Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No. 19514

PERFORMANCE AUDIT REPORT

TANZANIA

PORT REHABILITATION PROJECT
(CREDIT 1536-TAN)

June 28, 1999

Sector and Thematic Evaluations Group
Operations Evaluation Department

Currency Equivalents (annual averages)

Currency Unit =		**Tanzanian Shilling**
(at Appraisal Year 1984)		
Tsch. 1.0	=	US$0.06
US$ 1.0	=	Tsh. 17.0
(At Completion Year, 300 Annual Average)		
Tsh. 1.0	=	US$0.003
US$ 1.0	=	Tsh. 340

Abbreviations and Acronyms

ICR	Implementation Completion Report
IDA	International Development Association
OED	Operations Evaluation Department
PAR	Performance Audit Report
PCR	Project Completion Report
PCU	Project Coordination Unit
SAR	Staff Appraisal Report
TA	Technical assistance
THA	Tanzania Harbour Authority

Fiscal Year

Government: July 1 – June 30

Director-General, Operations Evaluation	:	Mr. Robert Picciotto
Director, Operations Evaluation Department	:	Ms. Elizabeth McAllister
Manager, Sector and Thematic Evaluations	:	Mr. Gregory Ingram
Task Manager	:	Mr. Antti Talvitie

The World Bank
Washington, D.C. 20433
U.S.A.

Office of the Director-General
Operations Evaluation

June 28, 1999

MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

**SUBJECT: Tanzania: Performance Audit Report
Port Rehabilitation Project (Credit 1536-TAN).**

Attached is the Performance Audit Report (PAR) on Tanzania: Port Rehabilitation project (Credit 1536-TAN, approved FY85). The Operations Evaluation Department (OED) prepared the PAR. The Bank commitment to the two projects was US$34.2 million which was fully disbursed. The total project costs were US$189.4 million (US$91 million at appraisal) and it was completed over two years behind schedule.

The physical objectives of the project were designed to modernize the physical infrastructure of the port of Dar-es-Salaam and, in particular, to allow it to cater efficiently for rapid containerization of general cargo traffic. Concurrently, the capability of THA staff needed guidance and development through a manpower training program and technical assistance (TA). To achieve these objectives, the projects contained civil works, acquisition of port equipment, and technical assistance and training.

Port facilities were rehabilitated as planned and their extent expanded during implementation. The economic rate of return is calculated at 23 percent for the project compared with 33 percent at appraisal. The realized lower rate derives from the greatly increased project scope and attendant costs, and lower than anticipated traffic demand. Extensive technical assistance and staff training program was carried out. At project completion there were doubts regarding the efficacy of both technical assistance and training, and project's sustainability. These doubts have not materialized. The project has successfully established a viable port organization and operation that can, and is now being, privatized.

The Audit upgrades the ratings for the project. Outcome is rated as satisfactory (rated marginally satisfactory in the PCR); institutional development as substantial (negligible in the PCR); and sustainability as likely (unlikely in the PCR). The outcome is upgraded because the port facilities were rehabilitated or upgraded, the port operations improved, and the staff training has proven to be successful. Institutional development is upgraded to substantial (negligible in the PCR) because port management has improved, there is improved productivity, and the port is making a reasonable, albeit low, return on (average net) fixed assets. Sustainability is also upgraded to likely (unlikely in the PCR) because the (container) port operations are currently being privatized and because the physical facilities have been maintained and improved. Bank and borrower performance are rated as satisfactory (satisfactory in the PCR); the supervision of the project was particularly strong. The nine cofinanciers made significant contribution both in terms of financing physical facilities and equipment and in training.

The audit recommends that the Bank in its work with the Government now focus on improving trade facilitation both within Tanzania and from the neighboring countries whose transit traffic the port serves. The Bank should continue helping Government to improve its port clearance process and intermodal facilities. Finally, the port access from the hinterland, including the neighboring countries, needs improvement.

Attachment

Contents

This report was prepared by Antti Talvitie (Task Manager), who audited the project in July 1998. Mr. William Hurlbut edited the report. Ms. Romayne Pereira provided administrative support.

Principal Ratings

Port Rehabilitation Project (Credit 1536-TAN)

	PCR	PAR
Outcome	Marginally satisfactory	Satisfactory
Sustainability	Unlikely	Likely
Institutional Development	Negligible	Substantial
Bank Performance	Not rated	Satisfactory
Borrower Performance	Not rated	Satisfactory

Key Staff Responsible

Port Rehabilitation Project (Credit 1536-TAN)

	Task Manager	Division Chief	Country Director
Appraisal	M. Dick	J. Brown	C. Madavo
Midterm	S. Karlsson	S.Weissman	F. Coloco
Completion	S. Karlsson	S. Weissman	J. Adams

Preface

This is a Performance Audit Report (PAR) for the Tanzania Port Rehabilitation Project, for which Credit 1536-TA in the amount of US$34.2 million equivalent was approved on December 15, 1984. The credit was closed on December 31, 1992, two and half years after the planned closing date. It was fully disbursed, and the last disbursement took place in November, 1993. Cofinancing for the project was provided by grants from the governments of Australia (US$3.5 million), Canada (US$2.8 million), Denmark (US$16.7 million), Finland (US$25.8 million), Italy (US$4.8 million), the Netherlands (US$21.0 million), Norway (US$18.6 million), Sweden (US$34.7 million), and the United Kingdom (US$2.8 million). The total cost of the project, including the government contribution (US$26.0 million), was US$189.4 million.

The PAR was prepared by the Operations Evaluation Department (OED). It is based on extensive review of the President's Reports, Staff Appraisal Reports (SARs), PCRs, ICRs, transcripts of Board proceedings, project correspondence files, Bank documents on other transport projects, and other Bank and non-Bank materials on transport. In July 1998, an OED mission traveled to Tanzania where it held discussions with official representatives of the relevant ministries and private and civil entities.

The PAR has four objectives: (i) to examine project preparation, including borrower participation; (ii) to assess institutional development, managerial improvements, donor coordination, and government commitment to reform; (iii) to evaluate project outcomes and physical condition of the investments; and (iv) to draw lessons for the future. A related objective was to provide transport sector input to the country assistance review and evaluate an important subsector in a country where no audits had been performed for a long time.

Following standard OED procedures, copies of the PAR were sent to the relevant government officials and agencies for their review and comments. No comments were received.

1. Introduction and Background

The Context

1.1 Most of Tanzania's population of 28 million lives in rural areas. Agriculture is the key sector, accounting for over 60 percent of GNP, 90 percent of employment, and about 85 percent of foreign exchange earnings. Transport over Tanzania's large territory is important for internal distribution and marketing of inputs and food crops, and for exports. The transport infrastructure also serves the external trade of Tanzania's neighbors—Zambia, Burundi, Rwanda, Uganda, the Republic of Congo, and Malawi. Roads are predominant means of transport, with railways carrying a large share of the import/export traffic. Tanzania's three ocean ports are managed and operated by the Tanzania Harbors Authority (THA).

1.2 At the time of appraisal, Tanzania's main port in Dar-es-Salaam was in poor condition with inadequate infrastructure and untrained management and work force to cope with increasing traffic. The rail intermodal facilities were in disrepair due to poor maintenance, and the container port was inadequate in size and equipment. The port was also short of foreign exchange to meet its costs of port operation.

Bank Role

1.3 In Tanzania, the Bank Group has supported six highway projects, one trucking project, two railway projects, and five port projects one of which is still ongoing.[1] In addition, the Bank is supporting road development with two ongoing roads projects. The elements of the present project were identified in 1978. Lengthy processing and negotiations, involving numerous cofinanciers, expanded the scope of the project, which was finally approved in late 1984 and made effective eight months later. The focus was on physical facilities that later shifted to strengthening of the THA and better coordination of donors, including technical assistance.

2. Project Objectives and Preparation

Objectives and Preparation

2.1 The Port Rehabilitation Project was designed to modernize the physical infrastructure of the port of Dar-es-Salaam and, in particular, to allow it to cater efficiently for rapid containerization of general cargo traffic. Concurrently, the capability of THA staff needed guidance and development through a manpower training program and technical assistance (TA). These two project objectives comprised the following components: (i) conversion of two existing cargo berths an exclusive container handling facility (the major component of the project); (ii) the provision of special container handling equipment and replacement of deteriorated general cargo handling equipment; (iii) modernization of grain handling facilities and equipment; (iv) rehabilitation of the lighterage facilities and the petroleum jetty; and (v) training, technical assistance, and consultancy services.

1. Some of the port and railways projects were to governments of the East African Community: East African Railways Corporation and East African Harbours Corporation.

2.2 Project preparation started in earnest 1981, but initial project plans were already made in 1978. There were differences of opinion about the project content between the borrower and the Bank. The project was appraised twice, the first time in November 1981, when no agreement was reached with the borrower on the project scope, and the second time in July 1982. It was not until mid-1983, however, when the Dutch and the Nordic countries confirmed their participation, that a real financing plan was proposed for the project. The specifics of the project continued to live. As late as December 1983, after the negotiations, the Bank complained that "THA has only a vague idea of Bank procedures" to process the loan; the borrower, for its part, warns the Bank of its "vacillation" and threatens to pursue other financing sources unless the project scope is agreed and work begun. The project finally became effective in July 1985.

2.3 Several issues were contentious. The borrower wanted to dredge the entrance channel to the harbor to accommodate larger vessels; the Bank did not consider this economical. The borrower, supported by its consultant but in disagreement with the Bank's consultant, wanted a grain terminal with concrete silos; the Bank preferred the less expensive steel silos. The perceptions of the Bank, the borrower, and the cofinanciers regarding the other infrastructure needs and priorities in the port also were different or undefined. Much depended on the traffic forecasts and implicit assumptions about institutional capacity and effectiveness of planned training. In the end, the cofinanciers, decided on the kind and extent of their participation, including training and institutional development support, and the Bank tacitly concurred.

2.4 Given the deteriorated state of the port, the lack of maintenance and the urgent need to alleviate constraints in the export and import of products, the project objectives were important for the sector and in line with IDA's country strategy. However, in retrospect, it would have been desirable to undertake a continuously evolving appraisal of the likely traffic demands in the port and THA institutional capacity, including risks and uncertainties in both. In this way the Bank could have worked closely both with the cofinanciers and with the implementing agency to obtain a consensus on priorities and risks and how to manage them. A viable alternative, suggested by one cofinancier and alluded to above, would have been to dispense with thorough preparation altogether, because it was impossible and because the facilities kept deteriorating, begin project work and address these issues, including the traffic demand, during project implementation.[2] What happened was that as the project concept and its preparation proceeded, the emphasis was inappropriately placed on what each participant was going to do and finance. Only after the mid-term review was an effort made to take stock of the total project and map out a plan to confront the problems that had been encountered.

Borrower Participation and "Ownership"

2.5 The borrower was not integrally involved during the (too) lengthy project preparation. Differences of opinion between the borrower and the Bank persisted throughout the project preparation. The Bank made little effort to learn and understand how the borrower thought about the port. The Bank clearly was more comfortable discussing the project with the consultants and the cofinanciers, and, accepted the latters' proposals without question. The consultants, in particular, shared the same "language" and attitudes. However, for developing "ownership" and to sustain the results, it is the borrower attitude and commitment that count most.

2. The new lending instrument Adaptable Program Lending enables this "incrementalist" approach today.

2.6 The project experience in training proves that special needs or circumstances of the borrower, need to be taken into account in project planning and preparation. In this project, the training component experienced severe imperfections because of the perceived lack of commitment to genuine training while the borrower felt that the training program was not implemented as prepared by THA.

2.7 The project took too long to prepare. It grew from the initial US$50 million to US$91 million at (the second) appraisal and to US$189.4 million at completion and became too large and complex. The accumulated deterioration of the port facilities made the large and complex project a practical necessity. Many of its physical components were either not studied thoroughly or such studies became outdated.[3] Several cofinanciers expressed the opinion that capacity building, especially management training, started too late in the project, and both the Bank and the borrower realized too late that this was the case. The long preparation time also stood in the way of necessary training and technical assistance. Nonetheless, as will be described next, the Bank, the borrower, and the cofinanciers found ways to cope and "muddled through" with results that are satisfactory.

3. Project Implementation and Results

3.1 The THA was the implementing agency of this lengthy project. A project coordination unit (PCU), sponsored and manned by three donors, assisted THA for the duration of this complex project. A mid-term review and several donor coordination meetings were held as the project grew in complexity and size.

3.2 The principal focus of the project was the creation of physical facilities. Several management-related institution and capacity building issues were postponed until the follow-on project. During implementation, some changes were made to the physical components on the basis of donor resources. The changes concerned the pavement rehabilitation of berths 1-8, which was not part of the planned project, and the grain terminal silos that were built of concrete and not steel. By and large, however, the implemented project was consistent with the original plans. Some changes had to do with the content and extent of technical assistance and the manning of the PCU.

3.3 Three cofinanciers financed the PCU. Although it was the key to the eventual success of this complex project, not enough thought was given to knowledge transfer to the local counterparts. It is not clear if it was a good idea to have the PCU manned by expatriates and for them to assume too much responsibility for project management and operation. The pressures to implement the large and complex project and to increase the efficiency of the port had the effect that TA personnel assumed on-line responsibilities. This seems to have worked against achieving sustainability during the project.

---

3. For example, one donor openly suspected that a component it was funding might be "a white elephant," another questioned the wisdom of acquiring equipment in such quantity and variety of manufacture that maintenance would prove difficult (a view immediately challenged by THA's expatriate consultant), yet a third got "cold feet" right before Board presentation in disagreement with the Bank, THA, and its consultant (but returned later to contribute significantly to the project after completing its own intelligence gathering).

3.4 A detailed TA program was included in the SAR. During implementation this program was changed and expanded to better meet the immediate needs of THA. Consequently, there were coordination problems. After the mid-term review, a coordinator was hired to improve TA effectiveness. But, problems persisted. A frustrated trainer concluded after three years of work that its efforts had largely failed and that THA used the training personnel to run the port as line managers or technicians. However, results on the ground now are positive: the port operates at a level of efficiency that is better in many aspects than other ports in the region, the equipment functions with satisfactory availability, and the port is profitable and has an acceptable balance sheet to be privatized. The privatization-concessioning process is presently taking place.

3.5 As mentioned earlier, the project's TA work shows that special needs of the borrower——need sometimes to be accepted in the beginning and taken into account in planning the training programs. Thus, if the salaries of the trainees are so low that they cannot attend a full day of training but must work the second job to make ends meet, then that is a factor to be recognized. If the implementing agency initially cannot provide sustainable salary scales, the training program must accommodate the seemingly dysfunctional work times, while at the same time working to adjust pay scales and worker attitudes. The training component of this project had severe imperfections because of the trainees' absenteeism, lack of preparation, or "minor-league attitude." This was a frustrating experience for the responsible cofinancier who felt that there was a lack of commitment to genuine training while the borrower felt that the training program was not implemented as prepared by THA. The Bank needs to evolve ways of working with the client that, on one hand, technical assistance personnel know how to refrain from assuming on-line positions and, on the other hand, can patiently wait for the client to sort out its problems to assume that responsibility.

Achievements of Objectives and Results

3.6 The physical objectives were achieved. The general cargo berths and the Kurasini oil jetty were rehabilitated, the conversion of two berths for container traffic was completed and put into use; grain silos were built; ship-to-shore equipment for handling general cargo and containers and harbor cranes were acquired and put to use. The lighterage wharf component was not executed because of procurement difficulties. Some unnecessary physical facilities were also built. The grain terminal is used very little, as there was severe overestimation of grain movements; the expensive concrete silos and associated elaborate equipment clearly were not economically justified. The pier-side bagging facility, funded by the same donor, works well and meets the demand at a fraction of the cost. The Ubungo land terminal is also closed for lack of demand. Overall, the physical facilities, and the port itself, are in surprisingly good order (on the basis of the PCR, one was prepared for much worse) and functional.

3.7 The fair working condition of the assets—and the port's performance in general—must be attributed to the perseverance of all parties: port and project management in Tanzania, the donors, and the task management in the Bank. On the negative side, the traffic demand is not developing according to the estimates. Traffic from the neighboring countries that the port serves, Zambia, the Congo, Burundi, Rwanda, Malawi, Zimbabwe, and Uganda, has declined by 30 to 40 percent. The reasons for this decline are numerous, many fall under the heading of "trade facilitation", but also the re-opening of the transit routes to Mozambique, the end of the apartheid in South Africa, and continuing civil strife in the Congo, Rwanda and Burundi are important factors.

3.8 The economic rate of return is calculated at 23 percent for the project compared with 33 percent at appraisal. This rate does not include investments in either the grain terminal or the Ubungo land terminal. The project's real ERR would be higher if the implementation had started earlier in a piecemeal fashion and not holding it up for several years of more detailed preparation (para. 4.2).[4] Financially, the port is making a profit (except for FY91/92), but it is underperforming in that the rate of return on (average net) fixed assets is less than the desired 7 percent for most years in the 1990s. The ongoing project modernization project is focusing on improving the financial performance and concessioning of the port operations is imminent. The jury is still out whether a success can be declared. [5]

3.9 With respect to institutional development, the project had an extensive technical assistance and training program. This was provided both by the donors for their facilities and equipment and by the Bank loan. Port performance did improve, but the initial successes of both the TA and training were fragmentary and short-lived. The pivotal constraint that seems to have led to disappointing early outcomes in capacity building was the neglect of management training. The lack of a clear project concept reinforced this: the project objectives—they varied depending on the donor—were clear to the individual donors but hardly so to the borrower. Nonetheless, and paradoxically, the TA and training of this project bore fruit. They laid the groundwork for institutional and capacity development and results: indicators show that port performance improved, financial viability returned, and the physical facilities have remained in surprisingly good order and function.[6] The gains made in training and TA derive from this project and the follow-on port modernization project. There is nothing unusual in this; difficult things often take more than one project to learn.

Ratings

3.10 The PCR rated the outcome of the project as marginally satisfactory, sustainability as unlikely, and institutional development as negligible; Bank and borrower performance were not rated. The audit upgrades these ratings. The outcome is rated as satisfactory, sustainability as likely, and institutional development as substantial. Both Bank and borrower performance are rated as satisfactory. The rating increases are based on the observed conditions on the ground: the port facilities are in satisfactory condition; the port has been making a profit since FY92; the port's performance indicators are equal or better than in other ports in the region; the container

---

4. It is noteworthy in this context that the harbor entrance channel dredging that the Bank opposed was later supported by the same cofinancier (with 60/40 split with THA—and included in the port's balance sheet!), who donated the grain silos with evident positive outcome.

5. A Malaysian group offered to buy all the Tanzanian ports and a Memorandum of Understanding to do so was signed. However, because of suspected corruption, the Memorandum of Understanding was not followed through and consultant work is soon completed to prepare the concession terms, conditions and the bidding process.

6. Some performance indicators illustrate the situation. Dar es Salaam port executed 14 moves per hour in 1997 (the corresponding figure in Mombasa is 7 moves/hr and 13 in Karachi). According to the THA 1995/1996 Annual Report, the number of moves/hr was 12 in 1994 and 15 in 1995. The consultant preparing the information memorandum for the container terminal lease, and who was interviewed during the audit mission, put the number of moves/hr at 17-20. The container dwell times for imports, though improving slightly are high, 18 to 22 days in the years 1996 to 1998 (Ghana dwell time is 20 days, in Cameroon 22 days, but in Côte d'Ivoire only 7 days). Thus, it appears that the container port has not improved in the last few years and may even have declined. There is a "single bill of entry" customs clearance, but the procedures are slow, with 100 percent checking. This is common, but undesirable. It slows the process, as the long dwell time indicates, and contributes to theft. The container port works on three shifts with 330 employees each, but despite the retrenchment programs, only one half to one third that many are needed.

port is being privatized; and there is a continued employee and management training program. To what extent these ratings can be attributed to the audited project and how much is due to the ongoing follow-on project is not clear. What is clear, however, that the Dar es Salaam port functions consistent with the level and manner of the Tanzanian economy and is serving the traffic demands that are deriving from the Tanzanian and surrounding countries' economies. On the other hand, the productivity of port operations can be improved. According to some views, the port of Dar es Salaam is a major constraint to the growth and diversification of the Tanzanian economy.

3.11 Improvements are indeed possible and identifiable. It is possible, and according to some interviewees highly likely, that some practices—100 percent customs inspection among them—sustain pilferage and slow service in Dar es Salaam port. Improvements other than customs clearance also are desirable. The container port access from the hinterland and intermodal services could be improved. Container dwell time at port can be reduced and general cargo moved quicker through better port operations: greater productivity in the container and the general cargo terminals; streamlined paperwork and customs procedures at port; and improved efficiency of cargo handling and distribution through privatization of the (container) terminals. Finally, improved highways and railways and the respective services to improve cargo distribution and connections between the port and the hinterland are imperative to make export businesses more competitive. The pending concessioning of the container port is a right decision; it can be followed up by the privatization of all port operations in Tanzania.

Bank and Borrower Performance

3.12 Overall, the performance of the Bank was satisfactory. On the negative side, the preparation time was too long and the project grew too complex. The Bank also devoted much time to managing inputs and—until the mid-term review—little (managerial) attention to results. However, that kind of project preparation and management oversight was consistent with the extant processes, and strong project task management and collaboration with the on-site PCU overcame the shortcomings in preparation and design. The complexity was unavoidable given the lengthy preparation and the initial conditions at the port. Borrower performance also was satisfactory. The readiness of the borrower to participate in the mammoth training program was insufficient in the beginning, but picked up in the process and is further consolidated in the follow-on project.

3.13 The mission interviewed most cofinanciers' representatives in Dar es Salaam. They were satisfied with their contributions, some regrets were expressed for misinformed investments, but overall, the donors felt that they had made a positive contribution. They also felt that the port's capacity and physical facilities are now sufficient. These facilities need to be maintained, and the management and personnel training continued to reduce container dwell time and improve port operations. It is the port access from the hinterland and intermodal services that now need investments. Improved highways and railways and their transport services for cargo distribution and connections between the port and the hinterland are imperative to make export businesses more competitive.

4. Conclusions and Lessons Learned

4.1 The Bank's *input-management* orientation, which resulted in a lengthy project preparation and implementation, has already been mentioned. With the following three omissions, the project served its purpose well and, despite the long preparation time and complexity, it achieved its objectives.

- The main issue in Tanzania's transport sector and the Dar es Salaam port is the institutional framework and its management. The SAR did not put this project into sector context and sketch out how the government plans to develop the sectoral framework. Focusing now on the ports, why, for example, do the three ports—Dar es Salaam, Tanga, and Mtwara—operate under the same port authority management rather than competing with each other?[7] In this project, the Bank woke up late to the importance of training the port's management and working with it to ensure an institutional framework that fosters competition and customer service. In fairness to (Bank's) project management, oversight of the broad context of (Bank) projects rests with sector management. That oversight was missing from this project.

- An example of the lack of intersectoral coordination is the absence of trade facilitation—both domestic and neighbor countries' transit traffic—intermodal facilities at the port and access to port from the project design. Admittedly, the project already was complex and adding new things to it would have further complicated it. But these issues should have been addressed in the SAR (and later in the PCR) for the Tanzanian government to pursue on its own, and some of them should have been included in the other modes' and countries' projects for investment and technical assistance.

- The financial viability of the project's large investments and their impact on the balance sheet was not investigated thoroughly *ex ante*. Some cofinanciers linked the goals of the planned institutional development to a past "institutional culture" of not maintaining port facilities and needing to learn read "the port's balance sheet for assessing the sustainability of the physical components." In the same context, the "proliferation of equipment types" was seen as a danger signal. These concerns were not taken seriously early in the project—as they should have been—but were attended to in the follow-on project after the investments were made.

4.2 There are four lessons learned:

- Project experience shows that a lengthy preparation time does not necessarily reduce risks and that risks are often best managed, and project's economic rate of return improved, by implementing less expensive solutions to reveal actual demands. This was particularly true for the grain silos, the land terminal, and staff training. It also would have been preferable to start the project's most important components more quickly and with less preparation, and face and fix the problems when encountered. Projects could be augmented during implementation to address shortcomings either in the investment program or in training (as, in fact, happened in this project but without the benefit of a quick start). As designed, this project was not commensurate with the borrower's capacity to implement. It was both too large and too complex.

---

7. Such competition might also spur improvements to the hinterland transport connections and so spur the Tanzanian economy.

- Training and technical assistance needs persistence and ingenuity. Special borrower needs——need to be accepted in planning the training programs in the beginning. Thus, if the salaries of the trainees are so low that they cannot attend a full day of training but must work a second job to make ends meet, then that is a factor to be recognized while working to adjust the pay scales and worker attitudes. In this project, the training component experienced severe imperfections because of the trainees' absenteeism or lack of prior preparation. The Bank needs to evolve ways of working with the client so that technical assistance personnel know how to refrain from assuming on-line positions and patiently wait for the client to sort out its problems to assume that responsibility.

- All the participants' perceptions and ideas about the project need to be discussed. In particular, differences of opinion between the borrower and the Bank need to be explored——openly to understand how the borrower thinks about the project. The Bank seemed more comfortable discussing the project with consultants and cofinanciers, because they share the same "language" and experience. However, for nurturing "ownership" and to deliver sustainable results, it is borrower's attitude and experience that count.

- Strong project (task) management can overcome deficient or incomplete project preparation. This project, and its successor—the port modernization project—benefited from good task management and flexible donor cooperation among donors who wanted success.

- In spite of the satisfactory outcome of this project, the extensive efforts in this and its successor project demonstrate that improving the performance of a parastatal organization needs to culminate in its privatization. Sustainability is ensured only when there is competition, accountability and incentives to go after, be responsible for and keep the benefits from productivity improvements.

4.3 In retrospect, the lessons and omissions suggest that the Bank should have worked with both the cofinanciers and, especially, with the borrower to reach an early consensus on priorities and risks—and how to manage them—in sector context. As one cofinancier suggested, it would have been advantageous to dispense with a thorough project preparation, because it was impossible and because the facilities kept deteriorating, and begin project work and address the key issues in an evolving manner as might have been done with adaptable program lending. In this way, the traffic demand and THA institutional capacity and long-term training needs, including risks and uncertainties, would have revealed themselves during project implementation. Appropriate actions could have been developed in the project context. In fact, project participants pursued different agendas and only after the mid-term review was an effort made to take stock of the total project and map out a plan to confront the problems that had been encountered.

4.4 Thus, constructive participation and cooperation among the cofinanciers was critical in ensuring a satisfactory outcome. All cofinanciers participated extensively in preparing, supervising, and implementing the project. While contributing to project complexity, their financial and professional contribution was significant to the success of the project.

Basic Data Sheet

PORT REHABILITATION PROJECT (CREDIT 1536-TA)

Key Project Data *(amounts in US$ million)*

	Appraisal estimate	*Actual or current estimate*	*Actual as % of appraisal estimate*
Total project costs	91.0	189.4	208.1
Loan amount	34.2	34.2	100.0
Cofinancing	32.0	130.7	48.4
Cancellation		0	

Cumulative Estimated and Actual Disbursements

	Appraisal Estimate		*Actual*	
Year	*Annual*	*Cumulative*	*Annual*	*Cumulative*
			1.3	1.3
1985	1.4		7.0	8.3
1986	8.6	10.0	7.8	16.1
1987	8.8	18.8	13.8	29.9
1988	6.9	25.7	1.5	31.4
1989	1.0	26.7	0.3	31.7
1990	0.3	27.0	0.3	32.0
1991	0.0		1.7	33.7
1992	0.0		0.5	34.2
1993	0.0			

Project Dates

Steps in project cycle	*Planned Date*	*Revised Date*	*Actual Date*
Identification			07/78
Preparation			05/81
Appraisal 1	09/78	11/81	11/31[8]
Appraisal 2			07/82
Negotiation	07/82	01/83	01/83
Board Approval	09/82	03/83	12/84
Signature			02/85
Effectiveness	01/83		07/85
Closing	06/90		12/92
Completion	12/89		0493

Staff Inputs (staff weeks)

Stage of Project Cycle	*Staff Weeks*
Through Appraisal	55.5
Appraisal through Board Approval	146.2
Board Approval through Effectiveness	12.7
Supervision	79.2
PCR	3.5

8. No agreement was reached with the government on the scope of the project during appraisal.

Mission Data

Stage of Project Cycle	*Month/Year*	*No. of Persons*	*Specialization Represented*	*Performance Rating Status*	*Types of Problems*
Preparation	07/78	1	FA		
Appraisal 1	11/81	6	PE, EC, PS, FA, RA		
Appraisal 2	07/82				
Supervision	05/85	1	EC	1	2
Supervision	01/86	2	EC, PS	1	1
Supervision	02/86	2	EC, PS	1	2
Supervision	08/86	1	PS	2	1
Supervision	08/87	1	PS	2	1
Supervision	08/88	2	PE,EC	2	2
Supervision	08/89	2	PE, FA	2	3
Supervision	02/90	2	PE, EC	2	2
Supervision	06/90	2	PE, EC	2	2
Supervision	11/90	1	FA	2	1
Supervision	01/91	1	PE	2	2
Supervision	04/91	2	PE, FA	2	2
Supervision	07/92	3	PE, FA, PROC	2	3
Supervision	11/92	2	PE, FA	2	2

Key to Specialization: PE=Port Engineer; PS=Port Specialist; FA=Financial Analyst; EC=Economist; OA = Operations Analyst; PROG=Procurement Specialist

Key to Problems: 1=prpblem free or minor problems, 2=moderate problems, 3=major problems