic and Financial Analysis ..... 20
B. Technical ..... 23
C. Financial Management ..... 24
D. Procurement ..... 25
E. Social (including Safeguards) ..... 26
F. Environment (including Safeguards) ..... 27
G. World Bank Grievance Redress ..... 28
**Annex 1: Results Framework and Monitoring ..... 30**
**Annex 2: Detailed Project Description ..... 36**
**Annex 3: Implementation Arrangements ..... 45**
**Annex 4: Implementation Support Plan ..... 60**
**Annex 5: Economic Analysis ..... 63**

**Annex 6: Gender Analysis in Côte d'Ivoire.....76**
**Annex 7: Issues Related to Infrastructure and Land in Bouaké and San Pedro.....78**
**Annex 8: Synergies between Project interventions related to Competitveness of Bouaké and San Pedro.....80**
**Annex 9: Key Guiding Documents for the Project's Design.....81**

**PAD DATA SHEET**

*Cote d'Ivoire*

*Infrastructure for Urban Development and Competitiveness of Second Cities (P151324)*

**PROJECT APPRAISAL DOCUMENT**

Report No.: PAD1989

| Basic Information | | |
|---|---|---|
| Project ID<br>P151324 | EA Category<br>B - Partial Assessment | Team Leader(s)<br>Maiko Miyake, Hatem Chahbani, Mahine Diop |
| Lending Instrument<br>Investment Project Financing | Fragile and/or Capacity Constraints [ X ] | |
| | Financial Intermediaries [ ] | |
| | Series of Projects [ ] | |
| Project Implementation Start Date<br>26-May-2017 | Project Implementation End Date<br>30-Jul-2022 | |
| Expected Effectiveness Date<br>26-Sep-2017 | Expected Closing Date<br>30-Jul-2022 | |
| Joint IFC<br>No | | |

| Practice Manager/Manager | Senior Global Practice Director | Country Director | Regional Vice President |
|---|---|---|---|
| Rashmi Shankar, Nicolas Peltier-Thiberge, Meskerem Brhane | Anabel Gonzalez, Jose Luis Irigoyen, Ede Jorge Ijjasz-Vasquez | Pierre Frank Laporte | Makhtar Diop |

Borrower: Republic of Côte d'Ivoire

Responsible Agency: *Projet de Renaissance des Infrastructures de la Côte d'Ivoire* (Emergency Infrastructure Renewal Project) (PCU)

| Contact: | Pierre Dimba | Title: | Coordinator |
|---|---|---|---|
| Telephone No.: | 22505306858 | Email: | pdimba@yahoo.fr |

| Project Financing Data(in US$, millions) | | | | | |
|---|---|---|---|---|---|
| [ ] | Loan | [ ] | IDA Grant | [ ] | Guarantee |
| [ X ] | Credit | [ ] | Grant | [ ] | Other |

| Total Project Cost: | 128.00 | Total Bank Financing: | 120.00 |
|---|---|---|---|
| Financing Gap: | 0.00 | | |

| Financing Source | Amount |
|---|---|
| BORROWER/RECIPIENT | 8.00 |
| International Development Association (IDA) | 120.00 |
| Total | 128.00 |

**Expected Disbursements (in US$, millions)**

| Fiscal Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Annual | 15.00 | 35.00 | 40.00 | 20.00 | 10.00 |
| Cumulative | 15.00 | 50.00 | 90.00 | 110.00 | 120.00 |

## Institutional Data

**Practice Area (Lead)**

Trade & Competitiveness

**Contributing Practice Areas**

Transport & ICT, Social, Urban, Rural and Resilience Global Practice

**Proposed Development Objective(s)**

The proposed PDO is to create conditions for improved competitiveness in the target cities in the territory of the Recipient.

**Components**

| Component Name | Cost (US$, millions) |
|---|---|
| Enhancing the Performance of Economic Infrastructure | 63.40 |
| Supporting Private Sector Development | 25.60 |
| Improving Institutions, Regulations and Urban Management | 24.20 |
| Project Management | 14.80 |

## Systematic Operations Risk- Rating Tool (SORT)

| Risk Category | Rating |
|---|---|
| 1. Political and Governance | Substantial |
| 2. Macroeconomic | Moderate |
| 3. Sector Strategies and Policies | Substantial |
| 4. Technical Design of Project or Program | High |
| 5. Institutional Capacity for Implementation and Sustainability | Substantial |
| 6. Fiduciary | Substantial |
| 7. Environment and Social | Moderate |
| 8. Stakeholders | Moderate |
| 9. Other | Moderate |
| **OVERALL** | Substantial |

## Compliance

**Policy**

| | |
|---|---|
| Does the project depart from the CAS in content or in other significant respects? | Yes [ ] No [ X ] |
| Does the project require any waivers of Bank policies? | Yes [ ] No [ X ] |
| Have these been approved by Bank management? | Yes [ ] No [ ] |
| Is approval for any policy waiver sought from the Board? | Yes [ ] No [ X ] |
| Does the project meet the Regional criteria for readiness for implementation? | Yes [ X ] No [ ] |

| Safeguard Policies Triggered by the Project | Yes | No |
|---|---|---|
| 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 |

**Legal Covenants**

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Procurement Specialist | | 26-Oct-2017 | |

**Description of Covenant**

Schedule 2, Section I, A. 7. (i) The Recipient shall ensure that, throughout Project implementation, the PCU is maintained with staff in sufficient number, with experience and qualifications satisfactory to the Association, in carrying out its responsibilities, including the hiring by the PCU, all under terms of reference and with qualification and experience satisfactory to the Association, of a procurement specialist not later than one (1) month after the Effective Date.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Deputy Project Coordinator | | 27-Nov-2017 | |

**Description of Covenant**

Schedule 2, Section I, A. 7. (ii) The Recipient shall ensure that, throughout Project implementation, the PCU is maintained with staff in sufficient number, with experience and qualifications satisfactory to the Association, in carrying out its responsibilities, including the hiring by the PCU, all under terms of reference and with qualification and experience satisfactory to the Association, of a full-time Deputy Project Coordinator (in addition to an existing overall coordinator for multiple projects supported by the PCU) not later than two (2) months after the Effective Date.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Environmental and Social safeguard Specialists | | 27-Nov-2017 | |

**Description of Covenant**

Schedule 2, Section I, A. 7. (ii) The Recipient shall ensure that, throughout Project implementation, the PCU is maintained with staff in sufficient number, with experience and qualifications satisfactory to the Association, in carrying out its responsibilities, including the hiring by the PCU, all under terms of reference and with qualification and experience satisfactory to the Association, of an environmental safeguard specialist and a social safeguard specialist, all not later than two (2) months after the Effective Date.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Recruitment of an Accountant and an Assistant Accountant | | 26-Dec-2017 | |

**Description of Covenant**

Schedule 2, Section I, A. 7 (iii) The Recipient shall ensure that, throughout Project implementation, the PCU is maintained with staff in sufficient number, with experience and qualifications satisfactory to the Association, in carrying out its responsibilities, including the hiring by the PCU, all under terms of reference and with qualification and experience satisfactory to the Association, of an accountant and an assistant accountant not later than three (3) months after the Effective Date.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| PCU operating cost | | 27-Nov-2017 | |

**Description of Covenant**

Schedule 2, Section I, A. 8. Not later than two (2) months after the Effective Date, the PCU shall have specified to the Recipient the operating cost of the PCU for the Project relative to all other projects it is supporting, in a manner satisfactory to the Association.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Project Implementation Manual | | 26-Dec-2017 | |

**Description of Covenant**

Schedule 2, Section I, B. 4. The Recipient shall cause the PCU to prepare a Project Implementation Manual on terms and conditions acceptable to the Association not later than three (3) months after the Effective Date.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Entrepreneurship program implementation manual | | 26-Sep-2018 | |

**Description of Covenant**

Schedule 2, Section I, B. 7. The Recipient shall cause the PCU to prepare an Entrepreneurship Program Implementation Manual on terms and conditions acceptable to the Association not later than twelve (12) months after the Effective Date

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| MGB debt settlement | | 26-Dec-2017 | |

**Description of Covenant**

Schedule 2, Section I, B. 13. Not later than three (3) months after the Effective Date, the Recipient shall have taken all measures to ensure that any outstanding matters regarding the previous management company of the MGB, *Societé d'exploitation du Marche de Gros de Bouaké*, will have been addressed, so as to allow implementation of activities under Sub-component 1.1(a) of the Project in Schedule 1, in a manner satisfactory to the Association, as confirmed by an independent auditor where relevant.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Inspection Générale des Finances (IGF) | | 27-Nov-2017 | |

**Description of Covenant**

Schedule 2, Section II, B. 4. (a) The Recipient shall cause the PCU to undertake the following:
not later than two (2) months after the Effective Date, enter into a protocol between the PCU and IGF that allows IGF, as the government institution for internal controls, to include the Project within its scope of work and oversee the internal audit function of the Project.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Customization of accounting software | | 26-Dec-2017 | |

**Description of Covenant**

Schedule 2, Section II, B. 4. (b) The Recipient shall cause the PCU to undertake the following:
not later than three (3) months after the Effective Date, complete customization of accounting software for the Project.

| Name | Recurrent | Due Date | Frequency |
|---|---|---|---|
| Independent external auditor | | 26-Mar-2018 | |

**Description of Covenant**

Schedule 2, Section II, B. 4. (c) The Recipient shall cause the PCU to undertake the following:
not later than six (6) months after the Effective Date, appoint a qualified independent external auditor to audit the Financial Statements of the Project, with terms of reference and qualifications acceptable to the Association.

**Conditions**

| Source Of Fund | Name | Type |
|---|---|---|
| IDA | Project Management Contract | Effectiveness |

**Description of Condition**

The Project Management Contract has been duly executed, on terms and conditions acceptable to the Association, between the Recipient and the Project Coordination Unit.

| Source Of Fund | Name | Type |
|---|---|---|
| IDA | Delegated Management Contracts | Effectiveness |

**Description of Condition**

The Delegated Management Contracts have been duly executed, on terms and conditions acceptable to the Association, between the Recipient, acting through the Project Coordination Unit, and each of the Specialized Implementing Agencies.

| Source Of Fund | Name | Type |
|---|---|---|
| IDA | Project Management Contract | Effectiveness |

**Description of Condition**

The Project Management Contract has been duly authorized, approved or ratified by the Recipient and the Project Coordination Unit, and is legally binding upon the Recipient and the Project Coordination Unit in accordance with its terms.

| Source Of Fund | Name | Type |
|---|---|---|
| IDA | Delegated Management Contracts | Effectiveness |

**Description of Condition**

Each Delegated Management Contract has been duly authorized, approved or ratified by the Recipient, acting through the Project Coordination Unit, on the one hand, and the Specialized Implementing Agency, on the other hand, and is legally binding upon the Recipient, acting through the Project Coordination Unit, and the Specialized Implementing Agency, in accordance with its terms.

| Source Of Fund | Name | Type |
|---|---|---|
| IDA | Withdrawal Condition | Disbursement |

**Description of Condition**

Schedule 2, Section IV, 1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed one million five hundred thousand Euros (EUR 1,500,000) may be made for payments made prior to this date but on or after July 1, 2016 for Category 1 of Eligible Expenditures.

## Team Composition

**Bank Staff**

| Name | Role | Title | Specialization | Unit |
|---|---|---|---|---|
| Maiko Miyake | Team Leader (ADM Responsible) | Head | | GTCA1 |
| Hatem Chahbani | Team Leader | Sr Transport. Spec. | | GTI05 |
| Mahine Diop | Team Leader | Senior Municipal Engineer | | GSU19 |
| Maurice Adoni | Procurement Specialist (ADM Responsible) | Senior Procurement Specialist | | GGO07 |
| Jean Charles Amon Kra | Financial Management Specialist | Sr Financial Management | | GGO26 |

| | | | | |
|---|---|---|---|---|
| | | Specialist | | |
| Abdoul Wahabi Seini | Safeguards Specialist | Senior Social Development Specialist | | GSU01 |
| Abdoulaye Gadiere | Safeguards Specialist | Senior Environmental Specialist | | GEN07 |
| Afaf Mkami | Team Member | Temporary | | GTI05 |
| Akoua Gertrude Tah | Team Member | Program Assistant | | AFCF2 |
| Anne Cecile Sophie Souhaid | Team Member | Sr Transport. Spec. | | GTI08 |
| Barbara Weber | Team Member | Senior Operations Officer | | GTC07 |
| Cristina Navarrete Moreno | Team Member | Private Sector Specialist | | GTCIE |
| Farah Dib | Team Member | Young Professional | | GTC07 |
| Ibou Diouf | Peer Reviewer | Program Manager | | GTI07 |
| Irene Marguerite Nnomo Ayinda-Mah | Team Member | Program Assistant | | GTC07 |
| Issa Thiam | Team Member | Finance Officer | | WFALA |
| Jacques Morisset | Team Member | Program Leader | | AFCF2 |
| Jean-Philippe Tre | Team Member | Senior Agriculture Economist | | GFA01 |
| Justine White | Team Member | Senior Private Sector Specialist | | GTCID |
| Mary Agboli | Team Member | Senior Private Sector Specialist | | GTC01 |
| Michael Ehst | Team Member | Senior Private Sector Specialist | | GTCID |
| Nabil M. Chaherli | Team Member | Program Leader | | AFCF2 |
| Sylvie Debomy | Team Member | Lead Urban Development Specialist | | GSU19 |
| Tanangachi Ngwira | Team Member | Analyst | | GTC07 |
| Victor Mulas | Peer Reviewer | Senior Operations Officer | | GTCIE |
| Zoe Elena Trohanis | Peer Reviewer | Senior Urban Development Specialist | | GSU10 |

| Extended Team | | | |
|---|---|---|---|
| **Name** | **Title** | **Office Phone** | **Location** |
| | | | |

| Locations | | | | | |
|---|---|---|---|---|---|
| **Country** | **First Administrative Division** | **Location** | **Planned** | **Actual** | **Comments** |
| Cote d'Ivoire | Bas-Sassandra | San-Pédro | | **X** | |
| Cote d'Ivoire | Vallée du Bandama | Bouaké | | **X** | |

| Consultants (Will be disclosed in the Monthly Operational Summary) | |
|---|---|
| Consultants Required? | Consultants will be required |

# I. STRATEGIC CONTEXT

## A. Country Context

1. **Following a decade of political crisis, Côte d'Ivoire is at a turning point, transforming from a fragile state to an emerging economy**. It has made progress on its reconciliation agenda, with the establishment of the Dialogue, Truth, and Reconciliation Commission. On the economic front, the country has recorded strong growth performance since 2012, with gross domestic product (GDP) growth averaging 9.3 percent between 2012 and 2015 and an estimated 7.8 percent in 2016.[1] GDP is projected to grow at about 7.7 percent per year from 2017 to 2019,[2] reflecting buoyant domestic demand and continued public spending on transport, communication, and energy infrastructure. The budget deficit is estimated at 4 percent of GDP in 2016, reflecting higher spending, while inflation is projected to remain below 3 percent, reflecting investment-driven imports. However, the economy remains vulnerable to external shocks, including the variations in international prices of cocoa, cashew nuts, palm oil, and cotton, which are Côte d'Ivoire's major trading commodities.

2. **Côte d'Ivoire is one of the most urbanized countries in Sub-Saharan Africa.** With a surface area of approximately 320,000 km, Côte d'Ivoire is a lower-middle-income country located on the coast of West Africa.[3] The country has a population of about 22 million and an average age of just over 20 years old. More than half (54 percent) of the population live in urban centers. Its urban system is characterized by a high urban primacy: Abidjan, the country's main economic hub and previous capital located on the Atlantic Coast, is the primary city with approximately 4.4 million inhabitants. Eleven other cities with more than 100,000 inhabitants are considered as secondary cities; the largest five are Bouaké, Daloa, Korhogo, San Pedro, and Yamoussoukro. Between 1998 and 2014, the population grew by 53 percent in Abidjan, 43 percent in San Pedro, and 17 percent in Bouaké, which was severely affected by the civil war.[4]

3. **Non-inclusive growth and spatial disparities highlight the need for regional balance.** The Systematic Country Diagnostic shows that poverty is overwhelmingly concentrated in rural areas and in the northern and western parts of the country (69 percent in the north versus 25 percent in the south). In addition, Côte d'Ivoire ranked only 172nd out of 188 countries on the United Nations Development Programme's 2015 Human Development Index, indicating that the rapid growth registered in recent years has yet to benefit the poor. Such unbalanced and non-inclusive development, largely in Abidjan,[5] is unsustainable and a source of fragility. The country's National Development Plan 2016–2020 emphasizes the development of new economic growth poles outside Abidjan to ensure spatial inclusion.[6]

[1] World Bank 2017.
[2] IMF (International Monetary Fund).
[3] Liberia to the west, Guinea to the north-west, Burkina Faso and Mali in the north, and Ghana to the east.
[4] Côte d'Ivoire Urbanization Review (World Bank 2015).
[5] The greater Abidjan region hosts about 25 percent of the Ivorian population while contributing to around 60 percent of the country's GDP, implying a GDP/capita (as a proxy to wealth) 4.5 times higher in Abidjan compared to the rest of the country. (*Central de Bilan* by the National Statistics Institute)
[6] National Development Plan (2016–2020).

## B. Sectoral and Institutional Context

4. **A new, inclusive development model for Côte d'Ivoire will require more competitive secondary cities to support investment, growth, and poverty reduction throughout the country.** Côte d'Ivoire's Urbanization Review[7] called for strategic development of three types of cities, namely global connectors, regional connectors, and domestic connectors, to achieve diversified urbanization. The strategic importance of secondary cities for poverty reduction is also supported by empirical research and international development experience.[8] The Ivorian Government aims to start with the cities of Bouaké and San Pedro. According to a government study, these cities' districts ranked second and third most competitive respectively among the country's 14 districts, immediately after Abidjan.[9] The Urbanization Review also identified the two cities as key nodes for strategic development: San Pedro is one of three global connector cities (together with Abidjan and Yamoussoukro), while Bouaké is considered a leading regional connector in Côte d'Ivoire.

5. **Côte d'Ivoire's second largest city,[10] Bouaké, is a key regional trade hub at the junction of the main north-south and east-west economic corridors.** Its location on the Abidjan-Ouagadougou rail and road routes, as well as on the main east-west axis, makes it uniquely positioned to be a trade and logistics hub. As such, the economic activities in the city are highly concentrated on agriculture and trade, according to the World Bank's report 'Towards Better Quality and More Inclusive Employment' ('Jobs Study').[11] Bouaké's wholesale market (*Marché de Gros de Bouaké* [MGB]) today trades about 50,000 tons of staple foods per year.[12] The adjacent main retail market (*Marché central*) trades a similar quantity and hosts between 8,000 and 10,000 registered traders engaged in retail commerce. There are 12 retail markets in the city. The recent boom in cashew processing has attracted several investments in Bouaké's surrounding area.

6. **San Pedro is the second gateway to Côte d'Ivoire, serving much of the country's cash crop exports through its deep water sea port.** In addition to the export of key cash crops, such as coffee, palm oil, cocoa, and rubber for Côte d'Ivoire, the Port of San Pedro is also an important port for exporting timber from neighboring countries such as Guinea and Liberia.[13] With the strong commercial agriculture base and port activities, the city contributes to the net job creation in primary and trade sectors with the highest concentration of economic activities found in trade, followed by agriculture.[14] This is confirmed by an urban audit conducted by the

[7] Côte d'Ivoire Urbanization Review (World Bank 2015).
[8] Christiaensen and Todo (2014) found a higher rate of poverty reduction when people move into secondary towns out of agriculture. Datt, Gibson, Murgai, and Ravallion (2016) found that growth of secondary cities in India had larger direct and indirect effects on rural poverty than main city growth.
[9] *Études monographiques et économiques des 14 Districts de Côte d'Ivoire, Programme Economique Régional*, West African Economic and Monetary Union (UEMOA).
[10] Bouaké had a population of about 500,000 in 2014.
[11] World Bank. 2015. *Towards Better Quality and More Inclusive Employment: A Jobs Assessment for Côte d'Ivoire.*
[12] *Étude de Faisabilité sur la Redynamisation du Marché de Gros de Bouaké* (2015).
[13] World Bank. 2015. *Plan de développement integré pour le corridor Man-San Pedro, Côte d'Ivoire*.
[14] World Bank. 2015. *Towards Better Quality and More Inclusive Employment: A Jobs Assessment for Côte d'Ivoire.*

Government, showing that there is a large number of employments indirectly associated with the port, as well as with trade, transport, and logistics services. The city's competitive potential lies in its economic and social infrastructure, along with its location, livability, and access. Industrial activity centers on cocoa and palm oil transformation. The city has also seen a sharp rise in the number of small traders, craftsmen, transporters, and other services providers in recent years on the back of reduced formal and salaried employment opportunities.

7. **Agriculture and trade are likely to keep driving the economic and employment potential for the two cities.** To increase economic density, there needs to be further growth of tradable activities. Even agricultural transformation is hampered by low productivity for the most part and requires improved professionalization and skills to increase value added.

8. **To guide the design of interventions, the World Bank Competitive Cities Framework[15] offers four pillars of cities' competitiveness** (see box 1). They are designed to harness the competitive potential of cities for higher private investment and job creation.

**Box 1: World Bank Group Competitive Cities Framework - What Makes a City Competitive?**

In Competitive Cities for Jobs and Growth (World Bank 2015), the authors identified the following four pillars for the development of competitive cities:

- **Enterprise Support and Finance**

Direct support to enterprises: Access to capital, subsidies, incentives, export assistance, and capacity development for operational activities (legal, financial, and administrative) are commonly found in this category.

- **Infrastructure and Land**

The availability of suitable land for specific business purposes, as well as a wide range of economic infrastructure such as roads, electricity, water, sanitation, transportation, communications, and land (including collocation arrangements for similar firms).

- **Institutions and Regulations**

A wide range of enabling environmental policy and regulatory issues, as well as the ability of institutions to effectively implement policies and actions. Examples are issues related to taxes, licenses and other business regulations, duties, promotion, and branding.

- **Skills and Innovation**

The provision of basic education, vocational training, and workforce development on the one hand and innovation networks on the other.

9. **For Côte d'Ivoire, the situation related to the first three pillars,[16] of relevance for the proposed Project, can be summarized as follows:**

***Enterprise Support and Finance***

10. **The future economic growth of secondary cities requires special attention to boost the growth of micro, small, and young firms that are all largely informal today.** These firms are likely to create the larger number of jobs and bring higher value added to key economic activities in the given context. Formal employment is very limited in Bouaké and San Pedro,

[15] World Bank. 2015. *Competitive Cities for Jobs and Growth*.

[16] Given the limited scope for short-term growth in innovation in secondary cities, the project will not deal with the innovation aspect.

with 265 and 316 formal firms, respectively, compared to over 20,000 in Abidjan.[17] Only two firms account for 40 percent and 65 percent of formal employment respectively. About 70 percent of new jobs created in Côte d'Ivoire between 2012 and 2014 were in self-employment, according to the World Bank's Jobs Study. Nonagricultural self-employment in microenterprises is likely to become the largest employment category by 2025 (already representing close to 30 percent of jobs in 2014).[18] The 2015 Côte d'Ivoire household survey estimated the share of the workforce in the informal sector at 91.8 percent; this share has grown significantly over the past 20 years. The main reasons for informality cited by interviewees are cumbersome administrative procedures to register a business, followed by lack of access to markets, lack of information on administrative procedures, and high taxation.[19] Access to finance and reduction in the number of taxes were cited as the most important factors in encouraging formalization. Direct support to enterprises, coupled with the right incentives, can encourage and sustain the formalization of firms to help them grow and build up the missing middle.

11. **Beyond the limitations attributable to informality, the main constraints to growth for the above mentioned segment of entrepreneurs are lack of access to capital, technical assistance, and information,** resulting in limited firm capacity and incubation services. Currently, there is no funding available to new firms and early stage companies and the existence of medium to long-term financing is scarce. Local financial institutions tend to focus on low-risk borrowers. Several donors, including the International Finance Corporation (IFC), have set up risk-sharing facilities with commercial banks to help de-risk lending to higher-risk (but possibly high-potential) borrowers, but the utilization rate of such facilities has been relatively low because of the lack of capacity on the part of the borrowers themselves. In fact, many entrepreneurs surveyed recognize their lack of capacity in the areas of finance, sales, marketing, human resource management, and business development as a significant constraint to future growth.

12. **The still nascent ecosystem for fostering entrepreneurship is inadequate for actual private sector demand, and it needs to be strengthened to help de-risk firms and support private investment.** Only a few programs financed by donors are focused on entrepreneurship and access to finance targeting pre-seed and start-up firms, with only one of them specifically covering San Pedro. While overall there is good presence of local business services providers, Côte d'Ivoire appears to be also lacking medium-term support to help small and medium enterprises (SMEs) grow after they have been established, as well as sufficient capacity building so that they are considered bankable in the eyes of commercial banks, which have access to donor guarantee funds that are currently underused. There is also very little training on leadership, despite the fact that recent research by the World Bank Group shows that the return on investment is higher on leadership training than technical training.

[17] *Central de Bilan* by the National Statistics Institute. It includes a firm-level dataset comprising registered enterprises from all sectors in Côte d'Ivoire from 2003 to 2012.

[18] World Bank. 2016. *Towards Better Quality and More Inclusive Employment: A Jobs Assessment for Côte d'Ivoire*.

[19] Etude de Faisabilité pour la Mise en Place du Statut de l'Entreprenant en Côte d'Ivoire, September 2016.

13. **A gender analysis in Côte d'Ivoire identified several challenges specific to women seeking to participate in the workforce.**[20] As employees, they face legal and cultural barriers as well as being constrained by gaps in capacity and knowledge and lack of confidence. Furthermore, women entrepreneurs tend to have a harder time accessing credit because of banking procedures, guarantees and low mobilization of women's savings and factors of production. The most recent firm-level survey found that about a quarter of entrepreneurs in these cities are women engaged in agriculture, commerce, and craft activities (see a more detailed gender analysis in Annex 6).

***Infrastructure and Land***

14. **Access to basic economic infrastructure will help attract private investments and is another important component for competitiveness** (see details in annex 7). To date, land use in Bouaké and San Pedro is not optimal or conducive to economic density. Density in both cities is relatively low, with large central spaces where the land value is high being used for unproductive activities or nonhousing, nontaxable purposes. At this relatively low density, there are also many underoccupied housing estates, tracts of abandoned land, or underused plants in small industrial areas that call for a broader reflection on the land value of the city and land market liquidity. A broad range of complex issues related to economic density need to be addressed in a holistic manner, mainly through integrating the cities' urban master plans (defining future land use patterns) with transport infrastructure and services (determining mobility in and around the cities).

15. **The Côte d'Ivoire Urbanization Review highlighted the importance of improved amenities, housing, and a pleasant living environment (greening) for attracting qualified workers and investors, in addition to key infrastructure.**[21] Substantial investments have been made over the past five years to redeploy basic economic infrastructure in both cities and enable the delivery of basic public services to residents. Owing to the strong engagement of various financial and technical partners, more needs to be done. Of particular relevance to both cities is the need for a waste management scheme for waste collection and treatment.

*Bouaké*

16. **For Bouaké,** low usage of the three existing industrial estates is of particular concern. The level of activity has declined and only a few small food processing units remain as tenants. The buildings and land were abandoned, with no revaluation taking place. Within the framework of the urban master plan, it is important to decide how to better use empty and underused plots in these estates to maximize their value and achieve the economic density needed for growth. In addition, traffic congestion on the main road axis (A3) can become a major obstacle to Bouaké's aim of becoming a logistics platform. Bouaké needs a smart city plan that ensures an efficient flow of goods and people. Finally, there is a lack of both hard and soft logistics infrastructure needed for Bouaké to serve as a key regional connector city. Specifically, the MGB, the key

[20] World Bank. 2017. *Identification of Tourism Value Chain with High Potential for Women in Côte d'Ivoir*e.

[21] Côte d'Ivoire Urbanization Review (World Bank 2015).

infrastructure built by the Government to position Bouaké as a regional connector, has not lived up to expectations, and it needs a new vision in today's economic context.

17. A study conducted by the Government pointed out the importance of the broader supporting system around the MGB, namely, the enhancement of collection points near farms and the soft support to cooperatives to improve their access to markets as well as to improve storage and transportation facilities.[22] Currently, there is an initiative to organize cooperatives in the surrounding area, bringing nearly 8,500 producers (of which two-thirds are women) to be grouped into seven cooperatives.

*San Pedro*

18. **San Pedro** mostly needs better access to its gateway infrastructure. Due to the deterioration of the city bypass (*Route des Grumiers*), all traffic to the port is currently passing through San Pedro City Center, using urban roads. This has resulted in accelerated deterioration of the city's urban roads as well as the drastic increase in accidents. Like Bouaké, San Pedro should be putting in place measures to ensure an efficient flow of goods and people. Similar to Bouaké, San Pedro also needs an improvement of soft and hard logistics infrastructure; despite its function as a major export platform for cash crops, logistics services are still lacking.

***Institutions and Regulations***

19. **Côte d'Ivoire has made significant progress in improving its investment climate, but cities outside Abidjan are lagging behind in the implementation of reforms.** The Government has been working closely with the World Bank Group on investment climate reforms since 2013. Reforms ranged across simplification of business regulatory procedures, reduction of discretion in the application of regulations, improvements in the commercial justice system, and introduction of transparency and predictability in inspection. However, these reforms have not been institutionalized outside Abidjan. One-stop shops for business registration and construction permits are only available in Abidjan, and private operators in Bouaké and San Pedro are still going through cumbersome procedures in the absence of the actual application of the legal reforms. Furthermore, lack of information dissemination and platforms for public-private dialogue limits the cities' chances of being considered as investment destinations.

20. **The decentralization process in Côte d'Ivoire (see Box 2) is incomplete and has left the municipalities with limited means and capacity to deliver the mandated services for the local economy**. Major impediments to effective decentralization are the following: (a) ineffective management capacity and organization of the municipalities for service delivery, (b)

**Box 2: Decentralization in Côte d'Ivoire**

The Government initiated a decentralization process in the 1980s to enable municipalities to take over direct government interventions. Law No. 2001–476 of August 9, 2001, established five levels of decentralized entities: municipalities, cities, departments, districts, and regions; however, in 2012, following a decade of civil conflicts in the country, the Government reverted to a simpler structure: 197 municipalities (communes) and 31 regions. Fourteen supra-regions were formed; of these, two are autonomous districts. According to the decentralization laws, cities and communes are responsible for key city management, such as the construction and maintenance of roads and drainage, urban planning, health, education, markets, water, solid waste management, and land management.

[22] *Etude de Faisabilité sur la Redynamisation du Marche du Gr* Commerce.

inefficient generation and use of municipal resources, (c) inefficient mechanisms to involve citizens in the management of local affairs, and (d) limited and sporadic transfer of financial resources. Moreover, secondary city budgets are typically between US$3 and US$7 per capita, which is insufficient to run even the most basic services. Consultations with stakeholders identified some priority areas in which the municipalities need to improve their performance: optimization and management of land use to capture land value as well as to make certain underutilized industrial land available to potential investors, street addressing to facilitate orientation and displacements, and provision and maintenance of certain basic infrastructure and social services, including waste management.

21. **One of the key challenges to be addressed by the project, through its multidisciplinary approach, is the coordination failure.** Gelb et al. (2015) state that the coordination failure is a critical bottleneck in inducing the agglomeration to cross the threshold where a critical mass of private firms is encouraged to invest.[23]

22. **The proposed project is designed to complement existing World Bank Group and donor support with targeted interventions focused on improving the competitiveness of two secondary cities in Côte d'Ivoire.** Annex 8 summarizes the ongoing activities financed by the World Bank Group as well as those of other donors.

## C. Higher Level Objectives to which the Project Contributes

23. **The proposed project is consistent with the World Bank Group strategy that guides activities in Côte d'Ivoire, namely, the Country Partnership Framework FY16–FY19 (Report No. 96515-CI).** The framework has three areas of engagement, with governance and spatial inequality (particularly relevant for this project) as two cross-cutting themes. The proposed project addresses the first focus area, *Sustainable Private Sector-led Growth*, and directly contributes to each of its four objectives: (a) improve productivity in agriculture/agribusiness value chains, (b) strengthen economic infrastructure, (c) improve the business regulatory framework and access to finance, and (d) formalize and enhance access to land for business and agriculture.

24. **The project responds directly to Côte d'Ivoire's key strategic plans,** the National Development Plan, which prioritizes spatial inequality, and the Phoenix Plan, which is the national strategy for SME development.

25. **The project is consistent with the World Bank Group's twin goals,** in particular the goal of ending extreme poverty, by creating economic opportunities in the cities outside the capital where development is lagging and where the poverty rate is significantly higher.[24]

[23] Gelb et.al (2015).

[24] Poverty ratio from the national household survey indicates the following comparison: Abidjan and surrounding - 22.7 percent, Gbeke Region (Bouaké and surroundings) - 54.9 percent, San Pedro and surrounding - 35.4 percent, while the national average is 46.3 percent.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

26. **The proposed Project Development Objective (PDO) is to create conditions for improved competitiveness in the target cities in the territory of the Recipient.** The conditions for improved competitiveness are defined as better urban mobility, improved revenue of micro, small, and medium enterprises (MSMEs), and improved administrative services of the municipalities.

27. **The project's theory of change is derived from three out of four pillars proposed by the Competitive Cities Framework.** Investing in key economic infrastructure, and improving institutions, regulations, and urban management, specifically operationalizing urban master plans and providing more efficient administrative services, in a coordinated manner, will create an enabling environment for the growth of local enterprises and make the cities more attractive to investors and workers. Coupled with direct support to SMEs, these interventions are expected to provide the building blocks for investment growth and job creation in the medium to long term.

**Project Beneficiaries**

28. **There are many beneficiaries under this project, from both the public and private sectors**. First, there are government agencies that receive support from the project, such as the new SME agency under the Ministry of Commerce, Handicrafts, and SME Promotion, and the municipalities of Bouaké and San Pedro. Then there are private sector operators—individuals, firms, and cooperatives—who benefit from the provision of the entrepreneurship program in and around Bouaké and San Pedro. Business associations, such as the Ivorian Federation for the promotion of SMEs (*Fédération Ivoirienne de la Promotion des PME)*, and the General Confederation of Companies of Côte d'Ivoire (*Confédération Générale des Entreprises de Côte d'Ivoire)*, are also beneficiaries of the project's proposed capacity-building program. Finally, there are residents of Bouaké and San Pedro who benefit from the improved infrastructure and municipalities' services.

29. **The proposed project is expected to benefit women in particular, many of whom are involved in small businesses and production.** The project is guided by existing gender analyses to introduce appropriate interventions in the design, and will monitor the progress of the implementation of these interventions with specific indicators.

**PDO Level Results Indicators**

30. **Success in achieving the proposed PDO will be measured by the following outcome indicators:**

- Average reduction in travel time on the rehabilitated or upgraded roads
- Land for which the usage and ownership rights are recognized
- Increase in annual sales revenue of firms directly supported by the project

## III. PROJECT DESCRIPTION

### A. Project Components

31. The proposed project has the following components:

- Component 1: Enhancing the Performance of Economic Infrastructure (US$63.4 million equivalent)
- Component 2: Supporting Private Sector Development (US$25.6 million equivalent)
- Component 3: Improving Institutions, Regulations, and Urban Management (US$24.2 million equivalent)
- Component 4: Project Management (US$14.8 million equivalent).

32. **The project components seek to complement each other to contribute to the cities' competitiveness.** Whereas Component 1 aims at improving the key economic infrastructure in the cities of Bouaké and San Pedro, Component 2 will facilitate the growth of MSMEs in both cities, with a special focus on agribusiness and trade logistics value chains. Component 3 will seek to strengthen the service delivery capacity of the Bouaké and San Pedro municipalities with respect to managing urban development and providing administrative services, and Component 4 will cover project management.

**Component 1: Enhancing the Performance of Economic Infrastructure (US$63.4 million equivalent)**

33. **The objective of Component 1 is to strengthen the key economic infrastructure** in the cities of Bouaké and San Pedro to improve the competitiveness of these two cities.

***Subcomponent 1.1: Bouaké (US$38.2 million equivalent)***

34. **The project will finance improvement of the MGB to position Bouaké as a trade hub.** Specifically, the project will provide support for the elaboration and implementation of a business plan to reposition the MGB and make it financially sustainable based on a sound market analysis (the MGB Business Plan). The business plan needs to include institutional reforms, governance and management structure, capacity building, technical assistance, establishment of collection points near farms to aggregate produce and organize trucks to move produce from the field to the market, and investment needs to implement the business plan, with identification of new opportunities to add value to the economic activities of Bouaké.

35. **The project will finance the rehabilitation of existing market facilities, consistent with the MGB Business Plan, and the construction of additional basic infrastructure to improve urban mobility and road safety.** The project will finance the development of relevant sections of the main access road into Bouaké to improve traffic conditions and road safety, notably access to the MGB, and provide trucks with parking and rest facilities north of the city. With the separation of the local, slow traffic from the fast transit traffic, the project will substantially reduce the high accident levels on the A3 road. In addition, the construction of the trucks parking area outside the city and the enforced banning of unlawful parking along the city

roads will reduce accidents and avoid the deterioration of the road shoulders from the prolonged roadside parking of trucks. In addition to enhancing access to and from the city, the project will improve mobility within the city, to serve both firms and residential areas. The project will finance the following:

- Rehabilitation of the urban section of the A3 road
- Construction of a truck parking and rest area
- Upgrade of the urban access road of Tollakouadiokro

***Subcomponent 1.2: San Pedro (US$25.2 million equivalent)***

36. **The project finances the rehabilitation and construction of infrastructure to improve traffic flow, accessibility, and road safety in San Pedro**. Today, San Pedro's main activities are the agroindustry, such as cocoa and palm oil, and exports through their port. The port's potential may become even more significant through the development of a Greater West mining project.[25] To strengthen the city's competitiveness, the project aims to decongest the city's main arteries and improve road safety. With the separation of the urban traffic from the trucks transit traffic that will be diverted to the improved San Pedro Bypass Road (*route des Grumiers*), providing direct access to the port, the project will substantially reduce the high accident levels within the city. Specifically, the project will finance the following:

- Rehabilitation of the main access to the Port of San Pedro, the Route des Grumiers
- Upgrading of the urban access road to the Port of San Pedro
- Upgrading of the access road to the San Pedro Airport
- Rehabilitation of access roads to the commercial zone along the coast; and
- Construction of a truck parking and rest area

**Component 2: Supporting Private Sector Development (US$25.6 million equivalent)**

37. **The objective of this component is to facilitate the growth of MSMEs in Bouaké and San Pedro, with a special focus on agribusiness and trade logistics value chains.** This will be achieved through a two-pronged approach: (a) programmatic support to inclusive private sector development to overcome barriers to formalization and growth; and (b) institutional support to strengthening local business service providers, as well as the newly created Government agency to support SMEs, to ensure local ownership and sustainability of funded activities.

***Subcomponent 2.1: Programmatic Approach to Inclusive Private Sector Development (US$23.8 million equivalent)***

38. **The project finances an entrepreneurship program, a comprehensive package of support to MSMEs,** cooperatives, and informal operators aspiring to become formal. The

[25] World Bank. 2015. *Plan de développement integré pour le corridor Man-San Pedro, Côte d'Ivoire.*

entrepreneurship program is aimed at facilitating growth, productivity, and potential export orientation**,** through capacity building, mentoring, and coaching for self-selected MSMEs in ways that are complementary with other aspects of the project. A matching grant instrument will be introduced as part of the comprehensive capacity-building plan to meet MSMEs' needs and will complement other investments made as part of the project, particularly investment made toward MSMEs skills and capacity upgrading. In addition, a small budget is dedicated to a business plan competition (BPC) that will consist of a series of competitions to bring more awareness to entrepreneurship. As part of rapid skills training programs, participants will develop and subsequently pitch their ideas to a panel of seasoned private sector experts. The most promising business ideas from each BPC will be awarded seed grants to kick-start their ideas. The Entrepreneurship Program Implementation Manual will spell out the details of the activities and conditions.

39. **Support for formalization is an integral part of the entrepreneurship program.** The project will build on the improvement of the regulatory and institutional framework under Component 3 to provide incentivizing tools for formalization for those MSMEs that want to formalize by addressing the main sources of informality (lack of information on procedures and tax codes and lack of capacity to register a business). As part of the capacity-building program, the project will finance support services to entrepreneurs in the formalization process, assistance in drafting financial statements and business plans, and support in accounting while also strengthening the capacity of the service providers to support these aspiring informal entrepreneurs in the long run (covered under Subcomponent 2.2).[26] Formalization will contribute to sustaining this component's impact on MSMEs by facilitating access to business development services and financing provided by existing institutions.

40. **The project will also support cooperatives to access markets.** The activity will first be piloted in Bouaké where fairly well-organized cooperatives exist in the surrounding rural areas, and there is a high concentration of markets in the city. Furthermore, the support to the cooperatives to improve the flow of produce from the field to the market complements the strategic repositioning required for the MGB. The project leverages lessons learned from IFC's experience supporting professionalization of cooperatives of farmers and other professions to help them access markets. Down the road, IFC can further support these cooperatives through commercial banks to bring a transformative impact to the cities.[27]

41. **Finally, the project will finance monitoring and evaluation (M&E) activities** to overcome the lack of reliable and up-to-date data on the performance of MSMEs, both formal

[26] The WBG's experience in Benin demonstrated that a program to tackle informality requires several simultaneous interventions: regulatory and institutional reforms such as easing business registration and tax administration, capacity building of service providers, and direct support to entrepreneurs. Furthermore, the provision of other benefits such as access to bank accounts and social insurance can be a strong incentive part of the informal sector.

[27] IFC worked with Cargill in Côte d'Ivoire to facilitate financing for cooperatives that are willing to professionalize to enter into a purchasing contract of cocoa with Cargill. IFC supported the creation of a training program so that the cooperatives can supply the quality cocoa demanded by Cargill. In turn, Cargill, an IFC client, guaranteed the loans of the cooperatives in relation to commercial banks so that the cooperatives can purchase equipment to improve their productivity to meet Cargill standards. In Cameroon, IFC is working with its client commercial banks to put in place a risk-sharing facility to help cooperatives access equipment through a micro-leasing scheme.

and informal, in both cities, both at the project inception stage and over the duration of the project.

***Subcomponent 2.2: Institutional Support and Capacity Building (US$1.8 million equivalent)***

42. **This subcomponent is aimed at providing business development services**, such as training and equipment, to local agencies, associations, and others to strengthen local capacities, aiming at building a sustainable entrepreneurship program in Côte d'Ivoire. The project envisages a two-pronged approach: while jump-starting the delivery of an entrepreneurship program by experienced consultants (as spelled out under Subcomponent 2.1), the project also provides (a) technical assistance to the Ministry of Commerce, Handicrafts, and SME Promotion and its nascent SME promotion agency to build sufficient capability to provide entrepreneurship support; and (b) capacity building to private sector business development service providers.

**Component 3: Improving Institutions, Regulations, and Urban Management (US$24.2 million equivalent)**

43. **The component aims at strengthening the service delivery capacity of the Bouaké and San Pedro municipalities** with respect to managing urban development and providing administrative services.

***Subcomponent 3.1: Operationalization of Urban Master Plans in Bouaké and San Pedro (US$17.7 million equivalent)***

44. **The project finances the preparation of detailed urban plans** for each of Bouaké and San Pedro to guide land use and implementation of activities based on a clear vision for each city by its respective local authorities and input from public hearings, community consultations, and other citizen engagement, as well as a study on land valuation to facilitate rezoning decisions in the city center in the case of Bouaké.

45. **Once the detailed urban plans are in place, the project will finance activities under the purview of the municipalities to implement the above-referenced plans**, such as street addressing, landscaping, waste management, and provision of basic infrastructure as determined on the basis of eligibility criteria detailed in the Project Implementation Manual, as well as the ongoing efforts to update information on the surveyed land within each of Bouaké and San Pedro to help ensure proper records are kept and information is readily available to the public.

46. **The implementation of the detailed urban plans will be subject to extensive consultations with communities to ensure citizen engagement.** The municipalities will have public hearings and consultations to ensure transparency in the selection of investment projects. Citizen engagement will be measured by the percentage of citizens who consider that their views have been taken into account in urban master plan implementation process, and the information will be gathered through a periodical survey. Finally, a detailed list of eligibility criteria of subprojects will be carefully developed as part of the Project Implementation Manual (PIM) (see annex 2).

***Subcomponent 3.2: Improving the Provision of Municipal Services in Bouaké and San Pedro (US$6.5 million equivalent)***

47. **The project will support the improvement of the business environment and the collection and dissemination of information for businesses and residents**, including by gathering information frequently requested by investors, improving dissemination of information related to economic activities through existing and upgraded websites, and setting up feedback channel desks for municipalities to address inquiries.

48. **The project will also support the Government's ongoing efforts to update information on the surveyed land within the cities of Bouaké and San Pedro through a fiscal cadaster.** While the activities are led by the Tax Office, the project will help ensure that proper records are kept and that the information is readily available to the public to improve transparency and land market liquidity. Furthermore, the project will finance a study on land valuation in Bouaké to facilitate the rezoning decisions in the city center.

49. **Further, the project will finance the construction of the City Hall in Bouaké** to improve the functioning of the municipality of the city of Bouaké, including by gathering key city services in one place, hosting business-oriented services, catering to the needs of businesses, informing and guiding investors and visitors, and providing civil society with information about city management.

50. **The project will finance training and capacity building for the staff of municipalities to gain skills to manage competitive cities,** with a focus on the improvement of municipal management, financial management and procurement, maintenance of urban infrastructure, and event management, as well as South-South exchange activities on best practices for management of competitive cities. This includes the support to the micro entrepreneurs who want to join the formalization program. The project will help the city administration adjust the regulatory and institutional framework, inspired by the experience of the World Bank Group in Benin. The urban audits of the two cities carried out during the preparation of the Emergency Infrastructure Renewal Project (PRICI, P124715) will serve to better target the capacity building needs. The project will coordinate with PRICI to maximize the synergy between the two projects. The project will focus on the improvement of municipal management, financial management (FM) and procurement, maintenance of urban infrastructure, and event management, in a flexible and demand-driven manner. The project will also finance some South-South exchange activities to enable the cities to benefit from best practices with regard to management of competitive cities.

**Component 4: Project Management (US$14.8 million equivalent)**

***Subcomponent 4.1: Project Management Support (US$6.5 million equivalent)***

51. **This subcomponent will finance project management support.** The activities identified under this subcomponent include support to procurement, FM, M&E, and communications as well as offering a platform for collaboration and cooperation among Government agencies and the private sector.

***Subcomponent 4.2: Safeguard Management (US$8.0 million equivalent)***

52. **This subcomponent will finance safeguards management activities and will be entirely funded by counterpart funding**. Based on the Environmental and Social Impact Assessments (ESIAs) and Resettlement Action Plans (RAPs) prepared for the project, it is

estimated that US$8 million equivalent is needed to implement the recommendations of these studies. The Government will mobilize the counterpart funding of US$8 million equivalent to cover this cost.

## B. Project Financing

53. The project will be financed through the IDA Scale-up Facility in the amount of US$120 million equivalent and a co-financed by the Ivorian Government in the amount of US$8 million equivalent.

**Project Cost and Financing**

| Project Components | Project Cost (US$, millions equivalent) | IDA Financing | Counter-part Financing | % Financing |
|---|---|---|---|---|
| 1. Enhancing the Performance of Economic Infrastructure | 63.4 | 63.4 | 0.0 | 100.0 |
| 2. Supporting Private Sector Development | 25.6 | 25.6 | 0.0 | 100.0 |
| 3. Improving Institutions, Regulations, and Urban Management | 24.2 | 24.2 | 0.0 | 100.0 |
| 4. Project Management | 14.8 | 6.5 | 8.0 | 44.8 |
| Front-end fees | 0.3 | 0.3 | | |
| **Total financing required** | **128.0** | **120.0** | **8.0** | **93.8** |

## C. Lessons Learned and Reflected in the Project Design

54. **The project has considered the following lessons learned from the World Bank Group's experience with past projects:**

- **A project to build a competitive city is inherently complex and requires expertise across the World Bank Group.** As demonstrated in the Competitive Cities Framework, the intervention requires a range of skills. Recognizing this challenge, the proposed project is designed jointly with three global practices.
- **Large-scale construction work needs to be well prepared before project approval.** Some infrastructure work embedded in private sector development projects has faced challenges because of insufficient preparation before project approval. This significantly delayed project implementation. The proposed project has carefully chosen infrastructure work that is at an advanced stage of preparation, with a thorough review and vetting of all documents by engineers. Partnering with the transport and urban teams of the World Bank allowed the project to mobilize the necessary expertise.
- **Ensuring greater ownership through involvement of the local authorities in the identification, prioritization, and design of investments is essential.** In the implementation of PRICI, it was noted that municipalities lack both funding and human resources to plan for, implement, or maintain city infrastructure. During project preparation, substantial consultations were carried out with the municipalities, the private

sector, and civil society, whose conclusions were factored into the project design. In addition, the project set aside substantial resources for capacity building.

- **Construction works need to be adapted to allow the local construction industry to participate.** Construction works are the most immediate source of economic activity and job creation, but, if not carefully designed, they can bypass the local economy. Larger, more organized firms in Abidjan are often better placed to compete for larger contracts. Wherever possible, the project will use labor-intensive construction and encourage the participation of local firms (in Bouaké and San Pedro and their surrounding areas).
- **Cash prizes should be complemented with other types of support for entrepreneurs, such as mentorship or training.** The start-up and acceleration programs envisaged in this project not only award winners with cash prizes but also provide a suite of support activities, including an effort to link MSMEs to larger companies to facilitate their access to markets.
- **Incubation can be used effectively to encourage innovation in areas where the returns are uncertain or risks are high,[28] such as in fragile and conflict environments.** It can also be useful in providing incentives to upgrade entrepreneurial capacities in firms that otherwise would not be linked to research and development or other sources of knowledge. For these reasons, the project aims to support SMEs through matching grants coupled with an acceleration program to facilitate access to information and technology.
- **The Government has an important role to play in supporting the entrepreneurship program.** A fully private sector-driven ecosystem for entrepreneurship takes time to build, and it requires market maturity that is rare in an IDA country. This means that building sufficient capacity within the ministry in charge of entrepreneurship and SMEs by project closure is critical.
- **Public-private dialogue takes a lot of time and effort to set up, but the investments can have significant payoffs.** Building trust among the parties is an important part of achieving successful private sector outcomes, particularly in a post-conflict environment. In this context, the project envisages organizing public-private dialogue as part of its work with entrepreneurs and to improve the cities' business environment. The project will work with existing entities such as the *Comité de Concertation Etat-Secteur Privé,* which is already engaged in such dialogue in Côte d'Ivoire.
- **Information alone has almost no effect on formalization**. An evaluation of a formalization program in Benin[29] showed that adding supplementary services did lead to large increases in take-up of the new formal status for entrepreneurs. For this reason, the project seeks to build on the entrepreneur status already in place in Côte d'Ivoire and offer additional support services to encourage take-up.

[28] Independent Evaluation Group (IEG) evaluation of WBG Support for Innovation and Entrepreneurship, September 2013.
[29] Benhassine, McKenzie, Pouliquen, and Santini. 2016. "Enhancing the Benefits of Formalization under a new status in Benin". World Bank Policy Research Working Paper.

- **Finally, the project design incorporates lessons from an evaluation of the World Bank Group experience, with targeted support to SMEs from 2006 to 2012.**[30] Component 2 design is rooted in a clear, evidence-based understanding of how the proposed support will sustainably remove the problems that constrain SMEs' ability to contribute to employment, growth, and economic opportunity. The program shifts benefits from better-served firms and markets to underserved segments in the secondary cities of a fragile country. Finally, the implementing agencies for Component 2 will be tasked with specifically defining eligibility criteria for beneficiaries and will be responsible for collecting the necessary data to report on the relevant results indicators indicated in Annex 1.

[30] IEG (Independent Evaluation Group). 2014. *The Big Business of Small Enterprises*.

## IV. IMPLEMENTATION

### A. Institutional and Implementation Arrangements

55. **The project builds on the existing institutional arrangement under the World Bank-funded PRICI.** The Project Coordination Unit (PCU) for the PRICI under the Ministry of Economic Infrastructure will also take charge of the coordination of the implementation of the Infrastructure for Urban Development and Competitiveness of Secondary Cities Project (PIDUCAS), making its PCU henceforth a shared PCU. The institutional arrangement of a shared PCU is a well-tested model that proved to be effective in Côte d'Ivoire. The PRICI PCU is currently managing PRICI, Urban Water Supply Project (P156739), Transport Sector Modernization and Corridor Trade Facilitation Project (PAMOSET, P156900), and Abidjan-Lagos Corridor Project (P096407). The framework structure is discussed in the following paragraphs. For this purpose, the capacity of the PCU will be strengthened accordingly. It is agreed that a deputy coordinator, a social safeguard specialist, an environmental safeguard specialist, and a procurement specialist will be recruited.

56. **The Steering Committee**, chaired by the Minister of Economic Infrastructure or his representative, will include the Minister or his/her representative of the following: the Ministry of Economy and Finance; the Ministry of Commerce, Handicrafts, and SME Promotion; the Ministry of Construction, Housing, Sanitation, and Urbanization; the Ministry of the Interior and Security; the Ministry of Budget; the Ministry of Economy and Finance; the Ministry of Tourism; the Union of Ivorian Cities and Municipalities (*Union des villes et communes de Côte d'Ivoire)*; and the Assembly of Regions and Districts of Côte d'Ivoire (*Assemblée des régions et districts de Côte d'Ivoire)*. The Ministry of Economic Infrastructure provides overall supervision of the project, ensures coherence of activities with the sector strategy, and convenes inter-sectoral coordination for the subcomponents of other ministerial departments.

57. **The Technical Committee will be made up of director-level staff involved in project implementation.** This committee provides more operational oversight of project implementation and advises the Steering Committee accordingly.

58. **The Local Consultative Committees (LCCs) will play a critical role to ensure the ownership of the project at the city level.** While the overall responsibility for the implementation of the project activities will remain with the PCU (technical quality and fiduciary), the LCCs will provide a platform of consultation for various local stakeholders to contribute to the design of activities not fully defined during project preparation, particularly those under Components 2 and 3. There will be one LCC in each city and they will bring together various project stakeholders, including local and central government representatives, employers, trade unions, and civil society, and will be chaired by the *préfets* (prefects) of the regions in which Bouake and San Pedro are located (that is, Gbeke and San Pedro). In Bouaké, a special subcommittee for the MGB will be set up under the LCC.

59. **The joint PCU will coordinate the implementation of the project.** To this end, it will be responsible for fiduciary management, M&E, and communicating project activities and achievements. It will be strengthened by additional technical expertise required by the multisectoral nature of the project, including the appointment of a deputy project coordinator,

who will work full time on the project. A full-time procurement specialist, an environmental safeguard specialist, a social safeguard specialist, and an accountant and assistant accountant will also be recruited.

60. **The Specialized Implementing Agencies (SIAs) will implement each project activity that falls within their respective institutional mandate.** The scope of the existing implementing agencies under PRICI will be extended and new agencies will come onboard to cover all the additional sectors involved in the project.

61. **The project will build the capacity of the municipalities to gradually take on some implementation and supervision responsibilities.** The municipalities currently do not have sufficient capacity to implement project activities. For them to acquire the capacity needed to play the role of SIAs for Component 3, technical assistance will be provided. The municipalities will be the SIAs to develop detailed urban master plans and implement these plans (infrastructure and basic services at the neighborhood level), draft terms of reference for studies and technical specifications for bidding documents, participate in bid evaluation, and supervise works.

## B. Results Monitoring and Evaluation

62. **The joint PCU will be responsible for M&E of the project outcomes against agreed indicators, as described in the Results Framework**. The Government of Côte d'Ivoire and the World Bank Group will evaluate progress on the indicators presented in Annex 1 (Results Framework and Monitoring) through regular reports from the PCU and implementation support missions. The PCU will collect and present data on project indicators. The M&E specialist of the PCU will support the agencies involved in project implementation in systematically recording official statistics needed to monitor the project's Results Framework.

63. **In addition to the PDO-level results indicators specified in section II, progress on each of the components will be measured against intermediate outcomes.** Indicators for these intermediate outcomes will be project-specific indicators listed in Annex 1.

## C. Sustainability

64. **To ensure lasting benefits of the proposed investments under Component 1, it is important that maintenance is carried out regularly to preserve the newly constructed or rehabilitated assets.** The municipalities do not have the capacity or the financial resources to undertake such tasks. As mentioned above, significant support will be provided to the municipalities to build their capacity. While this challenge can be mitigated by involving the private sector in the management and maintenance of the wholesale market and truck parking facilities, road maintenance is normally undertaken directly by the Ministry of Economic Infrastructure through its regional directorates, and will be conditional on proper planning and budgeting. Under PRICI's Additional Financing operation, a new municipal component was introduced to develop the cities' capacity in implementing investments and maintaining existing assets, which will help improve their planning and implementation capacity.

65. **Given that entrepreneurship is at a nascent stage, it is unlikely that Côte d'Ivoire will have an entrepreneurship program that is fully financially sustainable by the end of**

**the program.** Any private sector operator in this space is likely to struggle with financial viability. The best-case scenario is that sufficient capacity will be built within the Ministry of Commerce, Handicrafts, and Promotion of SMEs to champion the program and secure government funding for minimum operating costs. Combined with this is the capacity building to be given to the technical adviser and service providers catering to entrepreneurs to strengthen the fabric of private sector support. Given the strong interest in start-up funding, incubation, and BPC expressed by various donors, an entity that can demonstrate the ability to be a solid implementing agency will likely attract funding.

## V. KEY RISKS

### A. Overall Risk Rating and Explanation of Key Risks

66. **The proposed project is rated as an overall Substantial risk project.**

67. **Political and governance risk is Substantial.** The World Bank Group still classifies Côte d'Ivoire as fragile. Since January 2017, the fragility resurfaced, first in the form of mutiny, and later in the form of strikes of various factions of civil services, including the army, police, and teachers, which led to student protests. The mutiny hit Bouaké particularly hard. The project aims to create many economic opportunities and introduce a participative process to determine the future of the cities. To mitigate the risk of disruption caused by potential political and civil unrest, the project emphasizes the capacity building of implementing agencies and strengthening the involvement of the technical cadre of staff in government to ensure continuity while keeping flexibility in the project design.

68. **Risk related to sector strategies and policies is Substantial.** The Government lacks a comprehensive strategy to develop secondary cities that encompasses both hard and soft infrastructure. There is still an unclear division of labor and poor coordination among the various ministries in charge of implementing the Government's vision for secondary cities. The project needs to emphasize capacity building of implementing agencies involved in the secondary cities agenda and encourage stakeholder dialogue among them to create a shared vision.

69. **Risk related to the technical design of the project is High.** The project's theory of change is based on the theory of agglomeration economies, which in itself is a complex, nonlinear issue with various internal and external factors influencing the outcomes. The activities are deconstructed as much as possible and competent implementing agencies have been identified to carry out each of the activities.

70. **Risk of institutional capacity for implementation and sustainability is Substantial.** There is a pervasive lack of administrative capacity, with highly centralized government control. Capacity building is thus central to the project's design and a Procurement Plan (PP) was carefully prepared.

71. **Fiduciary risk is Substantial.** PRICI, the project implementing unit, is already working on several projects financed by the World Bank and other donors, with significant procurement volumes. However, PRICI currently only has one deputy procurement specialist and six assistants. It will have to hire a dedicated procurement specialist for the project.

72. **As part of other risks, there is also a risk of under-maintenance of the proposed investments under Component 1 of the project**, stemming from the lack of capacity and resources of the local authorities. If not mitigated, this will result in the assets rapidly deteriorating without achieving the project objectives. For the management and maintenance of the wholesale market and truck parking facilities, this is mitigated through the involvement of the private sector (with clear contractual obligations and incentives). For all other road investments, the Ministry of Economic Infrastructure needs to ensure the durability of assets and the sustainability of project benefits.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

73. The project economic appraisal was undertaken separately for the investments under Components 1 and 2. The benefits expected from investments under Component 3 are rather qualitative and difficult to measure.

***Transport Investments (Component 1)***

74. **The economic analysis of the investments on transport infrastructure was performed using the Highway Development and Management Model (HDM-4)**, for a period of 20 years from the date of commencement of the works for all the key infrastructure subprojects (see Annex 5 for details).

75. **The economic analysis was undertaken for various technical design options (see details in Annex 5) of each investment in each of the two cities separately to help select the options that achieve the highest economic return.** The economic analysis derived the net present value (NPV) at a discount rate of 12 percent as well as the economic internal rate of return (EIRR). The results are summarized in Table 1 for the optimal design options.

**Table 1. Results of the Economic Analysis and Sensitivity Analyses**

| **Costs in (US$ equivalent, millions)** | | **Base Scenario** | | **Without Benefits of Generated and/or Diverted Traffic**** | | **Increased Costs by 20%** | | **Without Generated and/or Diverted Traffic + Increased Costs by 20%**** | |
|---|---|---|---|---|---|---|---|---|---|
| | | **NPV* (12%)** | **EIRR** | **NPV* (12%)** | **EIRR** | **NPV* (12%)** | **EIRR** | **NPV* (12%)** | **EIRR** |
| **Transport investments in Bouaké** | **34.75** | **366.700** | **136.2%** | **324.315** | **122.6%** | **363.467** | **116.8%** | **320.954** | **105.3%** |
| Highway A3 (option 2) and trucks parking area | 29.23 | 278.974 | 116.2% | 254.116 | 108.5% | 275.546 | 100.3% | 250.688 | 93,7% |
| Tollakouadiokro Road | 5.51 | 87.726 | 258.3% | 70.198 | 209.2% | 87.921 | 217.9% | 70.265 | 176,8% |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Transport investments in San Pedro** | **25.21** | **178.782** | **125.2%** | **147.009** | **104.6%** | **175.805** | **105.2%** | **144.033** | **88.1%** |
| Route des Grumiers and trucks parking area | 13.15 | 73.874 | 82.6% | 63.750 | 72.6% | 72.341 | 70.8% | 62.217 | 62,4% |
| Access road to the port | 2.33 | 6.520 | 64.0% | 4.979 | 52.3% | 6.244 | 53.6% | 4.702 | 43,9% |
| Access road to the airport | 3.06 | 7.535 | 59.0% | 5.802 | 48.3% | 7.168 | 49.4% | 5.435 | 40,6% |
| Access road to the commercial zone along the coastline | 6.67 | 90.853 | 270.2% | 72.479 | 220.0% | 90.052 | 225.2% | 71.678 | 183,4% |
| **TOTAL PROJECT: Transport Infrastructure** | **59.95** | **545.483** | **131.9%** | **471.324** | **115.5%** | **539.272** | **112.3%** | **464.98** | **98.6%** |
| *in FCFA billion | | | | | | | | | |
| ** Diverted traffic benefits were considered only for Route des Grumiers and Tolakouadiokro road, since all other roads do not have alternatives. | | | | | | | | | |

76. Main assumptions used are as follows:

(a) **Traffic volumes and growth rates.** Traffic data on selected roads were obtained from previous studies conducted as well as from traffic count surveys carried out by a consultant.

(b) **Travel time and transport costs on select roads.** Travel times on existing roads were obtained from surveys. Future improvements (reduction) in travel times as a result of the investments were estimated directly by the HDM-4 model based on pre/post investment road conditions.

(c) **Accident levels on selected roads.** Safety improvements were estimated for the different investment options, then monetized considering the estimated economic costs of fatalities and injuries.

(d) **Trucks parking and rest areas were appraised as part of the road investments,** because their main purpose is to help discourage trucks from parking on the latter, and encourage limited access to the cities' centers (at limited hours of the day and for short delivery time), by providing a safe alternative parking, where they can find facilities for truck maintenance as well as hospitality services). Accordingly, the trucks parking and rest area of Bouaké was evaluated jointly with the redesign of Highway A3, and the trucks parking and rest area of San Pedro was included in *Route des Grumiers* investments.

77. **The investment costs include the construction and land acquisition costs.** In addition to this, the economic analysis also included the yearly maintenance costs over the appraisal period (20 years). All costs are tax free and included an additional 5 percent for engineering studies and control and 5 percent contingencies. The benefits included (a) short-term jobs created for civil works and permanent jobs in the trucks parking and rest areas, (b) transport time

savings, (c) improved safety (accidents reduction), (d) reduced vehicle operating costs, and (e) generated additional economic activities by the improved mobility in the city and accessibility to amenities (induced traffic).

78. **Sensitivity analyses were conducted for the following three scenarios:** (a) no generated and no diverted (where applicable) traffic on rehabilitated roads, (b) increased costs by 20 percent, and (c) the combination of the two previous scenarios. The results in Table 1 show the robustness of the results and conclusions of the economic analysis and confirm the viability of all investments in the worse scenario.

***Investments to Support Private Sector Development (Component 2)***

79. **To assess the impact activities financed under Component 2, a cost-benefit analysis was conducted over a 20-year period, which resulted in an NPV of over US$10 million at a 10 percent discount rate with an EIRR of 18 percent.** These results come from expected sales growth for SMEs and start-ups supported through the project, above and beyond the average growth rate, and additional jobs created. Nonquantifiable benefits include the demonstration effects such programs could have among banks and other investment partners as well as the spillover effects to other entrepreneurs who would be encouraged to start a business.

80. **The key assumptions are as follows**:

- **Impact of acceleration program and matching grants.** The analysis assumes that beneficiaries will experience an additional 25 percent growth rate for one year following the investments and return to original growth rates afterward. The first set of SMEs is selected in Year 2 of the project.
- **Impact of BPC.** In addition to the impact on growth, the analysis considers the BPC's impact on the survival rate of start-ups, which is assumed to increase by 40 percentage points after three years. The first set of start-ups is also selected in Year 2 of the project.
- **Impact on job creation.** The analysis considers the number of jobs created from every additional dollar increase in firm sales, based on the current ratio of jobs to firm sales (according to survey data).

81. **The analysis considers benefits from additional firm profits and additional wages earned** (along with resulting additional corporate income taxes for formal firms and personal income tax revenues) against the project costs and the cost to firms of matching the grant given to them under the project.

82. **Finally, a sensitivity analysis was conducted** to test the impact of relaxing certain assumptions, which showed that the component's economic impact is most sensitive to the assumption on the percent increase in firm growth due to project interventions as well as the number of firms supported with the given budget.

*Improvement of Urban Management and Capacity Building (Component 3)*

83. **The improvement in land-related information is expected to have a positive effect on economic development.** Although it may be difficult to quantify during the project's duration, accurate and publicly available land information facilitates economically viable investment decisions and supports more productive land use.[31] Furthermore, improved administrative services through capacity building and institutional reforms should add efficiency to the way entrepreneurs conduct businesses in the cities, especially in the saving of time spent to deal with bureaucracy.

**Rationale for Public Sector Financing**

84. **Economic infrastructure.** It is unlikely that the private sector will be willing to invest capital in constructing the assets financed by the project. This assumption is based on the expected low revenue levels to be collected from users and the municipalities' resources to top up revenue, use concessionaires to cover the important investment costs, or guarantee minimum revenue (given the high commercial risks and lack of enforcement). However, the operation of the wholesale market or the parking and rest facilities could be more efficiently managed by the private sector once they are constructed using public funding.

85. **Support to private sector development.** Given the lack of sufficient supply of technical assistance for entrepreneurs in Bouaké and San Pedro, as well as the lack of access to finance for SMEs, the public sector has a role to play in filling these gaps and attracting other players into this space. Building the public sector's capacity to deliver services, especially in municipalities, is central to the competitive cities agenda and requires the support of public financing.

86. **World Bank Group's value add.** The World Bank Group has extensive experience in financing and implementing BPCs, matching grants, acceleration programs and other entrepreneurship-focused activities, urban development projects, infrastructure development projects, and municipal capacity building around the world. It can leverage its experience for this project. The World Bank Group has been able to use a vast range of expertise to design this project by forging partnerships among three global practices.

## B. Technical

87. **The project design applied a number of criteria for selectivity.** The activities should include a combination of :

- Improving the quality of economic infrastructure to support businesses;
- Strengthening the capacity of the local private sector; and
- Improving the quality of institutions and laws, including access to land and investor services.

[31] Deiminger and Goyal (2012) found that, through their study in India's Andhra Pradesh, digitization of land registry contributes to increases in credit access in urban, but not in rural areas.

88. The following criteria have been considered to select and prioritize proposed activities: direct return on investment/economic and social impact, readiness (ease and timeliness of implementation), and leverage effect on public and private investments. The project design also aims to create synergies and complement other interventions, including the proposed development of the cocoa and cashew value chains, and additional financing for PRICI.

***Green House Gas Accounting:***

89. Transport investments under Component 1 are expected to improve the driving speed along the rehabilitated and upgraded road sections, which should lead to more efficient use of fuel and hence a reduction of CO2 emissions per unit vehicle-kilometer, along these road sections. The CO2 emissions for the With and Without project scenarios were computed using the HDM model, which estimated the project will generate 0.38 million tCO2eq in addition to the 3.51 million tCO2eq under Without project scenario. The reason for this increase in CO2 emissions is the impact of additional traffic induced by the substantial improvement to the road sections, which generates an additional 0.53 million tCO2 eq. that offsets the 0.15 million tCO2 eq. savings on CO2 emissions from the existing traffic.

90. Table 2 below presents greenhouse gas emissions figures over the project lifetime for each of the selected roads and for the overall project:

**Table 2. Greenhouse Gas Emissions for the Overall Project**

| | Gross Emissions before Project tCO2eq | Gross Emissions After Project | | | Percentage of Emissions due to Induced Traffic | Net Savings tCO2eq |
|---|---|---|---|---|---|---|
| | | Existing Traffic tCO2eq | Induced Traffic tCO2eq | Total Gross Emissions tCO2eq | | |
| **Bouaké** | | | | | | |
| Highway A3 | 775,022.448 | 703,992.530 | 110,729.193 | 814,721.723 | 14 | −39,699.275 |
| Tollakouadiokro Road | 306,947.917 | 259,025.717 | 70,177.202 | 329,202.919 | 23 | −22,255.001 |
| **San Pedro** | | | | | | |
| Route des Grumiers | 1,108,522.203 | 1,120,736.952 | 147,431.885 | 1,268,168.836 | 13 | −159,646.633 |
| Access road to the port | 475,698.846 | 451,904.350 | 70,704.908 | 522,609.258 | 15 | −46,910.412 |
| Access road to the airport | 448,371.720 | 434,844.009 | 67,995.976 | 502,839.985 | 15 | −54,468.265 |
| Access road to the commercial zone along the coastline | 401,070.237 | 393,718.416 | 61,466.045 | 455,184.461 | 15 | −54,114.223 |
| **Total Project lifetime** | **3,515,633.37** | **3,364,221.97** | **528,505.21** | **3,892,727.18** | **15** | **−377,093.81** |

## C. Financial Management

91. **The FM arrangements for this project will be based on the existing arrangement in place** under PRICI (P124715 and P156253); PAMOSET (P156900); and the Urban Water

Supply Project (P156739). The PCU, under the oversight of the Steering Committee chaired by the Minister of Economic Infrastructure or his representative, will have the overall fiduciary responsibility of the project. The overall performance of PRICI following the last FM supervision of February 2017 is Satisfactory. Staffing has remained adequate and proper books of accounts and supporting documents have been kept with respect to all expenditures. The PCU is familiar with the World Bank's FM requirements. In line with the use of country systems, as stipulated in the new Decree No. 475 governing the modalities of donor-financed project implementation in Côte d'Ivoire, a Financial Controller from the Ministry of Budget and a Public Accountant from the Ministry of Finance have been assigned to the PCU and their overall performance is adequate. The audit for the year ending December 31, 2015, for PRICI was submitted on time, and the external auditor expressed unqualified opinion. Most of the recommendations related to the internal control weaknesses that have been implemented or are being implemented. Furthermore, the main recommendations of previous supervision missions related to the operating costs of the PCU of PRICI are being implemented. A draft report prepared by the project received the World Bank's no-objection subject to reflecting the suggestions made. The unaudited interim financial reports (IFRs) for the ongoing projects have also been submitted on time.

92. **The overall FM risk for the project is rated Moderate**. It is considered that the FM satisfies the World Bank's minimum requirements under OP/BP 10.00 (Investment Project Financing) and therefore is adequate to provide, with reasonable assurance, accurate and timely FM information on the status of the project required by the World Bank. However, to maintain the continuous timeliness and reliability of information produced by the PCU and an adequate segregation of duties, an accountant and assistant accountant with qualifications and experiences satisfactory to the World Bank will be appointed and fully dedicated to the accounting and disbursements tasks of this project. The PIM, including fiduciary procedures, will also be updated to include specific arrangements related to the management of this project. These mitigation measures are dated covenants and should be implemented within two to six months following the effectiveness of the project.

## D. Procurement

93. **The overall procurement risk for the project is Substantial.** The PRICI PCU will be shared and has been entrusted with implementing ongoing projects, including managing procurement. PRICI is managed according to traditional institutional arrangements in Côte d'Ivoire: the PRICI Procurement Unit will carry out procurement activities for the proposed project, while the technical responsibility for procurement (terms of reference and technical standards) will remain with the relevant implementing agencies. The capacity assessment has shown that the implementing agencies do not have the experience, skills, and personnel acceptable to the Bank to handle the procurement of their respective activities. This means that they will be SIAs with only technical mandates and responsibilities. Procurement activities will be carried out in accordance with the World Bank's Procurement Guidelines and the provisions stipulated in the Financing Agreement. Details are provided in Annex 3.

94. **The PRICI PCU will be responsible for coordinating all procurement activities**, including preparing and updating the Procurement Plans (PPs); preparing, finalizing, and launching the Request for Proposals (RFPs) and bidding documents; drafting minutes of

bid/proposal openings and preparing the evaluation reports; submitting procurement documents (terms of reference, RFPs, bidding documents, evaluation reports, contracts, and related documents) to the World Bank when review is needed; preparing the contracts and overseeing the payments to contractors; and drafting procurement progress reports and coordinating activities. Each SIA will be involved in the implementation.

95. **To reduce the procurement risk for the PRICI PCU, its capacity will need to be strengthened by hiring additional staff.** So far, the PCU has a deputy procurement specialist and six assistants after the resignation of the senior procurement specialist, but the current procurement workload is expected to increase as various World Bank-funded projects managed by PRICI begin (see Annex 3 for details.) The PCU will recruit a procurement specialist to address the challenge.

## E. Social (including Safeguards)

96. **The project triggers OP/BP 4.11 (Physical Cultural Resources) and OP/BP 4.12 (Involuntary Resettlement).** The planned interventions are expected to lead to land acquisition or restriction of access to sources of livelihood. A Resettlement Policy Framework (RPF) has been prepared for the activities for which the specific sites or impacts of envisioned physical investments are not yet known. The RPF, consistent with OP 4.12, was prepared by the Borrower and disclosed in-country on April 5, 2017, and on the World Bank's website on April 5, 2017. The RPF outlines the principles and procedures for resettlement and/or compensation of people affected by the project, and establishes standards for identifying, assessing, and mitigating negative impacts of the activities supported by the project. The RPF will be used as a guide to conduct specific RAPs as needed, as they relate to land acquisition and loss of economic activities, as well as compensation measures to minimize negative impacts on project-affected people (PAP). The RAPs will be submitted to the World Bank for approval before the commencement of the civil works.

97. **Of the investments for which the location is known, three require RAPs.** RAPs have been prepared for the three investments requiring resettlement by the Borrower, reviewed and cleared by the World Bank Group, and disclosed as follows:

(a) Bouaké A3: On April 15, 2017, in-country and on April 18, 2017, on the World Bank's website

(b) Trucks parking area in Bouaké: On April 15, 2017, in-country and on April 18, 2017, on the World Bank's website

(c) San Pedro City Bypass (*rue des grumiers*) providing direct access for trucks to the port: On April 15, 2017, in-country and on April 18, 2017, on the World Bank's website

98. **Activities requiring the preparation of a Social Audit can only be implemented if such an Audit has been prepared** and provided to the World Bank, disclosed locally, and approved and disclosed by the World Bank. The Audit serves to check whether the Project has been implemented in full compliance with the Safeguard instruments.

99. **The project expects to bring many social benefits to Bouaké and San Pedro.** The improved access to basic services, both infrastructure and administrative, will benefit these two cities. In addition, the entrepreneurship program will directly benefit entrepreneurs, with particular emphasis on women.

100. **The project will support citizen engagement through public consultation on the information related to the implementation of the urban master plans.** During the process of the preparation of the plans, the municipalities will have extensive stakeholder consultations. The project will help the municipalities set up a feedback channel to treat all the inquiries. It will be measured by an indicator 'the percentage of citizens who consider that their views have been considered in the elaboration of detailed urban plans'.

## F. Environment (including Safeguards)

101. **The proposed project is classified as Category B - partial assessment, and safeguard policies OP 4.01 (Environmental Assessment) and OP 4.09 (Pest Management) are triggered.** The proposed project will fund the development and rehabilitation of urban infrastructure, such as roads and buildings in Bouaké and San Pedro, which may have potential adverse effects on the environment. Some construction site locations are known, some are not. As for the activities for which the exact geographic locations are not yet determined with certainty, the Government has prepared an Environmental and Social Management Framework (ESMF), in compliance with the core requirements of the triggered safeguards policies: OP/BP 4.01 (Environmental Assessment). The ESMF lays out procedures for screening and mitigating impacts from construction and rehabilitation of various investments and includes the following: (a) checklists of potential environmental and social impacts and their sources; (b) procedures for participatory screening of proposed sites and activities and the environmental and social considerations; (c) procedures for assessing potential environmental and social impacts of the planned project activities; (d) institutional arrangements for mitigating, preventing, and managing the identified impacts; (e) typical environmental management planning process for addressing negative externalities in the course of project implementation; (f) a system for monitoring the implementation of mitigation measures; and (g) recommended capacity-building measures for environmental planning and monitoring of project activities. Finally, the Environmental and Social Management Plan (ESMP) in the ESMF includes a budget for each mitigation measure proposed. The ESMF was commented on and approved by the National Agency of Environment (*Agence Nationale de l'Environnement*, ANDE) and by the World Bank, and published in-country on April 5, 2017, and on the World Bank's website on April 5, 2017.

102. **For the investments whose exact locations are known, ESIAs have been prepared.** ESIAs have already been published in-country on March 21, 2016, and on the World Bank's website on April 1, 2016, for the access road to the port, the access road to the Airport of San Pedro, and the access road to the commercial zone along the coastline under the PRICI project. The remaining documents were commented on and approved by ANDE and by the World Bank and published as follows:

(a) A3 and trucks parking area in Bouaké. On April 12, 2017, in-country and on April 12, 2017, on the World Bank's website

(b) Tollakouadiokro Road in Bouaké. On April 13, 2017, in-country and on April 13,

2017, on the World Bank's website

(c) City Bypass (*rue des grumiers*) providing direct access for trucks in San Pedro. On April 12, 2017, in-country and on April 12, 2017, on the World Bank's website

103. **The entrepreneurship program may support entrepreneurs in the agribusiness sector, which may have an effect on the use of pesticide.** Consequently, an Integrated Pest Management Plan was prepared, reviewed, and disclosed in-country on March 29, 2017, and on the World Bank's website on April 4, 2017.

104. **Further specific ESIAs will be prepared for relevant activities before project implementation along with ESMPs as the specific investments are identified.** In addition, environmental audits will be conducted on a regular basis to make sure that the ESMP is being properly implemented, and any unidentified adverse impacts are handled appropriately and efficiently. Each environment audit report prepared during the implementation of the proposed project will be reviewed and validated by both the Ivoirian Environmental Agency and the World Bank.

105. **The project will also have a positive environmental impact in Bouaké and San Pedro**, by reducing accidents as a result of improved main roads, incorporating greening plans into the proposed construction works for economic and social infrastructure, and improving the waste management system.

106. **Climate change is expected to affect the development of Côte d'Ivoire's cities.** In particular, the city of San Pedro is prone to coastal erosion and flooding, and poor sanitation systems within urban areas can magnify the effects of flooding during the rainy season. The expected increase in extreme weather events can exacerbate the impact of such occurrences. In addition, any harmful impact on agriculture—which accounts for more than 20 percent of the country's GDP—could increase urban migration as citizens leave rural farming areas losing their production. The project identified some opportunities to address climate change risks through ensuring that implementation of the master plans in Bouaké and San Pedro reflect climate considerations in Component 3. These activities complement those financed under the PRICI additional financing, which is looking to facilitate drainage and river flows in San Pedro into the ocean.

## G. World Bank Grievance Redress

107. Communities and individuals who believe that they are adversely affected by a World Bank-supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service. The service ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may submit their complaint to the World Bank's independent inspection panel, which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service, please visit

http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank inspection panel, please visit www.inspectionpanel.org.

## ANNEX 1: RESULTS FRAMEWORK AND MONITORING

### Country: Republic of Côte d'Ivoire

### Project Name: Infrastructure for Urban Development and Competitiveness of Secondary Cities (P151324)

### Results Framework

| **Project Development Objectives** | |
|---|---|
| PDO Statement | |
| The proposed PDO is to create conditions for improved competitiveness in the target cities in the territory of the Recipient. | |
| **These results are at** | Project Level |

**Project Development Objective Indicators**

| Indicator Name | Baseline | Cumulative Target Values | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2022 | End Target |
| Average reduction in travel time on rehabilitated/upgraded roads (Percentage) | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Land for which the usage and ownership rights are recognized (Percentage) | 0.00 | 0.00 | 20.00 | 40.00 | 60.00 | 80.00 | 80.00 |
| Increase in annual sales revenue of firms directly supported through the project (Percentage) | 0.00 | 0.00 | 0.00 | 5.00 | 15.00 | 25.00 | 25.00 |

| **Intermediate Results Indicators** | | | | | | | |
|---|---|---|---|---|---|---|---|
| Indicator Name | Baseline | 2018 | 2019 | 2020 | 2021 | 2022 | End Target |
| Kilometers of roads upgraded or rehabilitated (Kilometers) | 0.00 | 0.00 | 0.00 | 10.00 | 20.00 | 28.00 | 28.00 |
| Area of parking or rest stops built or rehabilitated (Hectare) | 0.00 | 0.00 | 0.00 | 5.00 | 8.00 | 8.00 | 8.00 |
| Number of trucks using rehabilitated or newly built parking and rest stop areas (Number) | 0.00 | 0.00 | 0.00 | 150.00 | 250.00 | 300.00 | 300.00 |
| Reduction in the number of accidents on the rehabilitated roads (Percentage) | 0.00 | 0.00 | 0.00 | 20.00 | 35.00 | 50.00 | 50.00 |
| Number of MSMEs supported (Number) | 0.00 | 0.00 | 60.00 | 125.00 | 190.00 | 250.00 | 250.00 |
| Of which are still in operation at project end (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 70.00 | 70.00 |
| Of which are led by women (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Number of new business registrations (Number) | 0.00 | 0.00 | 25.00 | 50.00 | 75.00 | 100.00 | 100.00 |
| Of which still in operation at project end (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 12.5 | 25.00 | 35.5 | 50.00 | 50.00 |
| Of which are owned by women (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Number of people trained (Number) | 0.00 | 0.00 | 100.00 | 200.00 | 300.00 | 400.00 | 400.00 |
| Of which are women (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Number of users of Bouake's website (Number) | 1700.00 | 1700.00 | 2000.00 | 3000.00 | 6000.00 | 10000.00 | 10000.00 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Number of users of San Pedro's website (Number) | 0.00 | 0.00 | 2000.00 | 3000.00 | 6000.00 | 10000.00 | 10000.00 |
| Percentage of citizens consulted who consider that their views have been taken into account in detailed urban plan elaboration process in Bouake (Percentage) | 0.00 | 0.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| Of which are women (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Percentage of citizens consulted who consider their views have been taken into account in detailed urban plan elaboration process in San Pedro (Percentage) | 0.00 | 0.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| Of which are women (Percentage - Sub-Type: Supplemental) | 0.00 | 0.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |

## Indicator Description

| **Project Development Objective Indicators** | | | | |
|---|---|---|---|---|
| Indicator Name | Description (Indicator Definition and so on) | Frequency | Data Source/ Methodology | Responsibility for Data Collection |
| Average reduction in travel time on rehabilitated/upgraded roads | This indicator evaluates the average gain in travel time on the rehabilitated/ upgraded roads. It is calculated as traffic weighted average of the reduction in travel time on each of the rehabilitated/upgraded roads. | Annual | PCU/municipality | PCU |
| Land for which the usage and ownership rights are recognized | Percentage of land in the targeted cities for which usage, property rights, and value are known, recorded, and made available to the public. | Annual | Direction du domaine urbain/Direction du cadastre/PCU | PCU |
| Increase in annual sales revenue of firms directly supported through the project | This indicator evaluates the performance of firms benefiting from support through Component 2 interventions. | Annual | PCU/implementing agency for Component 2 | PCU |
| **Intermediate Results Indicators** | | | | |
| Indicator Name | Description (Indicator Definition and so on) | Frequency | Data Source/Methodology | Responsibility for Data Collection |
| Kilometers of roads upgraded or rehabilitated | Measures the cumulative length of all roads upgraded or rehabilitated in Bouake and San Pedro. | Annual | PCU/*mission de contrôle* | PCU |
| Area of parking or rest stops built or rehabilitated | Measures the total surface area of parking and rest stops built or rehabilitated in Bouake and San Pedro. | Annual | PCU/*mission de contrôle* | PCU |
| Number of trucks using rehabilitated or newly built parking and rest stop areas | Measures the average daily number of heavy trucks parking in the rehabilitated parking and rest stops. | Annual | Municipality/PCU | PCU |
| Reduction in the number of | This indicator aims to measure the | Annual | PCU/OSER | PCU |

| | | | | |
|---|---|---|---|---|
| accidents on the rehabilitated roads | improvement in road safety in Bouake and San Pedro following project interventions. | | | |
| Number of MSMEs supported | Measures the number of MSMEs supported through Component 2 in both cities. | Annual | PCU/implementing agency for Component 2 | PCU |
| Of which are still in operation at project end | Measures the proportion of MSMEs supported through Component 2 that are still in operation at the end of the project. | Project-end | PCU/Implementing agency for Component 2 | PCU |
| Of which are led by women | Measures the proportion of MSMEs supported through Component 2 that are led by women. | Annual | PCU/implementing agency for Component 2 | PCU |
| Number of new business registrations | Measures the number of newly registered firms in the two cities thanks to support to formalization. | Annual | CCI/PCU/implementing agency for Component 2 | PCU |
| Of which still in operation at project end | Measures the proportion of newly registered firms in the two cities thanks to support to formalization that are still in operation at the end of the project. | Project end | CCI/PCU/implementing agency for Component 2 | PCU |
| Of which are owned by women | Measures the proportion of newly registered firms in the two cities thanks to support to formalization that are owned by women. | Annual | CCI/PCU/implementing agency for Component 2 | PCU |
| Number of people trained | Measures the number of both public sector and private sector actors trained by the project. | Annual | PCU | PCU |
| Of which are women | Measures the proportion of both public and private sector actors trained by the project who are women. | Annual | PCU | PCU |
| Number of users of Bouake's website | Measures the average monthly number of visitors to gauge the level of interest by investors and individuals in the city of | Annual | PCU/municipality | PMU |

| | | | | |
|---|---|---|---|---|
| | Bouake. | | | |
| Number of users of San Pedro's website | Measures the average number of monthly visitors to gauge investors and individuals' interest in the city of San Pedro. | Annual | PCU/municipality | PMU |
| Percentage of citizens consulted who consider that their views have been taken into account in detailed urban plan elaboration process in Bouake | Measures the degree of citizen engagement in the implementation of Component 3 in Bouake. | Annual | PCU/municipality/survey | PCU |
| Of which are women | Measures the degree to which female citizens are engaged in the implementation of Component 3 in Bouake. | Annual | PCU/Municipality/Survey | PCU |
| Percentage of citizens consulted who consider their views have been taken into account in detailed urban plan elaboration process in San Pedro | Measures the degree of citizen engagement in the implementation of Component 3 in San Pedro. | Annual | PCU/Municipality/Survey | PCU |
| Of which are women | Measures the degree to which female citizens are engaged in the implementation of Component 3 in San Pedro. | Annual | PCU/Municipality/Survey | PCU |

## ANNEX 2: DETAILED PROJECT DESCRIPTION

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

1. The proposed PDO is to create conditions for improved competitiveness in the target cities in the territory of the Recipient. The conditions for improved competitiveness are defined as better urban mobility, improved revenue of MSMEs, and improved administrative services of the municipalities.

2. The project's theory of change is derived from three out of the four pillars proposed by the Competitive Cities Framework**.** Investing in key economic infrastructure, and improving institutions, regulations, and urban management, specifically operationalizing urban master plans and providing more efficient administrative services, in a coordinated manner, will create an enabling environment for the growth of local enterprises and make the cities more attractive to investors and workers. Coupled with direct support to SMEs, these interventions are expected to provide the building blocks for growth and job creation in the medium to long term.

3. **The proposed project has the following components:**

- Component 1: Enhancing the Performance of Economic Infrastructure (US$63.4 million equivalent)
- Component 2: Supporting Private Sector Development (US$25.6 million equivalent)
- Component 3: Improving Institutions, Regulations, and Urban Management (US$24.2 million equivalent)
- Component 4: Project Management (US$14.8 million equivalent).

4. **The project components seek to complement each other to contribute to the cities' competitiveness**. Through investing in key infrastructure, facilitating land availability, providing direct support to enterprises, and providing basic services to residents and businesses, the project seeks to put in place an enabling environment for attracting economic activity to the two cities of Bouaké and San Pedro, thus contributing to job creation and rising incomes in the long run (characteristics of a competitive city). In Bouaké, the project focuses on the city's main economic driver, the primary sector: Component 1 seeks to improve urban mobility and logistics efficiency around the city's main wholesale market (MGB), which reinforces direct support provided to MSMEs, many of which are in agribusiness, as well as to cooperatives. Component 3 builds the capacity of the municipality to support the formalization of MSMEs and to provide services that facilitate the business and living environment. In San Pedro, the project's focus is on trade and logistics, given the importance of the port in the city's economy: Component 1 improves access to this key infrastructure, which is vital for the trade, while MSMEs are directly supported through Component 2. Again, Component 3 provides the enabling environment to ensure sustainability of project outcomes.

**Component 1: Enhancing the Performance of Economic Infrastructure (US$63.4 million equivalent)**

***Subcomponent 1.1: Bouaké (US$38.2 million equivalent)***

5. **The project supports the soft and hard infrastructure improvement of the MGB to position Bouaké as a trade hub.** The project will finance the elaboration of a business plan to reposition the MGB, identifying new opportunities to add value to the economic activities of Bouaké, taking advantage of its central location in Côte d'Ivoire. The business plan should propose institutional reforms, capacity building, and investment needs required to achieve the vision laid out in the new business plan. Depending on the outcome of the business plan, the project is prepared to invest in the rehabilitation of the existing market facilities, as well as additional basic infrastructure. A study conducted by the Government indicates that the success of the MGB will depend on its ability to help producers in the surrounding areas access the market.[32] In light of this, the necessary investments should focus not only on the actual market but also on a logistics network around the market, such as collection points near farms to aggregate produce, and organization of trucks to move produce from the field to the market. Furthermore, the investments in hard infrastructure needs to be complemented by soft interventions to enhance the capacity of the producers so that they produce the right products, in the right quantity at the right time. This will be covered in Component 2.

6. **The project finances rehabilitation and construction of infrastructure to improve urban mobility and road safety.** The project will finance the development of relevant sections of the main access road into Bouaké to improve traffic conditions and road safety. The development will aim to facilitate access to the MGB and provide trucks with parking and rest facilities north of the city. With the separation of the local, slow traffic from the fast transit traffic, the project will substantially reduce the high accident levels on the A3 road. In addition, the construction of the trucks parking area outside the city and the enforced banning of unlawful parking along the city roads will reduce accidents and avoid the deterioration of the road shoulders from the prolonged roadside parking of trucks. In addition to enhancing access to and from the city, the project will improve mobility within the city, to serve both firms and residential areas. The project will finance the following:

- **Rehabilitation of the urban section of the A3 road.** 2x2 highway lanes, two single-lane frontage roads on both sides of the highway, sidewalks, and pedestrian crossings, for 11 km from the southern corridor site to the new international bus station. The activity will also include the improvement of the access to the MGB from the A3.
- **Construction of a truck parking and rest area in Bouaké.** The construction of a truck parking area and other amenities such as restaurants, accommodation, rest facilities and service workshops, and so on are envisaged. The rest area will be operated by the private sector, with the land being provided by the city.
- **Upgrade of the urban access road of Tollakouadiokro to GESTOCI.** Construction of a 5.3 km, 2x1 lane asphalt road, to improve access to the GESTOCI

[32] *Redynamisation du Marché de Gros de Bouaké* (2015).

(T03) fuel storage center and to serve the surrounding densely residential area from the national A3 road.

***Subcomponent 1.2: San Pedro (US$25.2 million equivalent)***

7. **The project finances rehabilitation and construction of infrastructure to improve traffic flow, accessibility, and road safety in San Pedro.** Today, San Pedro's main activities are agroindustry, such as cocoa and palm oil, and exports through their port. The port's potential may become even more significant through the development of a Greater West mining project.[33] To strengthen the city's competitiveness, the project aims to decongest the city's main arteries and improve road safety. With the separation of the urban traffic from the trucks transit traffic that will be diverted to the improved San Pedro Bypass Road (*route des Grumiers*), providing direct access to the port, the project will substantially reduce the high accident levels within the city. In addition, the construction of the trucks parking area and the enforced banning of unlawful parking along the city roads, will avoid the deterioration of the city roads' shoulders from the prolonged trucks roadside parking. Specifically, the project will finance the following:

- **Rehabilitation of the main access to the Port of San Pedro-Route des Grumiers.** Rehabilitation and widening of the port's main access road for a length of approximately 4.7 km.
- **Upgrade of the urban access road to the Port of San Pedro.** The section between CHR and Cargill interchange (1.1 km), providing an urban access to the Port of San Pedro.
- **Upgrade of the access road to the San Pedro airport.** The access road to the airport is currently a deteriorated earth road, requiring systematic reprofiling after each rainy season. This route is important for the city economy and branding as a major business destination and will be upgraded to asphalt road over a length of about 1.7 km.
- **Rehabilitation of access roads to the commercial zone along the coastline.** San Pedro is the first city in Côte d'Ivoire with regard to the potential for the development of seaside commercial activities. It is planned to develop the access roads to the main commercial areas over a length of about 4 km.
- **Construction of a truck parking and rest area.** Currently heavy trucks park in an uncontrolled manner along the San Pedro main urban roads, damaging the roadway and causing congestion, nuisance, and road accidents. Here also the construction of a truck parking area and other amenities such as restaurants, accommodation, rest facilities, and service workshops is envisaged. The rest area will be operated by the private sector, with the land being provided by the city.

**Component 2: Supporting Private Sector Development (US$25.6 million equivalent)**

8. **The objective of this component is to facilitate the formalization and growth of MSMEs, building on the progress made on investment climate reforms.** This will be achieved through a two-pronged approach: (a) programmatic support to inclusive private sector

[33] *Plan de développement intégré pour le corridor Man-San Pedro*.

development to overcome barriers to formalization and growth; and (b) strengthening local business service providers to ensure local ownership and sustainability of funded activities. A special focus will be placed on agribusiness and trade logistics value chains, while dedicating a window for women entrepreneurs.

9. **This component will be implemented by a reputable private sector organization.** The component will be executed by a private sector provider with a strong track record in managing this type of performance-based contract and providing effective and high-quality support services to private sector firms in similar contexts. Several local agencies and associations that are part of the entrepreneurial ecosystem could benefit from the capacity-building program (Subcomponent 2.2).

10. **The component will be complementary to ongoing and pipeline World Bank Group projects in Côte D'Ivoire.** The component's objective, targeted beneficiary groups and sectors build upon investments by other World Bank Group projects directly or indirectly supporting the revitalization of the private sector. In particular, the component will complement the Agriculture Sector Support Project, the Youth Employment and Skills Development Project, and the Cashew Value Chain Project.

***Subcomponent 2.1 Programmatic Approach to Inclusive Private Sector Development (US$23.8 million equivalent)***

11. **The project finances an entrepreneurship program, a comprehensive package of support to MSMEs.** The package includes capacity building, mentoring, and coaching to existing MSMEs toward more productive, and potentially, export-oriented activities. The project will assist MSMEs to tackle key growth and productive challenges and scale up their existing businesses. To do so, it will develop a comprehensive offering of capacity-building services. The matching grant instrument will be introduced as part of a comprehensive capacity-building plan to meet MSMEs' needs and will complement other investments made as part of the project, particularly investment made toward MSMEs skills and capacity upgrading. In addition, a small budget is dedicated to a BPC that will consist of a series of competitions to bring more awareness to entrepreneurship. As part of rapid skills training programs (2–4 days), participants will develop and subsequently pitch their ideas to a panel of seasoned private sector experts. The most promising business ideas from each BPC will be awarded seed grants to kick-start their ideas.

12. **Support for formalization is an integral part of the entrepreneurship program.** The project will build on the improvement of the regulatory and institutional framework under Component 3 to provide incentivizing tools for formalization for those MSMEs that want to formalize by addressing the main sources of informality (lack of information on procedures and tax codes and lack of capacity to register a business). As part of the capacity-building program, the project will finance support services to entrepreneurs in the formalization process, assistance in drafting financial statements and business plans, and support in accounting while also strengthening the capacity of the service providers to support these aspiring informal

entrepreneurs in the long run (covered under Subcomponent 2.2).[34] Formalization will contribute to sustaining this component's impact on MSMEs by facilitating access to business development services and financing provided by existing institutions.

13. **The project will also support cooperatives to access markets.** The activity will first be piloted in Bouaké where fairly well-organized cooperatives exist in the surrounding rural areas, and there is a high concentration of markets in the city. Furthermore, the support to the cooperatives to improve the flow of produce from the field to the market complements the strategic repositioning required for the MGB. The project leverages lessons learned from IFC's experience supporting professionalization of cooperatives of farmers and other professions to help them access markets. IFC support down the road can further support these cooperatives through commercial banks to bring a transformative impact to the cities.[35]

14. **The evaluation and selection of MSMEs will be done through a rigorous process,** including a careful assessment of the additionality of the matching grant instrument (that is, returns on public funding) and lack of disruption of the banking system. The evaluation process will verify that none of the selected proposals are bankable, thus ensuring that proposals could not have been financed through a loan provided by a commercial bank.[36] Detailed eligibility requirements and the selection progress will be described in detail in the Entrepreneurship Program Implementation Manual, including the following main selection criteria: minimum years in operation, addressing a clear growth challenge, growth potential, and local sustainability.[37]

15. **Technical assistance will be provided to beneficiary MSMEs before the application stage and good communication will be ensured throughout the selection process.** Experience and evaluation of matching grants has demonstrated the importance of providing personalized technical assistance to help prepare interested MSMEs with their application.[38] This pre-capacity building will be carefully planned to build the capacity of potential applicants in aspects such as understanding the selection criteria, proposal development, partnering, budget planning, and M&E. It will be planned sufficiently in advance so it is delivered before the call for proposal deadline. Moreover, good communication to ensure adequate outreach, transparency, and

[34] The WBG experience in Benin demonstrated that a program to tackle informality requires several simultaneous interventions: regulatory and intuitional reforms, such as easing business registration and tax administration; capacity building of service providers; and direct support to entrepreneurs. Furthermore, the provision of other benefits such as access to a bank account and social insurance can be a strong incentive for a certain group of the informal sector.

[35] IFC worked with Cargill in Côte d'Ivoire to facilitate financing for cooperatives that are willing to professionalize to enter into a purchasing contract of cocoa with Cargill. IFC supported the creation of a training program so that the cooperatives can supply the quality cocoa demanded by Cargill. In turn, Cargill, an IFC client, guaranteed the loans of the cooperatives in relation to commercial banks so that the cooperatives can purchase equipment to improve their productivity to meet Cargill standards. In Cameroon, IFC is working with its client commercial banks to put in place a risk-sharing facility to help cooperatives to access equipment through a microleasing scheme.

[36] The WBG report 'An Integrated Framework for Jobs in Fragile and Conflict Situations' states that "targeted interventions naturally risk creating distortions, and should be undertaken where they generate externalities and not simply benefits for the specific recipient."

[37] Priority could be given to MSMEs operating in the agriculture, trade, or logistics sector for their job creation potential and the synergies with other project investments.

[38] World Bank. 2016. *How to Make Grants a Better Match for Private Sector Development*.

fairness in the selection process will be set in place, including outreach campaigns, public disclosure of all successful applicants, and disclosure of reasons for rejection to applicants.

16. **Given the difficulty of accessing reliable and up-to-date data on formal and informal activity in both cities, the component will allocate resources to better comprehend the informal economy and the performance of MSMEs at the project inception stage.** Overall, there is a lack of firm-level data in Côte D'Ivoire. The most recent firm-level data dates back to the 2009 Enterprise survey and 2012 INS census. To assess the changes on enterprise dynamics (firm entry, productivity growth, employment in these two cities), it is essential to invest in conducting a baseline of formal enterprises in Bouaké and San Pedro as well as constraints to the creation of formal jobs opportunities (that is, informality).

17. **The project will deploy rigorous M&E to keep track and examine the effectiveness of the proposed entrepreneurship program in Bouaké and San Pedro**. The M&E for Component 2 will seek to evaluate the different stages of the funded activates. It will inform course correction and implementation of activities under Component 2 through a yearly evaluation of project impact on beneficiaries against a specific M&E framework. In addition to the yearly evaluation, a final component evaluation will be carried out to support the design of future policies for the development of secondary cities in Côte d'Ivoire as well as the design and implementation of similar World Bank Group projects in fragile and lower income environments. The project will explore a partnership with universities and research institutions for the design and implementation of selected evaluation methodologies.

18. **The project will closely monitor the survival rate of the supported MSMEs.** A resource will be allocated to better comprehend the performance of MSMEs and survival rate among others, throughout the project life cycle, with periodical surveys.

***Subcomponent 2.2: Institutional Support and Capacity Building (US$1.8 million equivalent)***

19. **This subcomponent is aimed at building a sustainable entrepreneurship program in Côte d'Ivoire.** To do so, the project emphasizes to build the capacity of local agencies and associations that offer business development services. The project envisages a two-pronged approach: while jump-starting the delivery of entrepreneurship program by experienced consultants (as spelled out under Subcomponent 2.1), it provides (a) technical assistance to the Ministry of Commerce, Handicraft, and SME Promotion and its nascent SME promotion agency to build sufficient capability to provide entrepreneurship support; and (b) capacity building to private sector business development service providers.

**Component 3: Improving Institutions, Regulations, and Urban Management (US$24.2 million equivalent)**

***Subcomponent 3.1: Operationalization of Urban Master Plans in Bouaké and San Pedro (US$17.7 million equivalent)***

20. **The project finances the elaboration and operationalization of the urban master plans.** It consists of the preparation of detailed urban plans to guide land use in these cities, as well as the implementation of activities. Once the detailed urban plans are in place, the project will finance activities to implement the plans, such as street addressing, landscaping, waste

management, and provision of basic infrastructure that falls under the purview of the municipalities. The elaboration and implementation of the detailed urban plans will be subject to extensive consultations with communities to ensure citizens engagement. This will be measured by the percentage of citizens who consider that their views have been taken into account in the urban master plan implementation process, and the information will be gathered through a periodical survey:

- **Street addressing.** The project will finance street addressing in Bouaké and San Pedro to help solve one of the critical problems raised by the private sector as well by the citizens to facilitate orientation and displacements in the two cities and improve the delivery of certain services.
- **Landscaping.** The project will finance the development of landscaped areas to brighten up the life of the population. These activities comprise, among others, gardens, and street tree planting. These investments, in addition to contributing to making these cities more attractive, will allow sequestering of the carbon produced in the city and thus contribute to preventing the negative effects of climate change.
- **Basic infrastructure and social services at the level of neighborhoods.** The project will finance some complementary investment needs expressed by the local communities as a way to build capacity of the municipalities to implement the detailed urban plans and execute projects. The investments in each city will be determined by development plans prepared by each municipality and reviewed by the World Bank. During the process of preparing these investment plans, the municipalities will have public hearings, rigorous consultation with communities, and other citizen engagement strategies to ensure transparency. To be eligible, a subproject must reasonably fulfill a number of eligible criteria, such as: (i) be included in the local development plan; (ii) be accompanied by an operation and maintenance plan within the technical and financial capacities of the city; and (iii) not having a negative effect on the environment. The full list of detailed eligibility criteria will be included in the PIM.
- **Waste management.** The project will first finance a study to examine the current waste collection and management system in the City of Bouaké and San Pedro and develop a comprehensive strategy. Depending on the outcome of the strategy, some investments may be made, such as the construction of landfills to address the main issues that the local authorities of the two cities are facing in the collection of solid waste.

21. **The implementation of the detailed urban plans will be subject to extensive consultations with communities to ensure citizens engagement.** The municipalities will have public hearings and consultations to ensure transparency in the selection of investment projects. Citizen engagement will be measured by the percentage of citizens who consider that their views have been considered in the urban master plan implementation process, and the information will be gathered through a periodical survey.

***Subcomponent 3.2: Improving the Provision of Municipal Services in Bouaké and San Pedro (US$6.5 million equivalent)***

22. **The project also supports the updating of a simplified cadaster.** The project supports the Government's ongoing efforts to update information on the surveyed land within the cities of Bouaké and San Pedro. While the activities are led by the Tax Office, the project will help ensure that proper records are kept and that the information is readily available to the public to improve transparency and land market liquidity. Furthermore, the project will finance a study on land valuation in Bouaké to facilitate the rezoning decisions in the city center.

23. **The project contributes to the improvement of the business enabling environment at the city level.** To support the micro entrepreneurs who want to join the formalization program, the project will help the city administration adjust the regulatory and institutional framework, inspired by the experience of the World Bank Group in Benin.[39] The project will also support gathering and dissemination of information frequently requested by investors so that the investors are left with a more positive impression of the cities. In addition, the project supports the cities to prepare a study on economic opportunities, as well as to improve the dissemination of information related to economic activities through websites and other means.

24. **Further, the project will finance the construction of the City Hall in Bouaké** to improve the functioning of the municipality of the city of Bouaké, including by gathering key city services in one place, hosting business-oriented services, catering to the needs of businesses, informing and guiding investors and visitors, and providing civil society with information about city management.

25. **The project finances training and capacity building for the staff of municipalities to gain skills to manage competitive cities.** The urban audits of the two cities carried out during the preparation of PRICI will serve to better target the capacity-building needs. The project will coordinate with PRICI to maximize the synergy between the two projects. The project will focus on the improvement of municipal management, FM and procurement, maintenance of urban infrastructure, and event management, in a flexible and demand-driven manner. The project will also finance some South-South exchange activities to enable them to benefit from the best practices with regard to management of competitive cities.

**Component 4: Project Management (US$14.8 million equivalent)**

***Subcomponent 4.1: Project Management Support (US$6.5 million equivalent)***

26. **This subcomponent will finance project management support.** The activities identified under this component include support to procurement, FM, M&E, and communications as well as offering a platform for collaboration and cooperation among government agencies and the private sector.

***Subcomponent 4.2: Safeguard Management (US$8.0 million equivalent)***

[39] In Benin, IFC Advisory and World Bank Competitiveness and Integrated Growth Opportunity Project (P104881) jointly supported the formalization of micro entrepreneurs, following the legal reform of OHADA allowing a simplified form of business registration (*entreprenant*).

27. **This subcomponent will finance implementation of safeguards instruments**. This subcomponent will finance safeguards management activities and will be entirely funded by counterpart funding. Based on the Environment and Social Impact Assessments and Resettlement Action Plans prepared for the project, it is estimated that US$8 million equivalent is needed to implement the recommendations of these studies. The government will mobilize the counterpart funding of US$8 million equivalent to cover this cost.

## ANNEX 3: IMPLEMENTATION ARRANGEMENTS

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

**Project Institutional and Implementation Arrangements**

1. **Project implementation period.** The proposed project will be implemented over a period of about five years, with an expected closing date of July 30, 2022.

2. **Implementation arrangements feature several players whose roles will be further detailed in the PIM, the elaboration and approval of which will be a condition of effectiveness.** These arrangements consider capacity limitations in the Government and relevant agencies.

3. **The project builds on the existing institutional arrangement under the World Bank-funded PRICI project.** The institutional arrangement is a well-tested model that proved to be effective in Côte d'Ivoire. The structure of the framework is discussed in the following paragraphs.

4. **The Steering Committee**, chaired by the Minister of Economic Infrastructure or his representative, will include the Minister or his/her representative of the following: Ministry of Economy and Finance; the Ministry of Commerce, Handicrafts, and SME Promotion; the Ministry of Construction, Housing, Sanitation, and Urbanization; the Ministry of Tourism, the Minister of Budget, and the Ministry of the Interior and Security, as well as the Union of Ivorian Cities and Municipalities (*Union des villes et communes de Côte d'Ivoire)* and the Assembly of Regions and Districts of Côte d'Ivoire (*Assemblée des régions et districts de Côte d'Ivoire).* The Ministry of Economic Infrastructure provides overall supervision of the project, ensures coherence of activities with the sector strategy, and provides inter-sectoral coordination for the subcomponents of other ministerial departments.

5. **The Technical Committee will be made up of director-level staff involved in project implementation.** This committee provides more operational oversight of project implementation and advises the Steering Committee accordingly.

6. **The LCCs will play a critical role to ensure the ownership of the project at the city level.** While the overall responsibility for the implementation of the project activities will remain with the PCU (technical quality and fiduciary), the LCCs will provide a platform of consultation for various local stakeholders to contribute to the design of activities not fully defined during project preparation, particularly those under Components 2 and 3. There will be one LCC in each city and they will bring together various project stakeholders, including local and central government representatives, employers, trade unions, and civil society, and will be chaired by the *préfets* (prefects) of the regions in which Bouake and San Pedro are located (that is, Gbeke and San Pedro). For overseeing the activities related to the MGB, there will be a subcommittee under the LCC in Bouaké.

**Project Coordination Unit**

7. **The PCU will coordinate the implementation of the project.** To this end, it will be responsible for fiduciary management, M&E, and communication on the project activities and achievements. It will be strengthened by additional technical expertise required by the multisectoral nature of the project, including the appointment of an assistant program coordinator who will fully devote his/her time to the project. A full-time procurement specialist, an environmental safeguard specialist, a social safeguard specialist, and an accountant and assistant accountant should also be recruited.

**Specialized Implementing Agencies**

8. **The SIAs will implement each project activity that falls within their respective institutional mandate.** The scope of the existing implementing agencies under PRICI will be extended to cover all the additional sectors involved in the project.

9. **The project will build the capacity of the municipalities to gradually take on some implementation and supervision responsibilities.** The municipalities currently do not have sufficient capacity to implement project activities. For them to acquire the capacity needed to play the role of SIAs for Component 3, technical assistance will be provided. The municipalities will be the SIAs to develop detailed urban master plans and implement these plans (infrastructure and basic services at the neighborhood level), draft terms of reference for studies and technical specifications for bidding documents, participate in bid evaluation, and supervise works.

**Financial Management, Disbursements, and Procurement**

*FM and Disbursements Arrangements*

10. An FM assessment of the implementing unit (PCU) of PRICI, identified to manage the project, was carried out in March 2017. The objective of the assessment was to determine whether the PCU has acceptable FM arrangements in place to ensure that the project funds will be used only for intended purposes, with due attention to considerations of economy and efficiency. The assessment complied with the Financial Management Manual for World Bank investment projects financing operations, effective December 11, 2014.

11. Arrangements are acceptable if they are capable of accurately recording all transactions and balances, supporting the preparation of regular and reliable financial statements, safeguarding the project's assets, and are subject to auditing arrangements acceptable to the World Bank. These arrangements should be in place when the new project implementation starts and be maintained as such during project implementation. The assessment concluded that the FM of the PCU satisfies the World Bank's minimum requirements under OP/BP 10.00 and therefore is adequate to provide, with reasonable assurance, accurate and timely FM information on the status of the project required by the World Bank.

12. The overall FM risk rating is assessed as Moderate and mitigation measures proposed (see Table 3.1) will strengthen the internal control environment and maintain the continuous timely and reliability of information produced by the PCU and an adequate segregation of duties**.**

**Table 3.1. FM Action Plan**

| Action | Responsible Party | Deadline and Conditionality |
|---|---|---|
| 1. Reflect the contribution of PIDUCAS to the overall operating cost of the PCU of PRICI and update the allocation mechanisms. | PCU of PRICI | Two months after effectiveness |
| 2. Update the PIM, including fiduciary procedures to include specific arrangements related to the new project- PIDUCAS. | PCU of PRICI | Three months after effectiveness |
| 3. Recruit an accountant and assistant accountant with qualifications and experience satisfactory for the World Bank. | PCU of PRICI | Three months after effectiveness |
| 4. Signing of the protocol between The Directorate of Inspection of the Ministry of Finance (*Institut General des Finances,* IGF) and the PCU of PRICI which allows the government institution of internal control to include this project in the scope of its work | MEF/IGF and PCU of PRICI | Two months after effectiveness |
| 5. Completing customization of accounting software for the project | PCU of PRICI | Three months after effectiveness |
| 6. Recruit an external auditor. | PCU of PRICI | Six months after effectiveness |

*Note:* MEF = Ministry of Economy and Finance.

13. **The project will build capacity of the municipalities to gradually take on some implementation and supervision responsibilities in the project.** Today, the municipalities do not have sufficient capacity to implement project activities. Several measures will be taken to help them acquire the technical and fiduciary capacity to take on implementation responsibility, including involvement in development of planning documents (detailed urban master plans) and implementation (infrastructure and basic services at the neighborhood level), support to city administrations in drafting terms of reference for studies and technical specifications for bidding documents, and participating in bids.

14. **Internal control system.** An FM Procedures Manual is available to define control activities and an internal audit function to carry out ex post reviews and to evaluate the performance of the overall internal control system. Due to the increase in the size of the PCU of PRICI, the internal audit team will be strengthened with the selection of an audit assistant. In addition, in line with the new Decree No. 475 governing the modalities of donors-financed project implementation in Côte d'Ivoire, the IGF will oversee the internal audit function of the project. To address the weaknesses identified during the implementation of PRICI (Phase 1) and the PUIUR, the composition, the mandate, and frequency of meetings of the Steering Committee will be strengthened to ensure adequate oversight of the project.

15. **Planning and budgeting.** The PCU of PRICI will prepare a detailed consolidated annual work plan and budget (AWPB) for implementing the project activities. The AWPB will be submitted to the project Steering Committee for approval and thereafter to IDA for no-objection, not later than November 30 of the year preceding the year the work plan should be implemented.

16. **Accounting.** The prevailing accounting policies and procedures in line with the West African Francophone countries accounting standards—SYSCOHADA—in use in Côte d'Ivoire

for ongoing World Bank-financed operations will apply. The accounting systems and policies and financial procedures used by the project will be documented in the project's administrative, accounting, and financial manual. The PCU will customize the existing accounting software to meet project requirements.

17. **Interim financial reporting.** The unaudited IFRs will be prepared every quarter and submitted to the World Bank regularly (for example, 45 days after the end of each quarter) and on time. The frequency of IFR preparation as well as its format and content will remain unchanged. The consolidated quarterly IFR for the project includes the following financial statements: (a) Statement of Sources of Funds and Project Revenues and Uses of funds; (b) Statement of Expenditures (SOE) classified by project components and/or disbursement category (with additional information on expenditure types and implementing agencies as appropriate), showing comparisons with budgets for the reporting quarter, the year, and cumulatively for the project life; (c) cash forecast; (d) explanatory notes; and (e) Designated Account (DA) activity statements.

18. **Annual financial reporting.** In compliance with International Accounting Standards and IDA requirements, the PCU of PRICI will produce annual financial statements. These include (a) a Balance Sheet that shows assets and liabilities; (b) a Statement of Sources and Uses of Funds showing all the sources of project funds and expenditures analyzed by project component and/or category; (c) a DA Activity Statement; (d) a Summary of Withdrawals using SOEs, listing individual Withdrawal Applications by reference number, date, and amount; and (e) notes related to significant accounting policies and accounting standards adopted by management and underlying the preparation of financial statements.

19. **Auditing.** The PCU will submit audited project financial statements satisfactory to the World Bank every year within six months after closure of the fiscal year. The audit will be conducted by an independent auditor with qualifications and experience acceptable to the World Bank. A single opinion on the audited project financial statements in compliance with the International Federation of Accountants will be required. In addition, a Management Letter will be required. The Management Letter will contain auditor observations and comments and recommendations for improvements in accounting records, systems, controls, and compliance with financial covenants in the Financial Agreement. The report will also include specific controls such as compliance with procurement procedures and financial reporting requirements and consistency between financial statements and management reports as well as findings of field visits (for example, physical controls). The audit report will thus refer to any incidence of noncompliance and ineligible expenditures and misprocurement identified during the audit mission (see Table 3.2). The project will comply with the World Bank disclosure policy of audit reports and place the information provided on the official website within two months of the report being accepted as final by the team and the World Bank.

**Table 3.2. Due Dates of the Audit Report**

| Audit Report | Due Date | Responsible Party |
|---|---|---|
| Audited financial statements including audit report and Management Letter | (a) Not later than June 30 (2000 + N) if effectiveness has occurred before June 30 (2000 + N-1).<br>(b) Not later than June 30 (2,000 + N+1) if | MEF/PCU of PRICI |

| | | |
|---|---|---|
| | effectiveness has occurred after June 30, (2000 + N-1) | |

20. **Upon credit effectiveness, transaction-based disbursements will be used.** The project will finance 100 percent of eligible expenditures inclusive of taxes. A DA will be opened at the Central Bank and a Project Account in a commercial bank under terms and conditions acceptable to IDA. The ceiling of the DA will be established at CFAF 4,500 million which represents six months of forecasted project expenditures expected to be paid from the DA during Year 1. An initial advance up to the ceiling of the DA will be made and subsequent disbursements will be made against submission of SOE reporting on the use of the initial/previous advance. The option to disburse against submission of quarterly unaudited IFRs (also known as report-based disbursements) could be considered, as soon as the project meets the criteria. Other methods of disbursing the funds (reimbursement, direct payment, and special commitment) will also be available to the project. The minimum value of applications for these methods is 20 percent of the DA ceiling. The project will sign and submit Withdrawal Applications electronically using the eSignatures module accessible from the World Bank's Client Connection website.

21. **Local taxes.** Funds will be disbursed in accordance with project categories of expenditures and components, as shown in the Financing Agreement. Financing of each category of expenditure/component will be authorized as indicated in the Financing Agreement and will be inclusive of taxes according to the current country financing parameters approved for Côte d'Ivoire.

22. **Support to the implementation plan.** FM supervisions will be conducted over the project's lifetime. The project will be supervised on a risk-based approach. Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure the project maintains a satisfactory FM system throughout its life.

**Table 3.3. FM Implementation Support Plan**

| FM Activity | Frequency |
|---|---|
| **Desk reviews** | |
| IFRs' review | Quarterly |
| Audit report review of the program | Annually |
| Review of other relevant information such as interim internal control systems reports | Continuous, as they become available |
| **On-site visits** | |
| Review of overall operation of the FM system (Implementation Support Mission) | Yearly for Moderate risk |
| Monitoring of actions taken on issues highlighted in audit reports, auditors' Management Letters, internal audits, and other reports | As needed |
| Transaction reviews | As needed |
| **Capacity-building support** | |
| FM training sessions | Before project effectiveness and during implementation as needed |

**Table 3.4. Update of the FM Risk Rating of the PCU of PRICI**

| Type of Risk | Residual Risk Rating | | Brief Explanation of Changes and any New Mitigation Measures |
|---|---|---|---|
| | Previous | FMAR | |
| **Inherent Risk** | | | |
| Country level | H | H | |
| Entity level | M | M | |
| Program level | S | S | |
| **Overall Inherent Risk** | **S** | **S** | |
| **Control Risk** | | | |
| Budgeting | S | S | |
| Accounting | M | M | |
| Internal controls | S | S | The signing of the protocol between the IGF and PCU of PRICI will allow the IGF to include this project in its scope of work. The implication will be assessed during project implementation. |
| Funds Flow | S | M | Most of the activities related to infrastructure/constructions; thus the FM risk is Moderate. However, the procurement risk rating may be affected. Updated FM manual requiring close monitoring of advances made to IE. Internal audit function strengthened including the implication of the IGF in line with the Decree No. 2015-475 |
| Financial Reporting | M | M | |
| Auditing | M | M | |
| **Overall control risk** | **S** | **M** | |
| **Overall FM risk** | **S** | **M** | |

*Note:* M = Moderate; S = Satisfactory; H = High.

23. **Generality.** Following the 2004 Country Procurement Assessment Report, and the critics of a Procurement Code (Decree No. 2005-110 dated February 24, 2005), a new Procurement Code (Decree No. 2009-259 dated August 6, 2009), in line with the West African Economic and Monetary Union's procurement directives and international good practices, and key implementing regulations and documentation have been adopted. This Procurement Code was amended and modified in July 2015 through the Decree No. 2015-525 dated July 15, 2015, also with implementing regulations thereunder. A national procurement capacity-building program exists and is being implemented at the central and deconcentrated entities level. An electronic system for collecting and disseminating procurement information and for monitoring procurement statistics has been set up and needs to be spread over all of the contracting authorities. An audit of single-source awarded contracts from 2011 to 2013 has been done in May 2014 and findings were published. However, persisting issues remain that affect transparency and efficiency of the national procurement system: (a) establishment and operation of procurement of cells in the ministries are still very limited, and (b) training of enforcement officers of these new texts is not yet effective. In addition, the volatile sociopolitical situation due to the civil war does not guarantee an effective functioning of the system and also has considerably increased fraud and corrupt practices. The new government is trying to fight against this scourge by implementing certain mechanisms such as the code of ethics at the level of ministers and officials, but the results are not yet visible at this time because of a lack of evaluation.

24. **Guidelines.** Procurement for the proposed project will be carried out in accordance with (a) the World Bank's 'Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011, revised July 2014, (b) 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011, revised July 2014, and (c) 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', dated October 15, 2006 and revised in January 2011.

25. **Procurement documents.** Procurement will be carried out using the World Bank's Standard Bidding Documents (SBDs) for all International Competitive Bidding (ICB) for goods and works and for standard RFP for the selection of consultants through competitive procedures. The recipient will develop standard documents based on the World Bank's SBDs for National Competitive Bidding (NCB) for goods and works and the World Bank's RFP for the selection of consultants through methods other than Quality- and Cost-Based Selection (QCBS), with modifications that will be submitted to IDA for prior approval.

26. The different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the recipient and the World Bank in the PP. The PP will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

**Advertising Procedure**

27. General Procurement Notice, Specific Procurement Notices, Requests for Expression of Interest, and results of the evaluation and contracts award should be published in accordance with advertising provisions in the guidelines mentioned above.

28. For ICB and RFPs that involve international consultants, the contract awards shall be published in the United Nations Development Business online within two weeks of receiving IDA's no-objection to the recommendation of contract award. For goods, the information to publish shall specify (a) the name of each bidder who submitted a bid, (b) the bid prices as read out at bid opening, (c) the name and evaluated prices of each bid that was evaluated, (d) the name of bidders whose bids were rejected and the reasons for their rejection, (e) the name of the winning bidder and the price it offered, and (f) the duration and summary scope of the contract awarded. For consultants, the following information must be published: (a) the names of all consultants who submitted proposals; (b) technical points assigned to each consultant; (c) evaluated prices of each consultant; (d) final point ranking of the consultants; and (e) name of the winning consultant and the price, duration, and summary scope of the contract. The same information will be sent to all consultants who submitted proposals. The other contracts should be published in the national gazette periodically (at least, quarterly) and in the format of a summarized table covering the previous period with the following information: (a) name of the consultant to whom the contract was awarded, (b) the price, (c) duration, and (d) scope of the contract.

**Procurement Methods**

29. **Procurement of works.** The works to be financed by IDA would include urban infrastructure improvement and rehabilitation to enhance the performance of economic infrastructure so as to encourage economics activities. Contracts of works estimated to cost US$10,000,000 equivalent or more per contract shall be procured through ICB. Contracts estimated to cost less than US$10,000,000 equivalent may be procured through NCB. Contract estimated to cost less than US$200,000 equivalent per contract may be procured through Shopping procedures. For Shopping, contracts will be awarded following evaluation of bids received in writing on the basis of written solicitation issued to several qualified suppliers (at least three). The award will be made to the supplier with the lowest price, only after comparing a minimum of three quotations open at the same time, provided he has the experience and resources to execute the contract successfully. For Shopping, the project procurement officer will keep a register of suppliers updated at least every six months.

30. **Procurement of goods.** The goods to be financed by IDA will include office furniture and equipment, office supplies, and so on. Similar goods that could be provided by the same vendor will be grouped in bid packages estimated to cost at least US$1,000,000 per contract and will be procured through ICB. Contracts estimated to cost less than US$1,000,000 equivalent may be procured through NCB. Goods estimated to cost less than US$100,000 equivalent per contract may be procured through Shopping procedures. For Shopping, the project procurement officer will keep a register of suppliers updated at least every six months.

31. **Selection of consultants.** The project will finance consultant services such as surveys, technical and financial audits, technical assistance, activities under the institutional strengthening component, engineering designs and supervision of works, trainers, and workshops facilitators. Consultant firms will be selected through the following methods: (a) QCBS; (b) Selection based on the Consultants' Qualification for contracts, the amounts of which are less than US$300,000 equivalent and are relative to exceptional studies and researches, which require a rare and strong expertise; (c) Least-Cost Selection (LCS) for standard tasks such as insurance and, financial and technical audits costing less than US$300,000; (d) Single-Source Selection, with prior agreement of IDA, for services in accordance with the paragraphs 3.8 to 3.11 of the Consultant Guidelines. Individual consultants will be hired in accordance with paragraphs 5.1 to 5.6 of the Consultant Guidelines; sole source may be used only with prior approval of the World Bank. Whatever the cost, any terms of reference needed for consultant selection must get prior approval of the World Bank.

32. Short lists of consultants for services estimated to cost less than US$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines, if a sufficient number of qualified individuals or firms are available. However, if foreign firms express interest, they would not be excluded from consideration.

33. **Procurement from United Nations (UN) agencies.** There may be situations in which procurement directly from UN agencies may be the most appropriate method of procurement. In such circumstances, the project would make specific arrangements with the UN agencies concerned through Single Source Selection and then they follow their own procurement procedures to purchase and deliver the goods and services needed.

34. **Procurement of consulting services other than consulting services covered by the Consultant Guidelines.** Eventually, those might include designing, editing, and printing project promotion supports and providing logistic support such as car rental for field visits, travel services, and logistic support for workshops and the like; LCS or Shopping will be used.

35. **Training, workshops, and conferences.** The training (including training material and support), workshops, and conferences will be carried out on the basis of approved annual training and workshop/conference plan. A detailed plan giving the nature of the training/workshop, number of trainees/participants, duration, staff months, timing, and estimated cost will be submitted to IDA for review and approval before initiating the process. The appropriate methods of selection will be derived from the detailed schedule. After the training, each beneficiary will be requested to submit a brief report indicating which skills have been acquired and how these skills will contribute to enhance his/her performance and contribute to the attainment of the project objective.

36. **Operational costs.** Operating costs financed by the project are incremental expenses, including office supplies; vehicles operation and maintenance; maintenance of equipment, communication costs; supervision costs (that is, transport, accommodation, and per diem); and salaries of locally contracted staff. They will be procured using the procurement procedures specified in the Project Financial and Accounting Manual.

**Capacity Assessment of the PCU**

***Status of PRICI PCU***

37. The PRICI PCU has been entrusted with the fiduciary management (procurement and FM) of PRICI—Additional Financing, the Transport Modernization Project, and the Urban Water Project after full implementation of the Emergency Urban Infrastructure Project and the initial PRICI financing. The Abidjan Lagos Corridor Project has also been entrusted to the PRICI PCU. These past projects are managed according to the institutional arrangements of traditional projects management in Côte d'Ivoire.

38. Therefore, it is proposed that the new project be implemented by the PCU as a standard Project Implementation Unit, according to the arrangements included in this document.

***Procurement Capacity Assessment***

39. The PCU has shown good capacity in procurements. They have successfully implemented all the activities under the Infrastructure Renewal and Urban Management Project grant, which was completed in September 2016.

***Turnaround Time***

40. The information available and site visits to the execution sites in Abidjan indicate that almost all works contracts under the Infrastructure Renewal and Urban Management Project grant have not been executed within the deadline. Delays were recorded, due to (a) the sociopolitical crisis, (b) the low capacity of firms, and (c) the unavailability of the site and preparatory activities of civil works (*échangeurs de la Riviera 2*).

*Mitigation Measures*

41. To mitigate these delays in turnaround times, the following provisions shall be taken:

- Set realistic time frames.
- Ensure the existence of effective capacity of the awarded contractors.
- Revise the allotments so that tenders can be of interest to international companies that have the capabilities and qualifications to bid.
- Recruit consultant firms for the control of works well in advance of the launch of works.

***Payment***

*42.* Payment periods are on average 12–15 working days. This is acceptable.

***Contract Management***

43. Out of 120 contracts awarded, 19 have been amended. This is due to (a) insufficient technical prior studies; and (b) unrealistic cost estimates.

*Mitigation Measure*

44. Arrangements should be made to recruit qualified technical firms to have reliable technical studies and realistic costs estimates.

***Procurement Team***

45. The PRICI PCU had a senior procurement specialist and four assistants until December 2016. The senior procurement specialist since resigned and no new senior procurement specialist has been hired yet. The current procurement team has a deputy procurement specialist and six assistants after the resignation of the senior procurement specialist. The current portfolio and upcoming World Bank-funding projects consist of the (a) proposed project, (b) PRICI additional financing, (c) PAMOSET, (d) Abidjan Lagos Corridor, and (e) water sector project. With regard to upcoming activities, this situation entails Substantial risk in procurement for the PCU.

*Mitigation Measure*

- Resize the organizational functioning of the procurement cell to consider contract management aspects as recommended by the new Procurement Guidelines of the World Bank.
- No later than one month after the project effectiveness date, the PCU should have been strengthened with a procurement specialist.
- The Procedures Manual should be updated under the new provisions of Decree No. 2015-475 of July 1, 2015.

- The PCU will be responsible for the coordination of all procurement activities, including the following: (a) preparation and update of the PPs; (b) preparation, finalization, and launch of the RFPs and bidding documents; (c) drafting of minutes of bids opening /proposal and preparation of the evaluation reports; (d) submission of procurement documents (terms of references, RFP, bidding documents, evaluation reports, contracts, and so on) to the World Bank when prior review is required; (e) preparation of the contracts and overseeing the payments to contractors; and (f) drafting of procurement progress report and coordination of the activities. Each beneficiary entity will be involved in the implementation.

***Procurement Process***

46. The average time for contract approval and signing after the award decision used to be60 days due to (a) the unavailability of the members of the Opening and Judgment Committee, (b) delay in the transmission of the evaluation report, and (c) the lengthy process for contract signature and approval. A new Decree No. 2015-475 dated July 1, 2015, replacing Instruction 192, increases the contract signature and approval threshold significantly, making the current Procedural Manual obsolete.

*Mitigation Measure*

- With regard to the new provisions of Decree No. 2015-475 and the new World Bank Procurement Guidelines, the Project's Procedures Manual should be updated and submitted for the World Bank's no-objection.
- A copy of the contract signed by the Project Coordinator should be forwarded to the MEF as well as to the ministry in charge of the project for information.
- To minimize the delay associated with the drafting of the appraisal reports, competent firms should be hired to evaluate the proposals.

**Frequency of Procurement Reviews and Supervision**

47. The World Bank's prior and post reviews will be carried out on the basis of thresholds indicated in Table 3.5. IDA will conduct six-monthly supervision missions and annual Post Procurement Reviews (PPRs), with the ratio of post review of at least one to five contracts. IDA may also conduct an Independent Procurement Review at any time until two years after the closing date of the project.

**Country Overall Procurement Risk Assessment: High**

**Table 3.5. Procurement and Selection Review Thresholds**

| Expenditure Category | Contract Value (Threshold) US$ equivalent | Procurement Method | Contract Subject to Prior Review |
|---|---|---|---|
| 1. Works | ≥10,000,000 | ICB | All |
| | <10,000,000 | NCB | — |
| | <200,000 | Shopping | — |
| | No threshold | Direct Contracting | All |

| Expenditure Category | Contract Value (Threshold) US$ equivalent | Procurement Method | Contract Subject to Prior Review |
|---|---|---|---|
| 2. Goods | ≥1 000,000 | ICB | All |
| | <1 000,000 | NCB | — |
| | <100,000 | Shopping | — |
| | No threshold | Direct Contracting | All |
| 3. Consultants Firms | ≥300,000 | QCBS, QBS, LCS, FBS | All contracts |
| | <300,000 | QCBS, QBS, LCS, FBS, CQS | — |
| Individuals | ≥100,000 | Expression of Interest | All contracts |
| | <100,000 | Comparison of 3 CVs | — |
| Selection Firms and Individuals | No threshold | Single-Source Selection | All |

*Note:* All terms of reference regardless of the value of the contract are subject to prior review.

### *Environmental and Social (including Safeguards)*

*Environment*

48. **The proposed project is classified as Category B partial assessment, and safeguard policies OP 4.01 (Environmental Assessment) and 4.09 (Pest Management) are triggered.** The proposed project will fund the development and rehabilitation of urban infrastructure, such as roads and buildings in Bouaké and San Pedro, which may have potential adverse effects on the environment. Some construction site locations are known, some are not. As for the activities for which the exact geographic locations are not yet determined with certainty, the Government has prepared an ESMF, in compliance with the core requirements of the triggered safeguards policies: OP/BP 4.01 (Environmental Assessment). The ESMF lays out procedures for screening and mitigating impacts from construction and rehabilitation of various investments and includes the following: (a) checklists of potential environmental and social impacts and their sources; (b) procedures for participatory screening of proposed sites and activities and the environmental and social considerations; (c) procedures for assessing potential environmental and social impacts of the planned project activities; (d) institutional arrangements for mitigating, preventing, and managing the identified impacts; (e) typical environmental management planning process for addressing negative externalities in the course of project implementation; (f) a system for monitoring the implementation of mitigation measures; and (g) recommended capacity-building measures for environmental planning and monitoring of project activities. Finally, the ESMP in ESMF includes a budget for each mitigation measure proposed. The ESMF was commented on and approved by ANDE and by the World Bank and published in-country on April 5, 2017, and on the World Bank's website on April 5, 2017.

49. **There are investments for which the location is known.** These are (a) the Highway A3 in Bouaké; (b) a heavy trucks parking area at the northern entrance to the City of Bouaké; (c) the urban road of Tollakouadiokro in Bouaké; (d) San Pedro City Bypass, providing direct access for trucks to the port; (e) road section within the City of San Pedro to provide access to the airport; (f) road section within the City of San Pedro, to provide access to the commercial zone along the coastline; and (g) road section within the City of San Pedro, to provide urban access to the port. ESIAs have already been published in-country on March 21, 2016, and on the World Bank's website on April 1, 2016, for the access road to the port, the access road to the airport of San Pedro, and the access road to the commercial zone along the coastline under PRICI. The

remaining documents were commented on and approved by ANDE and by the World Bank and published as follows:

(a) **A3 and heavy trucks parking area in Bouaké.** On April 12, 2017, in-country and on April 12, 2017, on the World Bank's website

(b) **Tollakouadiokro Road in Bouaké.** On April 13, 2017, in-country and on April 13, 2017, on the World Bank's website

(c) **City Bypass providing direct access for trucks to the port and trucks parking area in San Pedro.** On April 12, 2017, in-country and on April 12, 2017, on the World Bank's website

50. **The entrepreneurship program may support entrepreneurs in the agribusiness sector, which may have an effect on the use of pesticide.** Consequently, an Integrated Pest Management Plan was prepared, reviewed, and disclosed in-country on March 29, 2017, and on the World Bank's website on April 4, 2017.

51. **Furthermore, specific ESIAs will be prepared** for relevant activities before project implementation along with ESMPs as the specific investments are identified. In addition, environmental audits will be conducted on a regular basis to make sure that the ESMP for the truck scrappage facility is being properly implemented and any unidentified adverse impacts are handled appropriately and efficiently. Each environmental audit report prepared during the implementation of the proposed project will be reviewed and validated by both the Ivorian Environmental Agency and the World Bank.

52. **The project will also have a positive environmental impact in Bouaké and San Pedro**, by reducing accidents as a result of improved main roads, incorporating greening plans into the proposed construction works for economic and social infrastructure, and improving the waste management system.

*Social*

53. **The project triggers OP/BP 4.11 (Physical Cultural Resources) and OP/BP 4.12 (Involuntary Resettlement).** The planned interventions are expected to lead to land acquisition or restriction of access to sources of livelihood. An RPF has been prepared for the activities for which the specific sites or impacts of envisioned physical investments are not yet known. The RPF, consistent with OP 4.12, was prepared by the Borrower and disclosed in-country on April 5, 2017, and on the World Bank's website on April 5, 2017. The RPF outlines the principles and procedures for resettlement and/or compensation of people affected by the project, and establishes standards for identifying, assessing and mitigating negative impacts of the activities supported by the project. The RPF will be used as a guide to conduct specific RAPs as needed, as they relate to land acquisition and loss of economic activities, as well as compensation measures to minimize negative impacts on PAPs. The RAPs will be submitted to the World Bank for approval before the commencement of the civil works.

54. **Of the investments for which the location is known, three require RAPs.** The two road sections within the city of San Pedro that provide access to the airport and to the

commercial zone along the coastline do not require resettlements. Three RAPs have been prepared by the Borrower, reviewed and cleared by the World Bank Group, and disclosed as follows:

(a) Bouaké A3: On April 15, 2017, in-country and on April 18, 2017, on the World Bank's website

(b) Trucks parking area in Bouaké: On April 15, 2017, in-country and on April 18, 2017, on the World Bank's website

(c) San Pedro City Bypass providing direct access for trucks to the port: On April 15, 2017, in-country and on April 18, 2017, on the World Bank's website

55. **The project expects to bring many social benefits to Bouaké and San Pedro.** The improved access to basic services, both infrastructure and administrative, will benefit these two cities. In addition, the entrepreneurship program will directly benefit entrepreneurs, with particular emphasis on women.

56. **The project will support citizen engagement through public consultation on the information related to the implementation of the urban master plans.** During the process of the preparation of the plans, the municipalities will have extensive stakeholder consultations. The project will help the municipalities set up a feedback channel to treat all the inquiries.

*Monitoring and Evaluation*

57. The PCU will be responsible for M&E of the project outcomes against agreed indicators, as described in the Results Framework. The Government of Côte d'Ivoire and the World Bank will evaluate progress on the indicators presented in Annex 1 (Results Framework and Monitoring) through regular reporting by the PCU and implementation support missions. The PCU will collect and present data on project indicators. The M&E specialist of the PCU will be responsible for this work and will be funded under Component 4 (Project Management). The M&E specialist will support the agencies involved in project implementation in systematically recording official statistics needed to monitor the project's Results Framework.

58. The Government and the World Bank Group will evaluate progress on the indicators presented in Annex 1 through regular reporting by the PCU and implementation support missions. The PCU will collect and present data on project indicator and core sector indicators.

## ANNEX 4: IMPLEMENTATION SUPPORT PLAN

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

### Strategy and Approach for Implementation Support

1. The strategy for implementation support describes how the World Bank Group and other development partners will support the implementation (see Table 4.1, below) of the risk mitigation measures and provide the technical advice necessary to achieve the PDO. It was developed based on the nature of the project and its risk profile. Supervision and field visits will be carried out semiannually and focus on the following:

(a) **Close coordination between the World Bank Group, the implementing agencies, and partners.** The World Bank Group task team will bring a comprehensive set of instruments and expertise to advise on project activities and implementation. It will work closely with the implementing agencies to ensure project success.

(b) **Technical.** Review and supervise the execution of the project with partner institutions to ensure that activities are implemented in line with the PDO and make adjustments to the design and the PP when necessary. Ongoing support for M&E to strengthen the World Bank's and the PCU's ability to both monitor project progress and assess the impact of interventions.

(c) **Fiduciary.** The World Bank's FM and procurement specialists will (i) support the PCU in its familiarization with World Bank Guidelines and procedures, (ii) prepare PCU staff to work with the Procurement Guidelines, (iii) ensure the PCU's capacity to manage flow of funds and accounting procedures in line with FM guidelines, and (iv) work with the PCU in building its overall FM and procurement capacity to improve and facilitate project management. Supervision of the project's FM arrangements will be conducted semiannually. Implementation support will focus primarily on contract management and in improving proficiency and efficiency in implementation, according to the World Bank Guidelines; reviewing procurement documents; and monitoring procurement progress against the detailed PP.

(d) **M&E.** The World Bank Group will review the updated Results Framework submitted quarterly by the PCU during the supervision mission or as a desk review. The Task Team Leader (TTL) will discuss the progress and deviations with the PCU to identify any areas where additional help from the World Bank Group is needed. The TTL will facilitate the use of the M&E data to promote awareness of the project results.

(e) **Client relations.** The TTL and the team will (i) coordinate World Bank supervision to ensure consistent project implementation, as specified in the legal documents (that is, Financing Agreement and Project Implementation Manual), and (ii) interact regularly with the client and PCU to gauge project progress in achieving the PDO and address implementation bottlenecks as they may arise.

(f) **Safeguards.** World Bank environment and social specialists and consultants will work with the PCU in the implementation of the ESMF and will (i) support the PCU and stakeholders with familiarization of the World Bank's instruments, (ii) ensure the PCU capacity to undertake social and gender analysis and develop mitigation approaches, and (iii) ensure regular and close supervision of progress and implementation of these plans.

## Implementation Support Plan

**Table 4.1. Implementation Support Plan**

| Time | Focus | Skills Needed | Number of Trips | Resource Estimate (Staff Weeks) |
|---|---|---|---|---|
| First 12 months | Project management, coordination, and supervision | TTLs | 2 | 10 |
| | FM experience, knowledge of World Bank FM norms, and training | FM Specialist | 0 | 4 |
| | Procurement experience, World Bank's procurement norms knowledge, and training | Procurement Specialist | 0 | 3 |
| | Environmental and safeguards, World Bank norms knowledge | Environmental/Safeguards Specialist | 0 | 3 |
| | Implementation support and monitoring | Transport, Urban Development, Entrepreneurship Customs Specialists | 6 | 6 |
| 12–48 months | Project management, supervision, and coordination | TTL | 4 | 8 per year |
| | FM (FM reviews and supervision, training, and monitoring) | FM Specialist | 0 | 4 per year |
| | Procurement management (reviews and supervision, training as needed) | Procurement Specialist | 0 | 4 per year |
| | Environmental safeguards, supervision and monitoring, training as needed | Environmental/Safeguards Specialist | 0 | 4 per year |
| | Implementation support and monitoring | Transport, Urban Development, Entrepreneurship Customs Specialists | 4 | 6 per year |

**Table 4.2. Skills Mix Required**

| Skills Needed | Number of Staff Weeks | Number of Trips | Comments |
|---|---|---|---|
| TTL | 16 | 0 | Based in Côte d'Ivoire |
| FM Specialist | 0.5 | 0 | Based in Côte d'Ivoire |
| Procurement Specialist | 2 | 0 | Based in Côte d'Ivoire |
| Transport, Entrepreneurship Specialists | 12 | 8 | Based in Washington, DC |
| Urban Development Specialists | 6 | 0 | Based on Côte d'Ivoire |
| Environmental and Safeguards Specialist | 8 | 0 | Based in Côte d'Ivoire |

2. **Support to implementation plan.** FM supervisions will be conducted over the project's lifetime. The project will be supervised on a risk-based approach. Based on the outcome of the FM risk assessment, the above implementation support plan is proposed. The objective of the

implementation support plan is to ensure the project maintains a satisfactory FM system throughout its life.

## ANNEX 5: ECONOMIC ANALYSIS

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

### A. Scope of the Project

1. **The proposed PDO is to create conditions for improve competitiveness in the target cities** in the territory of the Recipient**.** To achieve this objective, the project was designed to (a) enhance the performance of economic infrastructure in Bouaké and San Pedro through the financing of the improvement of the MGB and the construction and rehabilitation of transport infrastructure to improve the traffic flow, accessibility, and road safety in both cities; (b) establish support mechanisms to help the private sector development; and (c) improve institutions, regulations and urban management in both cities.

### B. Potential Project Impacts

2. The interventions supported by the proposed project are designed to contribute to the competitiveness of targeted secondary cities and are thus expected to generate socioeconomic benefits through investments in key economic infrastructure, direct support to businesses, and enhancement of land market liquidity to create an enabling environment for the growth of local enterprises and make the cities more attractive to investors.

3. Investments in the economic infrastructure of both cities will engender both quantifiable and qualitative benefits. More specifically, the rehabilitation of existing road assets will reduce vehicle operating costs for all modes including private vehicles, trucks and public transport buses, and vans. Coupled with the construction of trucks parking and rest areas, this will reduce travel time and ease congestion currently caused by unlawful trucks parking along the cities' main roads as well as the slow driving speed on deteriorated roads. In addition, these investments will improve road safety and reduce accidents caused by the unregulated trucks traffic through the cities. Furthermore, the improvement of the MGB will add value to the economic activities of Bouaké; help increase trade activities; and result in more price transparency, increase in revenues, farmers getting better prices for their crops, and the end user getting more affordable goods. New employment opportunities will be created because of the improved trade activities of the wholesale market and in the newly constructed trucks and rest areas. Short-term jobs will also be created during the construction period of all investments, especially for low-skilled labor.

4. Investments to support the private sector development are expected to catalyze growth of SMEs and start-ups supported by the project leading to the creation of additional jobs. These programs will also have demonstration effect among banks and other investment partners as well as spillover effects to other entrepreneurs who would be encouraged to start a business.

5. Improvement of urban management and land-related information will also have positive impacts on the economic development, though difficult to quantify during the project's duration. Accurate and publicly available land information will facilitate economically viable investment decisions and support more productive land use. In addition, improved administrative services through capacity building and institutional reforms should add efficiency to the way entrepreneurs conduct businesses in the targeted cities, especially in the saving of time spent to deal with bureaucracy.

## C. Economic Analysis of Transport Investments Financed under Component 1

### Methodology

6. The economic analysis of transport infrastructure investments financed under Component 1 was performed using the HDM-4. Estimates were made for costs and benefits that would be incurred during a period of 20 years starting from the year in which the civil works would commence. The annual flow of costs and benefits was estimated by HDM-4 and was used to calculate the EIRR and NPV, the latter using a discount rate of 12 percent.

7. Costs accounted for in the present evaluation are annual costs of road construction, maintenance, and land acquisition over the life of the project. Costs include studies and contingencies and are free of taxes estimated at 15 percent in Côte d'Ivoire. Due to limited availability of data, model parameters were simplified where applicable. Benefits include reduced operating vehicles' costs, time savings, generated and diverted traffic (where applicable), reduced accidents, and job creation (short-term jobs created by civil works, and permanent jobs created by trucks parking and rest areas).

8. The economic analysis was conducted for every transport infrastructure investment financed by the project. More specifically, this analysis evaluated the following investments:

(a) **Bouaké**

(i) Rehabilitation and upgrade of the urban section of the A3 road for a distance of 11 km; three options were evaluated before deciding on the final design. Detailed description of each option is presented below:

- **Option 1.** 2x2 highway lanes, two 2x1 frontage roads on both sides of the highway , two shoulders, two sidewalks.
- **Option 2.** 2x2 highway lanes, two single-lane frontage roads on both sides of the highway, two sidewalks.
- **Option 3.** 2x2 highway lanes, two 2x1 frontage roads on both sides of the highway, two sidewalks , and no shoulders.

(ii) Construction of truck parking and rest area in Bouaké;

(iii) Upgrade of Tollakouadiokro urban access (GESTOCI) from an earth to paved road over a distance of 5.3 km.

(b) **San Pedro**

(i) Rehabilitation of the main access road (bypass) to the Port of San Pedro-Rue des Grumiers over a distance of 4.7 km;

(ii) Upgrade the section between CHR and Cargill interchange (1.1 km), providing an urban access to the Port of San Pedro;

(iii) Upgrade of the access to San Pedro Airport (1.7 km), through the paving of the existing earth road;

(iv) Rehabilitation of the main access roads to the commercial zone along the coastline over a distance of (4 km);

(v) Construction of parking and rest area in San Pedro.

**Main Assumptions**

***Traffic Levels on Select Roads: Traffic Volumes:***

*Normal Traffic*

9. Traffic data on select roads were obtained from previous studies conducted on select roads as well as from traffic counts surveys carried out by the consultant. Table 5.1 summarizes the AADT used for this analysis.

**Table 5.1. AADT 2016**

| | | | Private Car | Taxis | Minibus (<31 Seats) | Autocar (>31 Seats) | Pickups | Lorries | Trucks Artic. | Motorcycles and Bicycles | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bouaké** | | | | | | | | | | | |
| | Urban section of Highway A3 | | 984 | 316 | 419 | 237 | 182 | 291 | 577 | 3,456 | **6,462** |
| | | | 15.2% | 4.9% | 6.5% | 3.7% | 2.8% | 4.5% | 8.9% | 53.5% | 100.0% |
| | Tollakouadiokro Road | | 266 | 1369 | 245 | 2 | 40 | 49 | 3 | 10168 | **12142** |
| | | | 2.3% | 11.3% | 2.0% | 0.0% | 0.3% | 0.4% | 0.0% | 83.6% | 100.0% |
| **San Pedro** | | | | | | | | | | | |
| | *Rue des grumiers* | | 1,197 | 674 | 49 | 4 | 219 | 272 | 451 | 3,076 | **5,942** |
| | | | 20.1% | 11.3% | 0.8% | 0.1% | 3.7% | 4.6% | 7.6% | 51.8% | 100.0% |
| | Access road to the port | | 633 | 193 | 14 | — | 206 | 24 | 24 | 1,004 | **2,098** |
| | | | 30.2% | 9.2% | 0.7% | | 9.8% | 1.1% | 1.1% | 47.9% | 100.0% |
| | Access road to the airport | | 305 | 486 | 13 | — | 114 | 16 | 11 | 781 | **1,726** |
| | | | 17.7% | 28.2% | 0.8% | | 6.6% | 0.9% | 0.6% | 45.2% | 100.0% |
| | Access road to the commercial zone along the coastline | | 1,135 | 2,854 | 9 | — | 136 | 43 | 5 | 1,142 | **5,324** |
| | | | 21.3% | 53.6% | 0.2% | | 2.6% | 0.8% | 0.1% | 21.5% | 100.0% |

*Diverted Traffic*

10. Diverted traffic was only accounted for in the evaluation of *Routes des Grumiers* and the Tollakouadiokro Road because there are no alternatives to other roads. While diverted traffic to *Route des Grumiers* was estimated using the theory of traffic assignment (Abraham's law), traffic counts and origin-destination surveys were conducted to estimate diverted traffic to Tollakouadiokro Road. Results are presented in Table 5.2:

**Table 5.2. Diverted Traffic in 2019**

| Traffic in Vehicle per Day | Private Car | Taxis | Minibus (<31 seats) | Autocar (>31 seats) | Pickups | Lorries | Trucks Artic. | Bikes and Motorcycles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Tollakouadiokro Road** | | | | | | | | | |
| Initial traffic on Tollakouadiokro Road | 277 | 1,395 | 248 | 2 | 41 | 49 | 3 | 10,293 | 2 015 |
| Traffic on alternative roads | 1,226 | 1,867 | 92 | 11 | 119 | 106 | 54 | — | 2,249 |
| Diverted traffic | 59 | 122 | 13 | 2 | 12 | 9 | 5 | — | **222** |
| ***Route des Grumiers*** | | | | | | | | | |
| Initial traffic on *Route des Grumiers* | 1,456 | 826 | 60 | 5 | 284 | 353 | 585 | 3,076 | 6, 645 |
| Traffic on alternative road | 3,825 | 4,348 | 59 | 8 | 685 | 164 | 248 | 5,967 | 15,304 |
| Diverted traffic | 1,728 | 2,435 | 18 | 2 | 338 | — | — | — | **4,521** |

*Induced Traffic*

11. Induced traffic is defined as the generated traffic after the project completion (longer travel distance or increase of the frequency of trips) due to reduced transport costs on rehabilitated roads; this traffic was estimated based on savings in vehicles' operating costs on each of the selected roads(see Table 5.3, below) .

**Table 5.3. Percentage of Induced Traffic**

| Percentage of Induced Traffic | Private Car | Taxis | Minibus (<31 Seats) | Autocar (>31 Seats) | Pick ups | Lorries | Trucks Artic. | Bikes and Motorcycles |
|---|---|---|---|---|---|---|---|---|
| **Bouaké** | | | | | | | | |
| Highway A3 | 18% | 20% | 21% | 17% | 20% | 21% | 20% | 3% |
| Tollakouadiokro Road | 44% | 46% | 49% | 43% | 48% | 50% | 49% | 17% |
| **San Pedro** | | | | | | | | |
| Route des Grumiers | 26% | 28% | 29% | 25% | 28% | 30% | 29% | 9% |
| Access road to the port | 45% | 48% | 50% | - | 50% | 52% | 50% | 16% |
| Access road to the airport | 44% | 47% | 49% | - | 48% | 50% | 48% | 16% |
| Access road to the commercial zone along the coastline | 44% | 47% | 48% | - | 47% | 48% | 46% | 18% |

*Traffic Growth*

12. An essential input to the estimates of benefits is the projection of the traffic that would be expected to use the rehabilitated roads. Previous studies have shown that traffic evolution is a function of several parameters: historical traffic growth, population growth, GDP growth, and other considerations related to development perspectives of the project's zone.

13. Growth rates retained for the present analysis were based on projections used in the technical studies for investments in San Pedro and on estimations based on the abovementioned parameters for investments in Bouaké. Table 5.4 presents the final estimations used in this analysis:

**Table 5.4. Traffic Growth Rates in %**

| **Project** | **Highway A3** | | **Tollakouadiokro Road** | | **Roads in San Pedro** | |
|---|---|---|---|---|---|---|
| **Traffic** | **Passengers** | **Freight** | **Passengers** | **Freight** | **Passengers** | **Freight** |
| **2017–2026** | 6.6 | 7.4 | 6.6 | 8.1 | 3 | 6 |
| **2026 to project end** | 5.0 | 5.2 | 4.6 | 5.7 | | |

***Accident Levels on Select Roads***

14. Currently, trucks park in an uncontrolled manner along the urban section of Highway A3 in Bouaké and along the urban roads of San Pedro especially *Route des Grumiers*, causing congestion, nuisance, and road accidents. The construction of trucks parking and rest areas as well as the improvement of roads will reduce the number of trucks parking along the roads, congestion, and risks of accidents.

15. Data on current and past accidents were collected from the road safety agency (OSER). Costs of accidents are costs of injuries and fatalities caused. It was assumed that the cost of a fatality and an injury are, respectively, CFAF 37.46 million, and CFAF 3.9 million. Depending on interventions projected for each road, different assumptions on the expected reduction of accidents were adopted.

16. The national strategy for road safety aims at reducing accidents by 50 percent. Hence, it was assumed that accidents will be reduced by 50 percent on all roads rehabilitated by the project, except for Highway A3 given the proposed design for this road providing for a higher road safety level. In addition, different assumptions were made for the three options of Highway A3 design depending on their characteristics: Option 3 provides less safety for bikes and motorcycles since no shoulders are proposed, while Options 1 and 2 provide similar safety levels, given the only difference between the two is the shoulders' width. Table 5.5 presents the final assumptions retained.

**Table 5.5. Percentage of Reduction of Accidents**

| **Highway A3** | | | **All Other Roads** |
|---|---|---|---|
| **Option 1** | **Option 2** | **Option 3** | |
| 75 | 73 | 65 | 50 |

### *Job Creation*

17. Projected transport investments in both Bouaké and San Pedro are expected to generate significant employment opportunities: (a) short-term jobs created by civil works during the project's implementation period; and (b) permanent jobs created in truck parking and rest areas (for example, restaurants).

18. Based on the employment impact of past similar investments in Côte d'Ivoire, the current transport infrastructure investments are expected to yield a total of 1,954 short-term jobs and 102 permanent jobs. About 42.9 percent of permanent job opportunities are projected to benefit women, compared to only 1.6 percent of short-term jobs. Created jobs were evaluated based on the types of jobs created and the national wage rates for every category. Given the nature of projected investments, it was assumed that permanent jobs created in truck parking and rest areas are distributed as follows: 20 percent skilled jobs and 80 percent unskilled jobs. Table 5.6 presents the main assumptions used.

**Table 5.6. Valuation and Number of Permanent and Short-term Jobs Created by Transport Infrastructure Investments**

| | **Short-Term Jobs** | **Permanent Jobs** | |
|---|---|---|---|
| | | **Skilled** | **Unskilled** |
| Value per job in CFAF per month | 54,186 | 243,471 | 54,186 |
| **Number of Jobs created** | | | |
| Bouaké | 1 071 | 64 | |
| San Pedro | 883 | 38 | |
| Total project | **1954** | **102** | |

### *Vehicle Operating Costs on Select Roads*

19. One of the main benefits stemming from roads rehabilitation projects are related to savings in vehicle operating costs. These costs were estimated using HDM-4 as a function of the vehicle type and current and projected road characteristics.

**Table 5.7. Percentage of Reduction in Vehicle Operating Costs**

| | **Highway (A3)** | **Tollakouadiokro** | ***Route des grumiers*** | **Access Road to the Port** | **Access Road to the Airport** | **Access Road to the Commercial Zone along the Coastline** |
|---|---|---|---|---|---|---|
| Current vehicle operating costs (CFAF/vehicle-km) | 665.98 | 335.01 | 1,115.22 | 967.62 | 927.62 | 1,305.07 |
| Vehicle operating costs with the project (CFAF/vehicle-km) | 327.15 | 87.88 | 370.27 | 214.10 | 209.40 | 291.01 |
| Percentage | **51** | **74** | **67** | **78** | **77** | **78** |

20. Table 5.7 shows that substantial savings are projected after project implementation. The reduction in vehicle operating costs varies between 51 percent and 78 percent, with the highest

values reached for Tollakouadiokro Road, access roads to the port, to the airport and to the commercial zone along the coastline, reflecting the current poor condition of these roads.

### *Time Savings*

21. Current time savings on existing roads were obtained from surveys. Future reductions in travel times were estimated based on current and projected speeds on rehabilitated roads. Table 5.8 summarizes time savings as well as current and projected travel times on select roads.

**Table 5.8. Time Savings, Current and Projected Travel Times**

| | **Highway (A3)** | **Tollakouadiokro** | ***Route des grumiers*** | **Access Road to the Port** | **Access Road to the Airport** | **Access Road to the Commercial Zone along the Coastline** |
|---|---|---|---|---|---|---|
| Current average travel time (minutes) | 16.71 | 8.77 | 6.40 | 1.75 | 3.57 | 7.63 |
| Projected average travel time with the project(minute) | 11.51 | 6.37 | 5.22 | 1.21 | 2.48 | 5.30 |
| Time savings (percentage) | **31** | **27** | **18** | **31** | **31** | **31** |

### *Costs and Residual Values*

22. Costs include construction, maintenance, and land acquisition costs. Costs are free of taxes and include contingencies. Table 5.9 summarizes costs of each investment and the residual values.

**Table 5.9. Economic Costs and Residual Values**

| | **Total Project Costs (CFAF, billions)** | **Residual Value** |
|---|---|---|
| **Bouaké** | | |
| Highway A3 (Option 1) and truck parking and rest area | 26.44 | 42% |
| Highway A3 (Option 2) and truck parking and rest area | 17.97 | 45% |
| Highway A3 (Option 3) and truck parking and rest area | 20.66 | 44% |
| Tollakouadiokro Road | 3.39 | 57% |
| **San Pedro** | | |
| *Route des Grumiers* + truck parking and rest area | 8.08 | 50% |
| Access road to the port | 1.43 | 36% |
| Access road to the airport | 1.88 | 24% |
| Access road to the commercial zone along the coastline | 4.10 | 23% |

## Results

### *Choice of Design for Highway A3*

23. The economic evaluation results of the three options for the design of Highway A3 are presented in table 5.10.

**Table 5.10. Results of the Economic Evaluation for the Design Options of Highway A3**

| | Base Scenario | | Without Benefits of Generated Traffic | | Increased Costs by 20% | | Without Generated Traffic and Increased Costs by 20% | |
|---|---|---|---|---|---|---|---|---|
| | NPV[a] (12%) | EIRR | NPV[a] (12%) | EIRR | NPV[a] (12%) | EIRR | NPV[a] (12%) | EIRR |
| **Highway A3: Option 1** | **271.099** | **85.3%** | 246.269 | 79.7% | 266.040 | 73.8% | 241.210 | 69.0% |
| **Highway A3: Option 2** | **278.974** | **116.2%** | 254.116 | 108.5% | 275.546 | 100.3% | 250.688 | 93.7% |
| **Highway A3: Option 3** | **275.031** | **103.3%** | 250.304 | 96.5% | 271.086 | 89.3% | 246.359 | 83.4% |

*Note:* a. In CFAF billion.

24. Results show that all the three options are economically viable, with Option 2 presenting the highest EIRR and NPV. Hence, the option retained for the design of A3 is Option 2, which yields an NPV of CFAF **278.97** billion and an EIRR of 116.2 percent. This option provides shoulders of 1 m width, which ensures safety for bicycles and motorcycles.

### *Economic Appraisal of the Project*

25. **The economic evaluation of the overall transport infrastructure investments financed under Component 1, yields an NPV of CFAF 545.48 billion and a high EIRR of 131.9 percent.** In addition, the evaluation of each subproject shows that all investments are economically viable though with important differences due to the variety of situations encountered in terms of traffic, current condition, and proposed works.

26. Sensitivity analyses were conducted to test the economic viability of the project while using less optimistic scenarios for costs and benefits of generated and diverted traffic. Assumptions tested are (a) no generated and/or diverted traffic on rehabilitated roads, (b) increased costs by 20 percent, and (c) the combination of both scenarios. Results remained robust, generating high EIRRs and positive NPVs for all investments and tested scenarios.

27. The detailed results of the economic evaluation for the base case scenario as well as the sensitivity analyses are presented in Table 5.11.

**Table 5.11. Results of the Economic Analysis of Transport Infrastructure Financed under Component 1**

| Costs (US$ equivalent, millions) | | Base scenario | | Without benefits of generated and/or diverted traffic** | | Increased costs by 20% | | Without generated and/or diverted traffic + increased costs by 20%** | |
|---|---|---|---|---|---|---|---|---|---|
| | | NPV* (12%) | EIRR | NPV* (12%) | EIRR | NPV* (12%) | EIRR | NPV* (12%) | EIRR |
| **Transport investments in Bouaké** | **34.75** | **366.700** | **136.2%** | **324.315** | **122.6%** | **363.467** | **116.8%** | **320.954** | **105.3%** |
| Highway A3 (option 2) and trucks parking area | 29.23 | 278.974 | 116.2% | 254.116 | 108.5% | 275.546 | 100.3% | 250.688 | 93.7% |
| Tollakouadiokro Road | 5.51 | 87.726 | 258.3% | 70.198 | 209.2% | 87.921 | 217.9% | 70.265 | 176.8% |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Transport investments in San Pedro** | **25.21** | **178.782** | **125.2%** | **147.009** | **104.6%** | **175.805** | **105.2%** | **144.033** | **88.1%** |
| Route des Grumiers and truck parking area | 13.15 | 73.874 | 82.6% | 63.750 | 72.6% | 72.341 | 70.8% | 62.217 | 62.4% |
| Access road to the port | 2.33 | 6.520 | 64.0% | 4.979 | 52.3% | 6.244 | 53.6% | 4.702 | 43.9% |
| Access road to the airport | 3.06 | 7.535 | 59.0% | 5.802 | 48.3% | 7.168 | 49.4% | 5.435 | 40.6% |
| Access road to the commercial zone along the coastline | 6.67 | 90.853 | 270.2% | 72.479 | 220.0% | 90.052 | 225.2% | 71.678 | 183.4% |
| **TOTAL PROJECT: Transport Infrastructure** | **59.95** | **545.483** | **131.9%** | **471.324** | **115.5%** | **539.272** | **112.3%** | **464.98** | **98.6%** |
| *in FCFA billion | | | | | | | | | |
| ** Diverted traffic benefits were considered only for Route des Grumiers and Tolakouadiokro road, since all other roads do not have alternatives. | | | | | | | | | |

## D. Economic Analysis of Component 2

### Component 2

28. **To assess the impact of activities financed under Component 2, a cost-benefit analysis was conducted over a 20-year period, which resulted in an NPV of over US$10 million at a 10 percent discount rate with an EIRR of 18 percent.** These results come from expected sales growth for SMEs and start-ups supported through the project, above and beyond the average growth rate, and additional jobs created. Nonquantifiable benefits include the demonstration effects such programs could have among banks and other investment partners as well as the spillover effects to other entrepreneurs who would be encouraged to start a business.

29. **Among the tools for supporting entrepreneurs, BPCs have been shown to have a positive impact on enterprise size, survival, and profit.** By providing training, networking opportunities, and mentoring, BPCs can increase entrepreneurs' skills and productivity, further enhanced by positive reputation effects from winning the competition. When BPCs also provide cash prizes to winners, they could reduce credit constraints for entrepreneurs directly but also indirectly through providing a signal of quality that leads to more bank lending or outside investments from partners.[40] In fact, a BPC funded by the World Bank Group in Bouaké and

[40] A recent impact evaluation of a BPC in Nigeria (YouWin! Evaluation conducted by the World Bank) found that winning firms used the grants (US$50,000 on average) to purchase more capital inputs and hire more labor. It also found the BPC to be an effective tool for identifying entrepreneurs with much greater scope for growth than the typical microenterprise. The evaluation results are the following:

Abidjan a few years ago supported 152 active enterprises that created 532 permanent jobs and generated US$1.2 million in investments.

30. **Similarly, matching grants aim at addressing a perceived underinvestment by SMEs in business development services** either because market failures prevent firms from purchasing them or because private return may not justify its cost although it could have positive externalities for the economy.[41] An impact evaluation[42] of business training for small businesses in Cape Town, South Africa showed businesses undertaking marketing or finance training increased their profits significantly compared to a control group (41 percent to 61 percent over the control group). Another impact evaluation[43] of additionality of a matching grant program for small firms in Yemen found that the matching grant led to firms being 37 percentage points more likely to engage in innovation, introducing more new products, carrying out more marketing, being more likely to introduce a new accounting system, training more workers, making more capital investments, and being 48 percentage points more likely to claim that their sales grew over the past year.

31. **Given the literature, this analysis is based on the following assumptions**:

(a) **Number of beneficiaries.** In the base case scenario, this analysis assumes 220 SME beneficiaries of the matching grants and acceleration program, with an average size match of 50 percent, and 80 start-up beneficiaries of the BPC.

(b) **Impact of the matching grant and acceleration program.** The analysis assumes that beneficiaries will experience an additional 25 percent growth rate for Year 1 following the investments and return to original growth rates afterward. The first set of SMEs is selected in Year 2 of the project.

(c) **Impact of BPC.** In addition to the impact on growth, the analysis considers the BPC's impact on the survival rate of start-ups, which is assumed to increase by 40 percentage points after three years. The first set of start-ups is also selected in Year 2 of the project.

(d) **Impact on job creation.** The analysis considers the number of jobs created from every additional dollar increase in firm sales, based on the current ratio of jobs to firm sales (according to survey data).

---

- For new firms, winning resulted in a 37 percentage point increase in the likelihood that an individual was still operating the firm three years after award, a 23 percentage point increase in the likelihood that the firm had 10 or more workers, and a 23 percent increase in profit.
- For existing firms, winning resulted in a 20 percentage point increase in survival over three years, a 21 percentage point increase in the likelihood of having 10 or more workers, and a 25 percent increase in profit.

[41] CIIP. 2016. "How to Make Grants a Better Match for Private Sector Development."
[42] Anderson, Chandy, and Zia. 2016. "Pathways to Profits." World Bank Policy Research Paper.
[43] McKenzie, Assaf, and Cusolito. 2015. "The Additionality Impact of a Matching Grant Program for Small Firms: Experimental Evidence from Yemen". World Bank.

32. **Tables 5.12 and 5.13 outline the remaining assumptions for this component.**[44]

**Table 5.12. Assumptions for Component 2 (Small and Medium)**

| SMEs | Small | Medium |
|---|---|---|
| Average number of employees | 10 | 12 |
| Average annual revenue (CFAF) | 77,500,000 | 575,500,000 |
| Percentage costs (%) | 80 | 80 |
| Average value added (CFAF) | 15,500,000 | 115,100,000 |
| Annual growth (without the project) (%) | 3 | 3 |
| Annual growth increases due to the project (%) | 25 | 25 |
| Number of years growth increases due to project (Years 2–5) | 1 | 1 |
| Percentage formal | 0 | 100 |
| Corporate tax rate (%) | 20 | 20 |
| Average salary (skilled) (US$) | 2,000 | 10,000 |
| Average salary (unskilled) (US$) | 2,000 | 5,000 |
| Annual growth in wages (skilled) | 3 | 3 |
| Annual growth in wages (unskilled) | 3 | 3 |
| Jobs created per U.S. dollar increase in revenue (skilled) | 0.00001233 | 0.00001233 |
| Jobs created per U.S. dollar increase in revenue (unskilled) | 0.00001233 | 0.00001233 |

**Table 5.13. Assumptions for Component 2 (Micro)**

| | |
|---|---|
| Average number of employees | 4 |
| Max annual revenue (CFAF) | 5,000,000 |
| Percentage costs | 80% |
| Max value added (CFAF) | 1,000,000 |
| Annual growth (without the project) | 3% |
| Annual growth increase due to the project | 25% |
| Survival rate after three years (without the project) | 30% |
| Survival rate increase due to project (percentage point) | 40% |
| Number of years growth increases due to the project | 1 |
| Percentage formal | 0% |
| Corporate tax rate | 20% |
| Personal income tax rate | 10% |
| Average salary | US$2,000 |
| Annual growth in wages | 3% |
| Jobs created per U.S. dollar increase in revenue | 0.00001 |

33. The analysis considers benefits from additional firm profits and additional wages earned (along with resulting additional corporate income taxes for formal firms and personal income tax revenues) against the project costs and the cost to firms of matching the grant given to them under the project.

34. **Finally, a sensitivity analysis was conducted to test the impact of relaxing certain assumptions**. Box 5.1 shows that the component's economic impact is most sensitive to the

[44] Assumptions on the revenue per type of firm as well as the number of employees are based on findings by ES Partners in the entrepreneurship surveys conducted in Bouaké and San Pedro in 2016. Average salary figures are roughly based on the minimum wages in Côte d'Ivoire.

assumption on the percent increase in firm growth because of project interventions as well as the number of firms supported with the given budget.

**Box 5.1. Sensitivity Analysis Results**

(a) Reduction in the assumed additionality to start-up and SME income from the assumed 25 percent to 20 percent reduces the EIRR to 13 percent.

(b) Reduction in the estimated number of SME beneficiaries from 220 to 150 reduces the EIRR to 11 percent.

(c) Lower increase in the survival rate of start-ups after three years from 40 to 5 percentage points.

(d) The EIRR remains 25 percent (given the small share of BPC in the overall component budget).

## ANNEX 6: GENDER ANALYSIS IN CÔTE D'IVOIRE

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

1. The World Bank prepared a gender assessment in Côte d'Ivoire for the tourism sector.[45] The sector study provided insightful analyses by segments which are relevant to the present project, such as visitor accommodation, foods and beverages, transport services, manufacturing and trade of goods relevant to tourism. The findings of the assessment are broadly applicable to the wide range of economic activities in Côte d'Ivoire. Among various segments, two segments within the tourism sector—accommodation and food and beverage—were singled out as high potential to improve economic opportunities for women.

### Accommodation

2. According to the *Confédération Nationale des Entreprises de Côte d'Ivoire* statistics, women account for only 13 percent of the owners and senior executives in the sector. While the accommodation sector is broad, ranging from five-star hotels to guest houses, women owners are mostly represented in the category of guest houses. Women often perform the functions of chambermaids or clerks. For example, women represent on average more than nearly 90 percent of human resources for maids and laundresses while in marketing, where they take care of the reservation, they represent 60 percent. In the management sector, 58 percent are also assistant directors. In reception services, women make up 40.8 percent of employees.

### Food and Beverage

3. The share of women in the food and beverage subsector is 52 percent, compared to 36 percent in the overall tourism sector, by far the most feminized subsector. Women play a key role in small family-based enterprises in food and beverages activities. Women are more likely to set up their own business in this subsector than in other sectors and thereby ensure their own financial independence. The current dynamics of this sector are strongly influenced by the difficulties of finding a job in Côte d'Ivoire, especially for women, and it appears as an alternative to unemployment.

### Challenges

4. The assessment identified the following challenges for women to participate in the workforce as employees:

- Persistence of laws that discriminate against women (women pay more taxes than men)
- Inequity of wages with equal responsibilities in tourism is highlighted by many women
- Knowledge gaps

[45] World Bank. 2017. *Identification of Tourism Value Chain with High Potential for Women in Côte d'Ivoir*e.

- Lack of confidence in experience and technical competence
- Cultural biases
- Violence against women

5. In addition to the above, women entrepreneurs tend to have a harder time accessing credit due to banking procedures, guarantees and low mobilization of women's savings, and factors of production (land and inputs).

6. Based on this assessment and validation discussion with the stakeholders in Côte d'Ivoire, T&C is preparing the following activities as part of the IFC regional advisory program: building awareness to increase formalization and direct support for formalization, streamline procedures for licenses and inspection and financial literacy training, and leadership and advocacy training. For some of these activities, the present project will work closely with the regional program.

7. The above information is corroborated by another World Bank study on the role of women in trade related activities.[46] The study advocates helping women address the risks they face in their trade-related activities. The study points out that women tend to remain in the informal economy and invest less in the techniques and inputs that would raise output. Women entrepreneurs may be more inclined to spread risks across different activities rather than focus on the growth of a single business. This in turn makes it more difficult for women-owned firms to participate in trade, where size can be an important factor in allowing firms to enter overseas markets. A program tailored for women to help them understand the management of risks could help women capitalize on more opportunities to grow their economic activities.

[46] World Bank. 2013. *Women and Trade in Africa: Realizing the Potential*.

## ANNEX 7: ISSUES RELATED TO INFRASTRUCTURE AND LAND IN BOUAKÉ AND SAN PEDRO

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

1. **Land use in Bouaké and San Pedro is not optimal or conducive to economic density.** Density in both cities is relatively low, with large central spaces where the land value is high being used for unproductive activities or nonhousing, nontaxable purposes. At this relatively low density, there are also many underoccupied housing estates, tracts of abandoned land, or underused plants in small industrial areas that call for a broader reflection on the land value of the city and land market liquidity. Such complex issues need to be addressed in a holistic manner, through integrating the cities' urban master plans (defining future land use patterns) with transport infrastructure and services (determining mobility in and around the cities). The latter lays the foundation for greater density in the two cities.

2. **Access to basic economic infrastructure will help pull in private investments and is another important component for competitiveness.** The Côte d'Ivoire Urbanization Review highlighted the importance of improved access to key infrastructure, as well as amenities, housing, and a pleasant living environment (greening) for attracting qualified workers and investors.[47] Substantial investments have been made over the past five years to redeploy basic economic infrastructure in both cities and enable the delivery of basic public services to residents, owing to the strong engagement of various financial and technical partners, but more needs to be done. Of particular relevance to both cities is the need for a waste management scheme for waste collection and treatment.

*Bouaké*

3. **Low usage of the three existing industrial estates is of particular concern in Bouaké.** The three industrial zones have many shortcomings, both in their servicing and management. The level of activity has declined and only a few small food processing units remain as tenants. The buildings and land were abandoned, with no revaluation taking place. Within the framework of the urban master plan, it is important to decide how to better use all these plots to maximize their value and achieve the economic density needed for growth.

4. **Traffic congestion is another obstacle to Bouaké becoming a logistics hub.** A3 in Bouaké is already heavily congested. Heavy truck traffic through the city is not regulated—trucks can enter the city at any time and park illegally along the city's main artery, causing traffic congestion, road accidents, and deterioration of the main urban roads. These can become major obstacles to Bouaké's aim of becoming a logistics platform. Bouaké needs a smart city plan that ensures an efficient flow of goods and people.

5. **Bouaké lacks both hard and soft logistics infrastructure needed for it to serve as a key regional connector city.** The lack of adequate storage and transportation infrastructure for

[47] The Global Competitiveness Index, for example, uses a framework that considers the provision of basic infrastructure and human capital development as the building blocks of competitiveness.

agricultural goods was one of the most commonly highlighted challenges in the World Bank's study of 17 agricultural value chains.[48] The MGB, the key infrastructure built by the Government to position Bouaké as a regional connector, has not lived up to expectations, and it needs a new vision in today's economic context. To make the infrastructure worthwhile, the MGB needs to address the flow of produce from the producers all the way to the market. A study conducted by the Government pointed out the importance of the broader supporting system around the MGB, namely, the enhancement of collection points near farms and the soft support to cooperatives to improve their access to markets.[49] Currently, there is an initiative to organize cooperatives in the surrounding area, bringing nearly 8,500 producers (of which two-thirds are women) to be grouped into seven cooperatives.

*San Pedro*

6. **San Pedro needs better access to its gateway infrastructure.** The port is currently accessible through San Pedro City Center, using urban roads, because of the deterioration of the city bypass (*route des Grumiers*) that used to provide direct access for all port-related truck traffic. This has resulted in accelerated deterioration of the city's urban roads as well as the drastic increase in accidents caused by the unlawful parking of trucks along the city's main roads. Similar to Bouaké, San Pedro should be putting in place measures to ensure an efficient flow of goods and people.

7. **Both soft and hard logistics infrastructure can be improved.** San Pedro hosts several commercial agriculture firms, which are active in growing cash crops in the surrounding areas. These firms contributed to the development of physical logistics infrastructure. However, despite being the major export platform for cash crops, logistics services are still lacking.

8. **Similar to Bouake, San Pedro is missing a complete land registry specifying land availability and ownership**. This prevents the municipality from defining and enforcing zoning rules, developing detailed urban plans, and optimizing land use in the city for economic density and a conducive living environment.

[48] World Bank. 2105. *CIIP Agricultural Value Chain Study*.
[49] *Etude de Faisabilité sur la Redynamisation du Marche du Gros de Bouaké* (2015).

## ANNEX 8: SYNERGIES BETWEEN PROJECT INTERVENTIONS RELATED TO COMPETITVENESS OF BOUAKÉ AND SAN PEDRO

### Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

| Pillars | Challenges | Response | Project |
|---|---|---|---|
| Infrastructure and Land | Mobility and connectivity (*Source:* Urbanization Review) | A Development Policy Operation (DPO) focused on the implementation of trucking sector and customs reforms. The DPO supported the reforms to improve intercity connectivity | Regional Trade Facilitation and Competitiveness DPO (P129282) - closed on 12/31/2105 |
| | | | Second Regional Trade Facilitation Competitiveness Credit (DPO, P158333) - fully disbursed and closing on 12/31/17 |
| | | Urban mobility | PIDUCAS |
| | | Logistics infrastructure to support trade | PIDUCAS |
| | Land market fluidity (*Source:* Urbanization Review) | Plan to develop serviced land (industrial zone) in Bouaké | Cashew Value-Chain Competitiveness Project (P158810) |
| | | Plan to improve land use | PIDUCAS |
| | Increase coverage of basic services (*Source:* Urbanization Review) | Water | Urban Water Supply Project (P156739) |
| | | Other infrastructure, emphasis on social infrastructure | Côte d'Ivoire - Emergency Infrastructure Renewal Project (P124715) |
| | | Energy | Côte d'Ivoire - Electricity Transmission and Access Project (P157055) |
| | | Rehabilitation and construction of the central market in Bouaké | *Agence Française de Développement* |
| | | Waste management | PIDUCAS |
| Institutions and Regulations | Institutions (*Source:* Urbanization Review) | Capacity building of the city government | PIDUCAS |
| | | Investment Climate Reform Program | IFC Advisory 588607 |
| Enterprise Support and Finance | SME development (*Source: Jobs Study*, informality study by the government, ES Partners, background analysis for P156900) | Increase in the number of start-up firms in San Pedro | United Nations Development Programme |
| | | Improvement of the ecosystem for entrepreneurs | PIDUCAS |
| | | Medium-term support to firms to grow further | PIDUCAS |
| | | Support to transport sector private operators | Transport Sector Modernization and Corridor Trade Facilitation Project (P156900) |
| | Access to finance | Guarantee fund | IFC, U.S. Agency for International Development, Proparco, BPI France, United Nations Industrial Development Organization, Ministry of Industry, and African Development Bank |
| | | Venture fund | Grofund (Governments of Netherlands and Norway) |
| Skills and Innovation | Skill development | Improvement of the employability of youth by building skills | Emergency Youth Employment and Skills Development Project (P122546) |

## ANNEX 9: KEY GUIDING DOCUMENTS FOR THE PROJECT'S DESIGN

Republic of Côte d'Ivoire: Infrastructure for Urban Development and Competitiveness of Secondary Cities

The present project is informed by the following diagnostics:


World Bank. 2009. *World Development Report: Reshaping Economic Geography*.

Technoserve. 2013. *Evaluation du Projet Pilote Entreprenariat et Création d'Emplois pour Les Jeunes.*

Systematic Country Diagnostic 2015.

Country Partnership Framework 2015–2019.

World Bank. 2015. *Côte d'Ivoire Urbanization Review.*

World Bank. 2015. *Competitive Cities for Jobs and Growth.*

National Development Plan of Côte d'Ivoire (2016–2020).

*Etude de Faisabilité sur la Redynamisation du Marche du Gros de Bouaké* (2015), prepared for the Ministry of Commerce.

World Bank. 2015. *Towards Better Quality and More Inclusive Employment: A Jobs Assessment for Côte d'Ivoire*.

World Bank. 2015. *CIIP Agribusiness Value Chain Study.*

*Données pour la Croissance Survey* (ES Partners 2016).

Christiaensen, De Weerdt, and Todo. 2013. *Urbanization and Poverty Reduction: The Role of Rural Diversification and Secondary Towns.*

Datt, Gibson, Murgai, and Ravalion. 2016. *Growth, Urbanization, and Poverty Reduction in India*.

World Bank Economic Update for Côte d'Ivoire (December 2015).

YouWin! Impact Evaluation by DEC (David McKenzie).

Tsvetkova, Alexandra, and Mike Betz. Ohio State University. "Does the Tide Raise All Boats: Entrepreneurial Response to Economic Conditions across the Urban-Rural Hierarchy?"

Deiminger and Goyal. 2012. "Going Digital: Credit Effects of Land Registry Computerization in India". *Journal of Development Economics* 99: 2.

*Étude Monigraphique Études monographiques et économiques des 14 Districts de Côte d'Ivoire*, Programme Economique Régional (PER), UEMOA.

World Bank. 2016. *How to Make Grants a Better Match for Private Sector Development*.

World Bank. 2015. *Plan de developpmment integeré pour le corridor Man-San Pedro, Côte d'Ivoire*.

World Bank. 2017. *Identification of Tourism Value Chain with High Potential for Women in Côte d'Ivoire.*

Gelb, Alan, Gaiv Tata, Vijaya Ramachandran, and Ivan Rossignol. 2015. "When Agglomeration Theory Meets Development Reality: Preliminary Lessons from Twenty World Bank Private Sector Projects."

National Statistics Institute. 2016. *Central de Bilan*.

Ministry of Commerce, Handicraft and SME Promotion. 2016. Etude de Faisabilité pour la Mise en Place du Statut de l'Entreprenant en Côte d'Ivoire.

Benhassine, McKenzie, Pouliquen, and Santini. 2016. "Enhancing the Benefits of Formalization under a new status in Benin." World Bank Policy Research Working Paper.

Independent Evaluation Group. 2014. The Big Business of Small Enterprises.