



1. Project Data:		Date Posted :	09/06/2005	
PROJ ID:	P001730		Appraisal	Actual
Project Name :	Mali Transport Project	Project Costs (US\$M)	305.7	529.5
Country:	Mali	Loan/Credit (US\$M)	65	59.5
Sector(s):	Roads and highways; Railways; General transportation sector	Cofinancing (US\$M)	192.9	374.5
L/C Number:	C2617			
		Board Approval (FY)		94
Partners involved :	BOAD, FAD, FED, IsDB, OPES, Canada, France, Germany	Closing Date	06/30/2001	12/31/2004
Evaluator :	Panel Reviewer :	Group Manager :	Group:	
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2. Project Objectives and Components

a. Objectives

The IDA project was a portion of a larger multi-donor sector program. The objectives of the program and project were to:

- (a) strengthen the sector management and performance through reorganization and local capacity building;
- (b) restructure the transport sector's parastatals;
- (c) modify the regulatory and institutional framework in order to promote increased private sector participation in provision of services and the execution of works;
- (d) rehabilitate and maintain a priority network of transport infrastructure; and
- (e) improve the transport operations efficiency and reduce transport costs.

b. Components (or Key Conditions in the case of Adjustment Loans):

The program had the following four components:

(a) capacity building and training component (appraisal US\$5.6 million, *to be fully financed by IDA*, actual US\$11.4 million, *IDA US\$4.5 million*) focusing on support for the implementation of sector policy measures, the modernization of sector administration, the reorganization of transport services, and in particular the liberalization of the transport industry, the reorganization of road maintenance institutions, work methods and resources allocation mechanisms, the restructuring of public enterprises and the improvement of the efficiency of international transport corridors.

(b) road component (appraisal US\$208 million, *IDA contribution US\$40 million*, actual US\$462.5 million, *IDA US\$44.2 million*) focusing on (i) routine maintenance of a priority network of 9,000 km; (ii) periodic maintenance of 778 km of paved roads, 818 km of earth roads and 615 km of classified tracks, and rehabilitation of 383 km of paved roads, 857 km of earth roads and 660 km of classified tracks in the north. The IDA project was to finance periodic maintenance/rehabilitation of 413 km of paved roads and 188 km of earth roads; (iii) the improvement of 500 km of rural tracks outside the main agricultural areas, and the purchase of four ferries to serve zones that lack reliable road access. The IDA project was to finance 123 km of rural tracks and the procurement of two ferries; (iv) the implementation of specific works to improve the environment and safety along selected project roads; (v) the improvement of Bamako's main urban road system; (vi) technical studies and supervision; and (vii) the purchase of equipment for routine road maintenance.

(c) railway component (appraisal US\$32.5 million, *IDA contribution US\$ 10.2 million*, actual US\$31.6 million, *IDA US\$10.8 million*) focusing on (i) studies, supervision of works and technical assistance to improve traffic organization and set up new bodies to facilitate technical and commercial integration of international freight and passenger services with the Senegal railways (SNCS); (ii) execution of the first tranche of a 10-year track

rehabilitation program, and the transfer of the freight terminal from Bamako to Korofina, (iii) improvement of the telecommunication system, (iii) purchase of three medium capacity locomotives and rehabilitation of equipment; and (iv) rehabilitation of logistical equipment. The IDA project was to finance studies and technical assistance, construction of the Bamako-Korofina terminal and the acquisition of ballast for the track rehabilitation program. (d) airport component (appraisal US\$7.8 million, to be fully financed by other donors, actual US\$23.9 million) to finance (i) installation of safety equipment at the Timbuktu airport; (ii) improvements in the Bamako airport consisting of building a fence around the airport; and (iii) technical studies for possible future investment programs for airports in case of an acceptable rate of return and favorable macro-economic context.

c. Comments on Project Cost, Financing, Borrower Contribution, and Dates

The initial program/project costs were estimated at US\$305.7 million. At the end of December 2001, the project's initial closing date, financing obtained was US\$ 473.4 million. As of December 2004, the actual project's closing date, project financing amounted to US\$ 529.5 million. The additional US\$ 56.1 million obtained between 2001 and 2004 came from the Government (US\$ 19.7 million) to finance routine maintenance and the fence of the Bamako-Sénou airport and from FED and AFD (US\$ 36.4 million) to finance periodic maintenance and rehabilitation of roads. All cofinancing was to be on parallel basis, with each participating institution managing its own subprojects in accordance with its respective rules. The project closed after a 3.5 years delay because of the following reasons: (i) delays in the implementation of the physical investment component; (ii) to continue technical assistance services to the Government in support of the concessioning process; and (iii) to make available project resources to the concessionaire after the concessioning process was completed.

3. Relevance of Objectives & Design :

The Program was designed around the Government's five year (1994-98) program of sectoral reforms contained in the Declaration of General Transport Sector Policy (DGTSP) which aimed at improving the sector efficiency in order to reduce transport costs, help the Malian economy (especially the competitiveness of exports) and stimulate the development of agriculture. The project objectives were in line with the DGTSP's objectives for the whole sector.

The project objectives remained relevant to the Country Assistance Strategies (CAS) (1998 and 2003) that were adopted during the project implementation period. Issues highlighted were high costs of transportation and the need to integrate with West African States, reduce the states role and create conditions for increased private sector participation. The development of basic infrastructure and productive sectors was the prerequisite Growth Pillar #3 in 2003 CAS. The Bank intended to invest in the transport infrastructure as it considered it the driver of growth. The project's institutional role was well designed. The project preparation gave priority to policy dialogue and comprehensive set of policy reforms were agreed on with the Government.

4. Achievement of Objectives (Efficacy) :

(a) Strengthen the sector management and performance through reorganization and local capacity building:

Substantially Achieved.

- The National Department of Highway (DNR) was restructured in 2002 to focus on planning of road works as opposed to the execution of works.
- A second generation Road Fund was set up in 2000 and became operational in 2002.
- A privately operated Control Center for vehicle inspection was established in 1995. As a result, the annual number of cars subject to technical control significantly increased, 69,988 cars were inspected in 2004 compared to appraisal estimate of 8,000 at the time of appraisal.
- The capacity of local contractors was strengthened through training offered under the project. This facilitated the transition from road maintenance by force account to execution by contract.
- The capacity of local staff in programming of road maintenance was also strengthened. The Ministry of Equipment's training center (CPTP) was restructured into the National Training Institute for equipment and Transport (INFET) in 2001 to introduce commercial-type management and provide private-oriented training. INFET provided training on road maintenance management, planning and execution, road safety, procurement and disbursement procedures to 625 trainees of which 350 from the private sector.

(b) Restructure the transport sector's parastatals: *Partially Achieved.*

- A Public International Railway Company (SETI) was created but then liquidated because of coordination problems with the Malian and Senegalese railway companies. The Governments of Mali and Senegal decided then to privatize the railway operations and to dissolve Mali Railways (RCFM). A Concessionaire was selected in February 2003 and the concession agreement was signed on September 29, 2003. The concessionaire started

its operations on October 1st, 2003.

- Malian Navigation Company (COMANAV) was restructured in 1994, as planned in the DGPST.
- The public works equipment leasing company was privatized into SLMTP (Société de Location de Matériel des Transports publics) that was dissolved briefly after its creation because of managerial problems and the obsolete condition of equipment transferred from the public works department.
- Air Mali was liquidated in 2003.
- The Government launched twice a procedure to privatize the management of Malian airports but both procedures failed.

(c) Modify the regulatory and institutional framework in order to promote increased private sector participation in provision of services and the execution of works: *Substantially Achieved*.

- The creation of the Road Fund provided a framework which promoted private sector participation in the execution of road works. Since 2003, all road maintenance works are being executed by contract. The target of 75 percent of road maintenance works executed by contract as defined in the project appraisal document is exceeded. A Contracting Agency for Road Maintenance (AGEROUTE) was created.
- The railway operations were privatized.
- The vehicle inspection activities have been contracted out to a private contractor, Mali Technic System since 1995.

(d) Rehabilitate and maintain a priority network of transport infrastructure: *Partially Achieved*.

The project exceeded the targets for periodic maintenance - 2,173 km actual versus 2,211 km planned. However, the targets for rehabilitation were not met - 1,056 km actual versus 1,900 km planned). A 2002 assessment of the road network condition found that 59 percent of paved roads, 69 percent of earth roads and 10 percent of tracks were in good to passable condition. This compares to 88 percent, 53 percent and 52 percent in 1995. There has been improvement in the condition of earth roads, however, the condition of paved roads and tracks decline largely as a result of insufficient resources allocated to their maintenance. For tracks, resources were allocated on an ad-hoc manner to respond to emergency situations. For paved roads, although budget resources allocated to routine maintenance were in line with targets agreed at appraisal, they remained insufficient compared to the needs until 2003 when they almost doubled. Also, most donors' resources were allocated to paving of new roads resulting in lack of resources for periodic maintenance. The ICR notes that based on reclassification of the network in 2004, 82 percent of paved roads and 34 percent of earth roads and tracks are in good, fair or passable condition. This improvement appears to be mainly due to reclassification of the network and not due to major improvement of the network.

(e) Improve the transport operations efficiency and reduce transport costs: *Partially Achieved*.

- As a result from the railway concession, railway traffic has increased to 465,000 tons in 2004 compared to 250,000 tons in 2003 and 2002, and 300,000 tons in 2001. Rail tariffs being lower than road tariffs, and if this tendency remains, this increase in rail traffic contributes to reduce transport costs for shippers.
- Delivery time for vehicles license has decreased from one month to two weeks.
- The road transport cost on the whole network globally increased by a total 7 percent during the project period.

5. Efficiency :

Economic Rate of Return of 35.4% was achieved versus 28% at appraisal for the road component. The ex-post ERR may be a little optimistic given the actual data on the deterioration reported recently. The economic rate of return of the rail component was estimated at 23% at appraisal. In view of the fact that RCFM was liquidated and railway operations were transferred to a private concessionaire, the actual rate of return was not calculated.

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

No impact indicators were defined at project preparation. However, during the preparation of a Medium Term Expenditure Framework, including a Public Expenditure Review for the transport sector, the Bank started a discussion with the Government on impact indicators of the transport programs. Some measures were taken to improve data collection and analysis. In 2002, a road data bank was set up in the Highway Department. Later (in 2002) a Road Statistics Service (replacing the Road Data Bank) was set up in the National Highway Directorate to collect and analyze data on road condition. In 2004, data on road condition were available for 12,576 km of roads, compared to 6,000 km at appraisal. Also, the collection of data accidents in Bamako has improved since a database on accidents (BAAC, Bulletin d'Analyse des Accidents Corporels) was put in place in 1997.

7. Other (Safeguards, Fiduciary, Unintended Impacts--Positive & Negative):

The project was classified as a "B" project with limited possible environmental effects. The Environmental Action Plan adopted by the Government in the DGTSP covered the key environmental actions to be taken. During supervision, compliance with safeguards on environment is rated satisfactory but the overall safeguard management is rated unsatisfactory. A transport environmental unit was created in the department of Sanitation and Control of Pollution and Nuisance in the Ministry in charge of Environment in 2003. However, environmental measures implemented under the project were not monitored by the Government. Capacity was not built to sustain environmental management. Although environmental measures included in road contracts were implemented, there is no evidence that beneficiaries were consulted.

8. Ratings:	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	[The ICR's 4-point scale does not allow for a moderately satisfactory rating]. Three project objectives (out of five) were partially achieved. These include: rehabilitation and maintenance of a priority network of transport infrastructure, the restructuring of the transport sector's parastatals, and improving the efficiency of transport operations and reducing transport costs.
Institutional Dev.:	Substantial	Substantial	
Sustainability:	Likely	Likely	The overall project sustainability is rated likely. However, the sustainability of road investments is likely provided: (a) the government is able to raise road user charges (through increase in tolls), and (b) there is no proportional reduction in public funding for roads in coming years.
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf.:	Satisfactory	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.
- ICR rating values flagged with ' * ' don't comply with OP/BP 13.55, but are listed for completeness.

9. Lessons:

- At appraisal, the Bank should take into account the differences in the pace of preparation of reform and investment sub-components to avoid implementation delays. The project experienced significant delays during its first two years of implementation because even though significant progress was made towards sector reforms, the engineering studies and bidding documents were not available at the time of the Board approval.
- Where projects that are financed by a large number of donors, the Government should assume leadership to coordinate the activities of the donors. Also, as disbursement reporting is different from a donor to another, it might be useful to set up a coordinating unit in the Ministry of Transport to ensure monitoring of all donors activities, using specific procedures agreed upon by all donors.
- Training should not last only as long as donors' resources are available but the Government should dedicate specific funds for training to ensure its sustainability.
- Performance monitoring indicators along with baseline data are an important means of assessing project achievements and outcome. Therefore, it is important to design performance indicators that are easy to monitor and to carry out systematically the mid-term review in order to timely assess the progress during implementation and to undertake the necessary corrective measures.
- For successful privatization, among other things understanding the commercial viability of enterprise to be privatized is important.

10. Assessment Recommended? Yes No

11. Comments on Quality of ICR:

The ICR is well presented and covers most issues in an objective manner.