Report Number : ICRR13096

IEG ICR Review
Independent Evaluation Group

1. Project Data:		Date Posted :	05/06/2009	
PROJ ID :	P065436		Appraisal	Actual
Project Name :	Second Phase Of The Road Development Program	Project Costs (US$M):	97.0	106.3
Country:	Uganda	Loan/Credit (US$M):	64.5	77.5
Sector Board :	TR	Cofinancing (US$M):	8.9	1.2
Sector(s):	Roads and highways (96%) General transportation sector (3%) Central government administration (1%)			
Theme(s):	Rural services and infrastructure (100% - P)			
L/C Number:	C3544			
		Board Approval Date :		07/03/2001
Partners involved :	Nordic Development Fund	Closing Date :	06/30/2006	06/30/2008

Evaluator :	Panel Reviewer :	Group Manager :	Group:
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2. Project Objectives and Components:

a. Objectives:

The PAD and the main text of the ICR describe the development objectives as :
1. Improve access to rural and economically productive areas by removing major constraints to transport services on the country’s road network.
2. Further strengthen road sector management. (The second project objective is vaguely worded).

However, the credit agreement lists the objectives as :
1. Improve access to rural areas and economically productive areas
2. Enhance the Borrower's road sector planning and management, and road safety management .

It should also be noted that Table 2, Annex 2 of the ICR lists slightly different Project Development Objectives : i) to widen sector and institutional reforms; ii) upgrade the condition of the main roads between major urban areas; and iii)improve low traffic designs and road safety management .

For the purposes of this ICR Review, the credit agreement DOs are used as the basis for evaluation .

b.Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components (or Key Conditions in the case of DPLs, as appropriate):

Part 1: Upgrading of main roads. Upgrading of two high-priority national roads. Cost at appraisal: US$72.5M. Cost at completion: US$84.9M.

Part 2: Road safety improvement and audit study action plan. Cost at appraisal: US$5.1M Cost at completion: US$10.5M.
Civil works. Accident blackspot (a place where road traffic accidents have historically been concentrated) improvement.
Consulting services.
Design and construction supervision of component 2i (blackspot improvement).
Institutional support and capacity building
Enforcement equipment for the police.

Part 3: Preparation of a national transport master plan and transport master plan for greater Kampala Metropolitan Area. Cost at appraisal: US$2.7M. Cost at completion: US$3.1M.

Part 4: Pilot project for demonstration use of innovative technology for construction of low volume traffic roads. Cost at appraisal: US$10.8M. Cost at completion: US$0.8M

Part 5: Feasibility study and design of a national road agency building. Cost at appraisal: US$0.9M. Cost at completion: US$0.4M.

Part 6: Consulting services for the supervision of civil works. Cost at appraisal: US$5.1M. Cost at completion: US$7.0M.

The ICR indicated that the Nordic Development Fund (NDF) financed Parts 4 and 5. From phone conversations with the TTL, it became apparent that the NDF portions of the project moved slower than the rest of the project due to unforeseen technical issues; the contract was only being put out for bid as the World Bank credit was closing. The NDF finance is still available, however, and is being used to complete the work. In hindsight it would have been better if the NDF financing had been in parallel.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project cost at completion was US$106.33M, US$9.33M over the appraisal estimate.
The Borrower contribution was US$23.6 at appraisal and US$27.6 million in actuality.
The overall two-year delay was due to delays in the processing and awarding of contracts as well as delays in releasing counterpart funding to pay contractors.
The Nordic Development Fund was going to contribute US$8.9M at appraisal but only disbursed US$1.18M. This was due to delays in implementation and costs of these activities being higher-than-expected; the Nordic Development Fund had to seek additional financing. As of March 2009, these components were underway but not yet completed.

3. Relevance of Objectives & Design:

Relevance of objectives (high)

The project objectives contributed to the Bank's CAS (1997, 2000, and 2005) strategic outcomes of improving reliability of access to infrastructure services and poverty reduction through medium term strategy focused on private investment led growth. The project objectives were also in line with the country's 1998 Poverty Eradication Action Plan through facilitating the efficient and reliable provision of transport services, increasing agricultural production, enhancing linkages with neighboring countries, stimulating economic growth and promoting security in the country.

Relevance of design (substantial)

The project design was relevant to the first project objective but it is less clear how the design was relevant to the second project objective of improved road management.

The overall relevance is rated substantial.

4. Achievement of Objectives (Efficacy):

Objective 1. Improve access to rural areas and economically productive areas. *Highly achieved.*

The Project's objective of improving accesses to rural and economically productive areas through upgrading selected priority road links was *highly* achieved by improving 271 kilometers of primary roads on which traffic volumes increased by more than 500 percent on average, exceeding the target of a 100% increase in traffic volume. The average travel time decreased by more than 30%, exceeding the target of 30% and vehicle operating cost decreased by 36%, exceeding the target of 20%.

Objective 2. enhance the Borrower's road sector planning and management, and road safety management. *Modestly achieved*.

i) Road sector planning and management
The National Transport Master Plan (NTMP) was prepared. The NTMP is now the basis of future road sector development and included the transport master plan for greater Kampala. This plan identified necessary infrastructure improvements for road, rail, water and air for 15 years starting 2004/5. It also identified institutional gaps at National and Kampala Metropolitan levels.

Innovative road designs (funded through the Nordic Development Fund) developed under this project are being implemented after the project has closed, due to delays in securing funding.

ii) Road safety management
Seventy five percent of the planned road accident black spot improvements were carried out (sixteen were chosen for improvement but 4 were cancelled to avoid conflict with highly sensitive road resealing.) The project has likely contributed to a reduction in the number of road accidents and road accident fatalities nationwide:

- Number of traffic accidents down 33%
- Number of casualties down 9.8%
- Number of fatal crashes down 48%
- Number of fatalities down 14%

A 3-day training for twenty RAFU, MOWHC and KCC staff in road safety auditing was completed.

The following publications were developed as part of the National Road Safety Action plan that contributed to road safety management: engineering manuals, curricula for driving instructors and driving schools; trauma care training manuals for the Ministry of Health (MOH); Accident Report Forms for Uganda Police; and the Road Safety Audit Manual. Additionally, procurement of police enforcement equipment (first aid kits, speed measuring instruments and breathalyzers) was completed.

A rating of *modestly achieved* is given for this objective because of the limited progress with the innovative road design pilot and the somewhat tenuous linkages between outputs and the enhancement of management; clearer indicators may have clarified this situation.

Efficacy is rated *substantial* overall because road access (a significant part of the project) improvement was achieved beyond its targets.

5. Efficiency (not applicable to DPLs):

At project appraisal an economic analysis for investment on all project roads was carried out and the consolidated ERR was observed to be above 12 percent. The consolidated ERR on completion was observed to be 18.4 percent which falls within the range of estimated ERRs at appraisal of 12.5%-21.3%. The higher ERR at completion was due to higher-than-expected traffic growth. The impact of the late delivery of the benefits on the local economy was not measured in the HDM4 model.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	Yes	12%	75%
ICR estimate	Yes	18.4%	80%

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

Based on a substantial relevance, substantial efficacy, and substantial efficiency, the outcome is rated satisfactory.

a. Outcome Rating : Satisfactory

7. Rationale for Risk to Development Outcome Rating:

Given that UNRA is now fully operational and the Road Fund is being created, the risks to the development outcomes are considered moderate. However, policy reversals are possible and the UNRA and Road Fund need to keep building capacity to reduce the risk. Additionally, based on a phone conversation with team members, there is some concern that the Ministry of Finance may not fully abide by the law establishing funding for the Road Fund .

a. Risk to Development Outcome Rating : Moderate

8. Assessment of Bank Performance:

In project preparation, the Bank project team added value by providing experience gained through the Road Maintenance Initiative (RMI) in Africa. While the use of the APL instrument provided flexibility in adapting project design and financing to evolving client needs, the triggers for this and subsequent phases of the project were not specifically linked to the achievement of road sector reform goals, so the project was not able to fully benefit from lessons learned from previous phases.

In supervision, the Bank team maintained a strategic vision not only on institutional development, but provided advice on other cross cutting issues such as road safety, transport master plan, and engineering research on innovative methods for construction of low traffic volume roads. There was involvement of the Bank's team to resolve day to day problems.

The team should have been more proactive in managing weaknesses in procurement management (as evidenced during the implementation of the two previous projects RSISTAP and RDPP 1). The team should also have been more proactive in managing safeguard issues by ensuring the government was preparing a Resettlement Action Plan (RAP). Three large road contracts were delayed due to poor design and poor contracts management. In response to these delays, the Bank team should have been more accurate in its evaluation of the project in the ISR rather than giving a "satisfactory" rating throughout the implementation period.

a. Ensuring Quality -at-Entry: Moderately Satisfactory

b. Quality of Supervision : Moderately Unsatisfactory

c. Overall Bank Performance : Moderately Satisfactory

9. Assessment of Borrower Performance:

The government showed commitment in implementing institutional reforms; UNRA became fully operational in July 2008 though it had taken ten years. The government finally agreed to set up a Road Fund to enhance financial sustainability of road maintenance.

There were delays in releasing of counterparts funds during the years 2002/3, 2003/4 and 2004/5 and as a result the payment to contractors were delayed and the government owed contractors the equivalent of US$ 5.92 million in 2006. Finally a large part of the arrear payments to contractors were cleared prior to project closing . Taking into account that agreed road budget was not allocated, resulting in delays in providing counterpart funds, the government's performance is rated as moderately satisfactory as the work was ultimately completed satisfactorily.

RAFU was the key implementing agency for RDPP 2. To ensure efficiency, RAFU appointed highly qualified core staff in the engineering, finance and administration divisions; it was a challenge for RAFU to recruit experienced and qualified staff due to a scarcity of skilled personnel in the country . This low capacity in the procurement division was one of the main reasons for delay in monitoring the performance of consultants and contractors . Following Bank recommendations, procurement teams comprised of international and national professionals improved the situation.

Award of two large civil works contracts were delayed by 14 months and 10 months respectively due to insistence by MOWT/RAFU not to award both contracts to the lowest qualified bidder, alleging that the bidder would not be able to perform well on both the contracts. The MOWT's recommendations were not consistent with the Bank procurement guidelines, and thus the Bank rejected them. The MOWT finally followed the Bank's advice and awarded both contracts. However, this back-and-forth caused delays which led to higher contract price adjustment figures.

The contract for improvement of accident black spots also suffered delays due to a complaint raised by one of the bidders. The matter was referred for an administrative review with a time loss of about 8 months.

RAFU did not monitor indicators of growth in traffic volume, reduced travel time and savings in VOC until the Bank showed rating for M & E as "unsatisfactory" in the ISR.

For these reasons (procurement delays; reluctance to follow Bank guidelines; lack of necessary M&E) the implementing agency's performance is rated moderately unsatisfactory.

a. Government Performance : Moderately Satisfactory

b. Implementing Agency Performance : Moderately Unsatisfactory

c. Overall Borrower Performance : Moderately Satisfactory

10. M&E Design, Implementation, & Utilization:

i) Design. The ICR describes the monitoring and evaluation system as not useful in monitoring and acting on project implementation delays. Additionally, the key performance indicators (p 2, para4) identified in the ICR were as follows:
1) increased industrial and agricultural activity;
2) increased traffic growth;
3) reduced travel time; and
4) transport rates and vehicle operating costs over the national road network.

But the indicators in the PAD are slightly different:

- RAFU full operational by December 2001.
- Reduction in average travel time on national roads compared to baseline
- Reduction in transport and vehicle operating costs compared to baseline
- Social assessment of stakeholders' preferences

While this discrepancy is of concern, it should also be noted that only one of the indicators in the PAD group refer to the second Project Objective. The ICR would be strengthened if clear linkages as to how the activities (Parts 2-6 in section2 of this review) contributed to the improvement of management capabilities.

The ICR states that "No specific indicators were designed to assess the achievement of each of the three PDOs… No comprehensive M&E framework clearly specifying the role and responsibility of the staff and type of reports to be produced was designed and agreed at project proposal." (ICR, p 7) which indicates flaws in the M&E design.

ii) Implementation. During project implementation, the ICR indicates that performance indicators were modified as necessary specifically to measure the progress of achieving development objectives, but the nature of this modification is unclear. The project design summary prepared at project appraisal was not modified during project implementation to take into account the project extension approved for two years. RAFU had a monitoring officer but no comprehensive evaluations were carried out.

iii) Utilization. The ICR indicates that the M&E system was not adequately used to monitor project implementation delays and to act on such delays.

a. M&E Quality Rating : Modest

11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):

Procurement:
At project appraisal, all procurement arrangements including the procurement plan and procurement methods were discussed and agreed to be consistent with the World Bank (WB) guidelines. Despite RAFU's efforts to follow

procurement plans, delays occurred. On some occasions the quality of procurement documentation was not up to standard at the initial stages of the project.

Financial Management :
Financial management of the project was carried out in accordance with the legal agreements and the operational manual.

Environment and Social Assessment :
The project was initially classified as a category "B" but because sections of the road being upgraded passed through national parks, the category was changed from "B" to "A". An Environmental impact assessment (EIA) was carried out for each road project and the safeguards were in compliance with the World Bank Operational Directives. The EIA team included social and environmental scientists providing a multi-disciplinary approach to preparing the EIA. Socioeconomic data were collected and analyzed from each of the areas where the roads were planned to be improved. Project also addressed the social impact on human settlements such as HIV/AIDS prevention and to reduce number of road accidents.

Unintended impacts :
One positive impact was the establishment of the Road Fund which had not been anticipated at the time of project appraisal. A second positive impact was the planned establishmed of the Mulit-Sectoral Transport Regulatory Authority which would promote private sector participation in the delivery of services and ownership of infrastructure.

12. Ratings:	ICR	IEG Review	Reason for Disagreement/Comments
Outcome:	Satisfactory	Satisfactory	
Risk to Development Outcome:	Moderate	Moderate	
Bank Performance :	Moderately Satisfactory	Moderately Satisfactory	
Borrower Performance :	Moderately Satisfactory	Moderately Satisfactory	
Quality of ICR :		Satisfactory	

NOTES:
- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

The ICR gives the following lessons:

APL instrument: APL phases should be executed sequentially and not simultaneously to allow the learning of lessons from one phase to the next. Subsequently APL design has evolved to have sequential not simultaneous phases, and best practice today requires that triggers are clearly set out to initiate each subsequent intervention.

Policy and institutional reforms: The policy and institutional reforms to transform the ministry's road agency (RAFU) to an autonomous road authority (UNRA) took much more time than the anticipated three and half years at project appraisal. It would have been advisable to set intermediate triggers in the APL to help accelerate this process.

Technical Assistance: Future TAs should have clear objectives of building local capacity with measurable outputs in a specified time. When RAFU was created in 1998, its head and other key staff were expatriate staff appointed under the project funded TA program and the skill transfer to local staff was not very effective and took a long time. In designing a technical assistance program, it is critical to evaluate the knowledge, skills, talents and competencies of national professionals so as to optimally tailor the program for them.

Review of Design and Contracts Documents: Designs should be thoroughly reviewed before tendering. One of the reasons for delay in completion of the civil works contracts was that shortcomings in engineering design were observed during contract implementation—shortcomings that should have been caught earlier.

Lack of Counterpart Funding: Capacity of Borrower to finance counterpart funding must be carefully assessed during project preparation. Non-payment of counterpart funding has dire consequences on performance in the sector. First, it reduces the output of contractors, leading to time extensions with associated costs. Second, a history of counterpart payment delays can reduce the number of bidders willing to bid. This usually reduces competition and may lead to collusion amongst the reduced number of bidders. It is therefore important to realistically analyze the Borrower's capacity to finance counterpart funding, and to decide to either finance 100% of all components (this, however, was not an option at the time of the preparation of this credit due to the unwillingness of the Bank at that time to finance taxes) or to move to a sector wide program whereby co-financiers (government and other DP) each finance part of the overall program.

Risk Assessment and Results Framework: Well designed risk assessment and results frameworks are crucial for project success. Both risk assessment and results framework of the project lacked depth and stringency. As a result the monitoring of the achievement of the development objectives and implementation progress was less than satisfactory.

14. Assessment Recommended? ○ Yes ● No

15. Comments on Quality of ICR:

The ICR contains a lot of information but does not clearly map the achievement of project objectives with the completion of activities. This is in part due to the weak project indicators that were inconsistent within and among project documents. It would have been helpful to have more discussion of the outcome of Part Four of the Components section and the status of the Nordic Development Fund funding. However, the lessons provided are good and the candid coverage of the monitoring and evaluation aspects was well done.

a.Quality of ICR Rating : Satisfactory