

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

Report No: 51510

<b>Project Name</b>	Multimodal Transport Project
<b>Region</b>	AFRICA
<b>Sector</b>	Transport
<b>Project ID</b>	P092537
<b>Borrower(s)</b>	Democratic Republic of the Congo
<b>Implementing Agency</b>	Comité de Coordination Interministériel et Bureau Central de Coordination (BCECO)
<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"/> S1 <input type="checkbox"/> S2 <input type="checkbox"/> S3 <input type="checkbox"/> S <sub>f</sub> <input checked="" type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	November 4, 2009
<b>Estimated Date of Appraisal Authorization</b>	12/07/2009
<b>Estimated Date of Board Approval</b>	03/08/2010

**1. Key development issues**

The proposed Multimodal Transport Project (MTP) is a central element of a vast and coherent national program for economic and social revival (*PMPTR: Programme Minimum de Partenariat pour la Transition et la Relance*) launched in November 2004 by the Government of the Democratic Republic of Congo (DRC). The program document, prepared with the assistance of the Bank, specifies the objectives for each economic sector, articulates implementation strategies, recommends the necessary institutional reforms and identifies priority investments. In the transport sector, the primary objective of the Government is to consolidate the countries reunification through the revival of DRC's three backbone multimodal trade and transport corridors. To reach this objective, the Government recognizes the need to deeply restructure the state-owned enterprises (SOEs) that operate along these corridors and, when feasible, to bring in private operators and investors through public/private partnerships (PPPs). This approach is deemed to be essential to ensure the long term sustainability of expensive transport infrastructure, strengthen the governance of the transport sector and reduce DRC's surface transport costs which for instance in the railway subsector are currently more than twice the African average.

Consistent with one of the Bank's Africa Action Plan main pillar, the MTP seeks to generate private sector-led growth<sup>1</sup> with the expected outcome of lowering transport costs for surface transport by at least 15% through 2015 as well as improving DRC's investment climate. Furthermore, the subordination of the majority of the MTP investment to the establishment of PPPs will support the Government's transport sector reform agenda which relies for commercially viable operations on securing financing

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<sup>1</sup> The proposed project's private sector led-growth will build upon the Bank's extensive experience in promoting viable PPPs throughout Sub-Saharan Africa.

and/or know-how from private operators. In this regard, the Government's publication in April 2009 of a decree transforming SOEs into commercial companies is a key enabler of the proposed sector reform. Despite the fact that DRC is a post conflict fragile country, there is a real potential to mobilize in selected subsectors of the transport sector and in different regions of the country private sector financing and expertise through PPPs. This is clearly the case with extracting industries whose enormous potential rely on efficient management of rehabilitated surface transport infrastructure along DRC's southern corridor. In the West, Kinshasa's vast urban market creates opportunities for PPPs both in the port and airport subsectors.

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

The MTP's two key overarching goals are: 1) to improve transport connectivity between the eastern and western parts of the country in support of national economic integration and, 2) to support DRC international trade competitiveness by lowering transport costs along the key west and south trade corridors. Its Phase I development objectives are: 1) to restore SNCC financial viability, 2) to support transport sector's SOEs reform agenda through the adoption and initial implementation of restructuring strategies for ONATRA, RVA and RVM, and 3) to assist in the implementation of international trade procedures simplification.

## **3. Preliminary project description (Phase I)**

The MTP constitutes the first integrated transport operation in DRC since the end of the civil war. It is a high risk/high reward project which requires significant and sustained political commitment to ensure the success of the ongoing transport sector SOEs reform agenda. The total cost of its Phase I (US\$180 million) excludes the cost of SOEs social liabilities which is estimated at more than US\$300 million. Its primary focus will be on the southern/eastern railway operator (SNCC) whose dire financial and operational situation requires significant investment to achieve sustainable results. Meanwhile, limited financing will be set aside in Phase I to lay the ground work for Phase II through the implementation of focused technical assistance activities. More specifically, the three main components of Phase I are:

### **a) SNCC competitiveness program (US\$160 million)**

This component will consist in supporting the transfer to a private operator of the SNCC management and operations. The SNCC is virtually bankrupt and the continuation of its operations is seriously at risk if it does not implement an emergency recovery plan covering infrastructure and rolling stock investment and staff retrenchment. The collapse of SNCC railway operations would have incalculable consequences on the Congolese economy, including on its mining sector. Since no other source of financing is available to the Government at this time, Phase I of the PTM will dedicate nearly 90 percent of its funding to SNCC recovery plan in order to ensure its success.

### **b) Transport SOEs reform agenda support (US\$15 million)**

This component will finance studies in support of the reform agenda of the transport sector SOEs (ONATRA, RVA and RVM). These studies will be: i) technical and financial to prepare specific infrastructure rehabilitation works, ii) institutional in support of the Government's SOEs reform, iii) transversal to help define adequate strategy regarding the outsourcing of complementary services offered by SOEs (social, educational and health services, etc.) and/or addressing transport facilitation problems, and iv) legal and regulatory to strengthen the Government's capacity to supervise the transport sector. If required, limited money will be allocated to finance equipment acquisition for RVF and RVA.

**c) Project execution (US\$5 million)**

This final component will fund the cost over the life of the project of the Project Implementation Unit as well as ancillary expenses linked to strengthening the Transport Ministry sector oversight capacity.

**4. Safeguard policies that might apply**

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
Because of the geographic and sectoral scope of the project, a transport sector Environmental Social Management Framework (ESMF) has been prepared and finalized. This ESMF includes a screening mechanism that will make identification of specific safeguards issues possible and will guide the preparation of appropriate safeguards instruments for specific subprojects, including Environmental Assessments (EAs), Environmental Management Plans (EMPs), and Environmental Audits.			
<b>Natural Habitats (OP/BP 4.04)</b>		<b>X</b>	
Field inspection of the sections of the rail line and the rolling stock maintenance centers to be rehabilitated as part of the project has not revealed any issues related to Natural Habitats.			
<b>Forests (OP/BP 4.36)</b>		<b>X</b>	
The project does not support forest clearing activities and is focused on rail rehabilitation in the Katanga region which does not support forestry activities.			
<b>Pest Management (OP 4.09)</b>		<b>X</b>	
<b>Cultural Property (OPN 11.03)</b>	<b>X</b>		
Albeit the proposed rehabilitation activities target existing infrastructure and will not involve any expansion of that infrastructure, potential cultural property issues will be verified ahead of any rehabilitation works initiation. To guide this assessment, a plan for management of potential impacts on cultural heritage has been prepared as part of the ESMF. OP 4.11 is triggered as the policy applies whenever OP 4.01 applies, i.e. whenever there is likely to be significant civil works. The assessment of physical cultural property will be part of sub-projects' Environmental Impact Assessments (EIAs).			
<b>Indigenous Peoples (OD 4.20)</b>		<b>X</b>	
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
Evaluation of the extent and location of possible resettlement issues related to one			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
non permanent open market on the outskirts of Lubumbashi will be investigated ahead of the project implementation. If need be, a Resettlement Action Plan will be prepared, published and implemented in accordance with the ESMF and the requirements and procedures of OP/BP 4.12.			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	

## 5. Proposed preparation schedule

The MTP project will extend over five years from mid Fiscal Year 2010 through mid Fiscal Year 2015.

<b>Milestones</b>	<b>Date</b>
Preparation Mission	06/2009
PCN Review <sup>2</sup>	09/2009
PAD Review/ Decision Meeting/ROC	11/2009
Appraisal Mission	12/2009
Negotiations	01/2010
Board Presentation	03/2010
Credit Effectiveness	12/2010

## 6. Contact point

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<sup>2</sup> PCN review already took place in August 2005. A new PCN has been updated to reflect time elapsed since then and changes to the project's Phase I scope.

