Report Number : ICRR0022440

1. Project Data

Project ID P125803	**Program Name** UY Road Rehabilitation and Maintenance P	
Country Uruguay	**Practice Area(Lead)** Transport	
L/C/TF Number(s) IBRD-82050,IBRD-87330	**Closing Date (Original)** 30-Jun-2016	**Total Program Cost (USD)** 133,450,793.00
Bank Approval Date 13-Nov-2012	**Closing Date (Actual)** 30-Jun-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	66,000,000.00	0.00
Revised Commitment	134,450,793.00	0.00
Actual	133,450,793.00	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Program Context and Development Objectives

a. Objectives

This operation used a Program-for Results (PforR) lending instrument with Disbursement-Linked Indicators (DLIs) for supporting the Government's Program Action Plan (PAP) for road rehabilitation and maintenance of the Uruguay national road network.

The Project Development Objectives (PDOs) as stated in the Loan Agreement (Schedule 1, page 6) and in the Project Appraisal Document (PAD, page 7) were:

"Sustain at least 35 percent of the National Road Network in good condition or very good condition and improve road sector management."

Additional Financing (AF) was approved on July 6, 2017. The PDOs as stated in the AF Loan Agreement (Schedule 1, page 5) were:

"To improve the condition of the National Road Network and enhance road sector management."

Given that the changes to the PDO reflected a scale up with AF, and increasing the level of ambition from "sustaining" to "improving" the condition of the national road network, this assessment is not using a split rating for objectives. The assessment of this operation will be based on the more ambitious revised outcomes.

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

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

This operation used a Program-for-Results (PforR) lending instrument with Disbursement-Linked Indicators (DLIs). Additional DLIs were added with the AF for the operation on July 6, 2017. The DLIs are discussed in section 3b. (PAD, pages 4 -5).

1. Road rehabilitation and maintenance works, which consisted of *inter alia*: (i) pavement rehabilitation; (ii) pavement resurfacing; (iii) shoulders rehabilitation and/or resurfacing; (iv) repairing/upgrading drainage systems; and (v) rehabilitation and maintenance of road vertical and/horizontal signaling.

2. Bridge rehabilitation and maintenance works, which consisted of *inter alia*: (i) structure repairing of deck, abutments, piers and foundations; and (ii) enhancement of bridges functional characteristics (such as, extending bridges, deck widening and increasing bridge carrying capacity).

3. Bridge reconstruction works, which included construction of a new structure and its contiguous road accesses to replace an existing bridge.

4. Road safety investments, which consisted of *inter alia*: (i) investments to improve visibility; (ii) investments to reduce severity of road crashes; and (iii) acquisition, installation and maintenance of road safety equipment.

5. Technical Assistance (TA) activities to the Road Department (DNV), the Topographic Surveying Department (DNTop) and Planning and Logistics Department (DINAPLO), including *inter alia:* (I) carrying out road condition surveys; (ii) training and capacity building activities; and (iii) financing studies required for program implementation.

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

Project cost. The estimated cost at appraisal was US$580.0 million. The revised estimate was US$1,265.3 million. The actual cost was US$1,661.7 million.

Program financing. The program was financed by an IBRD loan of US$66.0 million. Additional Financing (AF) of US$70.0 million was approved on July 6, 20117. With this, the Bank financing for the project was US$136.0 million. The amount disbursed was US$133.4 million. An undisbursed amount of US$1.55 million (representing 2.3% of the loan amount), was cancelled from the original operation, as the operation failed to reach the target values for all three years for DL2 (discussed in section 3b).

There was parallel financing for complementary activities for the program from: (1) Inter-American Development Bank (IADB). The appraisal estimate was US$67.7 million. The revised estimate was US$224.0 million. The amount disbursed was US$184.8 million; and (2) Fund for the Development for the Development to the Plata River Basin. The appraisal estimate was US$92.8 million. The revised estimate was US$169.0 million. The amount disbursed was US$159.7 million.

Borrower contribution. The estimated amount at appraisal was US$283.5 million. The revised estimate with AF was US$737.9 million. The counterpart contribution was substantially more than planned at US$1,183.6 million.

Dates. The project approved on November 13, 2012, became effective on April 16, 2013, and was scheduled to close on June 30, 2016. AF was approved on July 6, 2017. The operation closed on June 30, 2020.

The first restructuring on June 8, 2016, extended the project closing date by nine months from June 30, 2016 to March 31, 2017.

Significant changes were made through the second restructuring on July 6, 2017, following the AF for the project on July 6, 2017.

- The PDO was modified from "sustaining" to "improving" the condition of roads. Projections at preparation indicated that while the available financial resources were adequate for reducing degradation of the road network, they were insufficient for improving their condition (ICR, paragraph 8). Circumstances changed between 2012 -2017, with assessments showing that the program had adequate funding for improving road condition, with the increase in resources following the formation of the new government in 2015. Hence the PDO was changed to reflect the changing circumstances.
- The results framework and the original DLIs were modified and new DLIs were added: the target for indicators were modified with the AF for the operation. The closing date was extended by three years and three months from March 31, 2017 to June 30, 2020.
- US$1.55 million was not disbursed, as the program failed to reach the established target values for one DLI (discussed in section 3b).

3. Relevance

a. Relevance of Objectives

Rationale

Country and sector context. The road mode accounts for 90% of movement of freight in Uruguay. In the transport sector, the quality of roads was a key enabler of logistics services, given that all logistics chain involved at least a key road link. The Uruguay National Road Network (including international corridors within the national territory) constituted 8,825 kilometer (km) of total road network (estimated at 60,000 km). The overall condition of the network had deteriorated in the years before appraisal, with only 42% of the network reported to be in "good" or "very good" condition in 2011, as compared to 60% in 2004. This deterioration was due to a combination of factors, including significant rehabilitation backlog following budget cuts in the wake of the financial crisis in 2002, aging of the network, and a steep increase in road-based freight movement since economic recovery in 2004. Reducing degradation of the road network was important to the government strategy.

Government strategy. The PDOs were consistent with the Government's *Uruguay 2030* strategy. This strategy articulated the need for fostering sustainable economic development, improving competitiveness, and consolidating Uruguay's role as a logistics distribution center. The government in the years before appraisal created the Uruguay Road Corporation (CVU), a public concessionaire for leveraging financing (backed by toll revenues) for improving the management of roads. The Government had adopted a programmatic and result-based road rehabilitation and maintenance program for the national network since 2010. This program was based on the Budget Law that defined programs, monitoring and evaluation frameworks for the programs, and allocated budgetary resources for the annual physical and quantitative objectives. This law had two specific lines in the Ministry of Transport and Public Works (MTOP) budget: (a) Program 362, targeting resources for road infrastructure (including highways and bridges); and (b) Program 462 aimed at developing road safety strategies. A new government in 2015 prioritized transport infrastructure through three concrete actions: first, the government increased MOTP's budget for roads by 20% over the 2015 -2019 period; second, the scope of the public concessionaire (CVU) was expanded in terms of coverage (2,600 km as compared to 1,600 km in 2013); and three, the new administration underscored the need for private sector participation in road financing and management.

Bank strategy. The PDOs are well aligned with the Bank strategy. The second pillar of the Country Partnership Strategy (CPF) for 2010 - 2015 articulated the need for improving competitiveness and creating a conducive business environment, through increasing coverage of quality infrastructure. This CPF also supported the Government's move towards results-based operations in its collaboration with the World Bank. The PDOs were well aligned with the third pillar of the current Country Partnership Framework (CF) for 2016 - 2020, *Integrating into Global Value Chain*, and specifically objective five under this pillar of, *making logistics and transport networks safer and more efficient.*

The Bank financed prior road sector projects, including the *Transport Infrastructure Maintenance Rural Access* Project that closed in July 2011, aimed at supporting road rehabilitation and maintenance. This operation supported the Government's Program Action Plan for rehabilitation and maintenance of the national road network, which had been seriously degraded in the years before appraisal. Although Bank financing for the program was fairly modest (about 13% of the program cost), this financing would enable rehabilitation to be undertaken upfront and in a timely fashion, before road sections critically deteriorated requiring more expensive solutions. Technical assessments of the counterfactual situation showed that the absence of Bank support would reduce program financing by about 9% and lower efficiency gains on road rehabilitation and maintenance, and that implementing the program with Bank support would prevent a six to seven percent road deterioration.

The level of ambition of the original operation, aimed at arresting the degradation of the national road network was fairly modest given the financial resources. However, when circumstances provided opportunities for increasing the level of ambition due to the increased allocation of resources by the new government in 2015, the PDO indicators were increased to reflect the broader sectoral level objectives (discussed below). The relevance of the PDO is rated as High.

Rating

High

b. Relevance of DLIs

DLI 1

DLI

PDO 1. Sustaining/improving the condition of the Uruguay national road network.

Rationale

There were two DLIs for this PDO.

The first indicator linked disbursements to rehabilitation of roads in the national road network. Specifically, the disbursements were conditional on realizing the targets for the kilometer (km) of roads that were rehabilitated (discussed in section 4). The targets were increased with the AF for the operation.

The second indicator linked disbursements to providing routine road maintenance (including pavement and drainage maintenance) on the national road network using performance-based contracts (under these contracts, payment to the private contractor was contingent on the level of service specified in the contract). Specifically, the disbursements were conditional on realizing the annual targets for the km of roads that were provided with routine maintenance. As indicated in section 2, the targets for the original operation were unrealistic, and a portion of the funds were not disbursed for this indicator. The targets for this indicator were adjusted (reduced) with the AF for the operation.

The two DLIs indicators were appropriate, given that rehabilitation of roads in the national road network, together with routine road maintenance, were likely to arrest the degradation of the road network and improve their condition.

Rating

Substantial

DLI 2

DLI

PDO2. To improve/enhance road sector management.

Rationale

The Disbursement-Linked Indicators were linked to undertaking 24 actions in the Government's Program Action Plan.

There were four Disbursement-Linked Indicators for the original operation.

- The Government approved the multimodal plan for Montevideo seaport.
- The Government approved the technical solutions for pavement rehabilitation.
- The Road Department (DNV) updated the environmental manual and trained 75% of technical staff with responsibilities related to works supervision.
- The Government approved the guidelines for expropriation and social management processes.

Five additional DLIs were added with the AF for the project.

- The Government completed a study assessing which areas of the National Road Network are subject to climatic risks.
- At least 20 selected bridges were to be diagnosed against climatic risks.
- The Government adopted a contingency plan for addressing catastrophic climate related events.
- The Ministry of Transport and Public Works (MTOPs) central laboratory for roadworks quality assurance carried out asphalt, pavement and soil tests required for the works contract.
- Road safety improvements on the national road network.

While the DLIs for the original operation were concise and focused, too many DLIs were added with the AF for the project. This resulted in limited buy-ins from the Government officials for some of them (discussed in section four).

Rating

Substantial

OVERALL RELEVANCE RATING

Rationale

The relevance of the PDO to the Government and Bank strategy is high.

On the positive side, the choice of the PforR instrument was appropriate for the following reasons. The government in the years before appraisal had adopted a programmatic and results-based approach for rehabilitating and maintaining the National road network. The Bank supported the government's move towards a results -based approach. The Bank financing leveraged a much larger government program (including through funding from other donors providing co financing and from counterpart funding). The scope of the operation was appropriately expanded with AF for the program, in the wake of prioritization of the sector and increased allocation of financial resources to the road sector by the new government in 2015. The scope of operations was expanded to addressing emerging sector issues, such as road safety and climate change.

However, there were some shortcomings. The indicator associated with providing for routine road maintenance on the national road network for the original operation was unrealistic, and scaled back. While the DLIs associated with the PDO of strengthening/enhancing road sector management indicators for the original operation were concise, too many DLIs for the operation with the AF for the project, contributed to more limited buy-ins from the Government for some indicators (discussed in section four).

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
To improve the condition of the National Road Network.

Rationale
Theory of change. The results framework was clear. Rehabilitation and routine road maintenance of the Uruguay National road network, rehabilitation of bridges, and road safety improvements on the highways were necessary to prevent degradation of the road network. Increasing the targets for kilometers that were to be rehabilitated, were likely to improve the condition of the road network. These activities, together with the institutional component of the project aimed at enhancing road sector management (discussed below), were likely to aid in improving the efficiency of transport and logistics system and thereby to the long term development objective of improving Uruguay's competitiveness and growth prospects.

Outputs

- 1,854 km of the Uruguay National road network were rehabilitated at a minimum rating of 85, as measured by the Pavement Surface Condition Index (IES) on December 31, 2019. This exceeded both the original and revised targets of 524 km and 1,414 Km respectively.
- 3,637 km of roads were maintained through performance-based contracts when the project closed. This exceeded the revised target of 3,300 km. The ICR (page 24) notes that the original annual target for 2013 was met and exceeded in 2013, but not in 2014 and 2015.
- Road safety improvements were provided on 310 km of highways, exceeding the target of 263 km.

Outcomes

- 60% of the Uruguay National road network was in "good" or "very good" condition when the project closed in December 31, 2019, as compared to 40% at the baseline on March 3, 2017. This exceeded the revised target of 55%. Given that the revised targets were met (although the original target for routine road maintenance was not), efficacy of this PDO is rated as substantial.

Given that the targets for the rehabilitation of the Uruguay National road network and target for road maintenance were met, efficacy is rated substantial.

Rating
Substantial

OBJECTIVE 2

Objective
To enhance road sector management.

Rationale
Theory of change. The results framework was for the most part clear, and the causal links between the operation activities, outputs and outcomes were logical. Activities aimed at addressing road safety improvements on the national road network, the multimodal plan for Montevideo land access, approving technical solutions for rehabilitating pavements, updating the environmental manual of the roads network and training their staff, were aimed at strengthening/improving road sector management. Activities added with AF aimed at addressing emerging issues on climate change were likely to reinforce the objective of enhancing road sector management. These activities, together with the activities discussed above, were likely to aid in the long-term objective of improving the efficiency of transport and logistics system and thereby enhancing Uruguay's competitiveness and long-run growth prospects.

Completed as targeted:

- The Montevideo seaport planning study was completed for multimodal transport planning by the Ministry of Transport and Public Works (MTOP). This study identified strategic port investments that were needed in the coming years, for enhancing Montevideo's seaport regional competitiveness.
- The MOTP developed a national transport model (the Government's Program Action Plan (PAP) number two). This model, the first long term freight modelling exercise carried by MOTP nationwide, aimed at assessing options for increased modality (low carbon transport modes).
- The MOTP's Road Department (DNV) updated their tool for highway rehabilitation and maintenance planning for optimizing resource allocation for highway road maintenance and allocation. While the DNV had a pavement management system in the past, the system was missing updated traffic and pavement condition data.
- The DNV approved revised technical design for the national road network, by recategorizing the network and differentiated levels of service and maintenance requirements, depending on the characteristics and importance of the national road segments. This activity was intended to reduce road maintenance needs on the national road segments with lower levels of demand or criticality.

- The DNV adopted a Pavement Standardized Technical Solutions Model (DLI 3.2) for enhancing time savings (in the design phase) and inducing cost efficiency (in the construction phase). This manual included new cost-effectiveness technologies for road maintenance (in pavement recycling).
- The MTOP's central laboratory strengthened quality control of roadworks, through increasing the number of minimum external laboratory tasks, for supporting the effectiveness of public spending in the road sector.
- The roadworks Environmental Manual prepared under this project was adopted by Presidential Decree in January 2020. This manual included new clauses for Grievance Redress Mechanism (GRM), access to information, consultations, and works in protected areas. The roadworks environmental auditing procedures were conducted, with 75 environmental audits in 2017, 29 and 81 audits in 2018 and 2019 respectively. A central database containing environmental information for works was updated and is to date available on construction worksites. Multiple workshops were held for raising environmental awareness and knowledge. 75% DNV technical staff were trained on environmental issues as targeted.
- The manual on Expropriations Procedures and Social Management was completed and disseminated (DLI 3.4). An international workshop on methodologies to establish expropriation valuation was organized to promote coordination with other regional agencies. The MTOP's Citizen Attention Center was established. This center addressed on average 50 cases per week in 2019.
- A study to assess the areas of the National road network that are subject to climatic risks was completed. A methodology to assess the resiliency of bridges to climate risks (flooding) was developed. Twenty selected bridges were diagnosed against climatic risks. A contingency plan for catastrophic climate-related events was completed, as targeted.
- Road safety audits on 200 km of the Uruguay National road network was completed, as targeted. According to the Uruguay's road safety agency (UNASEV), the number of fatalities due to accidents on the road network in 2019 was 422 (22% less than those registered in 2018). Parts of the investment financed through the project included the upgrading and effective maintenance systems of road drainage systems (a critical element to address climate change risks).

Not completed:

- Although the MOTP developed a diagnostics of procurement processes from bid preparation to contract award, for identifying bottlenecks and finding opportunities to improve efficiency, the recommendations of this diagnostics were not implemented for lack of internal support within MOTP.
- The activity associated with introducing risk-based financial audits in MOTP was not implemented, due to the limited buy-in within MOTP and limited number of staff within MOTP to address these issues.
- The activity associated with an innovative pilot on-line platform for Grievance Redress Mechanism was dropped in 2016, for lack of support from the administrative staff of MTOP.

Overall, 75% activities of the Government Action Plan (PAP) was completed, i.e., 18 activities of the PAP out of 24 planned:

- Improving MOTP's multimodal planning for preparing Uruguay's main export gateway to upcoming challenges in the coming years, and assessing options for increasing multimodality (low carbon transport modes).
- Optimizing resource allocation for highway maintenance and rehabilitation (the primary objective of the Government Program), through the highway rehabilitation and maintenance planning tool (with updated traffic and pavement condition data).
- Enhancing cost effectiveness through reducing the resources spent on maintenance on the road segments with lower levels of demand or criticality.
- Enhancing efficiency through reducing the overall time for undertaking tasks associated with road design and construction.
- Supporting effectiveness of public spending in the road sector through better quality control.
- Improving environmental and social safeguards compliance.
- Improving road safety.
- Addressing climate resilience issues through moving discussions within MOP, from a stage of initial consciousness to more concrete issues.

While activities aimed at transport planning, technical, socio-environmental aspects, road safety features and mapping of the climate-prone areas of Uruguay national road network were completed as targeted, the following activities were not completed:

- Improving MTOP's financial performance through introducing risk-based audits.
- Improving efficiency of procurement processes.
- An innovative pilot on-line platform for Grievance Redress Mechanism was dropped in 2016, for lack of support from the administrative staff of MTOP.

This review concludes that the operation contributed substantially to enhancing MTOP's capacity to effectively manage the Uruguay road network and advancing the reform agenda to new critical areas (such as, road safety and climate resilience issues). However, there were clear gaps in addressing fiduciary areas of the PAP.

Rating
Modest

OVERALL EFFICACY

Rationale
The efficacy of the first objective is rated substantial as the revised targets were met. The efficacy of the second objective is rated modest with moderate shortcomings, given that there were gaps in addressing fiduciary areas of the PAP. But the overall efficacy rating is rated substantial.

Rating
Substantial

5. Outcome

The overall relevance is substantial. Efficacy of the first objective - improving the condition of the national road network- is rated substantial, given that the outcomes were realized. The efficacy of the second objective--enhancing road sector management- is rated modest with clear shortcomings. The operation advanced the reform agenda to new critical areas (such as, road safety and climate resilience), however, there were gaps in addressing fiduciary areas of the PAP. Based on this, the overall outcome is rated moderately satisfactory.

Outcome Rating
Moderately Satisfactory

6. Risk to Development Outcome

Technical risk. The technical risk is expected to be low, given the high standard of the Uruguay highway network, with 60% of the roads reported to be in "good" or "very good" condition.

Institutional risk. There is the risk associated with financing for maintaining the national road network. The ICR (page 19) notes that there was a slight increase for the overall program (on average US$250.0 million) during the 2012 -2016 period. The overall envelope for road rehabilitation and maintenance was doubled during 2016 -2020. While this were welcome developments, it is not clear whether this level of financing can be sustained by the government, without other sources of funding, such as through user tolling for the national road network (including highways and funding for routine road maintenance).

7. Assessment of Bank Performance

a. Quality-at-Entry

This project design incorporated lessons from the prior Bank-financed *Transport Infrastructure Maintenance Rural Access* project. Lessons included moving towards a programmatic approach, and providing greater leeway to the Roads Department (DNV) for prioritizing/adjusting investments as conditions change (Program Document (PD) paragraph 12). The project was prepared in collaboration with other co-financiers financing complementary activities for fostering synergies and avoiding duplication. The implementation arrangements were appropriate, with the Roads Department (DNV) in the Ministry of Transport and Public Works (MOTP), and the Uruguay Road Corporation (DNV - the agency responsible for managing part of Uruguay's main road network, including highways), responsible for project implementation (PD, paragraph 26). Several risks (technical, fiduciary and issues associated with Disbursement-Linked Indicators) were assessed as low or moderate, and the project rate was rated as moderate at appraisal. Appropriate arrangements were made at appraisal for safeguards and fiduciary compliance (discussed in section 9).

However, there were some shortcomings in M&E design (discussed in section 8).

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision

Twenty implementation support missions were held during the operation lifetime of eight years, implying on average twice a year missions as per the norm (ICR, page 18). The support provided by the team aided in ensuring that the systems used by the co-financers were aligned with the systems used by the Bank and were in line with OP 9.0 requirements. The support provided by the supervision team aided in ensuring that the emerging technical issues were resolved and that the DLIs targets were for the most part met. The supervision team was proactive in addressing issues throughout implementation, including project restructurings and processing of the AF. This aided in scaling up project activities, and incorporating emerging new activities for driving the reform process forward (such as incorporating activities associated with advancing the climate change agenda). This aided in the completion of project activities, despite curtailment of the Ministry of Transport and Public Works activities in the final months of project implementation due to the COVID - 19 outbreak. The ICR (page 18) notes that the supervision team secured a Global Partnership on Output-Based Aid (GPOBA) Trust Fund to develop the web-based citizen engagement tool, to complement the Grievance Redressal Mechanism (GRM) that was used for implementing two of the Government's Program Action Plan (discussed in section 10a). The support provided by the supervision team aided in environmental and fiduciary compliance (discussed in section 10).The continuity of leadership was maintained, with only one Task Team Leader (TTL) throughout the preparation and implementation cycle.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

8. M&E Design, Implementation, & Utilization

a. M&E Design

The operation's theory of change and results framework were clear. The selected indicators (such as the km of roads that were rehabilitated and road safety features were straightforward, well aligned with the activities of the operation, measurable, and could be verified in a relatively easy way. The targets for the routine road maintenance for the original operation were however unrealistic, and needed to be revised downwards. The disbursement-linked indicators were scalable, enabling partial disbursements based on the degree of completion of the indicator/ target. This aided in cancellation of the undisbursed balance following the non-realization of the target associated with the indicator on routine road maintenance (DLI2). The targets for the indicators were appropriately adjusted with the AF for the operation. The M&E systems at the Roads Department (DNV) and the Uruguay Road Corporation were deemed to be satisfactory for monitoring performance at appraisal.

b. M&E Implementation

The implementation of M&E was facilitated by the clear availability of data from the Ministry of Transport and Public Works and the Roads Department (CVU) that could be verified by the external auditor.

c. M&E Utilization

There was one issue regarding M&E utilization. The ICR (page 16) notes that according to the Loan Agreement, the Ministry of Transport and Public Works (MOTP) was expected to prepare program progress reports for external financing on a semi-annual basis and submit the reports to the Bank for review. These reports had to include all activities under the program, including contracts financed by the co-financiers. However, progress reports submitted by MOTP were often incomplete and had recurrent and significant delays. Delays in the submission of these reports limited the Bank's ability to use the reports as a feedback mechanism.

In sum, M&E is rated as substantial, although there were some weaknesses.

M&E Quality Rating

Substantial

9. Other Issues

a. Safeguards

The Program Document (PD, paragraph 9) notes that road maintenance and rehabilitation works under the project were to be on the entire National road network, and that these works were expected to have low environmental or social impacts. The PD (paragraph 15) notes the program did not include activities that were expected to have significant adverse environmental. Land acquisition was not envisioned for the project activities. The ICR (page 17) notes that compliance with environmental safeguards was confirmed by the environmental audits although there were minor shortcomings such as noise pollution, environmental protection from worksite leakages, and, in some instances, shortcomings in worksite temporary signalization. A Bank-executed Global Partnership on Output-Based Aid (GPOBA) was used for implementing for implementing two of the Government's Program Action Plan (grievance redress, communication with the civil society) (ICR, page 14). The Ministry of Transport and Public Works (MTPW) developed an environmental manual that was mandatory for all program roadworks contract.

Although a Citizen Attention Center (CAC) was created in 2010 to manage grievances for works under the program, the Ministry of Transport and Public Works (MTOP) was unable to issue specific reports to show management of grievances related to works under the program, as the person responsible for submitting the reports had left the CAC before the operation closed.

b. Fiduciary Compliance

Financial management. An assessment conducted at appraisal concluded that the financial arrangements were satisfactory and provided reasonable assurance that the project funds would be used for intended purposes (PD, paragraph 54). The ICR (page 17) notes that there were no major financial issues during implementation, although there were some delays in submission of program audited financial statements to the Bank. The ICR does not provide details on whether the audits were unqualified.

Anti-corruption Guidelines (ACG). The ICR (page 13) notes that the application of the ACG guidelines, including possible independent investigation of the whole program was a difficult topic during preparation, and that there was not much discussion of the first two requirements of the ACGs (the reporting of credible and material allegations, and Bank's debarment and suspension list). The ICR notes that accepting the Bank's independent right to investigate was perceived as a sovereignty issue. After extensive discussions, it was agreed that: (i) as a first instance, national systems would be applied: and (ii) if the Bank decides to launch an investigation of its own, the process followed for the investigation would be coordinated between the Bank and Uruguay.

Procurement. An assessment of the Uruguay Road Department (DNV) concluded that the procurement arrangements were satisfactory (PAD, paragraph 51). The ICR (page 17) notes that overall procurement arrangements were compliant with the World Bank Policy/Directive for PforR financing. There was no reported case of fraud or corruption case during the implementation of this project. The identified risk that contracts could be awarded to firms and/or individuals debarred or suspended by the Bank during implementation was addressed by the eligibility verification carried by an agency within the MTOP.

c. Unintended impacts (Positive or Negative)

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d. Other

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10. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	

Quality of ICR	---	Substantial

11. Lessons

IEG uses the following lessons from the experience of implementing this operation, with some adaptation of language.

1. The Program-for-Results (PforR) lending instrument can be useful for engagement at the sector level. This approach provided the opportunity for the Bank to thoroughly discuss sector-level issues to establish a better road network. This discussion committed not only the Ministry of Transport and Public Works that would have been almost the only implementing agency in a traditional investment lending operation, but also the Ministry of Economy and Finance - the main financier of the program. This lending instrument proved largely superior to previous investment lending engagements in Uruguay, in terms of institutional strengthening results.

2. The modalities of the PforR instrument need to be clarified at design. In this operation, the flow of funds was organized in such a way that the loan proceeds were disbursed directly to the treasury, with no earmarking to the Ministry of Transport and Public Works. While this could have demotivated the implementing agency, the ministry proved to be committed to meeting the targets. This issue (that is the implementing agency does not directly receive the loan proceeds) needs to be clarified for countries using the instrument for the first time.

3. The disbursement-linked indicators need to be selective on the government's program action plan. In this operation, the government's program action plan was focused and concise in the original operation. However, following the approval of Additional Financing, the disbursement-linked indicators were too numerous, and consequently there was a limited buy-in by government officials for some of them.

12. Assessment Recommended?

No

13. Comments on Quality of ICR

The ICR is clear and provides a sound rationale for the Program-for-Results (PforR) lending instrument. The theory of change articulated in the ICR is lucid; it provides clear linkages between the project activities, outputs and intended outcomes that were measurable and verifiable. The Disbursement-Linked Indicators (DLIs) were for the most part clearly linked to the government's program. The ICR adheres to the guidelines and draws reasonably good lessons from the experience of implementing this operation and provides a good analysis of risk at preparation.

The ICR however provides few details on why the targets for the routine maintenance activities on the Uruguay National road network were reduced in the wake of the Additional financing for the project. It would have been useful to include an English translation of the Borrower's ICR attached as an Annex.

a. Quality of ICR Rating

Substantial