



<b>1. Project Data :</b>		<b>Date Posted :</b> 06/23/2000	
<b>PROJ ID:</b> P002074 <b>OEDID:</b> L3238		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Oyo State urban project - Infrastructure Development Fund	<b>Project Costs (US\$M)</b>	68.7	30.04
<b>Country:</b> Nigeria	<b>Loan/Credit (US\$M)</b>	50	24.74
<b>Sector, Major Sect .:</b> Urban Management, Urban Development	<b>Cofinancing (US\$M)</b>	11.3	3.84
<b>L/C Number:</b> L3238			
	<b>Board Approval (FY)</b>		90
<b>Partners involved :</b> Japan	<b>Closing Date</b>	06/30/1996	06/30/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**  
The project was designed to promote more efficient functioning of Oyo state's major urban areas, by emphasizing the maintenance and rehabilitation of existing assets, and improved investment planning and management. The objectives were to: (i) strengthen the financial, operational and management capacity of the institutions responsible for urban management and services at state and local government levels; (ii) improve strategic urban planning, investment programming, budgeting and coordination; (iii) introduce appropriate cost recovery mechanisms and mobilize financial resources at the state and local levels; and (iv) remove major city-wide infrastructure constraints.

**b. Components**  
The Ibadan components included storm drainage and flood control, solid waste management (trucks, trailers, transfer station, central offices and workshop, new sanitary landfill site, and heavy equipment) environmental rehabilitation, spare parts credit for private bus owners; improved roads, footpaths, drains, water supply, waste disposal, power supply, street lighting, telephone, and resettlement. Components directed at other local governments in Oyo state included: a line of credit, city-wide infrastructure rehabilitation, preparation of infrastructure development plans and investment programs, support for improved municipal management, and technical assistance including a Project Coordination Unit (PCU) within the Ministry of Finance and Economic Planning. Technical support for a number of other ministries was also provided.

**c. Comments on Project Cost, Financing and Dates**  
The appraised financing plan was for IBRD to finance 72.6% out of a total cost of US\$68.8 million, Japan 5.3%, Oyo State 4.3%, participating financial intermediaries 10%, and the municipalities to finance 7.8% of total financing needs. At loan closing, the total project cost was estimated at US\$30.0 million, out of which the Bank financed US\$24.7 million, State and Local Governments US\$1.5 million and cofinanciers US\$3.8 million. In the event, IBRD financed 82.3%, Japan 12.6% and the state and local governments together 5%. A total of US\$10 million was canceled at the time of the mid-term review in November 1995.

**3. Achievement of Relevant Objectives :**  
The way in which objectives were written made it very difficult for the ICR team to ascertain whether they had been achieved. ICR estimates of net benefits result in a negative ERR. The strategic urban planning, investment programming, budgeting, and coordination objectives were not met. The Community Improvement Program in three poor neighborhoods was successfully completed with active governments and stakeholder participation--they now enjoy easier access to transport, a reduction in the incidence of flooding, a more healthy environment, and an improved electricity supply.

**4. Significant Outcomes /Impacts :**

About 26 km of roads, 48 km of drains, social infrastructure, including toilets, health centers, fire station, post office, community water supply and electricity supply, were provided in three poor communities. The refuse disposal site at Ring Road was restored to an environmentally friendly state and turned into a public park. Training programs were developed for all institutions involved.

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

Implementation of the project was adversely affected by unending conflict and a lack of cooperation among the various implementing agencies. The billing and collection machinery at the local government level remains weak. The autobus spare parts warehouse (established with a line of credit) was poorly managed, which led to staff dismissals, closure, and the disposal of the remaining spare parts by public auction. At project closing, storm drainage and flood control components (30 percent of project cost) were only about 20 percent completed in terms of kilometers of culverts, drains, bridges rehabilitated, and dredging. Studies for city-wide infrastructure rehabilitation and institutional support for local governments were not implemented due to local inability to raise the agreed 25 percent of the project cost.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Unsatisfactory	Unsatisfactory	
<b>Institutional Dev.:</b>	Partial	Modest	The ICR also rated IDI as modest.
<b>Sustainability:</b>	Unlikely	Unlikely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Deficient	Unsatisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**7. Lessons of Broad Applicability:**

Objectives need to be crafted so that progress is measurable. Overly ambitious objectives should be avoided. To ensure sustained provision of infrastructure services, costs must be directly or indirectly recovered. Over-complex projects can overtax the capacity of a weak administrative infrastructure. Local governments find revenue generation to be a major difficulty, and future projects must undertake both the rationalization of tax bases as well as the improvements in the billing and collection mechanisms. Lines of credit should be packaged in a way that attracts reputable private operators to manage them. The position of Project Director should have a rank above all others, so teams can be lead in a cohesive manner. Rehabilitation is a cost effective way of lengthening the asset lives of equipment; it is generally more cost effective to rehabilitate and extend the useful lives of equipment rather than prematurely scrapping them and purchasing new ones.

**8. Audit Recommended?**  Yes  No

**Why?** The highly participatory project design process described in the ICR is worth documenting, especially in light of the poor quality at entry that ensued. The nature of the lessons identified raise the questions--why didn't the Bank raise more objections at appraisal; and what should be done when sound participatory processes reach inadequate conclusions?

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

When the borrower fulfills Bank requirements and prepares a contribution to the ICR, this should be included in the ICR. So should the supporting data for the ERR calculation. In response to OED requests, the Region incorporated the borrower ICR and the details of the ERR estimate into the ICR itself. Although the ICR is frank in its discussion of the project's shortcomings, its identification of lessons learned is inadequate --it did not take a mission or much analysis to arrive at the observations contained in section 7 above. These things were known before the project, and it is not clear that sufficient learning from this project experience has taken place in the Bank.