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Report Number : ICRR13640

IEG **ICR Review**
Independent Evaluation Group

1. Project Data:		**Date Posted :**	06/08/2012	
Country :	Brazil			
Project ID :	P060221		**Appraisal**	**Actual**
Project Name :	Fortaleza Metropolitan Transport Project	**Project Costs (US$M):**	193.80	34.8
L/C Number :	L7083	**Loan/Credit (US$M):**	85	34.8
Sector Board :	TR	**Cofinancing (US$M):**	108.8	
Cofinanciers :		**Board Approval Date :**		12/04/2001
		Closing Date :	03/31/2006	09/30/2010
Sector(s):	General transportation sector (100%)			
Theme(s):	Infrastructure services for private sector development (50% - P); Decentralization (50% - P)			

Prepared by :	**Reviewed by :**	**ICR Review Coordinator :**	**Group :**
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2. Project Objectives and Components:

a. Objectives:

According to the Project Appraisal Document (PAD), the objectives of the project were to: (a) improve the quality of public urban transport in the Fortaleza Metropolitan Region (FMR) by enhancing the development of a fully integrated urban transport system under the coordination of a Regional Transport Coordination Commission (RTCC) and rehabilitating the Metrofor (Ceará Metropolitan Transport Company) West Line; (b) transfer the Metrofor system from the Federal to the State government; and (c) promote private sector participation in the operation and management of the Metrofor system (West and South lines).

The subsidiary objectives stated in the PAD are the improvement of the mobility of the low -income population who are the main users of public transport and the reduction of the environmental impacts (mainly air quality and noise) on teh FMR due to road-based vehicles use.

The objectives statement in the Loan Agreement was similar to that in the PAD : (a) to improve the quality of public urban transport in the FMR by developing a fully integrated urban transport system under the coordination of the RTCC; (b) to carry out the transfer of the ownership, management, and operation of the STU -FOR (Fortaleza subdivision of the Brazilian Urban Train Company)/METROFOR System; and (c) to promote private sector participation in the operation and management of such system .

The PAD objectives are clearer with regards to the first objective, and are used for purposes of this review .

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

No

c. Components:

The project had two components. Neither Annex 1 of the ICR nor the main text contains the required information on project cost by component at appraisal and closure . According to the email from the task team dated June 30 2011, actual WB disbursement for component A (Infrastructure and Equipment Investment) was approximately $32.2

million, corresponding to Euro 23.7 million and actual disbursement for component B (Institutional and Policy Development) was approximately $1.8 million, corresponding to Euro 1.3 million.

(a) Infrastructure and Equipment Investment (appraisal amount $173.2 million of which WB $82 million). The component was aimed at: (i) rehabilitating and modernizing the West line of the Metrofor system under a turnkey with private sector participation (PSP) in operations and a management contract to complement the South line, which was being financed by Japan Bank for International Cooperation (JBIC) and under rehabilitation; (ii) building and rehabilitating the transfer stations between the metro, buses, autos, and non-motorized transport; and (iii) financing the Project Management and project supervision consultants. The West line was envisaged to be a rapid transit line, 19 km in length, meter gauge, double track, and fully grade separated at road intersections by the end of the project.

This component included civil works, system-wide facilities, rolling stock, and project management and supervision sub-components.

(b) Institutional and Policy Development (appraisal amount $2.15 million of which WB $2.15 million). This component was aimed at: (i) supporting the decentralization to the State level and subsequent concession of Metrofor to the private sector through technical assistance; (ii) strengthening the RTCC for the FMR; and (iii) preparing an integrated Transport Policy, Land Use, and Air Quality Management strategy for the FMR to meet appropriate transport and air quality targets and to introduce sound cost-recovery tariff and subsidy policies.

As a result of the project restructuring in March 2006, original plans to electrify the line were dropped, and only short sections of the 19km line were double tracked. The scope of works around the stations and at grade crossings were significantly reduced, and the number of train sets to be acquired was reduced from ten to six. Some of the studies were cancelled as well.

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

The project was approved in December 2001 and was effective in September 2002. Start-up was slowed by the difficult macroeconomic environment. The focus of the new administration that took office in 2003, on addressing macroeconomic issues, led to further delays in implementation since the Government argued that it lacked fiscal capacity to undertake the entire project as it had been approved. Accordingly, adequate fiscal space was not provided in the budget to enable the loan to start disbursing. In addition, the decentralization agenda that this project was supporting had ceased at that time to be an immediate priority of the new Government. This project also had to compete with several other ongoing suburban rail projects in Salvador da Bahia, Belo Horizonte and Recife, that supported decentralization with federally financed (partially World Bank financed) loans. Because this project had not yet started, it received the lowest priority.

In August 2005, three years after the project became effective, the Borrower decided to include the project in its Public Investment Pilot Program (PIPP), which allowed disbursements to be de-linked from its primary fiscal surplus targets. An agreement was signed to this effect between the Federal Government, the state of Ceara, the Brazilian Urban Train Company, (Companhia Brasileira de Trenes Urbanos - CBTU), and Metrofor in November 2005, and the Federal Government committed to fulfilling the revised project disbursement targets through the end of 2007.

In March 2006, the project was restructured at the request of the Borrower. The scope was reduced and Euro 72.614 million, corresponding to 75 percent of the original Euro 98.6 million, was cancelled. Accordingly, the total project size was reduced from $193.8 million to about $30 million and the closing date was extended by 24 months to March 30, 2008. While there were amendments to the loan agreement (as described above under Components), no changes were made to the project objectives or to the key performance indicators.

In 2007 and in 2009 additional funds were provided by the state of Ceara to support the rehabilitation of existing rolling stock that was not being financed by the Loan.

The project closing date was extended again in March 2008 by two and a half years to September 30, 2010 to complete the disbursements. This extension was required because of continued implementation delays, especially the longer than expected time it took to acquire the Light Rail Vehicles (LRV).

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Relevance of Objective is **High**.

The first objective of improving the quality of public urban transport through enhancing the development of a fully integrated urban transport system in the FMR, is in line with the Bank's Country Assistance Strategy (CAS)

(2004-2007) for Brazil which focuses on improving competitiveness and investing in infrastructure . Urban mobility and focus on public transport as a means to support multiple goals of urban congestion, air pollution, greehouse gas pollutants, and provide mobility and access for the poorest remains a core element of the Bank's sector strategy . The objective is also relevant to the current Country Partnership Strategy (CPS) (2008-2011) which aims to improve city management and city competitiveness, and to introduce results -oriented mechanisms for providing urban services .

The second and third objectives related to decentralization of services and increased PSP are pertinent to the key pillars of the 2004-2007 CAS, the country's strategies throughout the project implementation period, and to the 2008-2011 CPS. Decentralization of urban transport is mandated by the Constitution of Brazil and therefore continues to be relevant. Decentralization was the first step in realizing the Government's goal of minimizing government intervention in the running of the transport company which was to be completed through the transfer of the Metrofor system to the private sector. PSP was also expected to improve the level of service offered and introduce a more commercial orientation resulting in a reduction of operating subsidies, improved revenue generation, and introduction of cost-cutting measures.

b. Relevance of Design:

Relevance of design is **Substantial .**

The first objective relating to the improvement in the quality of public urban transport, was to be attained through modal integration (percentage of stations where bus/rail integration is provided), reduction in road traffic congestion (increase in the rail share in urban transport motorized trips), and increased accessibility for low income users (generalized cost of travel in the form of travel time plus fare plus reliability). The project components which included the infrastructure and equipment investment for the rehabilitation and modernization of the West Line, and institutional and policy development were fully in line with the set objectives .

The second objective which relates to decentralization was to be achieved through ownership and regulation of Metrofor system by the State (PAD), or decentralization of Fortaleza Subdivision of the Brazilian Urban Train Company (STU-FOR) to State (ICR), but the transfer of assets and operation to the State was a condition of loan effectiveness, and therefore implementation of the project components was not directly linked to this objective . Therefore the project did not include any components that would directly support this objective .

The third objective, which relates to promoting PSP, was to be achieved through the operation and management of Metrofor by the private sector (PAD), or private sector participation (ICR). Component B included activities that supported this objective.

Causal chain between the project activities and the two subsidiary objectives related to improving the mobility of the low-income population, and the reduction of environmental impacts (mainly air quality and noise) were also clear.

The activities, components, and policy areas were generally relevant, and the quality of the results chain for the project is sound. Therefore the relevance of design is rated substantial .

4. Achievement of Objectives (Efficacy):

The PDO was to (a) improve the quality of public urban transport in the Fortaleza Metropolitan Region (FMR) by enhancing the development of a fully integrated urban transport system under the coordination of a Regional Transport Coordination Commission (RTCC) and rehabilitating the Metrofor West Line; (b) transfer the Metrofor system from the Federal to the State government; and (c) promote private sector participation in the operation and management of the Metrofor system (West and South lines).

The scope of the original rehabilitation plan, which included electrification of the rolling stock, double tracking of 19km of line, work around the stations at grade crossings, and the acquisition of rolling stock, was reduced significantly, but since the target indicators were not revised, the original targets were not achieved as expected .

Objective (a) is rated modest; it is assessed through indicators measuring the three key elements of quality; (i) integration, (ii) congestion, and (iii) accessibility to low-income users. As described below, the accessibility target was substantially met and integration target was partially met through physical integration, while the tariff integration and congestion targets were not met.

(i) Integration: "Percentage of rail stations physically and tariff integrated with the bus lines " was used as an indicator. Against the target of 40 percent set at appraisal, the project achieved 50 percent starting from a baseline of 0 percent. However, this only reflects physical integration. Tariff integration was yet to be completed by the end of the project.

(ii) Congestion: "Rail share of urban transport motorized trips as a percentage of total motorized trips " was used as an indicator. The end of the project target was set at 10 percent but the project did not make any improvements as the indicator remained at the same level of 2 percent. Therefore this target was not achieved.

(iii) Accessibility: Generalized cost of travel (travel time plus fare plus reliability) in minutes between Caucaia and Joao Felipe was chosen as an indicator. This indicator was calculated by taking into account the fare converted into minutes by value of time, the travel time, and the reliability which was expressed as the probability of the train arriving within certain number of minutes of the scheduled time. Against the target of 65 minutes set at appraisal, the actual cost was 70 minutes. While this fell short of the target, it was a significant improvement compared to the baseline of 93 minutes. The target set in the PAD - "10-15 percent reduction in average generalized travel costs" - was exceeded as the cost was reduced by 33 percent.

Objective (b) is rated substantial; it was to be achieved through the transfer of Metrofor system's ownership and regulation from the central to the state government. According to the ICR this was already completed by Effectiveness for which it was one of the conditions.

Objective (c) is rated modest; "operation and maintenance (O&M) of Metrofor by the private sector" was chosen as the indicator. The objective was not achieved because O&M of Metrofor had not been contracted out to a private operator by the end of the project. The objective was not dropped when the project was restructured because the Government stated that it remained committed to implement it despite the reduction in project scope. Because PSP was planned for the whole system once the South line, funded by JBIC was completed, the delays in South line implementation made it difficult to achieve the third objective. The ICR mentions, however, that a study conducted to explore models for private sector participation was completed and played an important role in influencing decision makers' attitude and outlook towards PSP.

The first subsidiary objective related to improving the mobility of the low-income population who are the main users of public transport, was achieved despite the reduced scope of the project because the benefits crucial for the poorest, those related to integration and improvements in generalized costs, have improved significantly. Achievement of the second subsidiary objective related to the reduction of the environmental impacts (mainly air quality and noise) on the FMR due to road-based vehicles use, is unclear because of lack of evidence in the air quality and noise indicators. Therefore, achievement of the first subsidiary objective is rated **substantial**, and the second subsidiary objective is rated **modest**.

5. Efficiency:

Efficiency is rated as **Modest**.

The economic analysis at appraisal was done (for the original project scope) for the proposed metrorail West line, based on a traditional corridor level urban transport modeling analysis. The methodology used was the comparison of with and without project scenarios by quantifying the benefits due to time savings for users of all modes, operating cost savings for all modes, road maintenance cost savings, accident savings, air pollution reductions, and the investment and operating costs. A demand model which estimated the passenger-hours and passenger-kms saved by the project was used. The base case resulted in a 22 percent ERR and NPV of US$145 million at a 10 percent discount rate.

The same analysis was done at project completion, incorporating new assumptions to reflect the reduced project scope. The incremental improvements to the rail system brought benefits to existing users, though these were not significant enough to attract many new users. The primary gains, as measured by the project's performance indicators, have been the reduction in the generalized cost of travel through increased speed and higher reliability. The ERR at project completion was estimated at 8.5 percent, lower than the opportunity cost of capital. The four and a half years of delay experienced by the project was also likely to have made the project less efficient.

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	22%	100%
ICR estimate	Yes	8.5%	100%

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

6. Outcome:

There were significant shortcomings in the operation's achievement of its objectives and in its efficiency; the relevance of objectives as well as that of design is substantial . Two of the three objectives were modestly achieved, while the third objective was substantially achieved, one subsidiary objective was rated substantial and the other was rated modest. Efficiency was rated modest because of the benefits arising from the reduced project scope were not significant enough to attract many new users; inefficiencies were also likely to be caused by the four and a half years of implementation delays.

a. Outcome Rating : Moderately Unsatisfactory

7. Rationale for Risk to Development Outcome Rating:

At the time the ICR was prepared, works related to the JBIC supported South line were experiencing delays . According to the decentralization agreement, all variable operating costs but the salaries of Metrofor personnel are paid by the Federal Government until the South line is completed . This annual operating subsidy is R$ 11 million (about US$ 7 million). The key risk to development outcome is therefore related to the financial aspects . The Metrofor system has been heavily dependent on subsidies corresponding to almost 40 percent of its long-term variable costs. Although this is not an important fiscal burden on the Federal Government at present, it could become a significant risk in the medium to long term if additional revenues do not materialize as projected . Financial deficits could translate into technical risks stemming from inadequate maintenance, and this would in turn translate into a negative impact on the quality of services.

While there is a chance that cost recovery will be improved once the South line is operational and the tariff integration with the bus system is fully accomplished, the State Government may need to support Metrofor financially after the Federal Government stops providing subsidies. Government subsidies may continue to be required in fiscal downturns and when there is a need for further capital investments .

Risk to development outcome is rated as **significant**.

a. Risk to Development Outcome Rating : Significant

8. Assessment of Bank Performance:

a. Quality at entry:

The project drew on a long history of Bank involvement in Brazil's transport sector including policy dialogue and seven Bank-financed public transport projects as well as supporting decentralization from the federal agency (CBTU) to state and municipal agencies in Sao Paulo, Rio de Janeiro, Salvador da Bahia, and Belo Horizonte . The Bank team incorporated lessons from other relevant projects . For example, the decentralization of the Metrofor system from the Federal to State Government level was made a condition of Effectiveness and this improved the readiness of project implementation. The technical designs were comprehensive and in line with the modern and integrated modes of urban transport.

Relevant risk assessment was carried out at appraisal, and appropriate mitigation measures were proposed and implemented. The change in Federal administration and the new Government's lack of interest in providing the fiscal space for the project was difficult for the Bank team to predict .

The key elements of the project and the third development objective related to the PSP was dependent on the South line which was funded by JBIC, and this linkage negatively contributed to the project outcome as the South line was experiencing significant delays. The PDO and related outcome indicators could have been formulated so as to minimize the risks of non-achievement due to factors outside the project's control .

Quality-at-Entry Rating : Moderately Satisfactory

b. Quality of supervision:

The Bank maintained its continuity by having the same task team leader throughout the project . The supervision team carried out missions as scheduled and recorded its findings properly as evidenced by 25 implementation status reports filed over a ten year period .

As noted in Section 2d above, implementation was seriously delayed by the advent of a new national Administration in 2003, since it believed it lacked to fiscal capacity to implement the project as approved . The Region has informed IEG that the supervision team was asked by both the new Government and the Country Management Unit to allow time for the Authorities to decide on the fate of the project in the context of a review of the entire Bank portfolio. The team briefed the National Ministers (Cities and Finance) involved at their request. The situation was delicate because a considerable part of the decentralization process had already been completed in advance of the project as part of the overall strategy which the Loan would support . The investments and technical assistance to be financed by the Loan were, according to the Region, essential to consolidate such decentralization and realize the benefits from it .

The discussions with the National Government lasted for almost two years, during which the Bank was informed on a number of occasions of the Borrower's intention to cancel the project. Finally, an agreement was made in March 2006 not to cancel, but to scale down the operation, with the promise that the project as originally conceived would be undertaken once fiscal circumstance permitted, taking account of national priorities at the time. For the reduced project, the Government undertook to provide less than 25 percent of the originally anticipated amount.

At both supervision and country management levels, the Region reports that the Bank mediated effectively between the State and Federal Authorities, and was proactive in its efforts to salvage the project that otherwise would have been cancelled. At the same time, the project team worked closely with the CBTU /Fortaleza to improve the implementation process. The Bank proposed restructuring alternatives to minimize future risks .

In March 2006, the project was restructured and its scope was reduced by over 75 percent, matching the reduced Federal fiscal support that could be anticipated . As a result the objectives concerning private sector participation, as well as the outcome targets related to tariff integration and congestion were no longer expected to be achieved. Despite this, the original objective and outcome indicators were retained because there was a consensus among all parties involved that, once the national finances were stabilized, the original project would be completed using counterpart funds .

Quality of Supervision Rating : Moderately Satisfactory

Overall Bank Performance Rating : Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The new Government that came into office in 2003 - shortly after project Effectiveness - did not provide adequate budgetary resources to enable disbursements and the related project activities to start . The Government's focus shifted from decentralization to the priority of achieving a primary fiscal surplus . In March 2006, after over three year of delays and extended discussions with the Bank, the Government only provided limited amount of fiscal support for the project, corresponding to less than 25 percent of the originally anticipated amount.

The restructuring that followed the Government's decision to scale down the project scope resulted in non-achievement of the originally set project objectives . For example, the project ended up rehabilitating the existing old fashioned diesel operated system in the West rather than electrifying the system in line with the rest of the corridor starting from the South. This limited the benefits to the users who could have enjoyed the fully integrated tariff system, and the original demand forecast did not materialize .

While the federal and state governments implemented some key projects, such as the creation of RTCC, satisfactorily, the shortfalls in Federal Government funding heavily affected the project's outcome .

Government Performance Rating Unsatisfactory

b. Implementing Agency Performance:

CBTU at the federal level, and Metrofor at the state level were the two implementing agencies .

CBTU was adequately staffed and had sufficient capacity to carry out all aspects of project management and implementation, including safeguards and fiduciary activities, but the decentralization of CBTU operations and assets in Fortaleza to the state level was completed prior to project initiation as it was a condition of Effectiveness. After decentralization, CBTU's role was to provide technical assistance to Metrofor . CBTU effectively carried out this role, but it was not proactive in helping to remove the bottlenecks related to the implementation delays.

The primary implementing agency after decentralization was Metrofor. Metrofor started with a weak capacity which contributed to the delays in project implementation, but it was effective in taking over from CBTU the responsibility to manage the metro systems. Despite the two year extension made at the time of project restructuring, an additional extension was required because of further delays related to the prolonged acquisition of light rail vehicles.

Implementing Agency Performance Rating : Moderately Satisfactory

Overall Borrower Performance Rating : Moderately Unsatisfactory

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

a. M&E Design:

The M&E system was designed at appraisal in accordance with the original project scope. The indicators for assessing the achievement of the objectives were set appropriately for the most part, for the second and third objectives, both the PAD and the ICR mixed the intermediate outcome indicators and the outcome indicators, and the qualitative indicators were not clearly defined. Some key indicators to track the achievement of the subsidiary objectives (e.g. number of low income population that benefited from the project, or air and noise pollution) did not have targets, and they were not monitored.

b. M&E Implementation:

At restructuring the scope of the project was sharply reduced by more than 75 percent, but the related performance indicators were not modified.

The supervision missions ensured that Metrofor prepared progress reports that provided detailed updates of the implementation progress including the financial and procurement activities. Metrofor's performance in preparing and submitting the reports was satisfactory. It included good illustrations and pictures of before and after project interventions to facilitate the monitoring.

c. M&E Utilization:

The M&E system was utilized well by Metrofor and the Bank team and therefore the ICR included relevant data and performance indicators that described the (non)achievement of the project objectives.

M&E Quality Rating : Modest

11. Other Issues

a. Safeguards:

Safeguards policies involving the Environment and Involuntary Resettlement (OP 4.01 and OP 4.12) were triggered by the project.

Environment: This was a category B project. An Environmental assessment and a management plan were designed by professional independent consultants and found construction -related disruption to be the primary environmental impact of the project. The ICR reports that adequate measures to mitigate this impact were designed and agreed upon in the management plan. The Brazilian State environmental agency had provided the required legal clearance to proceed with works through issuing a license. According to the ICR, the environment management plan was implemented as agreed and there were no significant issues related to environmental management during implementation.

Involuntary resettlement: The original project design called for resettlement affecting 319 properties including 291 that were residential or mixed use. The ICR reports that an adequate resettlement plan was designed that was based on consultations with the affected community and their expressed wishes. Most of the originally planned resettlement was cancelled when the project was restructured. The restructured project required the acquisition of only a limited number of properties which were covered by the original resettlement plan, and the ICR reports that resettlement proceeded successfully in line with the agreed plan.

Consultations: According to the ICR, consultations were carried out appropriately in accordance with Bank policy. As per the PAD, consultations were conducted during the preparation of both the environmental assessment and the resettlement plan. Previously announced and scheduled public meetings were held, and minutes were recorded. The draft environmental assessment was available for public review and was discussed (as per Brazilian law) in an official public audience.

b. Fiduciary Compliance:

Procurement: CBTU, the federal level agency which provided assistance to Metrofor on procurement issues was familiar with Bank Procurement procedures and had sufficient capacity. To facilitate the procurement process, the Bank supervision team included experienced procurement specialists such as a local expert with proximity to the client. This level of collaboration with the Borrower facilitated communications and helped to address issues promptly. There were some delays due to disagreements between CBTU and Metrofor on design issues; the disagreements were eventually resolved and the ICR reports that all procurement was carried out successfully and in compliance with Bank guidelines.

Financial Management: The Project Agreement required both CBTU (the recipient of the loan on behalf of the federal government) and FMR to keep proper accounting of expenditures in the project. Audited copies of the accounting records had to be submitted annually until loan closure. Audit reports occasionally identified minor issues but according to the ICR, they were always addressed promptly. The ICR reports that there were no issues related to financial management.

c. Unintended Impacts (positive or negative):

None were reported in the ICR.

d. Other:

None

12. Ratings:	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Moderately Satisfactory	Moderately Unsatisfactory	Due to significant shortcomings in efficacy and modest efficiency, outcome is rated moderately unsatisfactory.
Risk to Development Outcome:	Significant	Significant	Risk to development outcome was rated high in the Data Sheet but significant in the text of the ICR.
Bank Performance:	Moderately Satisfactory	Moderately Satisfactory	
Borrower Performance:	Moderately Satisfactory	Moderately Unsatisfactory	The four and a half years delay and over 75 percent reduction in the project scope were due in part to the lack of commitment by the Federal Government.
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:

Objectives should be formally restructured if they become unrealistic: The new Government did not provide fiscal space for the project in its budget due to macroeconomic difficulties. The corresponding government decision to reduce project scope undermined the achievement of the original project objectives which were not restructured.

It is hard to accomplish ambitious objectives in a limited project time frame : This project supported the West line of the metrorail in Fortaleza, complementing the South line which was financed by JBIC . The key institutional reforms including decentralization and private sector participation were applicable to the entire metro system, but the project suffered inter alia from non-achievement of some project objectives because of the deteriorating macroeconomic environment and delays in the rehabilitation of the South line both of which were outside the project's control. The importance of ensuring coordination of the two projects was identified but did not ultimately accomplish full integration of the physical and tariff systems needed to achieve the intended objectives . There remains a possibility that the privatization process will continue in the future but at a slower pace than that of a typical Bank-financed sector investment loan.

14. Assessment Recommended? ● Yes ○ No

Why? This could be compared with other urban transport projects preferably in Brazil or the LAC region to assess the effectiveness of WBG support in improving the sustainability of the services with particular focus on institutional and policy reforms.

15. Comments on Quality of ICR:

The ICR provided a good overview of the project including its sector background and the implementation performance. It also described the shortcomings of the project in a candid manner . However, the actual project cost information for each component was not included.

a.Quality of ICR Rating : Satisfactory