



|   |                              |                                 |               |
|---|------------------------------|---------------------------------|---------------|
| <b>1. Project Data:</b>   |                              | <b>Date Posted :</b> 08/14/2002 |               |
| <b>PROJ ID:</b> P000957   |                              | <b>Appraisal</b>                | <b>Actual</b> |
| <b>Project Name:</b> Highway Sector Investment Program  | <b>Project Costs (US\$M)</b> | 111.5                           | 98.1          |
| <b>Country:</b> Ghana   | <b>Loan/Credit (US\$M)</b>   | 100.0                           | 88.8          |
| <b>Sector(s):</b> Board: TR - Roads and highways (85%), Central government administration (15%)   | <b>Cofinancing (US\$M)</b>   |                                 |               |
| <b>L/C Number:</b> C2858; CP753; CP807  |                              |                                 |               |
|   | <b>Board Approval (FY)</b>   |                                 | 96            |
| <b>Partners involved :</b>  | <b>Closing Date</b>          | 06/30/2001                      | 12/31/2001    |
| <b>Prepared by :</b>  | <b>Reviewed by :</b>         | <b>Group Manager :</b>          | <b>Group:</b> |
| Elaine Wee-Ling Ooi   | Laurie Effron                | Alain A. Barbu                  | OEDST         |
| <b>2. Project Objectives and Components</b>   |                              |                                 |               |
| <b>a. Objectives</b>  |                              |                                 |               |
| The project supports the objective of the Government of Ghana in reducing poverty through increased growth, largely in the agricultural sector, via the provision of efficient and cost effective road transport . Specifically, the project will:  |                              |                                 |               |
| <ul style="list-style-type: none"> <li>• Reduce vehicle operating costs through maintenance, rehabilitation and reconstruction of roads; and</li> <li>• Ensure that improvements are sustained by developing and implementing cost recovery policies, building and utilizing indigenous capacity in the public and private sectors, and improving financial management and control .</li> </ul>   |                              |                                 |               |
| <b>b. Components</b>  |                              |                                 |               |
| The IDA credit supported 3 main components of the Government's 1996-2001 Highway Sector Investment Program (HSIP). IDA support was directed at the Ministry of Roads and Highways (MRH), Ghana Highway Authority (GHA) and the National Development Planning Commission (NDPC) as follows:  |                              |                                 |               |
| i) Maintenance, rehabilitation and reconstruction of the road network : 1,100 km of periodic maintenance, 90 km of rehabilitation, bridge rehabilitation, and improvement of hazardous road sections;   |                              |                                 |               |
| ii) Institutional strengthening and capacity building of relevant road agencies and the domestic construction industry through appropriate institutional reforms and TA; and  |                              |                                 |               |
| iii) Policy reform: cost recovery, private sector financing, increased environmental sensitivity, axle load control and road safety   |                              |                                 |               |
| <b>c. Comments on Project Cost, Financing and Dates</b>   |                              |                                 |               |
| Many other donors supported the country's Highway Sector Investment Program of which this project formed a part, but there were no co-financiers in this project per se. Actual IDA costs were \$88.8 million against \$100 million at SAR, while actual government expenditures were \$9.26 million against \$11.5 million at SAR. The project closed six months later than anticipated on 12/31/01.   |                              |                                 |               |
| <b>3. Achievement of Relevant Objectives:</b>   |                              |                                 |               |
| The overall objective of reducing poverty through increased growth via the provision of efficient and cost effective road transport was achieved with major shortcomings . Specifically:  |                              |                                 |               |
| <ul style="list-style-type: none"> <li>• The quality of roads supported by the IDA credit improved and maintenance and rehabilitation targets were met . Progress in other factors influencing vehicle operating costs such as bridge rehabilitation and axle load control, was much less satisfactory. Only 3 out of 10 bridges were rehabilitated and 1 out of 6 weighbridges were installed. (The overall quality of the country's trunk roads deteriorated from 43% to 23% "good", during the HSIP).</li> <li>• Cost recovery efforts to sustain maintenance were less than hoped for - road fund revenues fell from \$80 million to \$48 million in 1999 due to the delayed increase in fuel levies and to the country's general economic situation . Otherwise, the fund is now professionally managed and run in a transparent manner .</li> <li>• The Ghana Highway Authority (GHA) has now greater management autonomy, although there has been no major changes observed in the way it is run .</li> <li>• Capacity of GHA to better plan and maintain its paved road network and bridges has been enhanced by the</li> </ul> |                              |                                 |               |

development of the pavement maintenance and management system, the bridge maintenance system and other TA support from the IDA credit.

- Capacity building of the domestic construction industry in the technical, business and financial management of road related activities was very successful - a joint donor evaluation of HSIP rated the training of local contractors as best practice.
- A National Road Safety Commission has been established and a 5 year Road Safety Strategy has been developed.

#### 4. Significant Outcomes/Impacts:

1. Substantial capacity development of private contractors /consultants achieved
2. Restructuring of agencies in the transport sector (MRH merging with the Transport Unit of Ministry of Transport & Communications) and the resultant establishment of the Ministry of Roads and Transport (MRT), has provided for better formulation and implementation of integrated transport policies and planning; and a greater emphasis on intermodal transport and transport related services .
3. Reforms/restructuring of the highway subsector now underway will allow for greater private sector participation .
4. Successful use of public fora to hold exchanges with stakeholders to generate greater public acceptance of fuel levies as a form of road user fees .
5. Post economic analysis of project civil works yielded ERR of 79% against SAR ERR of 58%
6. This project probably contributed to positive outcomes in the rural sector, as indicated by the socio -economic studies quoted in the ICR. Some of the results in the rural sector include :
  - Increased incomes of the populace engaged in farming, commercial and business activities by 16.2% - 25%;
  - reduced overall transport expenditures by 10%;
  - reduced travelling and waiting times of 22% and 30% respectively;
  - increased in industrial activity, with concomitant 24% increase in industrial incomes,
  - improved physical access to medical, education and agricultural extension services .

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

- Overall financial management in the sector continue to be less than satisfactory, and the Management Information System (MIS) and the Contract Management System (CMS) for GHA have not been effectively installed or utilized.
- Coordination between MRT and MOF was problematic, and project target of eliminating government indebtedness to contractors in the sector was not achieved . At project completion, \$47 million in arrears were still outstanding.
- M & E indicators for the IDA credit were overly focussed on physical outputs in both SAR and ICR - M & E targets in SAR were guided only by contract award dates and % completion of activity. On balance this weakness was offset by the socio-economic impact studies conducted by the HSIP program .
- \*Very modest achievement in developing environmental capacity in the GHA - although an "environmental unit" was set up, basic operational procedures , and EIA manual and guidelines were not produced as a result of poor consultant performance .
- Likewise, poor consultant performance led to cancellation of a toll roads feasibility study .
- Planned improvement of hazardous road sections did not take place

| 6. Ratings :                | ICR          | OED Review              | Reason for Disagreement /Comments  |
|-----------------------------|--------------|-------------------------|--|
| <b>Outcome :</b>            | Satisfactory | Moderately Satisfactory | [OED's moderately sat. rating does not exist under the ICR's 4-point scale].<br>Project largely achieved its primary objectives but efficacy in its cost recovery efforts and improving financial management and controls was modest . |
| <b>Institutional Dev .:</b> | Substantial  | Substantial             |  |
| <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:

- Capturing of the social impacts from the provision of transport infrastructure as was done in this project /program should be systematically promoted
- Programmatic approach and the excellent donor coordination within the HSIP allows for the follow through and development of initiatives in the subsector .
- Open and transparent communications with stakeholders and in public fora have engendered greater public acceptance of fuel levies as a form of road user fees .

**8. Assessment Recommended?**  Yes  No

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

Satisfactory overall but ICR can be confusing at times, e.g. it is unclear whether the technical assistance of MRT/NDPC described on pg 11, was actually carried out. There were also inconsistencies between SAR and ICR in the target outputs for the km of roads to receive periodic maintenance and rehabilitation . SAR target (p. 17) was 1100 km, while ICR target was 737 km. It is also unclear to what extent the socio-economic impact data provided on pg 5 can solely be attributed to the IDA credit. There should have been more discussion on the quality of these studies to verify the ICR claims, and the study itself attached as a separate annex in the ICR . Given the SAR focus on outputs, the logframe could have been improved with more information provided on the TA and institutional development achievements.