



1. Project Data:		Date Posted : 04/19/2001	
PROJ ID: P006003		Appraisal	Actual
Project Name: Road Maintenance and Rehabilitation	Project Costs (US\$M)	756.0	614.6
Country: Argentina	Loan/Credit (US\$M)	340.0	329.0
Sector(s): Highways	Cofinancing (US\$M)		
L/C Number: L3611; LP145			
	Board Approval (FY)		93
Partners involved :	Closing Date	06/30/2000	06/30/2000

Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives
The project objectives were to:

- (a) Maintain and/or Rehabilitate non-concessed National Roads
- (b) Strengthen quality and financial supervision of maintenance in concessioned roads
- (c) Support institutional reform of National Highway Department (NHD)
- (d) Assist in establishing an optimal distribution of road works by provincial government, privatization, and national budget
- (e) Assist with creation of a unit for the preparation and monitoring of environmental assessments

b. Components

- (i) A 4-year tranche rehabilitation and maintenance program for the non -concessed network
- (ii) Flood emergency works
- (iii) Technical assistance for reorganizing NHD
- (iv) Management training and technical assistance
- (v) Implementation of action plans in pilot provinces

The project was revised in 1996 to include financing of 5-year term, performance-based contracts (CREMAs) that include initial rehabilitation and subsequent maintenance of a road sub -network on a lump-sum basis.

c. Comments on Project Cost, Financing and Dates
Project costs were lower than estimated despite the fact that more works than expected were done .

3. Achievement of Relevant Objectives:
The project achieved all its objectives . 9,940 km of roads were rehabilitated, exceeding appraisal targets by 22%. Supervision of maintenance in the concessioned roads is adequately carried out . A number of institutional reforms were carried out, including a drastic increase of the private sector in the maintenance of the network, diversifying modalities for maintenance, including toll concessions, CREMAs, and mandates from the Federal to the provincial governments. At the same time, highway agency personnel was reduced from 4,000 to less than 3,000 over the project period. An Environmental Unit was set up in the Highway Department and is implementing satisfactory environmental standards and guidelines . A comprehensive training program was carried out .

4. Significant Outcomes/Impacts:

- A major increase in the role of the private sector in the maintenance management of the system through the introduction of the CREMA contracts .
- The risk of cost overrun has been drastically reduced, since contracts are fix price .
- A dramatic improvement in the quality of the network, as paved roads in poor condition, as percentage of the national network, decreased from 35% at appraisal to 10% at completion.
- Private participation in the management of the maintenance of the 29,000 km non-concessed national network increased dramatically: from no role at the beginning of the project to doing 80% of the maintenance work by project completion.
- A significant increase in highway management efficiency, as the number of kilometers per highway staff in non-concessed roads increased from 7 to 11.

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

No major shortcoming

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly 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:**

-Performance contracts for road maintenance (such as CREMAs), combining road rehabilitation and maintenance provide strong incentives for high quality work

-Strong government ownership and commitment can bring about significant changes in highway management policies and approaches in relatively short time

- An economic crisis (stemming from Mexico's Tequila effect crisis) can be turned into an opportunity for: (i) emphasizing the need for stable financing mechanisms and improve efficiency and public accountability in road maintenance operations, (ii) introducing the highly successful CREMA contracts, a project instrument not originally conceived in the initial project design. This lesson is of general applicability during financial /political crises.

8. Assessment Recommended? Yes No

Why? To learn from innovative CREMA contracts and other institutional reforms likely to be valuable for many Bank borrowers. The strong role of private sector should be an important input to OED review of privatization in the transport sector.

9. Comments on Quality of ICR:

The ICR is satisfactory