



1. Project Data:		Date Posted : 08/13/2001	
PROJ ID: P007723		Appraisal	Actual
Project Name: Highway Rehabilitation & Safety	Project Costs (US\$M)	1560	NA
Country: Mexico	Loan/Credit (US\$M)	480	479.5
Sector(s): Board: TR - Roads and highways (99%), Central government administration (1%)	Cofinancing (US\$M)	.12	NA
L/C Number: L3628			
	Board Approval (FY)		94
Partners involved : Sweden, U.K., and France	Closing Date	06/30/2000	12/31/2000
Prepared by :	Reviewed by :	Group Manager :	Group:
Kavita Mathur	William B. Hurlbut	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives

The objectives of the project were to:

- protect and enhance past investments in the federal highways sector through investment in rehabilitation and resurfacing of paved highways;
- improve Highway Rehabilitation, Resurfacing and Maintenance (HRRM) planning by strengthening the institutional capacity of the Secretariat of Communications and Transport's (SCT) highway maintenance directorate;
- support measures to improve funding for HRRM;
- reduce transport costs through improvements in traffic safety and more efficient traffic flow on the federal highways; and
- support further policy improvements through: (i) studies on road financing, (ii) development and implementation of a computerized data base system for the transport sector, (iii) preparation of project planning and evaluation manuals, and (iv) improved considerations of environmental factors in highway finance.

b. Components

To achieve the above objectives, the project included the following three components:

1. highway rehabilitation, resurfacing and maintenance (92% of the total project costs),
2. road traffic safety program (1.2% of total project costs), and
3. institutional strengthening to improve transport sector planning and policies (0.4% of total project costs).

c. Comments on Project Cost, Financing and Dates

At appraisal the Bank approved US\$480 million. About US\$.0.5 million of the loan was undisbursed at project closing. The total project cost and level of counterpart funding are not available in the ICR. The project closed on December 31, 2000, six months after the original closing date.

3. Achievement of Relevant Objectives:

1. The objective of the project to protect and enhance past investments in the federal highways sector through investment in rehabilitation and resurfacing of paved highways was achieved. Physical targets for routine and periodic maintenance were largely met. The project supported rehabilitation/resurfacing of 51,091 km of federal roads.
2. Most of the institutional objectives were achieved:
 - The project provided technical assistance to support the restructuring of General Directorate for Maintenance of Roads (DGCCOP). DGCCOP was changed from a central force account agency into an agency with planning and strategic role. The project supported "contracting out" instead of using "force account" for maintenance to

achieve higher efficiency in maintenance works.

- The capacity of STC for planning the maintenance and rehabilitation of road works, preparing annual budgets, and forecasting financial needs on multi-annual basis was substantially improved. Computerized road and bridge management systems were implemented for systematic planning of highway and bridge maintenance.
- The capacity of STC and DGCCOP to conduct environmental analysis was greatly enhanced. A model to assess the negative environmental impact of highways operations was developed.

3. The objective to improve road traffic safety was largely achieved. The government improved 942 hazardous road locations. Campaigns were launched to educate the public about traffic safety. Also, under the project a study to control weights and dimensions of vehicles in Mexico was financed. With the operation of 37 mobile scales, there has been a considerable reduction in the percentage of overloaded trucks.

4. Significant Outcomes/Impacts:

- The project provided the critical investments necessary for rehabilitation and resurfacing of federal highways. The condition of federal highway network in good/fair conditioned increased from 43% in 1994 to 61% in 2000.
- The project was successful in introducing measures to improve traffic safety. Accidents rates have considerably decreased on the federal highway network.
- The project initiated institutional and policy reforms to improve the planning, design, implementation and maintenance practices in the road sector. With the development of computerized road and bridge management systems, STC and DGCCOP have developed the capacity to prepare and monitor efficient programs on the basis of technical and economic criteria rather than using the traditional subjective rating system.

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

The project was not successful in improving the funding for road maintenance. The study on highway maintenance financing mechanisms was significantly delayed. It only started in May 2000, one month before the original closing. During the project implementation, allocations for maintenance were one third of the requirements. Sustainability of project investments are in jeopardy until arrangements for maintenance funding are in place and operating effectively.

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

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:

1. The government's ownership towards the objectives of the project and the policies underlying the project is essential for successful implementation of the project.
2. Continuity in Bank strategy through successive projects is essential for supporting institutional reforms and for consolidating the results achieved under subsequent projects.
3. A passive approach to funding maintenance is less effective than a development of coherent framework/plan for maintenance financing.
4. Contracting of maintenance on a competitive basis improves efficiency compared to force account operations.

8. Assessment Recommended? ● Yes ○ No

Why? As part of a series/cluster audit, to assess the sustainability of the project and the adequacy of arrangements to improve maintenance financing.

9. Comments on Quality of ICR:

The quality of ICR is satisfactory. However, the summary cost tables in Annex 2 are incomplete.

