

Language: English

Original : French



## AFRICAN DEVELOPMENT FUND

**PROJECT:** MULTINATIONAL BENIN/TOGO – PROJECT TO REHABILITATE THE LOME-COTONOU ROAD AND FACILITATE TRANSPORT ON THE ABIDJAN-LAGOS CORRIDOR – PHASE I

**COUNTRIES:** BENIN and TOGO

---

### PROJECT APPRAISAL REPORT

*Date: 20 May 2011*

Appraisal Team	Team Leader	J.N. ILBOUDO, Transport Engineer, OITC.1
	Team Members :	J.P.M KALALA, Principal Socio-economist, OITC.1 M. BENARD, Principal Transport Economist, OITC.1 J.P. MEGNE EKOGA, Transport Economist, OITC.1 M. YAMEOGO, Environmentalist (Consultant)
	Sector Director:	G. MBESHERUBUSA, OITC
	Regional Director:	J. K. LITSE, ORWA
	Officer-in-Charge:	M. SQUARE, OITC.1
Peer Review		- M. MOUMNI, Chief Water and Sanitary Engineer, OWAS.2, Ext. 2344
		- A.I. MOHAMED, Principal Transport Economist, OITC.2, Ext. 2774
		- N. KANE DIA, Country Economist, ORCE, Ext.3344
		- M. NDIAYE DIOP, Transport Engineer, OITC.1, Ext. 2439
		- D. ETIENNE, Transport Engineer, OITC.0, Ext. 3970
		- I. BOUKARI, Procurement Specialist (Consultant), ORPF.1, Ext. 2718

---

## TABLE OF CONTENTS

I – Strategic Thrust and Rationale .....	1
1.1. Project Linkages with National and Regional Strategies .....	1
1.2. Rationale for Bank’s Involvement.....	2
1.3. Donor Coordination .....	3
II – Project Description .....	4
2.1. Project Phasing .....	4
2.2. Project Objectives.....	4
2.3. Project Components.....	4
2.4. Technical Solutions Adopted and Alternatives Explored.....	5
2.5. Project Type.....	6
2.6. Project Cost and Financing Arrangements .....	6
2.7. Project Target Areas and Beneficiaries .....	7
2.8. Participatory Process for Project Identification, Design and Implementation .....	8
2.9. Bank Group Experiences and Lessons Reflected in Project Design .....	8
2.10. Key Performance Indicators .....	9
III – Project Feasibility.....	9
3.1. Economic and Financial Performance .....	9
3.2. Environmental and Social Impact.....	10
IV –Implementation .....	12
4.1. Implementation Arrangements .....	12
4.2. Monitoring .....	14
4.3. Governance .....	15
4.4. Sustainability .....	15
4.5. Risk Management .....	16
4.6. Knowledge Building.....	17
V – Legal Framework .....	18
5.1. Legal Instrument.....	18
5.2. Conditions Associated with the Bank’s Involvement.....	18
5.3. Compliance with Bank Policies.....	19
5.4. Constraint Related to Frontloading.....	19
VI – CONCLUSIONS AND RECOMMENDATIONS .....	19
6.1. Conclusions .....	19
6.2. Recommendations .....	19

Appendix I. Comparative Socioeconomic Indicators of the Two Countries.

Appendix II. Table of ADB Portfolio in the Two Countries.

Appendix III. Main Projects Financed by the Bank and Other Development Partners of the Two Countries on the Abidjan-Lagos Corridor

Appendix IV. Project Costs

Appendix IV. Justification of Frontloading for Benin

Appendix V. Project Map

## Currency Equivalents

MAY 2011

UA 1	=	CFAF 715.531
UA 1	=	USD 1.62096
UA 1	=	EUR 1.09082

## Fiscal Year

1 January - 31 December

## Weights and Measures

1 metric tonne	=	2 204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.281 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.621 mile
1 hectare (ha)	=	2.471 acres

## Acronyms and Abbreviations

AADT	=	Annual Average Daily Traffic
ADF	=	African Development Fund
ALCO	=	Abidjan-Lagos Corridor Organization
BCEAO	=	Central Bank of West African States
BOAD	=	West African Development Bank
DGTP	=	General Directorate of Public Works
DNM	=	Direct Negotiation Method
DPSE	=	Directorate of Planning and Monitoring/Evaluation
DTN	=	Directorate of New Works
EA	=	Executing Agency
ECOWAS	=	Economic Community of West African States
IDA	=	International Development Association (World Bank)
IEC	=	Information, Education and Communication
INSAE	=	National Institute of Statistics and Economic Analysis
IRR	=	Internal Rate of Return
JBP	=	Juxtaposed Border Post
LCS	=	Least Cost Selection
LV	=	Light Vehicle
MEF	=	Ministry of Economy and Finance
MTPT	=	Ministry of Public Works and Transport
NPV	=	Net Present Value
PACITR	=	Community Infrastructure and Road Transport Action Programme
PBA	=	Performance-Based Allocation
PIA	=	Project Impact Area
PRFTTRIE	=	Regional Programme to Facilitate Inter-State Road Transport and Transit
PTRR	=	Regional Road Transport Programme
QCBS	=	Quality and Cost Based Selection
SIGFIP	=	Benin's Integrated Public Finance Management System
SME	=	Small- and Medium-Size Enterprises
TTC	=	Inclusive of All Taxes
UA	=	Unit of Account
UAM	=	Million Units of Account
USD	=	United States Dollar
VOC	=	Vehicle Operating Cost
WAEMU	=	West African Economic and Monetary Union

## Project Information Sheet

### Client Information

<b>BORROWER</b>	:	Benin
<b>DONEE</b>	:	Benin/Togo
<b>PROJECT NAME</b>	:	Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor - Phase 1
<b>LOCATION</b>	:	Atlantique and Mono Departments of Benin and Maritime Region of Togo
<b>EXECUTING AGENCY</b>	:	Ministry of Works and Public Transports of Benin, Ministry of Public Works in Togo and WAEMU Commission.

### Financing Plan

Source	Amount (UA)	Instrument
ADF Loan	38 870 000	Loan
ADF Grant	39 080 000	Grant
Government of Benin	7 710 000	Counterpart Fund
Government of Togo	20 000	Counterpart Fund
WAEMU	870 000	Counterpart Fund
<b>TOTAL COST</b>	<b>86 550 000</b>	

### ADB Key Financial Information

Loan/Grant Currency	Unit of Account (UA)
Type of Interest*	N/A
Interest Rate Margin*	N/A
Commitment Charge on ADF Loan *	0.5% per annum, on the undisbursed portion of the loan 120 days after the signing of the loan agreement
Service Fee on ADF Loan	0.75% per annum on the amount disbursed and outstanding.
Other Charges*	N/A
Tenor	50 years
Grace Period	10 years
FRR, NPV (baseline case)	CFAF 59.4 billion
ERR (baseline case)	28.42%

### Timeframe – Main Milestones (Expected)

Concept Note Approval	July 2011
Project Approval	September 2011
Effectiveness	June 2012
Last Disbursement	December 2016
Completion	December 2015
Last Repayment	2071

## EXECUTIVE SUMMARY

### Project Overview

1. The Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor - Phase I aims to promote the integration of the West African Region and trade between Benin and Togo by improving the infrastructure and road transport conditions between Lomé and Cotonou. The project will comprise: (i) the upgrading into a 2x2 carriageway of the 17.75 km stretch between Pahou and Ouidah, and periodic maintenance of 58.75 km between Ouidah and Hillacondji, including associated developments on the road; (ii) construction of Juxtaposed Border Posts (JBP); and (iii) final designs/bidding documents of the Avépozo-Aného Road of the corridor (28 km) in Togo as well as Comè-Lokossa-Dogbo Road (71 km) and Porto-Novo-Pobè-Obèllè Road (91 km) in Benin. Implementation of these activities will start from June 2012 to December 2015. The total cost, excluding taxes and customs duties, is estimated at UA 86.55 million (UA 67.86 M in foreign exchange and UA 18.69 M in local currency), of which UA 77.95 M will be provided by ADF. The expected outcomes are: a reduction in transport costs between Togo and Benin; reduction in goods transit time; reduction in road accidents; increased trade between Benin and Togo; access to larger markets beyond the borders of the two countries, which will provide conducive conditions for foreign investors; strengthening of regional integration; poverty reduction through improved access to markets and productive areas, as well as improved autonomy of women and vulnerable groups.

2. The project will directly benefit transport users and the 2.5 million people (1.5 million in Benin and 1 million in Togo) in the project area. It will contribute to reducing poverty in the project area and improving the living conditions of beneficiaries by reducing transport costs and improving access. Lastly, it will foster the growth of trade and enhance cooperation between ECOWAS countries in general, and between Benin and Togo in particular.

### Needs Assessment

3. The project forms part of the Community Infrastructure and Road Transport Action Programme (PACITR) and the Regional Programme to Facilitate Inter-State Road Transport and Transit (PRFTTRIE), initiated and led by WAEMU and ECOWAS under their respective Regional Economic Programme, the implementation of which covers the 2005-2015 period (this is also the timeframe for achieving the Millennium Development Goals, MDGs). At mid-term, only CFAF 1,429 billion, representing 38% of the needs of PACITR, estimated in 2008 at CFAF 3,790 billion, had been met - inadequate in view of the time already spent. For this reason, Benin, Togo and WAEMU submitted a financing request to the Bank backed by a letter from ECOWAS. Hence, there is pressing need for the Bank, which has already undertaken an identification and preparation mission (in December 2011), to intervene at this juncture. Furthermore, the project forms part of the Priority Investment Programmes of the two countries for the 2008-2012 period and is in line with the Bank's Medium-Term Strategy (MTS) 2008-2012, which gives priority to regional integrating infrastructure and the private sector. Consequently, it represents a proper use of the resources.

### **Bank's Value Added**

4. The Bank is the lead donor for NEPAD's infrastructure programme, whose Short Term Action Plan (STAP) aims to develop regional infrastructure, including "transport facilitation" components. This role is justified by the experience and skills acquired by the Bank in funding such projects. Through this project, the Bank is best placed to achieve the STAP objectives in West Africa.

### **Knowledge Management**

5. Lessons from the project will be consolidated through: (i) monitoring/evaluation reports of the project impacts, which will be the responsibility of the National Institute of Statistics and Economic Analysis (INSAE) in Benin; and (ii) the activities of Abidjan-Lagos Corridor Organization (ALCO) and the Observatory on Abnormal Practices (OPA).

*Results-Based Logical Framework*

**BENIN/TOGO: MULTINATIONAL PROJECT TO REHABILITATE THE LOME - COTONOU ROAD AND FACILITATE TRANSPORT ON THE ABIDJAN-LAGOS CORRIDOR – PHASE 1**

**Project Aim:** Improve traffic conditions between Lomé and Cotonou and access to productive areas and basic social services in the project area.

OUTCOMES CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
		Indicator (including CSI)	Baseline Case	Target		
IMPACT	Impact: strengthening of regional integration in West Africa and increased national and international trade by Benin and Togo	Volume of trade recorded at the Hillacondji border between Benin and Togo	In 2010: CFAF 72 billion	By 2014: = CFAF 86 billion, representing a 20% increase;	Customs statistics of the two countries and ALCO reports	<p style="text-align: center;"><b><u>OUTCOMES/RESULTS</u></b></p> <p><u>Risks</u></p> <p>1. Lack of will to enforce regional regulations</p> <p><u>Mitigative measures</u></p> <p>1. The pressure exerted by WAEMU/ECOWAS and donors as well as the September 2007 signature by all ECOWAS countries of the Regional Memorandum on Transport Facilitation</p>
	RESULTS	Improved traffic conditions for persons and goods between Lomé and Cotonou.	Travel time between Pahou and Hillacondji	In 2010: 115 mn.	By 2014: 55 mn, representing time saving of 60 mn.	
Number of road blocks per 100 km <sup>1</sup> reduced in the 2 countries			In 2010: 6 in Togo and 7 in Benin	En 2016: 3 in Benin and 3 in Togo.		
Transit duration at Hillacondji-Sanvéé-Condji border			In 2009: 24 hours	2014: 20 hours; (-17%) 2016:18 hours (-25%)		
Number of road accidents between Pahou and Hillacondji			2009: 237 accidents	2014: 200 accidents, representing a 15% reduction		
	Transport costs between Lomé and Cotonou reduced.	Gains in vehicle operating cost (VOC)	In 2011: =0% (CFAF 220/veh/km for a light vehicle)	Between 2014 and 2034: estimated at 38% (CFAF 166/veh/km for a light vehicle)	Monthly works	

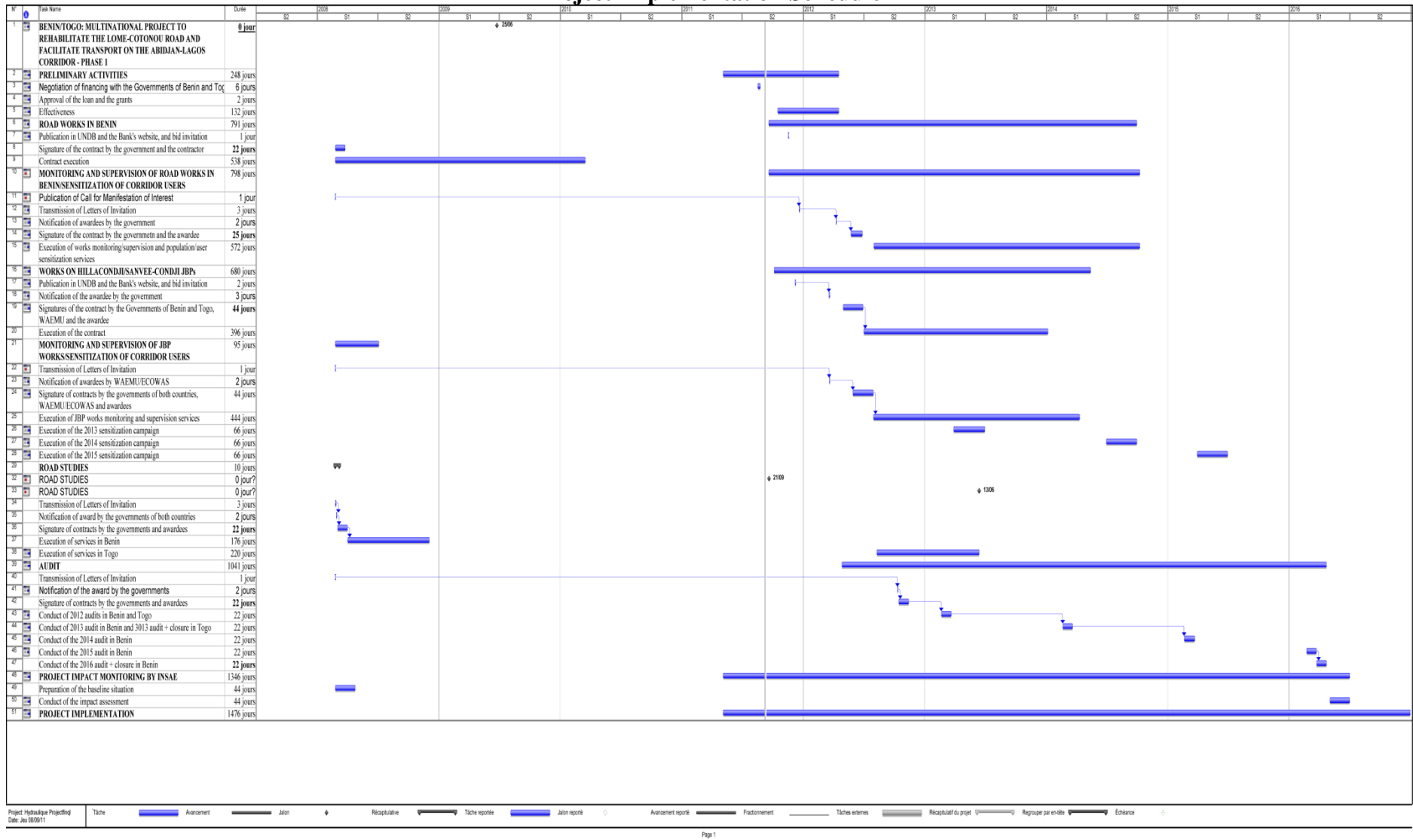
<sup>1</sup> The ratio of the number of roadblocks to the number of official checkpoints (as outlined in the Accra Memorandum of 2007) should be less than two.

OUTCOMES CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
	Indicator (including CSI)	Baseline Case	Target		
<p>Accessibility of productive areas and basic social services in the PIA in Benin improved</p> <p><u>A: Road works</u> A1: 77.5 km of road rehabilitated; A2: Road works and implementation of measures to mitigate the negative impacts on the environment supervised and monitored;</p> <p><u>B: Transport Facilitation</u> B.1: The Hillacondji JBPs are built; B.2: Transport professionals, drivers and road users are sensitized on transport facilitation measures;</p> <p><u>C. Related Facilities</u> C1: 102.9 km of related rural roads are developed;  C2: 4 460 ml of fences to protect socio-economic infrastructure; C.3: The related facilities are supervised and monitored.</p>	<p>Rural access index.</p> <p>Road linear length in good and fair condition; Number of supervision and monitoring reports produced;</p> <p>JBPs built;</p> <p>Professionals and road users sensitized on facilitation measures;</p> <p>Linear length of rural roads developed;</p> <p>Linear length of fences built;</p> <p>Number of facility supervision and monitoring reports.</p>	<p>In 2011: 30%.</p> <p>In 2011: 0 km of road rehabilitated;</p>	<p>In 2014: 35%.</p> <p>In 2014: 77.5 km of road rehabilitated;  12 supervision and monitoring reports yearly from 2012;</p> <p>In 2014: the JBPs are built</p> <p>In 2015: professionals and road users between Lomé and Cotonou are sensitized on transport facilitation measures;</p> <p>In 2014: 102.9 km of additional rural roads are developed;</p> <p>In 2014: 4 460 ml of fences are built;</p>	<p>monitoring and supervision reports;</p> <p>Quarterly project progress report by the Executing Agency;</p>	<p><b><u>OUTPUTS/ACTIVITIES</u></b></p> <p><i>Risks</i></p> <ol style="list-style-type: none"> <li>2. Unexpected increase in works costs;</li> <li>3. Longs delays in the ratification of loan agreements</li> <li>4. Fiduciary risk (slowness and lack of transparency in procurement and financial management)</li> <li>5. Delayed release of counterpart funds;</li> <li>6. Delay in supply of computer equipment and furniture to JBP office.</li> </ol> <p><i>Mitigative measures</i></p> <ol style="list-style-type: none"> <li>2. Availability of relatively recent detailed execution studies (2009) and provision for price escalation; launch of procurement immediately following the project approval, since procurement files are undergoing finalization; and wide competition in procurement;</li> <li>3. New political will through the recent experience gained from the N'dali-Chicandou Road Project, the loan of which became effective in less than 6 months; and simplification of ratification procedures since the recent creation</li> </ol>

OUTCOMES CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
	Indicator (including CSI)	Baseline Case	Target		
<b>PRODUCTS</b> <u>A: Road works</u> A1: 77.5 km of road are rehabilitated; A2: road works and implementation of mitigative measures against negative impacts on the environment are supervised and verified ;  <u>B: Transport Facilitation</u> B.1: The Hillacondji JBPs are constructed; B.2: <u>transport professionals, drivers</u> and road users have been sensitized about transport facilitation measures  <u>C. Associated Developments</u> C1: 102.9 km of rural feeder roads connected to the road are developed;  C2 : 4 460 lm of socioeconomic infrastructure fencing; C.3: associated developments are supervised and controlled	Length of road in good condition and in acceptable state; Number of supervision and control reports produced;  JBP constructed  Transport professionals and road users are sensitized about facilitation measures  Length of feeder roads developed;  Length of fencing constructed;  Number of control and supervision reports of the associated developments;	In 2011: 0 km of road rehabilitate ;	In 2014: 77.5 km of road rehabilitated;  12 supervision and control reports annually starting from 2012;  In 2014: the JBPs are constructed  By 2015: road professional and users between Lomé and Cotonou are sensitized about transport facilitation  By 2014, 102.9 km of supplementary feeder roads have been developed ;  By 2014, 4 460 lm of fencing is complemented;	Monthly works supervision and control reports;  Executing agency's quarterly project progress reports	of the Ministry in charge of Relations with Institutions, whose role is to facilitate relations with the National Assembly and the Government  4. Regular project supervision; annual auditing of accountants and financial management; furthermore the impending opening, in 2011, of a Bank Field Office in Togo;  5. Opening, in the name of the project, of a counterpart fund account and securing funds in this account in accordance with the expenditure schedule;  6. Single coordination of the two projects; enhanced cooperation with the World Bank and simultaneous supervision envisaged for the two projects

OUTCOMES CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
	Indicator (including CSI)	Baseline Case	Target		
<u>D: Freeing of Rights-of-Way</u>  <u>E: Road Studies</u> <u>E.1: Final Designs/BDs of the Avépozo-Aného Road (28 km)</u>  E.2: Feasibility studies on Comè-Lokossa-Dogbo Roads (64 km) and Porto Novo-Pobè-Obèllè, + Zian-Igolo-Nigeria Border Slip Road (91 km)  <u>F: Project Management</u> <u>F.1: Technical audit and project accounting audit;</u>  <u>F.2: Monitoring/evaluation of project impact;</u> <u>F.3: Project monitoring</u>	Study reports are available and BDs prepared  Detailed execution studies and bidding documents.  Project technical audit and account reports;  Baseline report and impact assessment reports		End 2013, detailed execution studies and bidding documents are prepared.  End 2013, detailed execution studies and bidding documents are prepared  Audit report for each fiscal year from 2012 to 2015 and technical audit;  2011 baseline report and impact assessment report at the end of the project in 2016.	Final design/BD reports  Detailed designs/BDs  Project accounts audit reports for the years and technical audit  Monitoring/evaluation report produced by INSAE.	
<b>KEY ACTIVITIES</b>	<b>COMPONENT</b>			<b>RESOURCES</b>	
	<u>A: Road Works: rehabilitate 77.5 km of roads and conduct quality control of works, including ESMP</u>			<u>UA 72.33 Million</u>	
	<u>B: Transport Facilitation: Construct the Hillacondji JBP and sensitize the users about the corridor concept</u>			<u>UA 8.86 Million</u>	
	<u>C: Associated Developments: construct 102 km of feeder roads and rehabilitate social infrastructure</u>			<u>UA 2.71 Million</u>	
	<u>D: Freeing of Rights-of-Way: compensate the communities affected by the project</u>			<u>UA 0.06 Million</u>	
	<u>E: Road Studies: conduct feasibility studies and prepare the bidding documents</u>			<u>UA 1.23 Million</u>	
	<u>F: Project Management: conduct project audits and undertake the monitoring/evaluation of project impacts.</u>			<u>UA 1.37 Million.</u>	

# Project Implementation Schedule



**REPORT AND RECOMMENDATION OF MANAGEMENT TO THE BOARD OF DIRECTORS  
CONCERNING A PROPOSED LOAN/GRANT TO BENIN AND A GRANT TO TOGO FOR  
THE BENIN/TOGO MULTINATIONAL PROJECT TO REHABILITATE  
THE LOMÉ-COTONOU ROAD AND FACILITATE TRANSPORT  
ON THE ABIDJAN-LAGOS CORRIDOR: PHASE I**

Management hereby submits this report and recommendation concerning a proposal to: (i) extend a loan and award a grant amounting to UA 38.87 and 34.27 million, respectively, to Benin; and (ii) award a grant of UA 4.81 million to Togo, to finance the Benin/Togo Multinational Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan-Lagos Corridor, Phase 1.

**I. Strategic Thrust and Rationale**

***1.1. Project Linkages with National and Regional Strategies***

1.1.1 The project road forms part of the Abidjan-Lagos corridor, identified to be one of the priority corridors for the socioeconomic development of the sub-region. In Benin and Togo, the road constitutes a section of the corridor linking the two capitals, Cotonou and Lomé (see map in Appendix VI). In Benin, the corridor between the Nigeria/Benin border and Cotonou (Godomey) is a 2x2 carriageway. The Pahou-Hillacondji 77.5 km section of this project built in 1963 and last rehabilitated in 1998, is in a poor state with high risks of accident, notably as a result of its poor condition and low capacity to carry regional traffic. There is an urgent need to rehabilitate/widen the section to avoid congestion resulting from intense sub-regional traffic on the road. The entire Togolese section of the corridor is a 2x2 carriageway (Lomé-Avépozo and Aného-Sanvée Condji are undergoing construction works) in good condition, with the exception of the Avépozo-Aného portion (28 km) which is still only a double lane carriageway and needs studies for subsequent rehabilitation and widening. The current condition of the road impedes the free movement of persons and goods on this corridor, notably up to the border between the two countries where crossing formalities are cumbersome. In December 2010 and May 2011, the Governments of Benin and Togo and WAEMU submitted to the Bank a request for financing the project, supported by a letter from ECOWAS.

1.1.2 The proposed project is consistent with: (i) Pillar II of the Growth and Poverty Reduction Strategy 2007-2009 (still in force pending the new 2011-2013 undergoing finalization) of Benin, namely “*Economic Diversification*” through the opening up of productive areas, and Pillar I of the Comprehensive Poverty Reduction Strategy (C-PRSP) 2009 – 2011 of Togo (“*Basic Infrastructure Rehabilitation*”); (ii) NEPAD’s Short-Term Action Programme (STAP) on regional integration and access, WAEMU/ECOWAS’s PRFTTRIE, as well as WAEMU’s PACTIR. It will strengthen the priority programmes of the two countries which, for Benin, aims at improving the service level of four structuring highways of the national network that form part of the project road and interconnect independent road networks, namely: (a) the Godomey-Pahou section, of which the project road is an extension and awaiting rehabilitation with World Bank financing; (b) the Godomey interchange upstream of the road project undergoing completion and financed by China; and (c) the Ouidah-Allada road and Pahou-Tori slip road linked to the project road and financed by the Kuwait Fund and BOAD as a prelude to the development of the Tori Dry Harbour currently in the start-up phase. In Togo, the future rehabilitation of the Avépozo-Aného road will help to provide a 2x2 carriageway on the entire Togolese section of the corridor and create a connection with the Lomé City Bypass, the first phase of which is undergoing financing by China.

1.1.3 By consolidating internal access and improving the living conditions of the Beninese and Togolese population, the project is consistent with the Bank's strategy for these countries, i.e. the RBCSP 2005-2009 extended to 2011 for Benin, which forms part of the pillars for economic diversification and improved basic social services, and CSP 2011-2015 for Togo, with "improved governance and transparency" and "basic infrastructure rehabilitation" as pillars.

## ***1.2. Rationale for Bank's Involvement***

### **Major Development Issue**

1.2.1 Despite the fact that the West African transport sector plays a key role in the economic development of the sub-region and generates about 6% of its GDP, many constraints hamper its development: (i) the surface transport network is still largely based on increasingly obsolete transport infrastructure dating from the colonial era and causing many road accidents; and (ii) regional trade is hindered by many obstacles to the free movement of goods and persons, especially: (a) unlawful checkpoints; (b) long, costly and uncoordinated customs procedures; and (c) lack of or insufficient automated customs procedures, and inadequate equipment at border posts.

1.2.2 Aware that an effective regional road network is a necessary condition for the promotion of trade and socioeconomic exchange in West Africa, ECOWAS and WAEMU placed infrastructure development at the centre of their concerns. In this regard, the 998.8 km long Abidjan-Lagos Corridor linking Lagos, Cotonou, Lomé, Accra and Abidjan, and serving a population of over 35 million was identified as the region's first priority. It is the main access road to coastal and landlocked countries of West Africa (all the countries without a coastline using a port at least on the Abidjan-Lagos Corridor) and links the main cities and neighbouring coastal countries. However, this corridor is hardly competitive in terms of commercial costs and security. For example, the tonne/kilometre transport tariffs are, on average, twice as high as in Western Europe. The vehicle pool is decrepit and the quality and reliability of transport poor.

1.2.3 In spite of the fact that the capitals of Benin and Togo are relatively close, that Lomé (the Togolese capital) hosts one of the largest markets in the region and there is no language barrier between these two countries, intra-state trade is weak as a result of the poor quality of the road linking the two countries, insecurity and cumbersome crossing procedures at the Hillacondji/Sanvée-Condji border. In terms of transport facilitation, in their capacity as WAEMU and ECOWAS members, the two countries adhere to all the community instruments for facilitating transport and trade, including limitation of axle load, limitation of control points, and use of a single customs clearance carnet. Consequently, the Bank's intervention in this corridor should help to put in place a more effective transport system and foster the application of harmonized regulation in the sub-region based on the corridor approach.

### **Rationale for Bank's Involvement**

1.2.4 Apart from the above development issues, the following points underpin the rationale for Bank's involvement: (i) the project objectives aimed at promoting regional integration are in line firstly with the objectives of NEPAD, of which the Bank plays a leadership role in implementing the related actions and, secondly with the Bank's 2008-2012 Medium-Term Strategy (MTS) that gives priority to infrastructure, regional integration, governance and private sector. The intervention also concords with the Bank's Regional Integration Strategy (2009-2012) and the Regional Integration Strategy for West Africa (2011-2015) in the process of being approved by the Bank; the project is also consistent with the Bank's Strategic and Operational Framework for Regional Operations; (ii) the Bank has acquired considerable experience and skills in designing, financing and implementing regional transport facilitation projects in partnership with the Regional Economic

Communities (RECs), including WAEMU and ECOWAS; (iii) this project was selected among many regional projects submitted to the Bank for financing in 2011 through the framework for the selection and prioritization of Bank operations; and lastly (iv) the Bank's support for this project is a follow-up to its previous interventions on the Ghana-Togo sections (Avepozo Port Roundabout) on the same corridor, and forms part of a broader donor initiative in West Africa (EU, MCC, World Bank, BOAD, IDB, EBID and USAID). The total investment by these donors in the corridor amounts to over USD 1 billion. Lastly, the proposed project is a good example of tripartite cooperation (Governments, RECs and development partners) aimed at addressing the economic and integration problems facing the region.

### 1.3. Donor Coordination

1.3.1 In Benin, donor coordination is conducted at both the national and sector level. At the national level, it is the responsibility of the Ministry of Economy and Finance (MEF), through the *Caisse Autonome d'Amortissement (Autonomous Sinking Fund) (CAA)*, the Technical Secretariat of the Economic and Finance Programmes Monitoring Unit, the Ministry of Economic Analysis, Development and Forward Planning through the General Directorate of Investment and Development Financing (DGIFD), and the General Directorate for Project Monitoring. In view of the multiplicity of donors, lack of clarity in their roles and responsibilities, Government's performance in project implementation and monitoring as well as aid coordination is deemed averagely satisfactory. However, significant progress has been made in recent years, particularly in the annual PRSP reviews and sector reviews. In this regard, a group called Common Budgetary Support (CBS) was created by the World Bank, ADB, EU, and Kingdom of Denmark, Switzerland, France and the Republic of Germany. At sector level, donors present in the country actively contributed to the formulation of the Transport Sector Strategy (SST), the National Rural Transport Strategy (SNTR) and the Road Maintenance Strategy. Dialogue with the Government is conducted through the Road Fund (RF) Review Board - the supreme organ of the RF, comprising ministries involved in the transport sector and two donor representatives (EU and DANIDA). The RF Board formulates and pursues the general policy of the Road Fund. To this end, it broadly determines its development prospects. Whenever necessary, Benin's transport sector donors meet, upon invitation by the EU (the lead donor), to harmonize points of view, particularly on the implementation of the Transport Sector Strategy, road programming, road maintenance financing, control and limitation of axle load, and limitation of checkpoints on the corridors.

1.3.2 In view of the protracted suspension of cooperation ties between Togo and donors, establishing aid coordination mechanisms was a major concern for the Government following the resumption of financial corporation in 2008. With the assistance of the Support Group, including the Bank, put in place after the 2008 Donors' Conference in Brussels to lay the foundations of a permanent aid coordination framework, the Government in December 2010 set up an institutional mechanism for coordinating, monitoring and evaluating development policies (DIPD). In this regard, a formal donor coordination mechanism for infrastructure in support of growth, including transportation, is being established. The country is beneficiary of interventions by several donors (World Bank, EU, IDB, BOAD, EBID, AFD, etc.) (estimated at CFAF 350 billion<sup>2</sup> in 2008). Eighty-six per cent (86%) of this assistance is devoted to six sectors (infrastructure, macro-economy, health, economy, education and infrastructure), with the infrastructure sector and support to macroeconomic stabilization alone absorbing more than half of total aid received. This sector concentration is a good reflection of Government's priorities set forth in the I-PRSP, and translates into good donor alignment with those priorities.

---

<sup>2</sup> The amount comprises all operations started before 2008 but still ongoing; and project programmes for 2008 or aid whose disbursement is imminent.

1.3.3 During the project preparation and appraisal phase, the Bank held consultative meetings with major donors active in the Transport Sector of the two countries, notably the EU, IDA, DANIDA and BOAD. The harmonization of the Benin Pahou-Ouidah road section of this project with the adjacent Godomey-Pahou section (in the start-up phase with IDA financing) is one of the positive outcomes of Bank and other donors' commitment. Furthermore, the Bank and the IDA play a complementary role within the Hillacondji JBP framework since this project will finance buildings and weighing equipment, while the IDA fill fund furniture and computer hardware. To the extent possible, this cooperation will be pursued during the project implementation phase through the joint organization of project supervision missions with the World Bank.

## II. Project Description

### 2.1. Project Phasing

2.1.1 Improving transportation conditions on the Abidjan-Lagos Corridor requires a global approach entailing the rehabilitation, and/or standardization of road and transit infrastructure, balanced advantages between countries as well as the effective application of transport facilitation measures by all countries concerned. However, the level of preparation differs from country to country and available funds are not sufficient. In view of this, this project has been programmed in two phases.

2.1.2 The proposed Phase 1 relates to the following outputs: (i) upgrading of the 18.75 km section between Pahou and Ouidah into a 2x2 carriageway, and periodic maintenance of 58.75 km between Ouidah and Hillacondji, including associated road developments; (ii) construction of Juxtaposed Border Posts (JBPs); and (iii) final design/bidding documents of the Avépozo-Aného road section of the Corridor (28 km) in Togo, in preparation of Phase 2 as well as the Comè-Lokossa-Dogbo (71 km) and Porto-Novo-Pobè-Obèllè roads in Benin (71 and 91 km, respectively).

### 2.2 Project Objectives

2.2.1 The sector objective of the project is to contribute to strengthening regional integration and growth of intra-regional trade. The specific objectives are to improve transport conditions for the benefit of Benin and Togo, and the region in general. The following outcomes are expected: (i) reduced transportation cost between Benin and Togo; (ii) reduced transit time of goods and persons at the border; (iii) reduced risk of accidents on the road, and (iv) increased trade between the two countries.

### 2.3 Project Components

2.3.1 To achieve the above objectives and outcomes, project activities have been grouped into six components as summarized in the table below.

Table 2.1: Project Components

Component	Cost (UAM)	Description of Components
<b>1.ROAD WORKS</b>	72.33	<u>In Benin</u> 1.1 Road upgrade between Pahou and Ouidah (18.75 km) and periodic maintenance between Ouidah and the Togolese border (58.75 km), including construction of a foot-bridge at Ouidah Market 1.2 Reduction of the impact on the environment and risk of climate change; 1.3 Works monitoring/supervision and sensitization;
<b>2.ASSOCIATED DEVELOPMENTS</b>	2.71	<u>In Benin</u> 2.1 Development of 102.9 km of feeder roads; 2.2 Rehabilitation of socioeconomic infrastructure located along the project road;

		2.3 Supply of farm produce processing equipment to women's cooperatives in the project area; 2.4 Monitoring and supervision of associated works.
<b>3.FREEING OF RIGHTS-OR-WAY</b>	0.06	Compensation of persons affected by the road works in Benin
<b>4.TRANSPORT FACILITATION</b>	8.86	<u>Benin/Togo</u> 4.1 Construction of Hillacondji/Sanvée Condji JBP; 4.2 Supervision and control of JBP works; 4.3 Sensitization of corridor users and transport professionals to transport facilitation measures
<b>5. ROAD STUDIES</b>	1.23	<u>In Togo</u> 5.1 Feasibility studies of Avépozo-Aného 2x2 dual carriageway in Togo; <u>In Benin</u> 5.2 Comè-Lokossa-Dogbo road + Zounhoué-Athiémè ramp study (71 km); 5. Porto Novo-Pobè-Obèllè road, + Zian-Igolo ramp- Nigerian border study (91 km) in Benin.
<b>6.PROJECT MANAGEMENT</b>	1.37	6.1 Project impact monitoring/evaluation; 6.2 Financial, accounting and technical auditing of project; 6.3 Project operation

#### 2.4. Technical Solutions Adopted and Alternatives Explored

2.4.1 The two Governments, WAEMU and the Bank considered several options for project technical design and financing. The technical solution retained is the rehabilitation of the road based on ECOWAS and WAEMU geometric standards. Thus, for the Pahou-Ouidah Section, provision was made for a 32.80 m roadbed comprising a dual carriageway with 2 traffic lanes of 3.50 m for each direction (separated by a 2-metre wide central reserve), two 2m wide strips on either side, and two lateral gutters. The development of service roads in inter-locking pavement blocks was considered but discarded after assessment, in view of the high cost involved. Concerning the Ouidah-Hillacondji Section, its upgrading into a 2x2 carriageway was also considered but subsequently discarded in favour of a 10m roadbed with a 2x3.5 m carriageway and two shoulders of 1.5 m each. In view of the high amount of resources needed to implement the project, a PPP was considered but discarded given the insufficient traffic carried by the project road, which does not justify major private sector investment from a financial perspective.

Table 2.2  
*Alternatives Explored and Reasons for Rejection*

Alternative	Brief Description	Reason for Rejection
<b>Variant 1:</b> Ouidah-Hillacondji Section upgrade into a 2x2 lane carriageway, each 3.5 m wide	A 32.80 m roadbed comprising a two-way carriageway with 2 lane traffic lanes of 3.50 m for each direction, separated by a 2 m central reserve and two strips of 2 m each.	<ul style="list-style-type: none"> <li>Insufficient available funds, the traffic is low and the structure of the existing carriageway has a good residual capacity.</li> </ul>
<b>Variant 2:</b> Development of paved service roads between Pahou and Ouidah	5 m-wide strips made of inter-locking pavement blocks on a 20 cm silty sand and a 5 cm sand bed	<ul style="list-style-type: none"> <li>The cost of pavement block surfacing is exceedingly high. Furthermore, since the development of service roads on the Godomey-Pahou upstream section (more urbanized with heavier traffic) had not been planned, there would be no justification for developing service roads on the downstream section</li> </ul>

## 2.5. Project Type

This is a standalone regional investment operation. The resources requested from ADF will be used to finance known social and economic infrastructure. Furthermore, the investments for which the funds will be disbursed are specific and well-defined, making the individual loan and grant the best instruments for Bank's involvement in the project.

## 2.6. Project Cost and Financing Arrangements

2.6.1. The total project cost, excluding taxes and customs duties, is estimated at UA 86.55 million (CFAF 61.93 billion), comprising UA 67.86 million in foreign exchange (CFAF 48.56 billion or 78%) and UA 18.69 million in local currency (CFAF 13.37 billion or 22%). The cost of project components in Benin amounts to UA 80.85 million (CFAF 57.85 billion or 93% of the total cost) and in Togo to UA 4.83 million (CFAF 3.46 billion or 6% of the cost). WAEMU will fund UA 0.87 million (1%). The estimated project cost is based on feasibility studies and unit prices of bids for similar works and services in 2010. It takes into account the recommendations of the study conducted in 2008 by the Bank on the unit costs of civil engineering works (see details in Technical Annex I). Lastly, it includes provision for physical contingencies at 10% of the base cost and for price escalation at 4.81% of the base cost plus physical contingencies. A summary of the project cost by component and country is summarized in Tables 2.3 and 2.4 below. The detailed cost by component, expenditure category and expenditure schedule is given in Technical Annex A.1.

Table 2.3  
Cost Estimate by Component [UA Million]

COMPONENT	CFAF Billion			UA Million		
	F.E.	L.C.	Total	F.E.	L.C.	Total
1. Road Works	35.70	9.19	44.89	49.89	12.84	62.73
2. Associated Developments	1.31	0.37	1.68	1.83	0.51	2.35
3. Freeing of Rights-of-Way	0.00	0.04	0.04	0.00	0.05	0.05
4. Transport Facilitation	4.38	1.13	5.50	6.11	1.57	7.69
5. Road Studies	0.53	0.23	0.76	0.75	0.32	1.07
6. Project Management	0.20	0.65	0.85	0.28	0.91	1.19
<b>Base Cost</b>	<b>42.12</b>	<b>11.60</b>	<b>53.72</b>	<b>58.87</b>	<b>16.21</b>	<b>75.08</b>
Physical Contingencies	4.21	1.16	5.37	5.89	1.62	7.51
Financial Contingencies	2.22	0.61	2.84	3.11	0.86	3.96
<b>Total Cost Net of Taxes</b>	<b>48.56</b>	<b>13.37</b>	<b>61.93</b>	<b>67.86</b>	<b>18.69</b>	<b>86.55</b>

Table 2.4  
Cost Estimate by Component and by Country [UA Million]

Component	Benin		Togo		WAEMU/ECOWAS	
	CFAF Million	UA Million	CFAF Million	UA Million	CFAF Million	UA Million
1. Road Works	44 888.17	62.73	0.00	0.00	0.00	0.00
2. Associated Works	1 679.76	2.35	0.00	0.00	0.00	0.00
3. Freeing of Rights-of-Way	36.21	0.05	0.00	0.00	0.00	0.00
4. Transport Facilitation	2 750.00	3.84	2 750.00	3.84	0.00	0.00
5. Road Studies	567.00	0.79	196.00	0.27	0.00	0.00
6. Project Management	260.22	0.36	14.98	0.07	540.00	0.75
<b>Base Cost</b>	<b>50 181.35</b>	<b>70.13</b>	<b>2 960.98</b>	<b>4.19</b>	<b>540.00</b>	<b>0.75</b>
Physical Contingencies	5 018.14	7.01	296.10	0.42	54.00	0.08
Financial Contingencies	2 649.18	3.70	156.32	0.22	28.51	0.04
<b>Total Cost Net of Taxes</b>	<b>57 848.67</b>	<b>80.85</b>	<b>3 413.39</b>	<b>4.83</b>	<b>622.51</b>	<b>0.87</b>

2.6.2 The project will be jointly financed by ADF, Governments of Benin and Togo, and WAEMU. ADF, the main donor, will finance 90% of the project, representing UA 77.95 million (CFA 55.78 billion) through a UA 38.87 million loan and a UA 34.27 million grant to Benin, as

well as a UA 4.81 million grant to Togo. Benin, Togo and WAEMU counterpart contributions represent 10% (UA 7.71 million), 0% (UA 0.02 million) and 100% (UA 0.87 million) of the cost of components, in that order. The financing plan is summarized in Table 2.5 below.

Table 2.5  
Sources of Financing [in UA]

Country/Organization	Cost	ADF Financing		Counterpart	
		Amount	Rate	Amount	Rate
<b>Benin</b>	80.85	73.14	90%	7.71	10%
<b>Togo</b>	4.83	4.81	100%	0.02	0%
<b>WAEMU</b>	0.87	0	0%	0.87	100%
<b>Tot</b>	<b>86.55</b>	<b>77.95</b>	<b>90%</b>	<b>8.60</b>	<b>10%</b>

2.6.3 The ADF contribution will be made up of 33% from country allocations and 67% from the regional envelope. The sources of financing are indicated in Table 2.6 below.

Table 2.6  
Sources of ADF Financing [in UA Million]

Country/ Organization	ADF Financing		Country Allocation-under ADF XII				Envelope of ADF XII Regional Operations			
	Loan	Grant	Loan		Grant		Loan		Grant	
			Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Benin	38.87	34.27	12.96	33%	11.42	33%	25.91	67%	22.84	67%
Togo	0	4.81	0.00	0%	1.60	33%	0.00	0%	3.21	67%
WAEMU	0	0	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>38.87</b>	<b>39.08</b>	<b>12.96</b>		<b>13.03</b>		<b>25.91</b>		<b>26.05</b>	
	<b>77.95</b>		<b>25.98</b>		<b>33%</b>		<b>51.96</b>		<b>67%</b>	

## 2.7. Project Target Areas and Beneficiaries

2.7.1 Location: the impact area of the Abidjan-Lagos Corridor runs through coastal and landlocked countries of West Africa, with all the landlocked countries using at least one seaport in this corridor. Consequently, in terms of trade and regional integration, the extended area of the project stretches beyond Cote d'Ivoire, Ghana, Togo, Benin, Nigeria, up to Burkina-Faso, Mali, and Niger, serving an estimated 240 million inhabitants (87% of the region's population). However, since the project will be implemented in phases, the impact area of Phase 1 (this project) is mainly the South-West of Benin and the South of Togo).

2.7.2 In Benin, this area covers 4 districts ("communes") (Ouidah, Kpomassè, Comè and Grand-Popo), distributed in the two Departments (Atlantique and Mono) and home to over 1.5 million persons, i.e. 17% of the country's population (2011). The area is essentially rural (80%), with agriculture and fishing as the main income-generating activities (80% of the population). The region produces 15% of the total national output with preponderance for cassava, tomato, and pineapple. Agricultural/fisheries output and productivity are hampered by the absence of appropriate production and processing facilities as well as the difficult access to productive areas and markets owing to lack of adequate road infrastructure. The improvement of rural access in the area, processing of farm produce and road infrastructure will have a positive impact on the local economy, transport safety and poverty reduction. In Togo, the extended impact area of the road under study covers the Lacs Prefecture in Maritime Region, which has 2.4 million inhabitants. The study will determine the socio-economic data of the said area.

2.7.3 Beneficiaries. Overall, the project beneficiaries will be the 302,317 inhabitants (51% women) of districts (communes) through which the road passes in Benin, and the 160,991 inhabitants of the Lacs Prefecture in Togo. Specifically, the direct beneficiaries will be the main

socio-professional groups present in the PIA (fishermen, farmers, women's associations, transporters, pupils attending schools near the road to be rehabilitated, traders, suppliers, contractors, travellers and transport operators) and neighbouring communities along the highway. Some of these beneficiaries will come from other districts in Benin as well as neighbouring countries, particularly Togo and Ghana.

2.7.4 Expected outcomes: The project beneficiaries will enjoy the benefits stemming from: (i) the reduction in vehicle operating costs; (ii) better access to productive areas and basic social services; (iii) reduced travel time, greater transport security and safety, and easing of border crossing formalities; and (iv) increase in household income.

## ***2.8. Participatory Process for Project Identification, Design and Implementation***

2.8.1 The participatory approach was incorporated into project identification and preparation both during the detailed feasibility studies and the project preparatory missions. Participatory sessions were organized in Kpomassè, Ouidah, Comè, Grand-Popo and Hillacondji at the frontier of both countries. They related to modalities of information and participation by representatives of various social groups present in the PIA and stakeholders of the Beninese Transport System (drivers, transport owners' associations and the Cotonou Port Authority), non-governmental organizations, women's associations and local representatives from technical services of ministries involved (Public Works, Education, Health and Family Welfare). Preliminary consultative sessions were organized.

2.8.2 During these sessions, representatives from the communities and technical services expressed their concerns and outlined local realities with regard to mobility, protection of the road asset, road safety, spread of sexually transmitted infections, and lack of access to socioeconomic activities. These discussions also helped to identify some related developments and specific activities for women, as well as incorporate concerns over the possible negative effects of the project in the project design and its Environmental and Social Management Plan (EMSP).

2.8.3 When implementing the project, this participatory approach will be pursued, notably during the supervision and mid-term review missions, and in the course of project impact assessment. Public consultations are also recommended for implementing the EMSP.

## ***2.9. Bank Group Experiences and Lessons Reflected in Project Design***

2.9.1 Since adoption of the NEPAD Short-Term Action Plan (STAP) and the inclusion of transport facilitation, regional transport projects have become more complex. This type of project can face the following problems at various levels: (i) complexity of the design due to the number of countries and components involved; (ii) unbalanced distribution of benefits among participating countries; (iii) overlapping and weak regional structures or institutions in charge of implementing facilitation measures; (iv) cumbersome formulation and implementation procedures of the community legal and regulatory instruments; (v) rate of preparation and implementation impeded by the less performing country; (vi) low level of sensitization of users and public agents involved; and (viii) weak ownership by countries involved. The Bank's relevant direct experience is relatively limited in view of the young age of projects of this kind (starting from 2003). Currently, a few similar projects are on-going (RP1: Mali/Burkina Faso/Ghana; RP2: Mali/Senegal; RP3: Burkina Faso/Niger; Cameroon/Nigeria; COSCAP; etc.). The following lessons may already be drawn from implementing these projects in West Africa: (i) it is necessary to have quality background study and simplify procurement procedures to make the most of the benefits from careful implementation; (ii) ownership and capacity of States and regional organizations must be adequately assessed to guarantee unimpeded implementation; (iii) the countries, relevant RECs, as well as the Bank are

expected to provide adequate resources to enable the implementation, monitoring and evaluation needed for regional projects; and (iv) community regulations must be implemented concomitantly in all member States.

2.9.2 In Benin, projects-at-risk make up 47% of the Bank's operations portfolio. The main lessons learned concern: (i) the need to secure counterpart funds in a specific account; (ii) judicious allotment of road and associated works to avert procurement lapses; (iii) use of sustainable structures for project implementation; and (iv) close supervision of projects. In Togo, a single project to rehabilitate and modernize the Port Roundabout-Avépozo stretch of the Abidjan-Lagos Corridor is on-going in the sector. Its performance is satisfactory.

2.9.3 The main lessons incorporated in this project are as follows: (i) the project objectives, design and components were simplified; (ii) the technical, social, environmental and institutional aspects were prepared upstream, and works and services were pooled into homogenous lots; (iii) the imbalance of benefits and the unequal level of preparation between the two countries were corrected by reformulating project implementation into two phases, namely the physical outputs in Benin as the first phase and those in Togo as the second phase; (iv) to ensure the availability of resources, the opening of an account for the Benin counterpart fund will be a condition for Bank financing; and (v) the development of a monitoring/evaluation framework through the three project executing agencies and INSAE, whose capacity was deemed satisfactory.

## **2.10. Key Performance Indicators**

2.10.1 The main expected outputs are: 18.75 km of road between Pahou and Ouidah upgraded into a 2x2 carriageway of 3.5 m width on either side and 58.75 km of upgraded road between Ouidah and the Togo (Hillacondji) border, with provision for optical fibre along the road, 102.9 km of developed associated feeder roads, construction of a foot-bridge at Ouidah market, 4460 lm of socioeconomic infrastructure close to the road, 30 women association beneficiaries of equipment for post-harvest processing, 173 km of road studies for the two countries and Juxtaposed Border Posts (JBPs) constructed at Hillacondji/Sanvé-Condji. Furthermore, it is expected that community transport and trade facilitation measures on the corridor will be enforced by the States.

2.10.2 The main indicators of the project outcomes are: (i) travel time; (ii) number of road checkpoints over 100 km; (iii) vehicle operating costs (VOC); (iv) rural access index, (v) volume of trade between the two countries; (vi) time taken to fulfil customs formalities at the Benin/Togo border; (vii) number of road accidents; and (viii) household income level in the PIA. INSAE will establish the baseline case for these indicators prior to the start of works, and conduct a socioeconomic impact assessment at the end of the project. The performance monitoring reports on the corridor produced by OCAL could be a source of information for INSAE.

## **III. Project Feasibility**

### **3.1 Economic and Financial Performance**

3.1.1 The **economic analysis** was based on the HDM4 model entailing a cost-benefit analysis between the "project" and "no project" situations over 20 years, starting from the commissioning. The main elements taken into account in the analysis include: (i) project investment and maintenance costs; (ii) past traffic trend (from 1996 to 2010) and projection of its future development (over a 20-year period); (ii) comparison of project benefits stemming from the gains on vehicle operating costs and time saved (after completion of works) in relation to the baseline case. A 12% discount rate and a 25% residual value were used.

3.1.2 The economic benefits derived from project implementation during the analysis period (2011-2034) were estimated at CFAF 59.14 billion for all the sections. The IRR of the entire project amounts to 28.4%, thereby confirming the project’s return for the national community. Furthermore, apart from its undeniable economic impact, the development of the entire road section will play a key sub-regional role.

3.1.3 **Sensitivity Analysis:** sensitivity tests of the internal rate of return were carried out by applying the optimal maintenance strategy. The results of these tests are presented in the table below.

Situation	IRR
Base	28.42%
10% cost increase	26.54%
10% decrease in benefits	26.35%
10% decrease in benefits and 10% cost increase	24.61%

NB: detailed calculations are given in Annex IV.

## 3.2. *Environmental and Social Impact*

### Environment

3.2.1 Environmentally, the project is classified as Category 2. In accordance with the Bank’s environmental requirements, an Environmental and Social Impact Assessment (ESIA) was conducted by Benin’s Ministry of Environment and validated following the issuance of an Environmental Compliance Certificate. Furthermore, an Abridged Resettlement Plan (ARP) was prepared in 2009 and updated in 2010 with Bank financing. An Environmental and Social Management Plan (ESMP) was also prepared, a summary of which was posted on the Bank’s website on 02/03/2011. The cost of the ESMP is estimated at CFAF 305 510 400 and included in the project.

3.2.2 The JBP site with an area of 12 ha (6 ha for Togo and 6 ha for Benin), was transferred to ECOWAS in October 2007 following the signing of a memorandum of understanding by both countries and after compensation had been paid to affected persons.

### Climate Change

3.2.3 The project road is situated between one (1) and 12 km from the coastline and at an altitude ranging from 30 to 50 m above sea level. At Grand-Popo, it crosses the Mono River, which has its source in the North of Togo and flows into the Atlantic at Grand-Popo in Benin. Elsewhere, it skirts Lake Ahémé, which is replenished by the Kouffo River and takes its source from the North of Benin. Hence, it is directly exposed to risks of flooding that characterize the North and the Central parts of the country, and directly to the coastal erosion that affects the project area and has been aggravated since 1990 by: (i) the construction of the Nangbéto Dam in Togo, which creates on the coast a deficit of river inputs of 100,000 m<sup>3</sup> of sand held upstream; and (ii) strong scouring currents caused by the release of excess water from the dam during flood periods, thus accounting for the current scale of erosion at the mouth of Mono River and its environs. The risk of flooding is mitigated by Lake Ahémé, which plays a flood-reducing role. Furthermore, the project flood model (i.e. water flow caused by imaginary rain of an intensity and return duration chosen according to the level of protection expected) used for designing the existing structures, namely a “half-century” storm (hydraulic structures) and a “century” storm (engineering works) with a repeat period of at least 2 to 4 times during the project life span (about 20 years), reduces the risk of flooding on the project road. The structures of this road resisted the exceptional flood that occurred in 2008 in the same region even though submersion areas were observed around Ahozon Bridge. From the

foregoing, it is expected that the project road will be raised in these exposed areas. This road is protected from risks of coastal erosion and marine submersion, given its distance from the coastline and relative altitude in relation to the sea level. Furthermore, in this coastal area, a coastal protection project estimated at USD 1,296,000 and started in 2009 is on-going and scheduled for completion in 2012. Effects of global warming are also taken into account in the technical solution adopted for paving the road, by prescribing a hydrocarbon binder whose elasticity will enable the road to resist destruction through high temperature slow creep.

## Gender

3.2.4 The most significant impact on women will relate to the displacement or destruction of trading structures. Without doubt, income from the sale of processed farm produce will fall during works. Socio-cultural obstacles and discrimination that limit women's access to financial resources could compel men to control the compensations proposed by the project to make up for such losses. For this reason, the compensations will be handled by a committee set up by the Government with the involvement of the communities. Risks of increase in HIV infections and road traffic mishaps are to be expected, given the influx of migrant workers to the project area and increased traffic. Mitigation measures will focus on preventing HIV infections within the context of the on-going CORRIDOR programme, construction of a footbridge at Ouidah Market and construction of speed bumps in built-up areas. Furthermore, women's well-being will improve through: (i) better access to health infrastructure, thanks to the feeder roads, provision of modern latrines, creation of drinking water points in the public health facilities; and (ii) decrease in chores associated with post-harvest and household activities, thanks to the provision of farm produce processing equipment. Family health and girls' education will improve considerably.

## Social

3.2.5 The expected spin-offs from the proposed project include a reduction in travel time, vehicle operating costs and tariffs, as well as an improvement in the safety and quality of transport services, and an increase in government taxes and levies following better enforcement of commercial transit regulations. During works, the project will create jobs and income for over 300 local workers throughout the two-year implementation phase. The influx of workers will stimulate demand for services such as housing, catering and transport, and help to establish small trade in the sale of farm, fishing and artisanal produce. In turn, this will help to improve the living conditions of the workers and their families, boost rural savings and create individual/family micro-projects. The well-being of the population will improve with access to basic social services such as drinking water and education.

3.2.6 However, during and after works, road safety, risks of road traffic accidents and spread of HIV/AIDS as well as consumption of natural resources will increase because of the increased traffic, traffic speed and influx of workers into the project area. A footbridge at Ouidah Market, fencing of schools and health centres near the road and construction of speed bumps have been incorporated into the project to mitigate these risks. Furthermore, sensitization campaigns on road safety, HIV/AIDS and environmental protection will be included in the contract of the consultancy firm responsible for road works monitoring and supervision. Central and decentralized services of the ministries in charge of environment will monitor the implementation of these measures.

3.2.7 To enhance the project's socioeconomic impact and contribute to improving the living conditions of the communities in the PIA, feeder roads will be developed to open up the major productive areas. In addition, equipment for processing farm produce will be supplied to women's associations, socioeconomic infrastructure rehabilitated and HIV/AIDS awareness-raising campaigns conducted. Jobs created as part of the project works will help to improve living conditions by increasing household income and savings.

### **Forced Resettlement**

3.2.8 The construction of the road project will not induce any expropriation of dwelling houses. However, 125 persons whose light commercial structures are illegally located in the road right-of-way will be displaced for public utility reasons. In accordance with the Bank's policies, an Abridged Resettlement Plan (ARP) was prepared in 2009 and updated in 2010 with Bank financing. The ARP includes compensation by the Government to the tune of CFAF 36.5 million. This cost is included in the project. Evidence of paying the compensation will be a condition for granting the loan to Benin. Concerning the Hillacondji JBP, compensation to 29 persons affected (estimated at CFAF 450 million in Togo and CFAF 1.5 billion in Benin, already paid in Togo since 2007 and nearing completion in Benin) was a condition precedent to the transfer of the site to ECOWAS. For their part, owners of commercial structures in the Benin/Togo border areas are covered under the on-going World Bank-funded Aného-Sanvée-Condji Project.

## **IV. Implementation**

### **4.1. Implementation Arrangements**

#### ***Implementation Modalities at National Level***

4.1.1 Each country will implement its own components. In each, the executing agency and project owner will be the Ministry of Transport and/or Public Works, through the General Directorate of Public Works (DGTP). At the Togo DGTP, the Avépozo-Aného Road Study will be monitored by the Planning and Monitoring/Evaluation Directorate (DEPSE), which has the requisite staff and is already satisfactorily monitoring the on-going implementation of the Port Roundabout – Avépozo Project. The operating cost will be borne by the Government as part of its financial contribution. The Benin DGTP also has sufficient staff (58 engineers and 26 senior technicians) as well as proven experience in implementing projects financed by donors such as ADF, IDA, BOAD and DANIDA. At Benin DGTP, the Director of New Works (DTN) will be the project coordinator. S/he will be supported by an experienced road engineer from the DTN, whose profile will require prior approval by the Bank. S/he will be seconded to the project and work in close collaboration with various technical departments concerned, and the consultant in charge of works control. Furthermore, an accountant familiar with the SYSCOA accounting system and private accounting will be appointed as the project accountant. The Executing Agency (EA) was established by Order of the Minister of Public Works and, as part of the counterpart contribution, given the necessary resources to carry out its mission (operation, etc.). The DTN staff has already benefitted from project management training sessions and training in Bank procurement and disbursement procedures. Additional training is scheduled during the project launch mission. The Benin project coordinator will undergo annual performance evaluation.

4.1.2 Progress has been made in aid harmonization and implementation of the Paris Declaration on Aid Effectiveness in respect of the use of public agencies for project implementation in the two countries. The share of projects-at-risk in the Bank's portfolio in Benin decreased from 56% in 2007 to 47% in 2010, reflecting a clear improvement in the country's implementation capacity. The Togo portfolio has no project-at-risk. Overall, the public services of the two countries are

implementing on-going projects satisfactorily. Hence, it was not necessary to create parallel implementation units.

### *Implementation Modalities at Regional Level*

4.1.3 In accordance with the role assigned to it in regional projects and the West African Corridor, WAEMU will be responsible for the general coordination of the transport facilitation component of this project. It will put in place the management organs of the corridor (OCAL, OPA, etc.), monitor the collection and dissemination of data on corridor performance indicators, dialogue with both countries for the effective application of transport facilitation measures and build the capacity of the national transport facilitation committees of the two countries. The coordination will be conducted through a Joint Technical Committee (CTM) comprising the road and transport directors of the two countries, DATC of WAEMU, the Directorate in charge of ECOWAS and OCAL. The CTM will serve as an interface and provide coordination between the national facilitation committees and the ECOWAS Regional Facilitation Committee. WAEMU will finance the operation of the project management team in WAEMU and CTM, as well as the cost of corridor management activities. The Accra Memorandum of Understanding signed by the five corridor countries and its annexes provide a general framework for implementing the transport facilitation components of the project. Through WAEMU and ECOWAS, this project will also draw from the performance evaluation mechanism of the corridor already put in place under the ECOWAS's auspices.

### **Procurement**

4.1.4 Procurement of goods, works and services financed from Bank resources will be in accordance with its rules and procedures for the use of consultants, based on appropriate standard Bank bidding documents. The Public Procurement Unit (CPMP) of the Ministry of Public Works and Transport in Benin, the Public Procurement Directorate (DMP) at the Ministry of Public Works of Togo and the WAEMU Unit will be responsible for the procurement of goods/works and consultancy services (as the case may be), as described in detail in Annex III of the Annex document. The resources, capacity, expertise and experience of these executing agencies, details of which are given in Technical Annex III, were assessed and deemed satisfactory. The procurement plan is also given in Technical Annex III.

### *Financial Management*

4.1.5 In their capacity as the Executing Agencies, Ministries in charge of Public Works in both countries will cater for the administrative, financial and accounting management of the project. They will put in place a system for the adequate financial execution of the project comprising: (i) an administrative, financial and accounting procedures manual covering all project activities (the procedures manual prepared under other road projects will be adapted to the institutional arrangements of this project and submitted to the Bank for prior approval); (ii) a private type commitment accounting, based on generally accepted standards and procedures, will help to have accounting books and financial statements required by the Bank ready at all times; and (iii) a clear separation of tasks. The project will be provided with accounting software for budgetary, cost and general accounting.

4.1.6 The project accounts will be kept separately and based on a private-type computerized system by the executing agencies, using a chart of accounts. The system will enable the monitoring of project expenditures according to projections, by source of financing, category and component.

## Disbursement

4.1.7 The direct disbursement method will be used for goods, works and services financed through the ADF loan to Benin and ADF grants to both countries. In Benin, the counterpart funds will be paid into a counterpart account opened at the Public Treasury. The account will be replenished in line with the annual expenditure schedule. It will also receive resources for the operating costs of the Project Executing Agency in Benin. Opening of the said account will be a condition precedent to first disbursement of the loan in Benin. In view of the low level of their financial contribution to the project, Togo and WAEMU have undertaken to take the necessary steps to enter their respective counterpart funds in their 2012 budgets.

## Audit

4.1.8 An external auditing of project financial statements and procurement will be conducted annually by audit firms recruited in accordance with Bank procedures. Provision will be made to draw resources from in each country's grant for the purpose. The audit reports will be submitted to the Bank latest six months following the end of each accounting period. A project technical audit will also be conducted by a panel of qualified experts.

## Implementation and Supervision Schedule

4.1.9 The project implementation period will start from June 2012 to December 2016. The corresponding implementation schedule, summarized at the beginning of this report, is given in detail in Annex C.1 of the Annex document. As soon as the loan and grants are approved, ADF will launch the project and subsequently undertake supervision missions whose schedule and composition are given in Annex VI.

## 4.2. Monitoring

4.2.1 The consultants in charge of works monitoring and supervision will prepare monthly and quarterly progress reports for the relevant national entities. The national and regional executing agencies will submit quarterly project progress reports, including the implementation of the ESMP, following the Bank's standard format and covering all project activities. The reports will include physical, financial, social and environmental aspects, to help measure the degree of achievement of project objectives. Semi-annual coordination meetings by CTM, including the national agencies and regional agency, will be held to ensure consistency and the desired collaboration within the project framework. Furthermore, Bank supervision missions will be conducted half-yearly, in accordance with the Bank's operations manual. If necessary, a mid-term review and a final evaluation, including the completion reports of the Borrowers, WAEMU and the Bank, will also be undertaken.

*Project Implementation Monitoring Schedule*

Duration	Stage	Monitoring Activities / Feedback
Quart. 1 - 2012	Project launch	Supervision report and progress reports
Quart. 2 - 2012	Completion of procurement of civil engineering works	Procurement plan/progress report
Quart 3 - 2012	Mobilisation of service providers	Supervision and progress report
Quart 1 - 2013	25% execution rate of civil engineering works	Supervision and progress report
Quart 3 - 2013	60% execution rate of civil engineering works	Mid-term review and progress report
Quart 3 - 2014	Completion of civil engineering works	Supervision and progress report

Quart 3 – 2015	Expiration of guarantee period	Supervision and progress report
Quart 4 – 2016	Project completion	Project completion report

### 4.3. Governance

4.3.1 In Benin, the Government took stringent anti-corruption measures and initiated studies on reforming internal control, reporting and audit. Transparency and equity in finance and public procurement management have significantly improved since 2006, thanks to the following measures: (i) publishing of a price directory for public procurement; (ii) promulgation of a new public procurement code; (iii) promulgation in 2008 of a decree fixing the maximum timeframes for bidding stages; (iv) creation in 2007 of a general inspectorate directly attached to the Office of the President; (v) attachment in 2008 of the Law Officer of the Treasury directly to the Office of the President; (vi) strengthening of the General Inspectorate of Finance; and (vii) creation of a new legal framework separating the procurement regulatory function from that of public procurement management. Furthermore, the CAA has been in charge of project counterpart funds in Benin since 2008. These improvements were made with the Bank's active contribution through the Control Institutions Support Project and the Growth and Poverty Reduction Strategy Support Programme (PASCRRP III and IV). The socioeconomic crisis facing Togo starting from the 1990s led to abnormal practices in public finance and procurement management. Since the June 2006 Public Expenditure Management and Financial Accountability Review (PEMFAR), progress has been made in tax and accounting reforms, notably with the support of donors including the Bank, which has provided assistance through the Institutional Capacity Building Support Project (PARCI).

4.3.2 The risks of corruption in procurement and execution of relatively major civil engineering contracts will be detected and reduced through: (i) prior review by the national procurement structures of the two countries; (ii) review of procurement documents, through which the Bank is able to control the process using its non-objection at every major stage; (iii) regular supervision by the Bank and financial and accounting auditing of the project, which highlights abnormal discrepancies between the terms of reference, actual services and works conducted, disbursements and loan agreements; (iv) the choice of the direct payment method for the disbursement of funds to contractors and service providers; and (v) use of the post-qualification procedure, which provides wider competition.

4.3.3 Transport facilitation goes with a good regulation of border control agencies on the entire corridor. These agencies are prone to unlawful practices that hamper the free movement of goods and persons. Police and gendarmerie personnel are reported to take illicit monies at the borders and numerous road checkpoints. To mitigate these risks, a number of measures will be taken namely: (i) sensitization (community regulations, user fees, etc.) of public users and security agents on transport facilitation procedures, which will help to reduce bribery opportunities; and (ii) support to the Abnormal Practices Observatory (OPA) and corridor management (with WAEMU financing) already put in place under ECOWAS's auspices, with a view to checking and encouraging public condemnation of illegal road blocks and corruption points.

### 4.4. Sustainability

4.4.1 The following activities, which are mutually supportive, will help to ensure the commitment of WAEMU and ECOWAS countries to own and maintain the project outputs: (i) the 2003 ECOWAS Road Transport and Transit Facilitation Programme is the sustainable framework for several donors to improve the medium-term performance of the corridor; (ii) the 2007 Accra Memorandum of Understanding on Trade Facilitation and Regional Integration in member countries signed by all governments and ECOWAS, is a crucial regional document that guarantees

the project viability; it has a seven-year duration that can be extended by the members; (iii) activities that are on-going aimed at monitoring the performance of the corridor with the support of the EU will also be strengthened in this project. Therefore, it is expected that regional and national management committees of the corridor will acquire sufficient expertise and can become autonomous enough to tackle problems at national and regional level, and bear the recurrent costs of the JBPs.

4.4.2 In terms of the sustainability of road infrastructure, the project road works will be subjected to control by an engineering firm selected from those with proven technical experience and qualifications. Furthermore, a technical audit of the works will be conducted by a panel of experts. Lastly, the existence in Benin of a National Road Maintenance Strategy and a Road Fund (RF) with financial autonomy are guarantees of sustainability. The RF revenue which covers about 53% of maintenance needs (routine and scheduled) will increase with the impending commissioning of two new tolls (Nikki and Ouègbo). In view of this deficit, resources are primarily allocated to a priority classified network to which the project road belongs, as part of four structuring highways of the national road network. Therefore, the project road will benefit from long-term maintenance. To improve the coverage of needs and enable the development of a local road maintenance industry, the EU will finance, a pilot multi-year regular maintenance scheme starting 2011. The initial contracts are being awarded. Furthermore, under the N'dali-Nikki-Chicandou Project co-financed by the Bank and the Government, the Government of Benin has undertaken to increase the income internally generated by the RF by 10% latest 31/03/2012. At the regional level, the sustainability of the road is guaranteed, thanks to the implementation of the Guideline on the Harmonization of Road Maintenance Strategies in WAEMU member states that compels each member State to put in place an autonomous Road Fund endowed with specific resources. The Benin RF is in line with this Guideline and that of Togo is undergoing harmonization. The feeder roads and socioeconomic infrastructure to be rehabilitated under the project will be maintained in accordance with national strategies (SNTR, etc.), based on the ownership and participation of beneficiary communities, organized into Village Committees and Parents/Teachers' Associations. Lastly, in accordance with the roadmap adopted by the WAEMU Ministers of Transport and Public Works in May 2010, axle load control has been effective since 01/01/2011. Half-yearly axle-load measurement campaigns are carried out on the national and inter-state road networks in both countries, including the project road. The forwarding of campaign reports to the Bank will be a financing condition in both countries.

#### **4.5. Risk Management**

4.5.1 The successful implementation of the project and achieving its objectives will depend on several factors, each of which could constitute a risk for the project. Apart from those related to governance and sustainability, the main risks are as follows:

##### **Risks Related to Outcomes**

4.5.2 *Lack of a will to enforce regional regulations:* this is a moderate risk, mitigated by the pressure by WAEMU, ECOWAS and the donors as well as the signing by all ECOWAS countries including Benin and Togo, of a Regional Memorandum on Transport Facilitation in September 2007.

##### **Risks Related to Activities**

4.5.3 *Unexpected escalation of works costs:* deemed moderate, this risk is mitigated by the availability of relatively recent detailed implementation studies (2009) and provision for price escalation. Furthermore, the procurement documents are undergoing finalization, which will help to launch the announcement of bidding following the loan approval, with procurement methods

guaranteeing open competition (publication in UNDB, newspapers of wide circulation and among the embassies of member countries present in both countries, the General Procurement Notice and specific notices).

4.5.4 *Long delays in loan ratification*: This moderate risk only concerns Benin. Recent experience from the N'dali-Chicandou Road Project, which became effective 6 months following ratification of the loan agreement, reflects the new will of the Government towards project implementation. Additionally, a simplification of ratification procedures has been noted since the creation of the new Ministry in charge of Relations with Institutions whose role, among others, is to facilitate relations with Parliament.

4.5.5 *Fiduciary Risks (procurement and financial management)*: this is a moderate risk that will be mitigated by regular project supervision, annual project account auditing, the project's monitoring system, (reports, etc.) and project launch, which will provide an opportunity to have an in-depth discussion of the project implementation arrangements. Furthermore, the expected opening of a Bank Field Office in Togo in 2011 will help to provide close assistance to the executing agencies of the two countries involved in the project.

4.5.6 *Failure by the countries and WAEMU to release counterpart resources on time*: this risk is low for Togo and WAEMU in view of the low level of the counterpart funding and their commitment to regional integration. It is substantial for Benin, given its high counterpart contribution (9% of cost of activities in Benin). It is mitigated in Benin by the financing conditions requiring the opening of a counterpart fund account in the name of the project, and its replenishment in accordance with the project expenditure schedule.

4.5.7 *Delays in providing computer hardware and office furniture to JBPs, financed by the World Bank*; this moderate risk is mitigated by the joint coordination of the two projects at regional level and strengthening of cooperation with the World Bank through planned coordination meetings during the simultaneous project supervision.

#### **4.6. Knowledge Building**

4.6.1 Several studies have shown that transportation cost and conditions affect the cost of goods, cross-border trade and the living conditions of communities. To ascertain this in its context, the project design includes an agreed set of performance indicators aimed at effectively assessing project outputs and outcomes both regionally and nationally. These indicators are defined in paragraph 2.10 above.

4.6.2 Setting up an operational mechanism to monitor/evaluate project impact will enable knowledge acquisition and dissemination. Monitoring/evaluation activities will be conducted at national and regional level. In Benin, the country indicators will be monitored by INSAE, which will confirm the baseline scenario prior to the start of project activities and assess the impact at the final phase. At the regional level, the corridor management agency (ALCO) will be a source of information for INSAE. It already operates and has established baseline data, in addition to collecting, controlling, reporting and disseminating indicators, based on a defined methodology.

4.6.3 The main national knowledge will be disseminated through a national participatory workshop integrated into the database of Benin DGTP's Directorate of Planning and Monitoring/Evaluation (DPSE). Good and abnormal practices thus consolidated, will be disseminated through the channels adopted by ECOWAS and constitute the basis for dialogue between the Bank and the two project countries. Summaries of this knowledge may be published on the Bank's web-site.

## V. Legal Framework

### 5.1. Legal Instrument

The financing instruments of this project are: (i) an ADF concessional loan and a grant to Benin; and (ii) a grant to Togo. The loan and grant to Benin amounting to UA 38.87 million and UA 34.27 million, respectively, will each be financed to the tune of 33.33% from the country allocation of Benin and 66.67% from regional funds. The Togo grant, amounting to UA 4.81 million, will be financed to the tune of 33.33% from the country allocation and 66.67% from regional funds.

### 5.2. Conditions Associated with Bank's Involvement

#### A. Conditions Precedent to Effectiveness

##### A.1 Conditions Precedent to Effectiveness of Grants

Effectiveness of the grants will be subject to the signing of a Grant Protocol Agreement by each of the Governments and the Bank.

##### A.2 Conditions Precedent to Effectiveness of the Loan to Benin

Effectiveness of the loan agreement will be subject to fulfilment by the Borrower of conditions set out in Section 12.0.1 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements.

#### B. Conditions Precedent to First Disbursement of the Loan to Benin

The first disbursement of the loan will be subject to fulfilment by the Borrower of the conditions below:

- i) Evidence to ADF of opening an account bearing the project name at the General Directorate of Treasury and Public Accounts, and its replenishment in an amount equivalent to the expenditure of the national counterpart for the first year (*paragraphs 2.9.2 and 4.5.1*);
- ii) Evidence to ADF of paying indemnities and compensations to persons affected by the project road works (*paragraph 3.2.8*).

#### A. Other Conditions

##### Loan to Benin:

- i) Evidence to ADF, latest by 31 March of each fiscal period, of replenishing the counterpart funds account to meet the needs of the year (*paragraphs 2.9.2 and 4.5.1*);
- ii) Provide ADF, latest 31 March of each fiscal period, with the half-yearly reports on the axle-load measurement campaign undertaken during the previous year on the inter-state national road networks, including the project road (*paragraph 4.4.2*).

##### Grant to Benin:

- iii) Provide ADF, latest 31 March of each fiscal period, with the half-yearly report on the axle-load measurement campaign conducted during the previous year on the inter-state national roads, including the project road (*paragraph 4.4.2*).

Grant to Togo:

- iv) Provide ADF, latest 31 March of each fiscal period, with the half-yearly report on the axle-load measurement campaign conducted during the previous year on the inter-state national roads, including the Avépozo-Aného Road (*paragraph 4.4.2*).

**5.3. *Compliance with Bank Policies***

- \* No waiver is requested in respect of Bank policies.
- \* The proposed project is in line with all applicable Bank policies.

**5.4. *Constraint Related to Frontloading***

5.4.1 Concerning Benin, total ADF financing from the performance-based allocation (PBA) is UA 24.38 million, whereas the PBA for 2011 under ADF XII is UA 22.41 million, representing a 9% overrun. Although this overrun is lower than the 50% ceiling, a request justifying the frontloading, given the country's absorptive capacity, reforms undertaken and performance, is contained in Appendix VI.

**VI. *CONCLUSIONS AND RECOMMENDATIONS***

**6.1. *Conclusions***

6.1.1 The project concerns one of the missing sections of the most economically significant corridors in West Africa. It meets the objectives of ECOWAS, WAEMU, NEPAD and the poverty reduction strategies of the two countries concerned. It is consistent with the Bank's 2008-2012 Medium-Term Strategy. By contributing to reducing transport costs, enhancing economic growth and improving the living conditions of communities in the impact area, the project will help to promote trade and regional integration between Benin and Togo. Its internal rate of return, estimated at 28.4%, is satisfactory.

**6.2. *Recommendations***

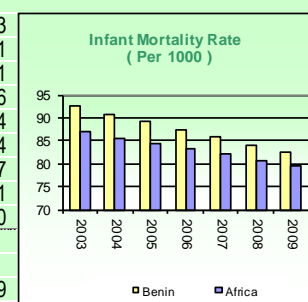
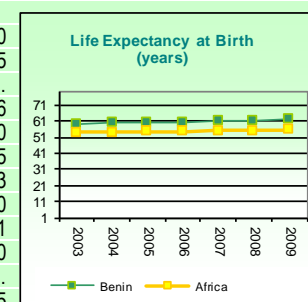
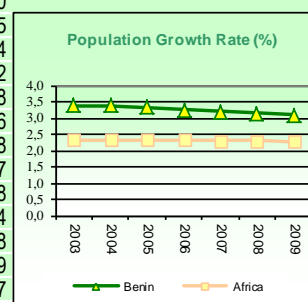
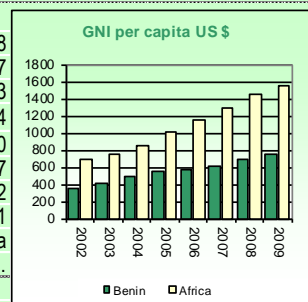
6.2.1 Management recommends that the Board of Directors approve the proposed: (i) loan and grant amounting to UA 38.87 and UA 34.27 million to the Republic of Benin; and (ii) a grant of UA 4.81 million to the Republic of Togo to finance the project as described in this report and in accordance with the conditions outlined above.

# Comparative Socioeconomic Indicators of the Two Countries

## Benin

### COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Benin	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ( '000 Km <sup>2</sup> )		115	30 323	80 976	54 658
Total Population (millions)	2010	9,2	1 031,5	5 659	1 117
Urban Population (% of Total)	2010	42,0	39,9	45,1	77,3
Population Density (per Km <sup>2</sup> )	2010	80,3	34,0	69,9	20,4
GNI per Capita (US \$)	2009	750	1 525	2 968	37 990
Labor Force Participation - Total (%)	2010	41,5	40,1	61,8	60,7
Labor Force Participation - Female (%)	2010	46,4	41,0	49,1	52,2
Gender -Related Development Index Value	2007	0,477	0,433	0,694	0,911
Human Develop. Index (Rank among 169 countries)	2010	134	n.a	n.a	n.a
Popul. Living Below \$ 1 a Day (% of Population)	2005-09	...	42,3	25,2	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2010	3,1	2,3	1,3	0,6
Population Growth Rate - Urban (%)	2010	4,1	3,4	2,4	1,0
Population < 15 years (%)	2010	42,9	40,3	29,0	17,5
Population >= 65 years (%)	2010	3,6	3,8	6,0	15,4
Dependency Ratio (%)	2010	85,8	77,6	55,4	49,2
Sex Ratio (per 100 female)	2010	102,0	99,5	93,5	94,8
Female Population 15-49 years (% of total population)	2010	23,0	24,4	49,4	50,6
Life Expectancy at Birth - Total (years)	2010	62,3	56,0	67,1	79,8
Life Expectancy at Birth - Female (years)	2010	63,5	57,1	69,1	82,7
Crude Birth Rate (per 1,000)	2010	38,6	34,2	21,4	11,8
Crude Death Rate (per 1,000)	2010	8,7	12,6	8,2	8,4
Infant Mortality Rate (per 1,000)	2010	80,8	78,6	46,9	5,8
Child Mortality Rate (per 1,000)	2010	113,0	127,2	66,5	6,9
Total Fertility Rate (per woman)	2010	5,3	4,4	2,7	1,7
Maternal Mortality Rate (per 100,000)	2008	410,0	530,2	290,0	15,2
Women Using Contraception (%)	2006	17,0	...	61,0	...
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2008	6,0	58,3	109,5	286,0
Nurses (per 100,000 people)*	2008	69,0	113,3	204,0	786,5
Births attended by Trained Health Personnel (%)	2006	74,0	50,2	64,1	...
Access to Safe Water (% of Population)	2008	75,0	64,5	84,3	99,6
Access to Health Services (% of Population)	2005-07	...	65,4	80,0	100,0
Access to Sanitation (% of Population)	2008	12,0	41,0	53,6	99,5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	1,2	4,9	0,9	0,3
Incidence of Tuberculosis (per 100,000)	2009	93,0	294,9	161,0	14,0
Child Immunization Against Tuberculosis (%)	2009	99,0	79,9	81,0	95,1
Child Immunization Against Measles (%)	2009	95,0	71,1	80,7	93,0
Underweight Children (% of children under 5 years)	2006	20,2	30,9	22,4	...
Daily Calorie Supply per Capita	2007	2 533	2 465	2 675	3 285
Public Expenditure on Health (as % of GDP)	2008	4,8	5,7	2,9	7,4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2009	121,9	102,7	107,2	101,3
Primary School - Female	2009	114,2	99,0	109,2	101,1
Secondary School - Total	2005-09	36,3	37,8	62,9	100,1
Secondary School - Female	2005-09	26,1	33,8	61,3	99,6
Primary School Female Teaching Staff (% of Total)	2009	18,8	47,0	60,5	81,4
Adult literacy Rate - Total (%)	2008	40,8	64,8	80,3	98,4
Adult literacy Rate - Male (%)	2008	53,5	74,0	86,0	98,7
Adult literacy Rate - Female (%)	2008	28,1	55,9	74,8	98,1
Percentage of GDP Spent on Education	2007	3,5	4,6	3,8	5,0
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2008	23,1	7,8	10,6	10,9
Annual Rate of Deforestation (%)	2005-09	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2005-09	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2009	0,4	1,1	2,9	12,5

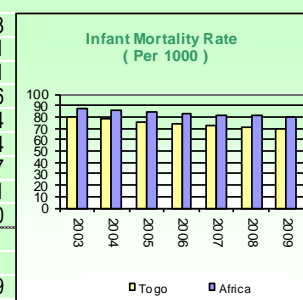
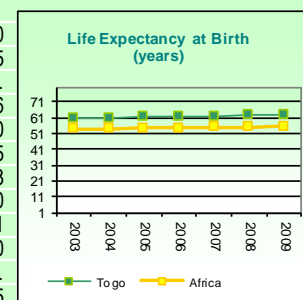
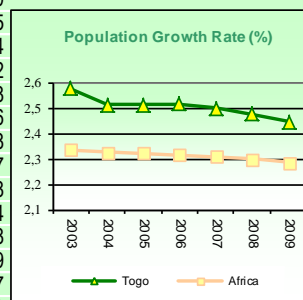
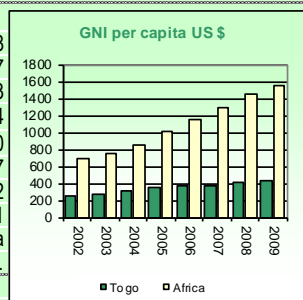


Sources : ADB Statistics Department Databases; World Bank: World Development Indicators; last update : May 2011  
 UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.  
 Note : n.a. : Not Applicable ; ... : Data Not Available.

## Togo

### COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Togo	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )		57	30 323	80 976	54 658
Total Population (millions)	2010	6,8	1 031,5	5 659	1 117
Urban Population (% of Total)	2010	43,4	39,9	45,1	77,3
Population Density (per Km <sup>2</sup> )	2010	119,4	34,0	69,9	20,4
GNI per Capita (US \$)	2009	440	1 525	2 968	37 990
Labor Force Participation - Total (%)	2010	45,1	40,1	61,8	60,7
Labor Force Participation - Female (%)	2010	43,6	41,0	49,1	52,2
Gender -Related Development Index Value	2005-08	0,494	0,433	0,694	0,911
Human Develop. Index (Rank among 169 countries)	2010	139	n.a	n.a	n.a
Popul. Living Below \$ 1 a Day (% of Population)	2006	38,7	42,3	25,2	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2010	2,4	2,3	1,3	0,6
Population Growth Rate - Urban (%)	2010	4,0	3,4	2,4	1,0
Population < 15 years (%)	2010	39,5	40,3	29,0	17,5
Population >= 65 years (%)	2010	4,0	3,8	6,0	15,4
Dependency Ratio (%)	2010	75,8	77,6	55,4	49,2
Sex Ratio (per 100 female)	2010	98,1	99,5	93,5	94,8
Female Population 15-49 years (% of total populatic	2010	24,9	24,4	49,4	50,6
Life Expectancy at Birth - Total (years)	2010	63,3	56,0	67,1	79,8
Life Expectancy at Birth - Female (years)	2010	64,9	57,1	69,1	82,7
Crude Birth Rate (per 1,000)	2010	32,0	34,2	21,4	11,8
Crude Death Rate (per 1,000)	2010	7,9	12,6	8,2	8,4
Infant Mortality Rate (per 1,000)	2010	68,3	78,6	46,9	5,8
Child Mortality Rate (per 1,000)	2010	92,0	127,2	66,5	6,9
Total Fertility Rate (per woman)	2010	4,1	4,4	2,7	1,7
Maternal Mortality Rate (per 100,000)	2008	350,0	530,2	290,0	15,2
Women Using Contraception (%)	2005-08	...	...	61,0	...
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2008	5,0	58,3	109,5	286,0
Nurses (per 100,000 people)*	2008	19,2	113,3	204,0	786,5
Births attended by Trained Health Personnel (%)	2006	62,4	50,2	64,1	...
Access to Safe Water (% of Population)	2008	60,0	64,5	84,3	99,6
Access to Health Services (% of Population)	2005-08	...	65,4	80,0	100,0
Access to Sanitation (% of Population)	2008	12,0	41,0	53,6	99,5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	3,3	4,9	0,9	0,3
Incidence of Tuberculosis (per 100,000)	2009	446,0	294,9	161,0	14,0
Child Immunization Against Tuberculosis (%)	2009	91,0	79,9	81,0	95,1
Child Immunization Against Measles (%)	2009	84,0	71,1	80,7	93,0
Underweight Children (% of children under 5 years)	2006	22,3	30,9	22,4	...
Daily Calorie Supply per Capita	2007	2 161	2 465	2 675	3 285
Public Expenditure on Health (as % of GDP)	2008	6,4	5,7	2,9	7,4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2009	115,2	102,7	107,2	101,3
Primary School - Female	2009	111,5	99,0	109,2	101,1
Secondary School - Total	2007	41,3	37,8	62,9	100,1
Secondary School - Female	2007	28,5	33,8	61,3	99,6
Primary School Female Teaching Staff (% of Total)	2009	12,8	47,0	60,5	81,4
Adult literacy Rate - Total (%)	2008	64,9	64,8	80,3	98,4
Adult literacy Rate - Male (%)	2008	76,6	74,0	86,0	98,7
Adult literacy Rate - Female (%)	2008	53,7	55,9	74,8	98,1
Percentage of GDP Spent on Education	2009	4,6	4,6	3,8	5,0
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2008	45,2	7,8	10,6	10,9
Annual Rate of Deforestation (%)	2005-09	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2005-09	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2009	0,4	1,1	2,9	12,5



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update :

May 2011

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable; ... : Data Not Available.

Table of ADB Portfolio in the Two Countries.

N°	Project	Sector	Source of Financing	Approval Date	Date of Effectiveness	Closing Date	Loan/Grant Amount	Rate of Disbur.
<b>BENIN</b>								
1	Ndali-Nikki- F Nigeria Road Development Project	Transport.	ADF Loan	07/04/2010	22/10/2010	30/06/2014	11500000.00	7.79
2	Ndali-Nikki-Chicandou-Frt Nigeria Road Development Project	Transport	ADF Grant	07/04/2010	22/04/2010	30/06/2014	22180000.00	15.48
3	Pobè-Kèttou-Illara Road Project	Transport	ADF Loan	29/09/2004	18/07/2005	30/11/2011	7800000.00	60.82
4	Second Rural Electrification Project	Energy	ADF Loan	29/10/2003	08/12/2004	01/12/2010	12320000.00	98.64
5	National Development Support Project	Agricult.	ADF Loan	27/11/2008	20/01/2010	31/12/2015	25000000.00	6.18
6	NERICA DISSEMINATION PROJECT- BENIN	Agricult.	ADF Loan	26/09/2003	05/02/2005	30/12/2011	1450000.00	71.91
7	Support to Communal Forest Management (PAGEFCOM)	Agricult.	ADF Loan	06/07/2005	24/03/2006	30/06/2013	19240000.00	26.54
8	Support to Communal Forest Management	Agricult.	ADF Loan	06/07/2005	24/03/2006	30/06/2013	15760000.00	63.10
9	Support to Communal Forest Management	Agricult.	ADF Grant	06/07/2005		30/06/2013	15760000.00	0.00
10	Artisanal Fishing Support Programme	Agricult.	ADF Grant	27/11/2002	10/01/2004	31/12/2010	7310000.00	50.76
11	Artisanal Fishing Support Programme	Agricult.	ADF Loan	27/11/2002		31/12/2010	363700.88	100.00
12	Artisanal Fishing Support Programme	Agricult.	ADF Loan	06/12/2001	07/07/2003	31/12/2010	7850000.00	0.00
13	Invasive Aquatic Weeds	Agricult.	ADF Loan	22/09/2004	28/10/2005	31/12/2011	1240000.00	47.54
14	Public Finance Management Support Project	Multi-sector	ADF Loan	24/11/2010		31/12/2015	4360000.00	0.00
15	Public Finance Management Support Project	Multi-sector	ADF Loan	24/11/2010		31/12/2015	5000000.00	0.00
16	Health System Development, Phase III	Social	ADF Loan	22/04/2005	28/12/2005	31/12/2011	22000000.00	48.21
17	Rural DWS Programme	Water + Sanitation	ADF Loan	10/11/2004	12/07/2006	31/12/2010	10740000.00	49.64
	<b>TOTAL BENIN</b>						832217309.85	38.00
<b>TOGO</b>								
1	Integrated Water Information System	Water + Sanitation	ADF Grant	12/01/2009		03/01/2011	1 340 212.35	35.05
2	Aflao-Sanvée Condji Road	Transport	ADF Grant	13/01/2010		31/12/2012	23 310 000	16.00
3	Support to Economic and Financial Governance	Multi sector	ADF Grant	05/10/2010		31/12/2013	4 850 000	9.31
4	Support to Economic and Financial Governance	Multi sector	ADF Grant	05/10/2010		31/12/2013	4 360 000	40.00
5	Humanitarian Aid to Flood Victims	Multi sector	ADF Grant	02/04/2009			500.000**	100.00
6	Education II	Social	ADF Grant	16/12/1991		30/06/2011	11 052 624	84.00
	<b>TOTAL TOGO</b>						<b>44 912 836.35 (+EU 500 000)</b>	

\*\* : Amount in Euros

**Main Projects Financed by the Bank and Other Development Partners of the Two Countries on the Abidjan-Lagos Corridor**

**Benin**

Donors	Total Amount of Funds Committed	Priority Thrusts of Trade Facilitation and Remarks	Status
<b>Programmes in Benin</b>			
<b>Benin</b>			
MCA-Benin (Millennium Challenge Corporation – Benin)	USD 170 million (including USD 4 million for customs component)	Equipment purchase and improvement of infrastructure in the Cotonou Port + studies	Sand barrier wharf: works completion: December 2010. South quay: works completion: August 2011 (civil engineering completed; dredging operations on-going) Land development: on-going
European Commission (EC)	USD 54 million	Rehabilitation of Godomey-Abomey/Calavi Road (10.5 km)	Works completed and <i>provisionally</i> accepted
	USD 34 million	Budgetary support to road maintenance, with: Kraké-Sémé Road maintenance and diversion in the North of Cotonou Maintenance of Le Belier-Sèmè Road (14x2 km)	Works completed and accepted. On-going; 50% of physical execution – completion date 14 May 2011
World Bank	USD 75 million	<i>PFCTCAL</i>	Procurement for Godomey-Pahou section works and supervision on-going
Republic of China	USD 20 million	Construction of a roundabout /intersection at two levels in Godomey	On-going; 75% of physical execution; completion date December 2011
<b>Total</b>	USD 258 million		

## Ghana

Donors	Total Amount of Funds Committed	Priority Thrusts of Trade Facilitation and Remarks	Status
<b>Ghana Programmes</b>			
<b>Ghana</b>			
World Bank	USD18.6 million  USD 112 million	Road works Mallam – Kasoa Road Rehabilitation (18 km)  ALTTFP (Elubo – Agona Junction Road Rehabilitation)	Project completed  Procurement of works will start as soon as the WB gives its non-objection on the bidding documents
AfDB	Loan: USD 22.3 million  Supplementary Loan: USD 39.9 million  Total: USD 62.2 million	Road Works Rehabilitation of Akatsi – Agbozume (31.55km) and Agbozume – Aflao (19.2km) including the Akatsi Bypass;  Akatsi-Noépé Road Rehabilitation	Civil engineering works on-going.
Millennium Challenge Corporation (MCC)	USD 101 million	<i>Road works</i> Tetteh Quarshie – Mallam Junction Rehabilitation (14 km)	Civil works in progress.
KfW	USD 19.8 million  EUR 76 million	<i>Road works</i> Sogakope – Akatsi Road Rehabilitation (29 km)  Tema – Sogakope Road Rehabilitation (88 km)	Project completed  Project completed
JICA	USD 52.68 million	<i>Road works</i> Kasoa – Yamoransa Road Rehabilitation.	Project completed
DANIDA/GoG	DANIDA: DKK 130.0 million  Ghana: DKK 50.0 million	Takoradi - Agona Junction Road (25 km) reconstruction and axle load control.	Detailed studies and design expected to start in 3 <sup>rd</sup> quarter 2011.
Chinese firm	PPP	Tema (Motorway) – Accra (Tetteh Quarshie) (19 km)	A Chinese contractor has expressed an interest in financing the rehabilitation of this section. Studies are on-going
Yet to be identified		Yamoransa – Takoradi Road (87.5 km)	
<b>Total</b>	USD 512.48 million		

## Togo

Togo Programmes			
<b>Togo</b>			
World Bank (WB)	USD 33 million	PFTTCA: upgrading of Aného-Benin Border and dualizing of Aného Bridge	Works started since 14 February 2011
European Union (EC)( indicative national programme)	USD 57.4 million (10 <sup>th</sup> EDF)	Togo Urban Development Programme (PAUT)	Ongoing
European Union (EU)( indicative regional programme)	Memorandum item: (total amount: USD 84 million)	Juxtaposed Border Posts (Noépé; Ghana/Togo Border)	Ongoing
Islamic Development Bank (IDB)	USD 12.15 million	Aflao- Port Roundabout Rehabilitation (consortium of financing organizations: IDB, BOAD, BIDC)	Works completed and accepted on 26 November 2010
West African Development Bank (BOAD)	USD 11.52 million  USD 26.8 million  USD 1.08 million  USD 3.4 million	Aflao- Port Roundabout Rehabilitation (consortium of financing organizations: IDB, BOAD, BIDC)  Port Rehabilitation (electrification, construction of a mineral quay, heavy trucks parking lot, etc.)  Pre-feasibility study for construction of 2 heavy duty parking lots at the Togo-Benin border (one on each side)  Works control mission Phase 1 (Cimtogo – RN1 Junction) of the major Lomé bypass.	Works completed and accepted on 26 November 2010  Works on-going Study on-going (duration: 8 months)  Works ongoing (duration 32 months)
BIDC (ECOWAS Investment and Development Bank)	USD 6.2 million	Aflao- Port Roundabout Rehabilitation	Completed
ADB (African Development Bank)	USD 40.,21 million	Avepozo- Port Roundabout Rehabilitation  Transport Sector Strategy	On-going  Identification
EXIM BANK	USD 68 million	Lomé Major Bypass (Phase 1 ; Cimtogo – Golf Club)	On-going
KfW		Lomé Minor Bypass	
French Development Agency (AFD)	N/A	Possible Future to Port Sector Financing of port equipment	
<b>Total</b>	USD 282.8 million		

## Cote d'Ivoire

World Bank	USD 82.5 million PFCTCAL	Grand-Bassam – Noé Road (Ghana Border), Vridi Station; customs	Under preparation (appraisal September 2011)
<b>Total</b>	USD 82.5 million		

Project Cost

**Table 5.1**  
**Summary of Project Cost by Component**

Component		CFA F			UA		
		FE	LC	Total	FE	LC	Total
1.	Road Works	35 698 937 159	9 189 231 573	44 888 168 732	49 891 531	12 842 535	62 734 066
2.	Associated Developments	1 312 202 500	367 552 500	1 679 755 000	1 833 886	513 678	2 347 564
3.	Freeing of Right-of-Ways	0	36 210 000	36 210 000	0	50 606	50 606
4.	Transport Facilitation	4 375 000 000	1 125 000 000	5 500 000 000	6 114 340	1 572 259	7 686 599
5.	Road Studies	534 100 000	228 900 000	763 000 000	746 439	319 902	1 066 341
6	Project Management	200 000 000	652 697 254	852 697 254	279 513	912 186	1 191 699
<b>Base Cost</b>		<b>42 120 239 659</b>	<b>11 599 591 327</b>	<b>53 719 830 986</b>	<b>58 865 709</b>	<b>16 211 165</b>	<b>75 076 874</b>
Physical Contingencies		4 212 023 966	1 159 959 133	5 371 983 099	5 886 571	1 621 117	7 507 687
Financial Contingencies		2 223 617 915	612 367 339	2 835 985 254	3 107 647	855 822	3 963 469
<b>Total Cost HTTD</b>		<b>48 555 881 540</b>	<b>13 371 917 799</b>	<b>61 927 799 339</b>	<b>67 859 927</b>	<b>18 688 104</b>	<b>86 548 031</b>

**Table 5.2**  
**Summary of Cost by Expenditure Categories and Source of Financing (UA Million)**

EXPENDITURE CATEGORY		Total Project			ADF			BENIN			TOGO			WAEMU/ECOWAS		
		FE	LC	Total	FE	LC	Total	FE	LC	Total	FE	LC	Total	FE	LC	Total
1.	Goods	0.0000	0.0415	0.0415	0.0000	0.0373	0.0373	0.0000	0.0021	0.0021	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2.	Works	55.1688	13.7922	68.9609	50.2109	12.5527	62.7636	4.9578	1.2395	6.1973	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
3.	Services	3.6970	1.5032	5.2002	3.4268	1.3875	4.8142	0.2702	0.1158	0.3859	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4	Miscellaneous	0.000	0.893	0.874	0.000	0.000	0.000	0.000	0.102	0.102	0.000	0.017	0.017	0.000	0.755	0.755
<b>Base Cost</b>		<b>58.866</b>	<b>16.230</b>	<b>75.077</b>	<b>53.638</b>	<b>13.978</b>	<b>67.615</b>	<b>5.228</b>	<b>1.459</b>	<b>6.687</b>	<b>0.000</b>	<b>0.017</b>	<b>0.017</b>	<b>0.000</b>	<b>0.755</b>	<b>0.755</b>
Physical Contingencies		5.887	1.623	7.508	5.364	1.398	6.762	0.523	0.146	0.669	0.000	0.002	0.002	0.000	0.075	0.075
Financial Contingencies		3.108	0.857	3.963	2.832	0.738	3.570	0.276	0.077	0.353	0.000	0.001	0.001	0.000	0.040	0.040
<b>Total Cost</b>		<b>67.860</b>	<b>18.709</b>	<b>86.548</b>	<b>61.833</b>	<b>16.113</b>	<b>77.946</b>	<b>6.027</b>	<b>1.682</b>	<b>7.709</b>	<b>0.000</b>	<b>0.020</b>	<b>0.020</b>	<b>0.000</b>	<b>0.870</b>	<b>0.870</b>

Table 5.3: Cost by Expenditure Category, by Country and by Instrument

EXPENDITURE CATEGORY	ADF LOAN IN BENIN (UA M)			ADF GRANT IN BENIN (UA M)			ADF GRANT IN TOGO (UA M)		
	FE	LC	Total	FE	LC	Total	FE	LC	Total
<b>GOODS</b>	0.00	0.02	0.02	0.00	0.02	0.02	0.00	0.00	0.00
<b>WORKS</b>	24.75	6.19	30.94	22.67	5.67	28.33	2.80	0.70	3.49
<b>SERVICES</b>	1.93	0.83	2.76	0.98	0.39	1.37	0.51	0.17	0.68
<b>MISCELLENEOUS</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL BASE COST</b>	26.68	7.04	33.72	23.65	6.07	29.72	3.30	0.87	4.17
<b>PHYSICAL CONTINGENCIES</b>	2.67	0.70	3.37	2.37	0.61	2.97	0.33	0.09	0.42
<b>FINANCIAL CONTINGENCIES</b>	1.41	0.37	1.78	1.25	0.32	1.57	0.17	0.05	0.22
<b>TOTAL</b>	30.76	8.11	38.87	27.26	7.00	34.27	3.81	1.00	4.81

## Justification of Frontloading for Benin

Benin/Togo: Multinational Project to Rehabilitate the Lomé-Cotonou Road and Facilitate Transport on the Abidjan/Lagos Corridor  
Frontloading Justification Note for the OpsCom Meeting of 3 August 2011

### 1. Country Performance

The economic outlook of the country is more favourable. According to projections, real GDP will rise by 3.8 % in 2011, representing an increase from 2.6% in 2010. The overall budget deficit fell substantially in 2010 to 3% compared with 7.4% in 2009. Inflation reached 2.1% in 2010 as a result of a bumper food harvest. Cotton exports increased in 2010, thereby contributing to a reduced deficit of the current account, excluding grants, from 11.1% in 2009 to 7.9% in 2010.

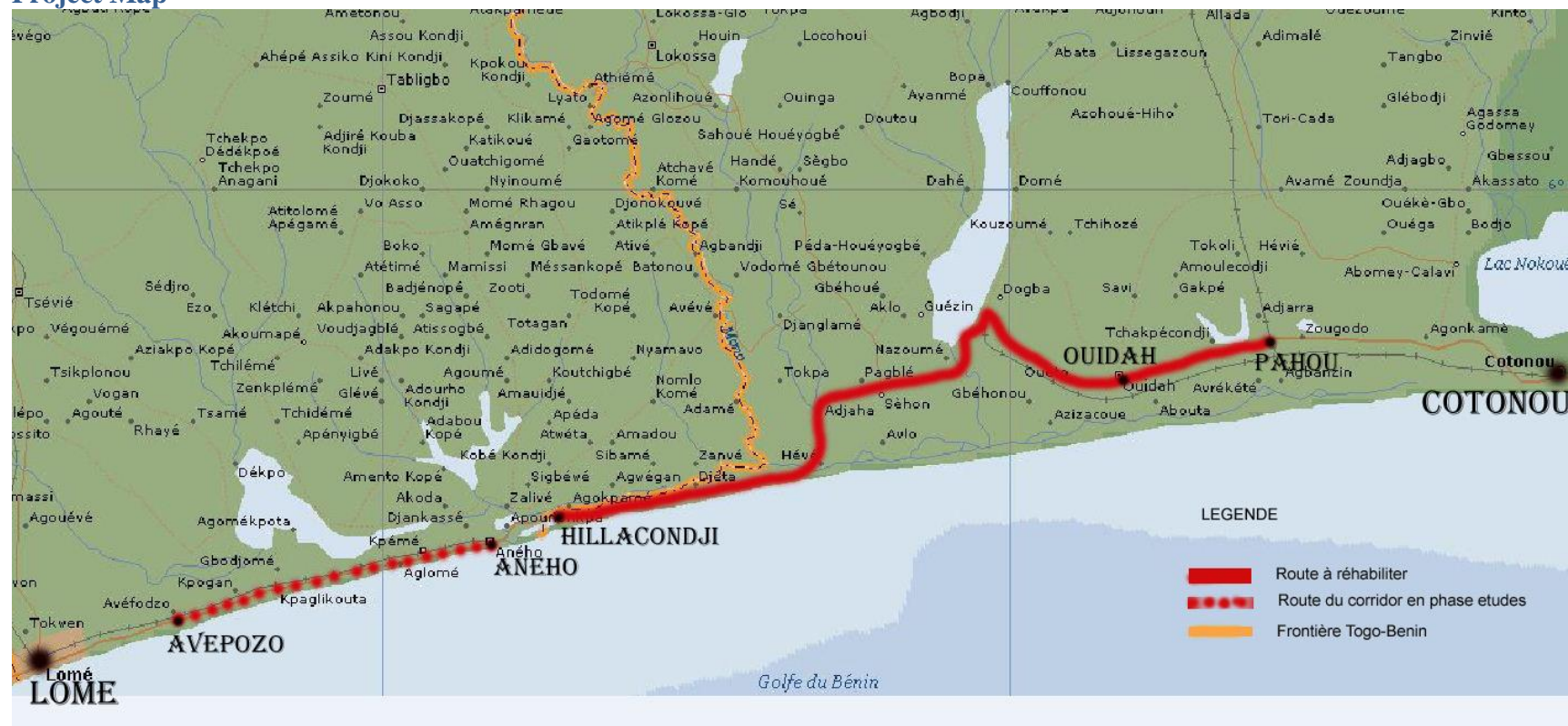
### 2. Absorptive Capacity

Benin is striving to increase its absorptive capacity. The Bank's portfolio comprises nineteen operations, two of which are in the transport sector (Pobe-Ketou-Illara Road Rehabilitation, Ndali-Nikki Road Rehabilitation). The disbursement rate was 51% for an estimated average portfolio age of 5.7 years. The last Portfolio Review of 2009 indicated that after the energy sector which has an 83.6% disbursement rate, the transport sector is the most performing sector in resource absorption with a 76.4% disbursement rate and an average age of 3.5 years. The absorptive capacity is expected to improve, thanks mainly to: (i) the execution of the implementing provisions of the new Public Procurement Code, which stipulates a maximum timeframe of 14 days for approval of bidding documents by the National Procurement Directorate; (ii) operationalization of the Public Procurement Unit of the Ministry of Transport and Public Works; (iii) training of members of project teams in the Bank's procurement rules and procedures; and (vi) use of Advance Action on Procurement.

### 2. Country's Commitment to Implementing Reforms

2.1 Benin is implementing an economic reform programme backed by an Extended Credit Facility approved by IMF in June 2010. An IMF programme review team that visited Benin from 7 to 20 July 2011 noted progress in the implementation of structural reforms and public finance management. Efforts to strengthen and modernize tax and customs administration are on track, notably with regard to: (i) the generalization of the single tax identifier already used for large enterprises; (ii) extension of the computerized customs system countrywide; and (iii) putting in place a comprehensive computer system integrated into tax administration. However, the structural reforms will suffer some delay due to the post-electoral crisis. Based on the country's good performance, the mission indicated its intention to recommend the conclusion of the second programme review to the IMF Executive Board. The authorities recently completed the preparation of the Poverty Reduction Strategy for the 2011 – 2015 period.

### Project Map



This map is prepared by the ADB Group staff exclusively for the convenience of the readers of the report to which is attached. The denominations used and the boundaries shown on this map do not imply on the part of the Group and its affiliates, any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.