

1. Project Data :
OEDID: C2192
Project ID: P000895
Project Name: Second Transport Rehabilitation
Country: Ghana
Sector: Transportation Adjustment
L/C Number: C2192-GH
Partners involved : CFD, KfW, OECF, BADEA
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2. Project Objectives, Financing, Costs and Components :

The project, supported by a credit for SDR 69.0 M (US\$ 96.0 million equivalent), was approved on December 13, 1990 and closed on December 31, 1997 after a 15-month extension. A balance of SDR 1.2 million was canceled.

Objectives and Components : The aim of the project was to sustain and accelerate Ghana's economic recovery by : (a) removing physical bottlenecks to the expansion of exports, farm production and labor mobility; and facilitating private sector development through improved maintenance and rehabilitation of road and railway infrastructure; (b) improving the efficiency of both the public and private sector transport management through promotion of market-oriented policies, institutional development and manpower training; (c) promoting appropriate technology, local resource mobilization and community participation for infrastructure rehabilitation and maintenance; (d) alleviating poverty, and improving the lot of women in rural areas; and (e) reducing transport costs for both goods and passengers. To achieve these objectives, the project comprised four parts : road rehabilitation, railway rehabilitation, support to transport sector institutions, and a pilot program in the Northern Region to demonstrate the use of labor-based methods for rural infrastructure construction and maintenance and to promote the use of intermediate means of transport (Bicycles).

Project Costs : SAR estimate: US\$ 230 million; Actual: US \$ 213 million. **IDA's Share :** SAR estimate: US\$ 96 million; Actual US\$ 98 million.

Co-financing : CFD (US\$32.45 M); KfW (US\$9.81 M); OECF (US\$54.40 M); BADEA (US\$ 0.21 M).

3. Achievement of Relevant Objectives :

The components supporting the road sub-sector were on the whole successful . Most of the road rehabilitation targets were achieved. Institutional support was also successful . A comprehensive training program was successfully implemented and reforms directed at creating an autonomous road fund and granting an autonomous status to the Ghana Highway Authority (GHA) were achieved. In the railway sub-sector, the project came short of achieving the efficiency and financial targets set out in the SAR for the Ghana Railway Corporation (GRC). Some physical rehabilitation on the Western rail line, however, were completed . With respect to the Northern Region Pilot Infrastructure Scheme, the project was able to successfully demonstrate the effectiveness of labor -based methods in rural infrastructure development. The promotion of bicycles, however, encountered numerous issues related to affordability and technical design of cycle trailers . The beneficiaries needed to buy the bicycles and the cycle trailers, which many of them could not afford. The weighted average economic rate of return (ERR) at completion was 16 percent versus 38 percent at appraisal.

4. Significant Achievements :

The project's contribution to institutional and policy reforms is improving the management and financing of the road network in Ghana. The establishment of an autonomous road fund is expected to enhance cost recovery in the sub-sector and contribute to future sustainability of road maintenance . Similarly, GHA's autonomous status will result in a better incentive structure in the organization where it will be able to provide market -based compensation to its staff and management. This will attract and retain trained staff, and improve the performance of the GHA .

5. Significant Shortcomings :

The project's significant shortcoming is its failure to improve the performance of the railways through capital investment and restructuring. This failure demonstrated that continued support to a railway agency that functions under unfavorable institutional environment is not enough to improve its performance. Financial targets, for example, were not achieved in part because GRC was required to run non-profitable passenger services without a suitable financial arrangement with the government. The government has now approved a policy paper to promote the concessioning of the GRC to the private sector.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev.:	Partial	Substantial	The project's contribution to the successful institutional reforms of the road sub-sector warrants a substantial rating in the OED scale.
Sustainability:	Uncertain	Uncertain	The sustainability of components dealing with the road sub-sector are likely, but those dealing with the railways are unlikely and the rural infrastructure components are uncertain. The sustainability of the project as a whole is, therefore, rated as uncertain.
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf.:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

7. Lessons of Broad Applicability :

The key lessons from this project are: (i) institutional reforms in the transport sector need to be guided by commercial and business-like principles to ensure their success and sustainability; (ii) the promotion of bicycles in poor rural communities need to be carefully thought and must address the affordability issue.

8. Audit Recommended? Yes No

Why? To assess in more detail the sustainability of the institutional reforms in the road sub-sector, and to review the experience with the rural infrastructure pilot scheme to contribute to the OED Rural Roads Study.

9. Comments on Quality of ICR :

The ICR is of satisfactory quality. The Borrower made a good contribution to the ICR. But its focus was somewhat different from the Bank's. While the Bank's section of the ICR focused mostly on general policy and institutional issues in the sector, the Borrower was more concerned with project management and procurement issues and difficulties that arose during project implementation. While this makes good complementarity, it also highlights the need for the Bank to discuss and draw lessons from project management difficulties.