



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/21/2000	
PROJ ID: P002342		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Transport Sector Adjustment - Investment Program	<b>Project Costs (US\$M)</b>	604.5	392.3
<b>Country:</b> Senegal	<b>Loan/Credit (US\$M)</b>	68.73	65
<b>Sector(s):</b> Highways	<b>Cofinancing (US\$M)</b>	255.4	93.5
<b>L/C Number:</b> C2266			
	<b>Board Approval (FY)</b>		91
<b>Partners involved :</b> FED, BAD, BOAD, BID, Fonds CEDEAO, PNUD, ASENCA, ACDI, CCCE, FAC, Italy	<b>Closing Date</b>	12/31/1997	12/31/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>

**2. Project Objectives and Components**

**a. Objectives**  
The objectives of the project were to support the ongoing macroeconomic adjustment program, especially in the transport sector by: (a) reducing the cost of transportation; (b) strengthening sector management including investment and maintenance programming capacity; (c) privatizing the execution of works or provision of services in the sector to the extent possible; and (d) restructuring the remaining transport sector parastatals and running them as commercial enterprises, without requiring public subsidies.

**b. Components**  
The project consisted of two components:  
(i) Adjustment lending to ensure that: (a) future resource allocations for road maintenance would be sufficient to cover essential maintenance operations; and (b) a new railway company would be established on a sound financial basis. Adjustment lending would also assist in narrowing the external financing gap.  
(ii) Investment component would finance rehabilitation and maintenance of transport infrastructure and technical assistance for strengthening sector agencies. The sub-sectors included:

- roads - strengthening of about 860 km of badly deteriorated paved roads, periodic maintenance of 2065 km of paved and 1300 km of gravel roads, and routine maintenance on some 9000 km of the network;
- rail - maintenance of 180 km of track, replacement of rolling stock, and spare parts and equipment for maintenance;
- ports - construction of an access road to the recently opened container terminal, and rehabilitation of over-aged utility networks; and
- aviation - rehabilitation of runways in secondary airports, and navigation equipment at selected airports.

**c. Comments on Project Cost, Financing and Dates**  
The actual project cost is 392.3 million, 35% lower than the SAR estimates. The Bank disbursed about US\$ 65 million of the credit and the remaining US\$3.73 million was cancelled. The project closed on December 12 1999, two years later than the original closing date.

**3. Achievement of Relevant Objectives:**  
**The project achieved its objective of reducing the cost of transportation.** The rehabilitation and maintenance of road network will considerably reduce the transportation costs. The backlog of road maintenance has been reduced. The actual strengthening of paved roads exceeded original targets by 6%. However, periodic maintenance was below target. Economic criteria for project selection has been introduced.

**The objective of strengthening sector management was partially met.** The capacity to plan investment and maintenance in the transport sector is still weak.

**The objective of privatization of the execution of works was largely met.** Road maintenance and rehabilitation works are being carried out by private contractors.

**The objective of restructuring of transport sector parastatals and operating them on commercial principles was successfully achieved.** The performance of public sector enterprises in the rail, port and aviation sub-sectors has improved significantly.

- A performance contract was signed between the Government and Senegalese Railways (SNCS). SNCS is operating as a commercial entity without receiving any subsidies from the government.
- Port of Dakar was restructured and is operating as a commercial entity. Tariffs were adjusted in 1993 and 1995 to take account of devaluation of CFA franc. The traffic has increased by 34% between 1991 and 1999.
- Air Senegal was privatized in 1999. Passenger traffic at Dakar airport has increased by 26% from 1991 to 1999, and freight volume by 4%.

#### 4. Significant Outcomes/Impacts:

- The project resulted in significant improvements in the transport sector by strengthening the public sector enterprises in rail, port and aviation sub-sectors and operating them on commercial principles.
- The Government has stopped subsidizing the rail and ports sub-sectors.
- Senegalese Railways successfully implemented a redundancy program, reducing the number of staff by 24% between 1993 and 1997.
- Focus on road maintenance has increased with three quarter of funds being allocated for maintenance.

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

There are no significant shortcomings.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Modest	Modest	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Unsatisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

The ICR identifies the following lessons of broad applicability:

- A hybrid operation, which links execution of investment components with implementation of policy reforms, can be successfully used for effective transport sector restructuring.
- Sector programs are long and costly to prepare. If policy dialogue is strong during preparation, the emphasis is put on implementation of the investment component. Generally, policy dialogue starts again as soon as preparation of follow-up program starts. There is a need for a mechanism to ensure a continuity at a more constant level in the analysis of sector efficiency, performance, issues and reforms. This requires ownership at the government level as well as building local capacity.
- The timetable for implementing reforms needs to be tailored to the Government commitment and capacity to implement reforms.
- Preparation of investment programs within the transport sector should be integrated with the annual public expenditure program. This will ensure constant revision based on sub-sector priorities.
- Technical assistance is not a substitute for weak government commitment to reform, and is not effective when the incentive framework is inadequate.

#### 8. Assessment Recommended? Yes No

#### 9. Comments on Quality of ICR:

The ICR's quality is unsatisfactory.

- ICR omits ex-post estimate of ERR. The reported loss of the basic data of SAR estimates of ERR, while unfortunate, should not preclude the re-estimation of ERR at completion. ERR is an important criterion for

judging the efficiency and the overall outcome of the project, especially in transport projects with major civil works components.

- Borrower counterpart funding was very important in this project and was more than three times the Bank Credit. A summary of the main findings and lessons of the borrower's ICR ( prepared in 1999 and held in Bank files according to ICR) is an essential part of the evaluation. It's incorporation is required under Bank's ICR guidelines.
- Shortcomings in the project costs and financing tables including: (a) missing data; (b) one table with no data at all; and (c) data errors.