

Transport sector adjustment project

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Chad: Transport Sector Adjustment Project (Credit 2007-CD)

The Implementation Completion Report (ICR) on the Chad Transport Sector Adjustment Project (Credit 2007-CD, approved in FY89) was prepared by the Africa Regional Office, with Appendix B contributed by the Borrower. The credit, in the amount of \$66.09 million equivalent, was approved on April 25, 1989, and closed on June 30, 1995, one year behind schedule. The credit was fully disbursed. Co-financing was provided by the African Development Bank, the Development Bank of Central African States, the European Development Fund, the Organization of Petroleum Exporting Countries, the United Nations Development Programme and the Federal Republic of Germany, France, and the United States of America.

The project's main aim was to support at the transport sector level the objectives of Chad's ongoing macroeconomic adjustment program. This was to be achieved through components intended to: (a) reorganize transport sector public institutions; (b) promote liberalization of the sector; (c) enhance private sector development; and (d) carry out rehabilitation of a core, priority road network.

The institutional objectives were mostly achieved: a) Reorganization: the Ministry of Public Works and the Ministry of Transport and Civil Aviation were reorganized and subsequently merged into a single Ministry which will improve the coordination of transport policies; the National Roads Authority was abolished and replaced by a mixed-capital corporation (98 percent of capital owned by the State), as a transitional step towards full privatization. Rehabilitation and privatization of Air Chad was not accomplished due to lack of government support; b) Liberalization: the trucking monopoly held by a private cooperative directed by government-appointed board members was largely dismantled and several new private road freight transportation companies have emerged since 1994; and c) Private sector development: a government-owned road building and maintenance company was privatized.

The physical objectives were also mostly met. Despite higher unit construction costs and changes in the subcomponents of the project's civil works program, 1,500 km of roads were rehabilitated, compared to the 1,800 km foreseen at appraisal. Due to lack of data, in part related to the fact that civil works actually carried out were different from those originally envisaged, the economic rate of return (estimated at 15 percent at appraisal) was not reestimated.

OED rates the outcome of the project as satisfactory, its sustainability as likely, its institutional development impact as substantial, and Bank performance as satisfactory. These ratings are consistent with those of the ICR.

The success of this project demonstrates that the implementation of parallel macroeconomic and sector adjustment programs can greatly increase the momentum needed to achieve a successful reform program.

The ICR is of satisfactory quality. No audit is planned.