

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA821

Project Name	Burkina Faso Donsin Transport Infrastructure Project (P120960)
Region	AFRICA
Country	Burkina Faso
Sector(s)	Rural and Inter-Urban Roads and Highways (90%), Aviation (10%)
Lending Instrument	Specific Investment Loan
Project ID	P120960
Borrower(s)	Government of Burkina Faso
Implementing Agency	Maitrise D'Ouvrage de l'Aeroport de Donsin (MOAD)
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	07-Feb-2013
Date PID Approved/Disclosed	12-Mar-2013
Estimated Date of Appraisal Completion	15-Mar-2013
Estimated Date of Board Approval	16-May-2013
Decision	

I. Project Context

Country Context

a) Burkina Faso is a medium sized (about 274 thousand square km) landlocked country in West Africa with a rapidly increasing (plus 3.0 percent in 2011) predominantly rural population (75 percent) of about 16.5 million. Its annual per capita gross national income (GNI) in 2011 was about US\$550 (US\$1,250 at Purchasing Power Parity) while the national poverty rate was estimated at about 46 percent in 2009. Burkina Faso ranked 181 out of 187 countries covered by the 2011 United Nations Development Program (UNDP) Human Development Index ranking.

b) Burkina Faso's macroeconomic performance has been relatively good with Gross Domestic Product (GDP) growth averaging from 1998 to 2008 about 5 percent per annum and relatively low levels of inflation. However, the Burkinabe economy continues to remain highly vulnerable to exogenous and endogenous shocks such as deterioration in the terms of trade, erratic rainfall patterns, decreases in aid flows, increases in food and petroleum prices and regional instability. As a result of a series of external shocks (poor rains, food and oil price increases, decrease in the price of cotton on world markets, world financial crisis, flooding, etc.) GDP growth rate dropped to only about 3.5 percent in 2009, bounced back strongly in 2010 to about 7.9 percent and slowed down again in 2011 to about 4 percent. For 2012, thanks to good rains and continued high gold prices; the GDP growth rate rebounded to about 7 percent.

c) Burkina Faso traditionally has had a chronic current account deficit position which has been financed by strong aid flows topping about US\$1 billion (about 11 percent of GNI) in 2010. The tradable sector of the economy has been dominated by cotton exports which rebounded to about 470 thousand tons fetching about US\$200 million in export earnings. However, gold has overtaken cotton as the single most important export commodity by value.

II. Sectoral and Institutional Context

a) Transport sector. Over the last two decades Burkina Faso has invested heavily to upgrade its transport infrastructure network. More specifically, the Government of Burkina Faso's (GOBF) strategy for the transport sector was developed after extensive consultations with its development partners and especially focused on the long term development of road transport infrastructure. The objectives of the previous transport sector development strategy which covered the 2000-2010 period, have been supported by the multi donor funded Second Transport Sector Program (STSP) (Deuxième Programme Sectoriel des Transports). The STSP has mobilized over the 2000-2010 period about US\$2.8 billion in funding for the development of the transport sector from GOBF, International Development Association (IDA), African Development Bank (AfDB), European Union (EU), West African Development Bank (Banque Ouest Africaine de Développement - BOAD), Millennium Challenge Corporation (MCC) and several other development partners.

b) The recently updated Transport Sector Development Strategy (TSDS) which covers the 2011 to 2025 period, and which represents a broad continuation of the previously set strategic objectives for the sector, was endorsed by GOBF in December 2011. The TSDS supports the strategic objectives of the recently approved Strategy for Accelerated Growth and Sustainable Development (Stratégie de Croissance Accélérée et de Développement Durable - SCADD) and the overall cost of achieving its objectives was estimated at about US\$6.3 billion to be funded by GOBF, development partners and private sector investors. GOBF also prepared and endorsed the Transport Sector Strategy Priority Investment Program (TSSPIP) valued at about US\$3.2 billion, covering the 2011-2016 periods, to support the implementation of the SCADD and TSDS. What follows is a short description of the transport sub-sectors supported by the TSDS/TSSPIP.

c) Rail transport. Burkina Faso currently has one functioning meter gauge 1,145 km railway line connecting Ouagadougou to Bobo-Dioulasso to Abidjan, which remains the principal gateway port for Burkinabe imports and exports. The operation of the joint Cote d'Ivoire – Burkina Faso railway system was concessioned out in 1995 to SITARAIL and both governments have remained responsible, through asset holding companies, for the upgrading of the railway track infrastructure. In 2011, the concessionaire for the Cote d'Ivoire – Burkina Faso railway system carried about 709 thousand tons and 682 million ton-km of freight. The 2011 traffic figures were about 25 percent lower than the 2010 figures mainly due to the political crisis in Cote d'Ivoire which hampered the movement of trains across Cote d'Ivoire. For 2012, traffic levels are expected to once again reach the previously achieved traffic levels of close to one million tones. As per TSDS the rail transport sub-strategic priorities are to: (a) improve the performance of the existing railway system; (b) extend the railway network within Burkina Faso and sub-regionally; (c) improve the capacity of the asset management company; and (d) improve technical and institutional capacity in the sub-sector.

d) Road transport. The total road network of Burkina Faso is about 61,000 km of which about 15,300 km is classified and about 2,900 km is paved. This gives Burkina Faso one of the lowest road densities in West Africa and a Rural Access Index (RAI) of only about 25 percent. Despite the recent creation of a road fund, GOBF currently only allocates about 70 percent of what is required to

adequately maintain its classified road network let alone the whole road network. Thanks to the development partner supported 2000-2010 STSP, the length of the classified network has increased over the last 10 years from about 9,500 km to about 15,300 km. Under the TSDS, the classified road network is planned to increase to about 21,300 km. The main strategic priorities for the road transport sub-sector are: (a) upgrade and strengthen the core road network; (b) facilitate the movement of transit goods on the main intra/inter regional road transport corridors; (c) improve the management of the road transport infrastructure asset base; (d) improve the competitiveness of the road transport service providers; and (e) consolidate regional integration through an upgrade of the regional road transport corridors.

e) Air transport. Burkina Faso has two international airports (Ouagadougou and Bobo-Dioulasso) and a network of small domestic airfields spread throughout the country. It has one international airline (Air Burkina) which was partly privatized in 2001 and uses Ouagadougou as its home base and hub. The International Finance Corporation (IFC) was involved in the privatization of Air Burkina.

f) The international airport at Ouagadougou handles about 98 percent of all scheduled commercial air traffic in Burkina Faso, and ten airlines currently provide scheduled services at the airport with Air Burkina and Air France handling about 60 percent of all scheduled passenger traffic. Between 2005 and 2011, air passenger traffic at Ouagadougou airport grew at an average annual rate of 7.0 percent per annum reaching about 404,726 passengers in 2011. Based on conservative projections, passenger traffic is expected to reach about 850,000 by 2025. In terms of passenger numbers the Ouagadougou airport ranked fifteenth in West Africa in 2007, just ahead of Port Harcourt (Nigeria) and behind Banjul (Gambia). The total air cargo handled at Ouagadougou has grown from about 4,350 tons in 2005 to about 7,448 tons in 2009, giving an average growth rate of 14.4 percent a year.

g) The GOBF, through the TSDS, is proposing the following strategic objectives to accelerate the development of the air transport sub-sector: (a) enhance both the level and quality of air transport services provided in Burkina Faso; (b) decommission and transfer of the existing airport outside of Ouagadougou; (c) enhance the growth in passenger levels using the revamped Ouagadougou airport; (d) upgrade small domestic airports; and (e) promote investments in the air transport sub-sector.

h) The main air transport development priority for the 2011-2016 TSSP is the decommissioning of the existing airport at Ouagadougou and the development, through a Public Private Partnership (PPP), of a new airport near Donsin to service Ouagadougou. GOBF has already identified a site approximately 35 km northeast of Ouagadougou in the Donsin area to build a new airport which will handle the long term air transport needs for the whole country. To develop the proposed airport at Donsin, GOBF plans to create a public-private mixed capital Special Purpose Vehicle (SPV) company, with international and domestic private sector investors holding a controlling stake in the SPV. The main purpose of the SPV will be to: (a) operate the existing Ouagadougou airport until the new airport at Donsin becomes operational; (b) fund part of the investments required to construct the new airport; and (c) operate the new airport at Donsin. In terms of time frame, GOBF plans to make the new airport operational by 2017/2018.

i) IDA support to the transport sector. With about US\$200 million in lending support to transport sector related projects over the 2003-2010 period, IDA has been a key supporter of

GOBF's STSP. IDA's planned first intervention to support the 2011-2016 TSSPIP is the proposed project which primarily supports the development of road transport infrastructure to provide the enabling infrastructure to make the Donsin area a transport hub which will include a new airport. The primary focus of the proposed project will be to: (a) fund the upgrading and construction of key road transport infrastructure required to connect Ouagadougou to the Donsin area; and (b) fund Technical Assistance (TA) to assist GOBF to put in place a PPP framework to operate the existing airport and planned new airport for Ouagadougou.

j) The road infrastructures slated for improvement under the proposed project were selected not only to serve the Donsin area, and future airport users, but also to maximize benefits to people living in the northern part of Ouagadougou, north-eastern Burkina Faso and even Niger. This is because the planned road works will create the first section of an outer ring road loop in the northern quadrant of Ouagadougou connecting two national roads (NR3 and NR22) and upgrade the peri urban part of a major intra/inter regional road transit corridor (NR3).

III. Project Development Objectives

The proposed PDO is to improve road access to the Donsin area to facilitate its development as a transport hub for greater Ouagadougou.

The Bank's support will contribute to the achievement of the above PDO by supporting Burkina Faso in:

- Improving road infrastructure to better connect Ouagadougou to the Donsin area;
- Providing the Maitrise d'Ouvrage de l'Aéroport de Donsin (MOAD) Technical Assistance (TA) to enhance its capability to manage the proposed Donsin airport development and construction program; and
- Providing the MOAD TA to put in place a PPP framework for the operation of the existing and future Ouagadougou international airports.

IV. Project Description

Component Name

Upgrading and construction of road infrastructure to connect Ouagadougou to the Donsin area
Technical Assistance to MOAD and Project Management

V. Financing (*in USD Million*)

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	84.00
Total	84.00

VI. Implementation

VII. Safeguard Policies (including public consultation)

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

VIII. Contact point

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