



1. Project Data:		Date Posted : 02/27/2001	
PROJ ID: P002933		Appraisal	Actual
Project Name : Urban I	Project Costs (US\$M)	38.5	42.2
Country : Uganda	Loan/Credit (US\$M)	28.7	29.3
Sector(s) : Urban Management	Cofinancing (US\$M)	5.3	8.1
L/C Number : C2206			
	Board Approval (FY)		91
Partners involved : Nordic Development Fund	Closing Date	06/30/1998	06/30/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
2. Project Objectives and Components			
a. Objectives			
At appraisal, the original objectives were : (a) to improve living conditions and alleviate poverty in Kampala; (b) to improve urban financial management; and (c) to strengthen institutional capacity .			
As part of the mid-term restructuring, project objectives underwent minor modifications (not communicated to the Board) as follows: (a) to strengthen Kampala City Council's (KCC) ability to better deliver, finance and maintain basic urban services for all Kampala residents, particularly the poor; (b) to assist KCC in getting demonstrable physical improvements on the ground aimed at gaining its credibility among the population it serves; and (c) to strengthen the institutional capacity of sector institutions .			
b. Components			
Project components, their final costs and share of the total were : (i) rehabilitation of urban infrastructure in Kampala - US\$20.6m. (48.8%) (urban markets, refuse collection and disposal, maintenance of urban roads, storm drains, footpaths, streets and drains) ; (ii) urban land development US\$4.1m. (9.8%) (updated topographical mapping of Kampala, strengthening of urban investment planning and provision of serviced residential land (Kawaala Sites and Services); (iii) urban management US\$15.5m. (36.8%) (technical assistance and training for Kampala City Council (KCC), the Ministry of Local Government, and Physical Planning Department (PPD) staff and fund for project preparation for a small towns water and sanitation project); and (iv) Project preparation for a possible follow-on small towns water and sanitation project US\$2.0m. (4.6%).			
c. Comments on Project Cost, Financing and Dates			
Final costs were 10% higher than those estimated at appraisal . By completion, Bank disbursements of US\$29.3 million (36% of the original loan commitment) financed 69% of total costs. Cofinancing by the Nordic Development Fund reached US\$8.1 million, far exceeding the US\$5.3 million originally planned. By completion, government counterpart was US\$5.5 million, 21% higher than the US\$4.5 million expected. The project was approved on 01/22/91 and it was closed on 06/30/00 two years later than planned.			
3. Achievement of Relevant Objectives:			
objective (a) of improving living conditions and reducing poverty in Kampala was achieved satisfactorily . KCC's service delivery (especially solid waste, and street and traffic improvements) has become stronger and is subject to fewer complaints by the public.			
objective (b) related to improved financial management was also achieved . Local revenue mobilization increased significantly through the project and financial planning improved .			
objective (c) of strengthening institutional capacity was achieved through training and technical assistance, albeit at a fourfold increase in costs.			
4. Significant Outcomes/Impacts:			
<ul style="list-style-type: none"> • The use of the project as a key instrument of decentralization, focusing responsibilities for managing urban development upon the KCC, rather than through central government ministries as before . • The involvement of the private sector in the delivery of basic urban services for the first time in Kampala . • The improvement of the urban environment in Kampala through : (i) the elimination of most hazardous dumping of solid waste in the city, and (ii) reduction of dust thanks to street paving . • Better traffic flows through the city . 			

- A new Strategic Framework for Reform agreed by local and central government as a medium and long -term approach to the urban management of Kampala .

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

- Inadequate assessment of land tenure issues which prevented the implementation of the project's sites and services component.
- Unexplained cost overruns--US\$9.5m.--on component (c) KCC training and equipment.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Modest	Substantial	Uprated due to several positive ID impacts reported by the ICR, which include: (i) KCC has adopted a strategic framework for reform; (ii) restructuring of the KCC has led to the relatively efficient use of human resources; (iii) local revenue mobilization has been demonstrated.
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		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:

From the Bank ICR:

- *On the design of future local government projects.* This project should have been managed by the elected leadership and not appointed civil servants . The involvement of the elected representatives from project inception is central if such projects are to be locally owned . An IDA-supported local government program should be flexible to allow the exercise of democratic governance and the interplay of local politics .
- *On project ownership at the local level.* The Strategic Framework for Reform (SFR), which was critical of some of the top-down supply-driven concepts of the project, was developed in -house by KCC's own staff and adopted with the participation of all stakeholders . A genuine process of decentralization needs to foster ownership at the local level, and override any differences of central /local government opinion,
- *On procurement capacity (a frequent 'Achilles heel of IDA financed projects).* Project implementation teams of future projects should have qualified procurement staff, who need to have the prerequisite knowledge to undertake procurement based on World Bank procedures and guidelines . A specialized short-term procurement consultancy should be provided to assist the implementation team at start -up.

From the Borrower ICR:

- *On addressing complexity at the outset.* Preparation and appraisal work needs to identify all risks arising from complex political and institutional situations and to design mitigation strategies to address them . This was not exhaustively done in the case of this project, resulting later in implementation difficulties for some components .
- *On undue dependence upon external consultants.* This project relied excessively upon external consultants who, until 1995, managed the implementation of all the components . When they eventually left, there was a vacuum of expertise that led to the poor follow -up of some of their recommendations . In hindsight, better training should have been given to local staff in order to transfer some of the know -how.

8. Assessment Recommended? Yes No

Why? (i) To draw out more lessons about how the project achieved what it did in a weak context of governance. (ii) To follow up on post-conflict issues successfully addressed by the project experience .

9. Comments on Quality of ICR:

Satisfactory overall. The ICR describes candidly the initial difficulties faced by the project and how it evolved into a better performing operation by mid-term when decentralization was fully taken on board . The report also gives a good account of most of the project outputs delivered and how these contributed or failed to contribute to the desired outcomes. One exception, however, is the lack of explanation of the fourfold cost overrun of the training and technical assistance provided to KCC . For a major component such as this, which accounted for 30% of project costs by completion, the ICR should have provided a detailed explanation of how the additional costs were incurred and what additional outputs--positive ones in this case--were produced.

