



<b>1. Project Data:</b>		<b>Date Posted :</b> 03/16/2005	
<b>PROJ ID:</b> P059223		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Nakivubo Channel Reh	<b>Project Costs (US\$M)</b>	24.92	24.68
<b>Country:</b> Uganda	<b>Loan/Credit (US\$M)</b>	21.48	22.17
<b>Sector(s):</b> Board: UD - Flood protection (79%), Sub-national government administration (15%), Roads and highways (6%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> C3203			
	<b>Board Approval (FY)</b>		99
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/2002	06/30/2004
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
George T. K. Pitman	Peter Nigel Freeman	Alain A. Barbu	OEDSG
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
The project's physical objective (1) aimed to alleviate the frequent and increasing incidence of flooding in Kampala that adversely affected the road network, traffic flow, economic activity and overall living conditions in the city. The institutional objectives aimed to encourage and enhance the Kampala City Council's (KCC) ability to plan, manage and execute complex investment decisions and programs (objective 2), and prioritize maintenance of key infrastructure investments (objective 3).			
<b>b. Components</b>			
The project consisted of four components :			
<ol style="list-style-type: none"> <li><b>Civil Works rehabilitation comprising of the main channel, auxiliary works and priority drainage of "Black Spots". Planned \$ 13.6 million, actual US\$ 16.9 million (124%).</b> This included 8.7km of channel rehabilitation, widening of side drains and improved drainage of critically affected city localities .</li> <li><b>Consultancy Services for construction supervision . Planned \$ 0.96 million, actual US\$ 1.43 million (149%).</b></li> <li><b>Program and policy studies . Planned US\$ 2.0 million, actual US\$ 2.26 million (113%).</b> This included Kampala Drainage Master Plan Study covering the next 20 years and the Kampala Urban Transportation Improvement Program Study (KUTIP) to provide a framework for addressing inter-linkages between roads, drainage and transportation.</li> <li><b>Institutional support for Kampala City Council's s <i>Strategic Framework for Reform</i> . Planned US\$ 3.38 million, actual US\$ 4.12 million (122%).</b> This would support development of: a participatory Kampala City Development Strategy to pilot to maximize potential for growth with poverty reduction, revenue enhancement activities through immediate improvement of property tax revenues, provide seed funds to facilitate contracting out of basic service delivery functions by KCC's five divisions, and institutional support for to develop the strategic framework.</li> </ol>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
Total civil works cost overruns were 135% of appraised amounts due to additional works after approval (drainage "Black Spots" increased from 27 to 43 and bridges/box culverts from 19 to 21). However, appraised works were completed for 88% of estimated costs. Lengthy procurement procedures delayed civil works initiation by a year, and the increased scope of civil works and adverse weather conditions delayed completion by a further year . Because the Kampala City Development Strategy was found to be premature and also overloaded project management, it was transferred to the IDA-financed Local Government Development Program and the US\$ 0.5 million thus saved was reallocated to support the development of the Strategic Framework for Reform .			
<b>3. Achievement of Relevant Objectives:</b>			
<ul style="list-style-type: none"> <li>Objective 1, civil works to reduce flood damage (objective 1) and the associated consultancy services were fully achieved with no shortcomings.</li> <li>Objective 2, enhancing Kampala City Council's ability to plan, manage and execute complex investment decision and programs was satisfactorily achieved but with a few shortcomings .</li> </ul>			

- Objective 3, prioritizing attention to maintenance of key infrastructure investments, was substantially achieved but with some shortcomings.

#### 4. Significant Outcomes/Impacts:

- The Nakivubo channel was rehabilitated and associated drainage were upgraded on a larger scale than planned and solved a flooding problem rated by 85% of those in the social impact assessment as serious. 74% of respondents stated this had led to smoother business operations; 65% benefited from elimination of property damage; 61% from better road communication and 50% to less disruption of industrial activity.
- Economic life over 11.8 km of primary roads, 4.48 km of secondary and 3.38 km of tertiary roads was improved leading to more customers, passenger time and transport savings. Enhanced property values led to an increased city tax base. Income to businesses along the channel increased substantially (according to the ICR an unspecified number of businesses increased their monthly income 12-fold - it not known if this applied only to the wet season). The economic rate of return was estimated to be 25% compared with the appraisal's 24%.
- Annual business licence revenues rose from Ush 1.3 billion in 1998 to Ush 3.2 billion in 2002 (target 2 billion).
- Program and policy studies, the Kampala Drainage Master Plan and the Kampala Urban Transportation Improvement Strategy were satisfactorily completed.
- Institutional support for Kampala City Council's Strategic Framework for Reform was moderately satisfactory with some shortcomings (see next section).
- Maintenance received a higher priority during the project implementation period: the total amount deposited in the KCC's O&M account was Ush 200 million vs Ush 1800 million planned (it is uncertain if this continued after the project was completed.)
- The KCC now contracts a substantial proportion of minor municipal maintenance to the private sector.
- There were significant skills transferred from contractors and consultants to the KC management officials.

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

- City revenue enhancement was not achieved despite a more than doubling in the number of properties valued (increased by 120% from 58,000 to 130,000). The amount collected, Ush 21 billion was far below the target of Ush 38 billion. Major problems were lack of political will in KCC to collect current property taxes and actively pursue collection of arrears; poor design of the contracted -out revenue collection service; and restructuring of KCC's debt.
- The roles of the KCC and city management team remain ill-defined and there is significant political interference in day-to-day operations. Strong leadership for change appears to be missing as was adequate consultation and participation of project beneficiaries.
- The lack of institutional reform made the city development strategy premature.
- Divestiture of city housing stock was only partially achieved (three of five estates) because of unforeseen social and political issues.
- Retrenchment of excess staff was only partially achieved due to lack of KCC funds.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Modest	Modest	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

- Institutional reform takes time and overambitious targets in too short a time period will jeopardize achievement of reform objectives
- Building a communications strategy to enhance stakeholder buy-in to changing business-as-usual should be considered early in a project - probably during appraisal - where involved institutions are well defined (e.g. urban and city management). The Dhaka air pollution reduction operation was a notable good example of what can be achieved.

#### 8. Assessment Recommended? ☐ Yes ☒ No

#### 9. Comments on Quality of ICR:

Thorough. The borrower's contribution was unusually candid!