



1. Project Data

Project ID

P099369

Project Name

BR Ceara Regional Development

Country

Brazil

Practice Area(Lead)

Social, Urban, Rural and Resilience Global Practice

L/C/TF Number(s)

IBRD-76540

Closing Date (Original)

31-Dec-2014

Total Project Cost (USD)

66,000,000.00

Bank Approval Date

24-Feb-2009

Closing Date (Actual)

30-Nov-2016

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	46,000,000.00	0.00
Revised Commitment	46,000,000.00	0.00
Actual	46,000,000.00	0.00

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2. Project Objectives and Components

a. Objectives

The objectives of the Project are: (a) to promote economic development; (b) to improve urban infrastructure; and (c) to enhance regional management capacity, all in the Borrower's Central Cariri Region (Schedule 1, Page 6 of the Loan Agreement dated December 22, 2009). The Project Appraisal Document (PAD) states the same objectives but specifies the nine municipalities of Barbalha, Caririaçu, Crato, Farias Brito, Jardim, Juazeiro do Norte, Missão Velha, Nova Olinda, and Santana do Cariri (page 6). The Loan Agreement's three separate objectives will be assessed in this ICR Review, taking into



account the municipalities specified in the PAD.

a. **Were the project objectives/key associated outcome targets revised during implementation?**
No

a. **Will a split evaluation be undertaken?**
No

b. **Were the project objectives/key associated outcome targets revised during implementation?**
No

c. **Will a split evaluation be undertaken?**
No

d. Components

Component 1: Infrastructure Improvements (Appraisal US\$33.1 Million - Actual US\$45.260 Million)
Infrastructure investments at the regional and municipal levels of Central Cariri to address critical infrastructure deficits, protect and restore the environment, and improve public services for local residents and tourists. Regional infrastructure included transportation infrastructure to reduce congestion, increase mobility and access to the main tourism sites, and a regional sanitary landfill to provide an environmentally sound disposal site for solid wastes generated in the region. Municipal infrastructure included drainage improvements in environmentally degraded areas, urban center upgrading, upgrading of public spaces used by religious pilgrims, environmental sanitation, and improvements to urban parks.

Component 2: Cluster-based Local Economic Development (Appraisal US\$23.7 Million, Actual US\$17.3 Million). Facilitation of tourism and footwear clusters in the Central Cariri Region and enhance competitiveness through business environment improvement, technology upgrading, training and market outreach, and provision of infrastructure for cluster development. Tourism cluster key activities included setting up Araripe Geopark with investments such as visiting and learning facilities, observatory sites, reception facilities, information kiosks, and resting areas; the construction of a regional convention center; support to tourism planning, promotion and marketing, events organization and improvements, and capacity building; and professional facilitation of the tourism cluster process. A transportation and logistics plan would be developed to improve heavy freight traffic patterns and facilitate regional mobility.



Component 3: Regional Management and Institutional Strengthening (Appraisal: US\$9.1 Million, Actual US\$9.230 Million) Technical assistance to improve governance at the municipal, regional and state levels supported the Consultative Committee (Comitê Consultivo), which served as the main channel for improving coordination and collaboration in the Central Cariri Region, including: implementation of a regional environment strategy to address regional issues such as solid waste management, water management, sanitation and drainage, and deforestation. Institutional strengthening activities at the municipal level included technical assistance and capacity building activities in areas such as planning, local economic development, project design, appraisal and implementation, including: procurement, M&E), revenue collection, budget and financial management, management of public services, and environmental management. The component supported the Secretariat of Cities of the state in fulfilling its mandate to provide financial and technical support for municipal and regional development, and strengthening project supervision by: contracting of local and regional consultants and staffing of UGP (the project management unit), monitoring and evaluation activities, auditing, equipment, technical assistance, training, study tours, and incremental operation cost during project implementation.

Revised Components

In June 2015, the Project was restructured. The components remained the same but their scope, disbursement ratios and costs estimates were revised. Component 2 was reduced in scope, and infrastructure investments were prioritized as the landfill and shoe cluster investments were dropped.

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

SOURCE	APPRAISAL ESTIMATE	ACTUAL	% OF APPRAISAL
BORROWER	20.0	25.830	129.2%
IBRD	46.0	46.0	100%
TOTAL	66.0	71.830	108.8%

Calculated from ICR table 1 page 5, Cost in USD million

The project was approved February 2, 2009 and had an original closing date of March 11, 2013 which was extended by 23 months to November 11, 2016

Restructurings

There was a single level II restructuring in June 2015 including one project extension for 23 months. The Level 2 restructuring sought to accelerate implementation and increase likelihood of achieving the PDO. The changes included revision of Project Scope; revision of results framework; reallocation of loan proceeds; and adjustment to financing limits by category. The PDO was not modified and the reallocation of loan proceeds assigned greater funds to the two core investments in Components: Bairro Seminario Urban and Environmental Upgrading, and the Ring Road in Juazeiro do Norte. Loan funds were reallocated from non-priority investments including: (i) support to the footwear cluster, which has been evaluated by the client to be a low-priority intervention; and (ii) the regional landfill, where governance and



technical risks emerged during the course of project implementation. Other activities where funds were reduced are: (i) infrastructure investments for the Geopark, and (ii) consultancies to improve metropolitan and regional management.

The restructuring sought to strengthen project results indicators and align them with the proposed adjusted project scope including: (i) removal of 2 indicators linked to the shoe cluster and to the regional landfill as they were both dropped; (ii) addition of core sector indicators (roads, access to sanitation); and (iii) Clarification to the definition and targets of existing indicators to capture results.

3. Relevance of Objectives & Design

a. Relevance of Objectives

The development objectives were relevant to the Country Partnership Strategies (CPSs) at appraisal and closing. The CPS at closing (FY2012 – 2015) called for the promotion of regional economic development through improved policies, strategic infrastructure investments, and support for private sector actors, with particular emphasis on lagging regions, including the Northeast. The CPS highlights the relevance of continued engagement with sub-national governments. The Project also addressed the Bank's corporate twin goals in a poor region of a poor state. Additionally, the Project had substantial relevance for the State Government of Ceará's 2016 to 2019 Multi-Year Investment Plan (Plano Plurianual - PPA), which identifies priority sectors, including urban development and infrastructure, with particular emphasis on sanitation, and mentions the continued interest in the development of regional approaches. The PDO was ambitious, particularly given narrower scope through the restructuring, but it remained relevant except for the economic development objective, which could have been narrowed down to the economic activities in the tourism and footwear clusters.

Rating

Substantial

b. Relevance of Design

The project design was based on background studies and clear linkages between project objectives, outcomes, outputs and activities, which were adequately reflected in the results framework. However, the multi-sector scope of project activities required inter-agency coordination which was not possible under the project design. The project design was fragmented with five major sector and 15 theme/subthemes. The results framework, including after the restructuring, did not reflect the PDO or convey the tangible impacts of the project on the ground. The project design did not ensure the completion of detailed designs and resettlement action plans by appraisal, which debilitated the readiness of the project. Finally, operating and



maintenance (O&M) responsibilities were unclear at the design stage and remained so until the project closed.

Rating
Modest

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Promote economic development

Rationale

Outputs

The number of tourists that visit Cariri Central increased from 1.1 million in 2009 to 1.8 million tourists in 2015 against a target of 1.4 million. There were no other specific project indicators in the results framework to assess the promotion of economic development, since the footwear component was dropped.

Outcome

Data from the State Secretary of Tourism confirms an increase in number of tourists visiting the Cariri Region from 1.1 million in 2009 to 1.8 million tourists in 2015, or almost a 66 percent point increase. However, the project activities cannot be considered as driving the increase in tourism and therefore the causal links between the impacts of project investments on tourism growth and economic development are not possible to measure.

Rating
Negligible

Objective 2

Objective

Improve urban infrastructure

Rationale

Output

- Construction of a Bypass to reduce by 30% in the average morning peak hour travel time between defined



points in central Juazeiro do Norte – the bypass to reduce travel time was not completed during Project implementation or the ICR preparation.

- Completion of sewerage connections in the Seminario District to improve urban sanitation facilities for 3,000 persons against a target of 12,500.
- Construction of a wastewater treatment plant to treat effluents from the Seminario District.
- Construction of 21.9 km of non-rural roads against a target of 21.0
- Rehabilitation of 6.0 km of road against a target of 7.67 km

Outcomes

The bypass to reduce average morning peak hour travel time between points in central Juazeiro do Norte was not completed during Project implementation or the ICR preparation, therefore no reduction in travel time could be measured. Although the road has not been opened, sections are being used and the last section is substantially completed with some remaining works on one of the viaducts and traffic signaling and calming measures.

- Improvement of sanitation facilities for 3,000 persons against a target of 12,000. 16 km main sewerage network was completed under the Project, which will enable the municipal government of Crato to complete the domestic connections within an estimated six to 12 months. There were no additional outcome indicators associated with this work to illustrate the impact of the civil works on the welfare of the communities. A wastewater treatment plant was constructed using counterpart funds to treat the effluents from the Seminário District.
- The civil works to construct non rural roads was added as part of the restructuring with a target of 21.0 km of new roads. This target was achieved as about 16.7 km of roads have been constructed in Barbalha (2.4km), Crato - Bela Vista (5.4 km), Missão Velha (4.3 km), Seminário District in Crato (1.2 km) and the first section (3.4 km) of the Bypass of Juazeiro do Norte. The remaining two sections (5.2 km) of the Bypass have been substantially completed, with ongoing works focused on completing the viaducts, access roads and traffic signaling. The project had no additional indicators to assess the impact on the welfare of affected persons.
- The civil works to rehabilitate non-rural roads was added during restructuring - 6.0 km and about 7.7 km of roads have been rehabilitated, mostly linked to the rehabilitation of downtown and historic areas in Farias Brito (1km), Crato (1 km), Barbalha (3.7 km) and Jardim (2 km). The project had no additional indicators to assess the impact on the welfare of affected persons.

Rating
Modest

Objective 3

Objective

Enhance regional management capacity



Rationale

Outputs

The design and operation of a regional management model for central Cariri was partially achieved.

Outcome

The Operationalization of a regional management model for the Central Cariri' comprised three aspects: (i) Consultative Committee established and roles defined; (ii) regular meetings of the Consultative Committee every four months; and (iii) Metropolitan Master Plan developed and ratified by the Committee.

- The Consultative Committee was established in 2014.
- The Committee meetings were irregular and none took place during the final 18 months of project implementation. At the time of the ICR mission, it was not clear that the Committee would be reestablished in the near term.
- The Metropolitan Master Plan for the Cariri Region was not completed. In January 2015, the Federal government promulgated a new Metropolitan Statute that called for the preparation of regional master plans for formally recognized metropolitan areas. In this context, the borrower and Bank teams agreed to proceed with the preparation of an Integrated Urban Development Plan for the Cariri Metropolitan Region. The borrower prepared a request for proposals (RFP) for the Plan in September 2015. With limited time before Project closing the Bank and borrower agreed to focus on completing priority infrastructure investments and not proceeding with the bidding for the Plan.

Rating

Modest

5. Efficiency

An economic analysis was carried out to evaluate the works implemented under the Project, using actual costs and actual benefits obtained from the interventions. The cost of evaluated works corresponds to 72 percent of total cost of interventions. Results show that all interventions were worthwhile and impacted positively the economic development of the Cariri Region. Returns from all interventions, except for the Multi-Functional Center that had a return of 6 percent, range from 15 percent to 21 percent, which are higher than the 12 percent discount rate used at appraisal. This ICR Review considers the 15% IRR for the Juazeiro de Norte Bypass as estimated rather than actual since the Bypass was not completed. (The 16 percent figure provided in the table below is the IRR for Urban Improvements.)

The efficiency of the Project had challenges including: (i) the original scope of the Project proved ambitious



and resulted in the dropping of key regional infrastructure investments, including the regional landfill, and virtually all activities related to cluster-based economic development and institutional strengthening under Components 2 and 3; (ii) there were delays throughout implementation and the team faced delays with completing straightforward resettlement activities; (iii) there is a shortage of qualitative evidence to rigorously evaluate the impact of the investments; (iv) there is a lack of binding and funded maintenance plans, ensuring the medium and long term sustainability of the investments; and (v) a shortfall of sanitation interventions and risks to financial sustainability are evident.

Efficiency Rating

Modest

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	12.00	50.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	16.00	46.00 <input type="checkbox"/> Not Applicable

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

6. Outcome

The overall outcome rating of Moderately Unsatisfactory since there were significant shortcomings in the achievement of its objectives, based on the following factors:

a. Relevance of Objectives: Substantial. Relevance of Design: Modest. The PDO remains tied closely to Bank strategy and relevant to government priorities. Nevertheless, the PDO was quite ambitious by including economic development, which was difficult to achieve, especially given the many external factors that affect this outcome and the narrow focus on a few activities related to specific economic activities, although the infrastructure was improved and will indirectly support the development of the local economy. The PDO was not matched by a well-designed Results Framework, which could measure achievements and substantiate the causal link.

b. Efficacy. The achievement of the first objective (to promote economic development) is negligible: although tourism in the region increased, the impacts of project investments were not measured and their causal links to the increase in tourism were not established; moreover, the footwear component was dropped, and there were no specific indicators to assess the promotion of economic development. The achievement of the second objective (to improve urban infrastructure) was modest: no reduction in travel time could be measured because road-related project investments were either partially completed or not implemented; moreover, although sanitation facilities and a wastewater treatment plant were completed, there were no indicators to measure their impacts on the welfare of affected communities. The achievement of the third objective (to



enhance regional management capacity) is modest: although the Consultative Committee for Central Cariri was established, meetings were initially irregular and then stopped, its continued operation is unclear, and the Metropolitan Master Plan for the Cariri Region was not completed. Overall, the scope of results are markedly smaller than those envisioned under the project. There is also a general lack of hard evidence and data on impacts, although indirect, anecdotal and visual evidence has been noted at the local infrastructure level.

c. Efficiency: Modest. The economic analysis in the ICR (Annex 3) provides a sound basis for the efficiency rating, while also taking into account the project extension due to delays in implementation of critical infrastructure investments, delays in resettlement, the cancellation of key regional investments and nearly all of the economic development and institutional strengthening components, and the challenges with the financial and overall sustainability of investments.

a. Outcome Rating

Unsatisfactory

7. Rationale for Risk to Development Outcome Rating

At closing the project had completed only the road investment and not completed the central Juazeiro do Norte bypass as well as 75% of the sewerage connections. The ICR indicates that the Bank and Borrower are signing a Management Letter establishing the measures the Borrower will take to complete all works, especially the Bypass and sanitation connections in Seminário District and resettlement activities. The letter will also include measures identified by the Ceara State Secretary of Cities to improve the management of the Geopark and exploring options of a PPP for the Multifunctional Center. The Bank will monitor the resettlement activities until satisfactorily completed.

a. Risk to Development Outcome Rating

Substantial

8. Assessment of Bank Performance

a. Quality-at-Entry

Insufficient preparedness of investments was evident in the project. In Component 1 (infrastructure), the landfill and smaller projects were dropped because of a lack of preparation or challenges with client commitment that could have been anticipated. For component 2 and 3, Regional Economic Management and Institutional Strengthening, a lack of municipal commitment was identified as a substantial risk during project preparation. Although the PAD presented an analysis of mitigation measures, these measures were insufficient to address coordination challenges. Finally, cluster development and working with large numbers of municipal SMEs proved difficult, despite the broad range of analytical work that had been carried out. The original and the restructured Results Matrix was not well designed in terms of measuring the results and



causal links to loan activities, which greatly complicated a proper assessment of the impacts of the project. In addition, some indicators were not feasible. The project preparation failed to deliver project-ready activities that could be procured and implemented without delays. Even with the long preparation period and a year of delay between Approval and Effectiveness, activities were not ready for implementation and consequently start-up and disbursement suffered.

Quality-at-Entry Rating Moderately Unsatisfactory

b. Quality of supervision

a . Quality of supervision

Numerous supervision problems existed, which followed from having a poorly prepared operation that underestimated risks, lacked certain mitigating measures and had a results matrix that did not properly identify causal relationships. These various issues led to low disbursements as well as poor subproject designs and resettlement issues. The lack of strong quality control and early diagnosis of problems led to many delays and frequent corrections. A number of infrastructure projects were dropped or delayed, and the lack of strong client ownership led to poor results in Components 2 and 3. The project had to be extended in 2014 and restructured in 2015, reallocating funding to finish the largest subprojects: the Juazeiro do Norte Bypass and the Seminario District rehabilitation works; and narrowed investments under Components 2 and 3.

Supervision missions were conducted twice a year and task managers maintained contact with counterparts. However, the high rate of change in bank staff and task managers (seven Bank TTLs were involved with the project over the course of the loan identification, preparation, and supervision) affected implementation and project support and supervision. Staff changes within the Bank team hampered preparation and supervision. It would have been beneficial to have the same technical staff to supervise and support the cluster development and competitiveness activities throughout project implementation. Moreover, project ISRs did not clearly identify implementation challenges, presenting a relatively optimistic outlook and lacking proposals for mitigating interventions until the actual restructuring. The restructuring, did not measurably improve results; even with extension and restructuring, the Seminary sewerage and resettlement were not completed, and according to the ICR the Juazeiro do Norte Bypass is expected to be completed in June 2017, but faces land compensation issues. Unfortunately, the considerable changes in project scope was not accompanied by a revision of the PDO. The end-of-project supervision Management Letter was prepared to ensure that all works, resettlement activities, management plans, and sustainability of investments are completed or strengthened.

Quality of Supervision Rating Moderately Unsatisfactory

Overall Bank Performance Rating



Moderately Unsatisfactory

9. Assessment of Borrower Performance

a. Government Performance

The State Government was not able to effectively engage with the municipalities and local stakeholders on the cluster-based economic and regional development activities. Although the SCidades, the implementing agency, was effective in supervising urban infrastructure investments, it did not have the authority nor capacity in many of the project areas, such as tourism, footwear, or overall economic development, while other state secretaries and agencies were not engaged in project implementation. The State Government could have played a proactive role, with senior staff and decision makers, to lead the dialogue among different state agencies and between municipalities in the creation of the municipal consortium for solid waste management. During the later stages of implementation, the Government became more involved and was able to advance implementation by supervising civil works more closely and helping finance some of the resettlement activities itself

Government Performance Rating

Moderately Unsatisfactory

b. Implementing Agency Performance

The SCidades as Implementing Agency showed commitment to the project and was engaged in the preparation and supervision of activities. Unfortunately, the Project Management Unit (UGP) within the SCidades had instability including seven project coordinators. These frequent changes hampered the engagement with municipalities and dialogue with local stakeholders. It also lacked the expertise to manage the multifaceted institutional setup and interests in the clusters supported by the project. Nevertheless, SCidades and its UGP always showed strong support and implemented the project with adequate diligence, with only the exception of some of the resettlement issues that were delayed. In hindsight, the UGP should have included experts capable of managing the difficult relationships and commitments of different stakeholders and foreseen the quality problems that plagued the components

Implementing Agency Performance Rating

Moderately Satisfactory

Overall Borrower Performance Rating

Moderately Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The Design of the M&E was complex given the wide-ranging scope of the development objective; moreover,



the results framework also lacked indicators with strong causal links between project objectives and expected results. This was exacerbated by inadequate targets, missing or incorrect baselines, and data reporting uncertainties. This continued following project restructuring. In addition, given that background studies produced generic recommendations for project design, the resulting indicators were not useful.

b. M&E Implementation

M&E implementation did not involve an explanation of the protocols and methodology to measure and aggregate data and ensure that only impacts attributable to the project were measured. In addition, some indicators were not monitorable. For example, Components 2 and 3 called for studies related to the Geopark, tourism, and a regional master plan, and expected results were reflected in several indicators that called for ratification budgeting or implementation of recommendations that were yet to be formulated.

c. M&E Utilization

Throughout project implementation and the submission of several ISRs, the lack of evaluation protocols made it difficult to measure the impacts and outcomes of the project, hence the attribution of results to the project was unclear. At restructuring, five of twelve indicators were dropped and three were replaced by Core Sector Indicators, which were mostly output related (e.g., km of urban/rural roads) and did not add value in terms of measuring overall project results

M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

The Project was classified as environmental Category A based on the large scale interventions in the Seminário District and the Juazeiro do Norte Bypass. Social and environmental safeguards compliance was considered satisfactory throughout project implementation. The Bank team conducted three environmental safeguards training with the UGP staff and regular supervision missions to verify safeguards compliance. Routine resettlement activities faced delays for the Seminário District and Juazeiro do Norte Bypass, but were ultimately conducted satisfactorily. At the time of the ICR mission, 43 families from the Seminário District remained in temporary housing, awaiting permanent homes in a new housing complex built through the Minha Casa, Minha Vida program. (ICR, page 10 and Annex 4)

b. Fiduciary Compliance



Fiduciary Aspects. Financial Management (FM) supervision missions were generally rated as Satisfactory or Moderately Satisfactory, except for the July 7, 2015 mission, which was rated as Moderately Unsatisfactory. The FM risk rating was considered Moderate throughout the project's life. Initially, delays existed in adjusting the State's Administrative System to generate IFRs, which was overcome after the second year of project implementation. Agreed action plans were generally implemented. PIU staff turnover had an impact on the project's internal controls arrangements, specifically in delays of approval and submission of agreed information. All audit reports expressed unqualified and unmodified audit opinions, and 50 percent of the audit reports were received after the due date (up to 3 months), due to delays in the bidding/hiring processes. All IFRs received during the life of the project were considered acceptable and were received on a timely basis. There were no instances of ineligible expenditures identified during the life of the project. (ICR, page 10)

c. Unintended impacts (Positive or Negative)

The ICR reports that the project had a positive impact for the poor, especially those living around the areas that benefitted from direct project investments. Data from local health clinics shows a considerable decline in number of vector diseases. For example, there were 241 reported cases of Dengue during the peak of the crisis in 2012 to basically no reported occurrences in the last couple of years. A satisfaction survey completed in early 2017 indicated that some 98 percent of residents felt that the works "brought benefits to the region" and all respondents were partially or completely satisfied with the works.

Improvements to roads in the neighborhood facilitated the expansion of bus lines that provided new services to the area and thus improved mobility for residents. Other small scale infrastructure improvements and rehabilitation in several small towns and cities where many poor people live also improved the quality of life of citizens, and high levels of satisfaction of local populations are reported. For instance, 92 percent of respondents were completely satisfied with the road linking Crato and Bela Vista and 93 percent of respondents in Farias Brito indicated that the works improved their mobility. The improved facilities of the Vila da Música are also directly benefiting poor children and the community through music and other supporting social services.

A concern is the future land speculation around areas that directly benefitted from project interventions and which might impact the poor currently living there. Together with the State of Ceará, the Bank is requesting the State and Municipalities prepare a Master Plan and support to the local population, especially the lower-income people, so their land rights are safeguarded and support is provided during potential negotiations.

d. Other

An important impact of the project has been the increase in land values around Bypass and the Seminary Neighborhood. Although not entirely unintended, they need close follow up by the State and Municipal Governments to ensure that the beneficiaries of the project will not be pushed out by businesses and gentrification. The project team advised the government to ensure that all people in Seminary Neighborhood and along the Bypass have a cadaster and are provided with legal advice regarding their rights and during



negotiations with speculators. In addition, environmentally sensitive areas near the Bypass need to be properly protected as part of the Master Plan.

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Unsatisfactory	The ratings for efficacy were negligible for the first objective and modest for the other two. Coupled with the modest rating for efficiency, this results in an Unsatisfactory overall rating.
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Borrower Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Quality of ICR		Substantial	---

Note

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

From ICR Reviewer

The impact on stakeholders of changes in land value resulting from infrastructure investments needs to be considered in the design and during the implementation of operations. In the case of the Ceara Regional Development Project an important impact has been the increase in land values around Bypass and the Seminary Neighborhood. The impact was predictable and provisions should have been made to ensure that there would not be short and long term adverse effects on vulnerable populations.

From ICR with adaptations in language

Ensuring that a critical number of detailed designs and resettlement action plans are ready by appraisal should be standard practice to reduce risks of delays and cost overruns during implementation. As the project lacked detailed engineering designs and resettlement action plans with clear cost estimates, significant efforts during supervision were devoted to preparing technical designs and addressing safeguards. Many changes in overall project scope and the frequent changes in designs hampered project implementation. In addition, the prohibitive costs of resettlement for municipalities required the team to seek alternatives during project



supervision that minimized resettlement.

Municipal level investments identified by local authorities have a much higher likelihood to succeed than regional level investments without clear ownership. The project had difficulties building necessary support to the regional landfill, a key regional activity, due in great part to delays stemming from lack of ownership by the municipalities. It was eventually dropped due to the increase in costs. Conversely, municipalities showed strong ownership for local, smaller scale initiatives – from the Seminário District urban upgrading to the plazas in historic Barbalha – and provided support to ensure completion of these investments.

Financing Metropolitan/regional infrastructure can bring different actors together and requires leadership and incentives. In Cariri, the discussions around the construction of a long awaited regional landfill were intended to catalyze a metropolitan management approach that would eventually extend to other sectors and address governance issues. The process of developing the regional landfill succeeded in bringing together mayors and different municipal agencies. However, the process was mostly driven by the Bank team and lost momentum when financing for the landfill was dropped from the Project and the Committee was basically dissolved.

Changes in the composition and high turnover of the Bank and Government teams hindered project implementation. The Project had seven task team leaders on the Bank side, as well as numerous personnel changes on the Government side. In addition, the Bank team engaged expert consultants and staff in private sector development at preparation but in later stages of the project staff lacked the necessary technical profile. The PIU also appeared to lack sufficient senior staff who are able to convene the various public agencies and private entities that needed to be mobilized across the diverse project activities.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR provided sufficient evidence (of adequate quality) describing the project's achievements in each stage of the project cycle, as well as analysis to explain the outcome, risk to development outcome and the performance of both the Bank and the borrower. The ICR also presented, to the extent possible, an outcome-driven account and was not just an implementation narrative. The ICR had internal consistency across the different sections. The lessons presented were based on the evidence and analysis that were derived directly from the project's own implementation experience.

a. Quality of ICR Rating Substantial

