ICR Review
Operations Evaluation Department

Report Number : ICRR10563

1. Project Data :		**Date Posted :** 06/29/2000		
PROJ ID :	P000204 **OEDID:** C2105		**Appraisal**	**Actual**
Project Name :	Transport Sector Project	**Project Costs (US$M)**	90.8	38.17
Country :	Burundi	**Loan/Credit (US$M)**	43.2	37.8
Sector, Major Sect .:	Transportation Adjustment, Transportation	**Cofinancing (US$M)**	22	4.2
L/C Number :	C2105			
		Board Approval (FY)		90
Partners involved :	GTZ, OPEC, AfDB, AGCD, FAC, Japan, Italy	**Closing Date**	12/31/1995	01/31/1999
Prepared by :	**Reviewed by :**	**Group Manager :**	**Group:**	
Binyam Reja	Alice C. Galenson	Ridley Nelson	OEDST	

2. Project Objectives and Components

a. Objectives

The original project objectives as laid out in the SAR were to :

- Reduce overall transport costs for the country;
- ensure a better economic integration of the sector, in particular by encouraging the domestic private sector, both transport operators and construction firms, and liberalizing the transport sector through appropriate reform of the regulatory framework;
- make a positive contribution to the financing of government expenditures and a balanced budget;
- support the development of coffee exports, the main source of foreign exchange income for the country;
- consolidate and improve road maintenance practices, institutions and funding, and achieve a better balance between maintenance and new construction; and
- develop planning capabilities for the transport sector within both the Ministry of Transport (MTPDU) and Ministry of Transport, Posts and Telecommunications (MTPT).

b. Components

The original project components were:

1. Transport Components -- (i) Technical Assistance, (ii) Training, (iii) Study Fund; and (iv) Transport Investments;
2. Road Component which included: (a) Road Rehabilitation/Upgrading/Improvement Program; (b) Periodic Maintenance Program; (c) Routine Maintenance Program; (d) Coffee Road program; and (e) Institutional Development.

The project was retrofitted in July 1995 to reduce the scope of the project, while keeping the same objectives, but it was later restructured in August 1997 to limit the project to two objectives: (i) setting up the framework for the reform of the Direction Generale des Routes (DGR) and the creation of a second generation of road fund to improve the management and financing of road maintenance works; (ii) execution of road rehabilitation works, to maintain important links to coffee stations and improve some urban road links, with a view to creating jobs, especially through Small and Medium Enterprises (SMEs).

c. Comments on Project Cost, Financing and Dates

The project was approved on March 20, 1990 and closed after three extensions on January 31, 1999 more than three years later than the original closing date of December, 31 1995. Total disbursement from the Credit amounted to US$38.16 million. As per the Credit Agreement, the counterpart contribution from the government was to be 28% of the total project cost. But due to the Government's inability to finance the counterpart funds (in light of country conditions), the Bank agreed to finance 100% (net of taxes) on all categories. All the co-financiers except OPEC pulled out of the project.

3. Achievement of Relevant Objectives :

Project implementation was adversely affected by a severe socio-political crisis in Burundi beginning in 1993, followed by a coup d'etat in 1996. The orginal objectives were reduced to the two objectives mentioned above. The restructured objectives were not fully achieved. The revised civil works were completed. However, the revised institutional components to establish a framework for reforming the financing and management of the road network has yet to be implemented. The restructuring plan for the DGR have been drawn up but has yet to be endorsed by the Council of Ministers. Similarly, a draft law for a new road fund mechanism is awaiting parliamentary approval. The overall economic rate of return (ERR) was estimated at 32 percent at appraisal, but no ex-post economic analysis was done on the restructured components.

4. Significant Outcomes /Impacts:

The revised project helped in rehabilitating roads linking coffee stations and improving urban-rural links. A new road was constructed and 3 main roads leading to the interior of the country were rehabilitated. The project introduced the concept of small and medium enterprises (SMEs) in road rehabilitation and maintenance. There are now 100 such SMEs carrying out civil works under contract.

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

The adverse country conditions prevented the implementation of the original and some of the restructured project objectives.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Not Rated	Marginally Unsatisfactory	• The ICR rates the outcome of the project as "partially satisfactory", which is not a standard ICR rating. The ICR rating is based on a four-point scale which does not include the rating given by the ICR authors. • OED's review of the ICR concludes that the project outcome warrants a marginally unsatisfactory rating on the OED six-point scale, since only a portion of the restructured components were implemented satisfactorily.
Institutional Dev.:	Partial	Negligible	• The restructured institutional objectives have yet to be implemented to have any development impact.
Sustainability:	Uncertain	Unlikely	• There is no conducive macroeconomic environment or government commitment to establish an institutional and policy basis to provide a stable source of funding for road maintenance. The establishment of the road fund has yet to take place.
Bank Performance:	Satisfactory	Unsatisfactory	• The Bank's policy dialogue with the borrower was too ambitious from the beginning and did not take into account the weak institutional environment of the country. • The Bank's revised policy reform proposals to establish a framework for restructuring the management and financing of roads were

			premature and inappropriate for Burundi, since it was just coming out from a conflict that had resulted in the break down of the social and political system of the country. • The restructuring of the institutional component of the project could have been better designed to support the rehabilitation of sector organizations after the failure of the state, instead of continuing with reform proposals that assumed strong institutional and political basis.
Borrower Perf.:	Not Rated	Unsatisfactory	The ICR gives "mixed' rating which is not a standard rating.
Quality of ICR:		Unsatisfactory	

7. Lessons of Broad Applicability :

The key lesson from this project is that the capacity of sector organizations must be rehabilitated and restored and the political basis for reform must be established before embarking on a far-reaching policy and institutional reforms in an environment of a failed state.

8. Audit Recommended? ○ Yes ● No

9. Comments on Quality of ICR :

The ICR is unsatisfactory and does not follow the ICR guidelines adequately.

- It does not cover thoroughly all relevant issues in the project (e.g. its analysis of the impact of the country circumstances on the outcome of the project is weak).
- The ICR uses incorrect rating scales.
- There is no ex-post economic analysis on the revised components.
- The sections on "future operations" and "lessons learned" could have been developed more.
- The cost figures in Table 8A and 8B are incomplete.
- The report is presented in the old format.
- There is no aide-memoire for the ICR mission.