

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

Report No.: AB1178

<b>Project Name</b>	CEMAC - Transport-Trade Facilitation
<b>Region</b>	AFRICA
<b>Sector</b>	General transportation sector (100%)
<b>Project ID</b>	P079736
<b>Borrower(s)</b>	
<b>Implementing Agency</b>	<p><b>Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC)</b> Executive Secretariat BP 969 - Bangui Central African Republic <b>Email:</b> <a href="mailto:secemac@hotmail.com">secemac@hotmail.com</a>; <a href="mailto:sgudeac@intnet.cf">sgudeac@intnet.cf</a> Tel : (236) 61 18 85 / 61 21 79</p> <p><b>Ministry of Public Works</b> B.P. 4180 Yaounde - Cameroon Tel: (237) 222 87 11 E-mail: <a href="mailto:celcommintp@iccnet.cm">celcommintp@iccnet.cm</a></p>
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Safeguard Classification</b>	<input type="checkbox"/> S <sub>1</sub> <input checked="" type="checkbox"/> S <sub>2</sub> <input type="checkbox"/> S <sub>3</sub> <input type="checkbox"/> S <sub>F</sub> <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	August 26, 2004
<b>Estimated Date of Appraisal Authorization</b>	July 18, 2005
<b>Estimated Date of Board Approval</b>	December 8, 2005

## 1. Key development issues and rationale for Bank involvement

1. The Central African Economic and Monetary Community (CEMAC) which includes Cameroon, Central African Republic (CAR), Chad, Republic of Congo, Equatorial Guinea and Gabon, was officially created in 1994 to replace the previous formal and ineffective customs union UDEAC (Union Douanière des Etats d'Afrique Centrale). Intra-regional trade among the six countries is still very limited, currently close to 5% of the total trade in the region, due to the the current transit system which hinders regional integration, the poor condition of road infrastructure, and the lack of complementarity between the economies in the region. A pressing concern in the region is the wide disparity between the richer coastal economies and the poorer landlocked economies of Chad and CAR whose economic development is constrained by the difficulty of transporting goods to and from a seaport: a cargo journey from the port of Douala to Ndjamen, Chad and Bangui, CAR takes respectively 5 and 2 weeks on average. As an aggravating factor, none of the capital cities of the CEMAC countries are connected by a good

continued road link. While there was reform in the customs regime after 1994, the pace of implementation of the Customs Union has been slow: the persistence of exonerations and surcharges, misclassification of products, and the lack of capacity of customs administrations continue to generate obstacles to the free movement of goods across borders. Furthermore, the occasional double taxation of landlocked-countries-bound products at the ports of entry (mainly Douala port) and the administrative roadblocks along the Douala-Bangui and Douala-Ndjamena axes have raised the transaction costs for CAR and Chad importers to inordinate levels: for example, the average cost to import a 20 foot container from Douala to Chad/RCA is about 4,000 euros, i.e. four times the cost of maritime transport from Europe to Douala).

2. The CEMAC main long term objective is to create a common market for goods, services, capital and persons. Trade and Transport Facilitation, along with a functioning Customs Union, are essential to reach this objective. The proposed project will support (i) the strengthening of the Customs Union for which an action plan was prepared during a workshop held in Brazzaville in October 2003; and (ii) the implementation of the Regional Trade and Transport Facilitation Program along the action plan adopted during a workshop in Douala in June 2004. It will focus on the Douala/Bangui and Douala/Ndjamena corridors thereby addressing compelling landlocked countries issues while conforming to the international corridor-based approach advocated by the CEMAC for the last two years.

3. The CEMAC has demonstrated that it can design good policy tools in the trade and transport sector. These led to the adoption of a new customs code in 2001 as well as the enactment of a comprehensive set of transport regulations. CEMAC has not, however, succeeded in linking with the Member states and lacks capacity in monitoring the implementation of the agreed regulations and measures. To remedy this, CEMAC has requested and obtained a capacity building grant of USD 400,000 whose implementation (underway) aims at strengthening the capacity of CEMAC's secretariat (the Secretariat) and that of its member states. Some facilitation structures are already in place in Douala (Comité National de Facilitation du traffic maritime international (FAL), Guichet Unique du Commerce Extérieur (GUCE) and three studies (financial and accounting, institutional and operational audits) are jointly carried out to assess Customs Union implementation and prepare the strengthening of the Secretariat to implement large programs in its focus area.

4. Over the past 3 years, the World Bank has intensified its dialogue with the CEMAC. On February 6, 2003, the World Bank Executive Board approved a five-year Regional Integration Assistance Strategy for Central Africa (Report No.25328). This strategy, which is designed to support the CEMAC in the two areas of integration and cooperation, sets out Customs Union improvement and Trade and Transport Facilitation as core activities among a few other core areas for which the Bank is expected to lead donor support.

5. Because the New Partnership for Africa's Development (NEPAD) has chosen to operate through regional institutions it is expected to act as a catalyst for regional integration. Besides, NEPAD has selected CEMAC as one of the target institutions for Central Africa. France, the European Union through its 9<sup>th</sup> EDF, and IDA have committed to jointly assist the CEMAC in areas such as the multilateral monitoring of fare policies as well as Trade and Transport Facilitation. The above donors plus the African Development Bank (AfDB) have agreed to

support, as a first step, the improvement of both infrastructure and transit procedures along two main transit corridors: Douala-Ndjamen and Douala-Bangui. Donors' support is expected to strengthen the consistency of the CEMAC regional program by linking infrastructure financing to the reform of procedures and more efficient delivery of transport services.

6. The rationale for World Bank involvement through the proposed project is two-fold: (i) this will tie in to and strengthen the current Bank support to the CEMAC which includes Chad-Cameroon oil pipeline and the regional payments projects, RIAS 2004-2008 and an IDF Grant; (ii) the establishment of an effective Customs Union would require significant TA, investment support at the regional level and strong country level leverage and the Bank is well equipped to undertake this region-wide trade and transport facilitation project, compared to the rest of donor community, as it has gained substantial experience in similar projects in other regions like the Trade and Transport Facilitation Project in Eastern Europe (TTSFE) and the Global Facilitation Partnership initiative. The Bank also can use a wide range of dialogue tools to support the implementation of regional measures at national levels. More importantly, the client is also eager to receive such support from the World Bank through the proposed project.

## **2. Proposed objective(s)**

7. The project will contribute to enhance regional trade and integration and will specifically provide the landlocked countries RCA and Chad with a better access to the Port of Douala through : (i) assistance to the strengthening of the CEMAC Customs Union; (ii) improvement of the road infrastructure and good transportation along the main transit corridors to the hinterland.

## **3. Preliminary description**

8. The proposed project is a mix of policy enforcement and investments to be carried out at the regional and corridor levels, and is conceived as a multi-sector program to facilitate further trade integration in the region by addressing institutional, legal, and infrastructure constraints. Specifically the project will: (i) support the effectiveness and efficiency of the CEMAC Customs Union; (ii) assist the appropriate structures in managing and monitoring the two pilot corridors Douala-Ndjamen and Douala-Bangui; (iii) finance investments to facilitate trade and transport on these corridors.

9. The project is expected to comprise the following components:

### **A. Regional level:**

#### **1. CEMAC Customs Union Strengthening**

*Provide technical assistance and equipment to implement a modern customs interconnection system and common database linking the customs departments in the member states to the CEMAC Executive Secretariat in Bangui; Support to regional actions to implement the CEMAC Trade and Transport Facilitation Program; and Support the implementation of a new transit regime.*

### **B. Corridor level:**

2. Institutional support for transport facilitation: Assist in the establishment of an appropriate management mechanism for the Douala-Ndjamena and Douala-Bangui Corridors;

3. Investment support for transport facilitation: Upgrade goods security by financing a regional cargo tracking system from the port of Douala throughout the two pilot Corridors; Construction of border posts at main cross-border points within the pilot Corridors; Improve Port safety and security in Douala; Improve efficiency of inter-modal interfaces;

4. Improvement of road infrastructures: Rehabilitate a selected priority section along the Douala-Ndjamena Corridor; Initiate a pilot program of long term performance based maintenance and management contracts on a selected part of the Corridors; Support the axle-load control policy along the Corridors; Improve benefits for the Corridor neighboring population (road amenities, HIV/AIDS Mitigations); the section to be financed by IDA will have to be determined jointly with the Countries, the EU and AfDB.

The total expected project cost is about US\$69 million. The detailed distribution among the respective beneficiary countries would be specified during project preparation.

#### **4. Safeguard policies that might apply**

*[Guideline: Refer to section 5 of the PCN. Which safeguard policies might apply to the project and in what ways? What actions might be needed during project preparation to assess safeguard issues and prepare to mitigate them?]*

10. Environment and social impacts of the proposed project will only result from its investment component. Physical investments will consist in rehabilitation/pavement of existing roads along international corridors, enhancement or construction of border facilities/weighing stations in already developed areas. They may result in some involuntary resettlements and may affect their bio-physical environment. However, no major impacts have been identified so far.

11. The proposed environmental category is therefore B and the Bank's policies on Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12) have been triggered. An environment and social assessment with a costed EMP will be prepared, reviewed and approved by the Bank and the Borrower, and then disclosed in the country and at the Infoshop prior to the Appraisal.

12. Due to the uncertainty on the exact location of the investments along the two identified corridors and thus on the potential resettlement issues, a RFP will be prepared, reviewed and approved by the Bank and the Borrower, disclosed in the country and at the Infoshop prior to the Appraisal.

Any specific RAPs that would happen to be required by some of the Civil Works will be prepared during project implementation.

#### **5. Tentative financing**

Source:

BORROWER/RECIPIENT

(\$m.)

5

INTERNATIONAL DEVELOPMENT ASSOCIATION

Total 64  
69

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