



1. Project Data:		Date Posted : 08/03/2005	
PROJ ID: P040975		Appraisal	Actual
Project Name: Land Development	Project Costs (US\$M)	15.88	15.25
Country: Albania	Loan/Credit (US\$M)	10.0	10.43
Sector(s): Board: UD - General water sanitation and flood protection sec (51%), Power (17%), Roads and highways (17%), General public administration sector (10%), Other social services (5%)	Cofinancing (US\$M)	0.4	2.00
L/C Number: C3066			
	Board Approval (FY)		98
Partners involved : European Commission Humanitarian Office - ECHO, Japan	Closing Date	03/31/2004	03/31/2005
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives

Primary (expected to lead to secondary objectives below):

- a) to provide essential infrastructure to unserved or neglected areas in participating municipalities, including the Municipality of Tirana and the District of Tirana
- b) to strengthen the institutions responsible for the delivery of urban services at the national and local levels . Investment in roads, water supply, drainage, sewage, electricity, street lighting and domestic waste collection and technical assistance to local authorities and participating communities .

Secondary:

- c) enhanced productivity .
- d) improved living conditions .
- e) rational use of scarce urban land .
- f) improved cost recovery for services .

b. Components

- 1. Extension of Essential Infrastructure Networks (Appraisal cost US\$11.10 million; Actual cost US\$11.84 million) - including sub-projects for the construction and rehabilitation of essential infrastructure including access roads, water supply, sewerage, power supply and solid waste collection in Participating Municipalities .
- 2. Institutional Development (Appraisal cost US\$1.25 million; Actual cost US\$1.75 million) - technical assistance and office equipment to strengthen the capacity of the Ministry of Public Works and Transport (MPWT) and participating municipalities, namely Tirana Municipality and Tirana District to : (i) prepare a strategic plan for urban infrastructure development; (ii) carry out a socio-economic urban study; and (iii) develop implementation plans for sub-projects.
- 3. Project Administration and Management Support (Appraisal cost US\$0.79 million; Actual cost US\$1.66 million) - consultants services, equipment and vehicles to project coordinating unit (PCU) and project management teams (PMTs) to assist in project implementation and to carry out design and tender document preparation and construction supervision for sub-projects.

c. Comments on Project Cost, Financing and Dates

Actual costs were close to those estimated at appraisal . Beneficiary community contributions were only US\$2.5 million, significantly less than the appraisal estimate of US\$4.2 million. Nevertheless, unexpected financing by ECHO, following the Kosovo crisis, boosted project funding . Government counterpart funding was timely and provided on a larger scale than anticipated at appraisal . The project closed one year behind schedule in order to fully complete all investments in a project whose start up had been delayed by the Kosovo crisis and the go ahead from

Parliament.

3. Achievement of Relevant Objectives:

- a) *Fully achieved*: the project provided basic infrastructure services of water, drainage, roads, electricity and street lighting that benefited 8,000 families--surpassing the appraisal target of 7,000--in seven municipalities across 8,300 hectares. Additionally, the project invested in some improvements in primary infrastructure, that were found to be in a dilapidated condition during implementation.
- b) *Fully achieved*: - the greatest achievement was to have established replicable procedures for regularizing informal settlements throughout Albania's cities, through: (i) engaging community-based organizations (CBOs); (ii) ensuring local consensus about rights of way for future infrastructure investment that should not be invaded by illegal settlement; (iii) establishing methods for prioritizing infrastructure investments and assessing up-front contributions by beneficiary communities; and (iv) making temporary arrangements to confirm legal occupation.
- c) *Achieved*: - according to the ICR, increased urban land prices, as informally settled urban areas become incorporated into urban markets, are an indicator of productivity. In that sense, the ICR considers that the three-fold increase of land prices in the Bathore pilot area of the project reflects higher productivity. OED notes that this is an interesting approach to measuring urban productivity, but one that is not widely understood or adopted. No doubt, productivity of the residents improved with better access to their neighborhoods made possible by the project.
- d) *Fully achieved*: residents benefiting from the project report improved conditions, making their erstwhile informal settlements accepted as part of the formally settled city. Improved water and power supplies were cited by residents as the main cause of improved living conditions.
- e) *Fully achieved*: - through densification of land use and the emergence of private businesses, as well as the establishment of rights of way for infrastructure and the confirmation of occupancy rights.
- f) *Partially achieved*: - although beneficiaries contributed 3-10% of project costs up-front, the expectation had been that they would contribute 10-20%.

4. Significant Outcomes/Impacts:

- Although none was expected at appraisal, 10 percent of project expenditures were incurred through International Competitive Bidding (ICB).
- Project authorities, NGOs and CBOs worked effectively together to enhance beneficiary participation in project implementation. Youth and Women's groups in upgraded areas were strengthened, thanks to the project.
- Project improvements have been replicated by other municipalities adopting participatory models of urban planning and infrastructure improvements in both informal settlements and inner-city areas.
- Resilience of the project to overcoming the crisis caused by the temporary mass influx of refugees from Kosovo into project areas in 1999.

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

- M&E was unduly complex, and included many performance indicators that proved difficult to measure (e.g. local occurrence of infectious diseases).
- Policy development at the central government level, especially on legalizing land tenure, was limited in the face of political and social pressures. The government, wanting in decisiveness, still has to develop a strategy for dealing with this in informal settlements, and for building the institutions necessary for a nation-wide approach.

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

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 project experience revealed the limits of the community-based approach to broader urban development and management issues. To scale up a project's institutional development impact, local government capacity building needs consolidating while efforts continue to enhance community participation. Municipalities often need technical assistance on all fronts of municipal operations such as resource management, infrastructure planning and operation, social service delivery and urban management, community-based infrastructure development to broader municipal operations. Community participation should not be taken as a pretext for ignoring municipal capacity building. The two processes need to go hand-in-hand.
- Urban infrastructure investment plans need to consider primary as well as secondary networks in order to effectively address deficiencies. Improving primary networks requires the coordinated effort of central government and donors, as well as municipalities. With some cities tripling their population in less than ten years, there are urgent needs for massive investments in solid waste and sewerage to prevent irreversible

environmental damage.

- Special attention should be given to integrating youth group and social infrastructure --such as, schools, kindergarten, parks and community centers--in municipal investments, to ensure the full participation of young people and women in the project benefits.
- Urban land tenure regularization and titling remains a major issue beyond the jurisdiction of municipalities alone . Residents value secure titles very highly . For effective development assistance in these areas, separate projects specifically focused upon these issues might be necessary .
- In order not to lose the skills and experience accumulated by project management, it is important to incorporate the staff of the project coordination unit into the responsible ministry .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

This is an excellent intensive learning ICR that is the product of successful self -evaluation. The ICR always provides key data that are relevant to supporting the evaluation findings . It provides a very sound analysis of the project experience, the successes as well as candidly reporting shortcomings . The ratings provided, that are endorsed by OED, are consistent with the assessments provided . In addition to covering the material required by the guidelines, the ICR provides a succinct explanation of the estimated ERR, as well as key points from the Beneficiary Survey and Stakeholder Workshop conducted at implementation completion . The ICR also has a useful summary of the Borrower ICR that complements, in particular, the insightful lessons drawn from this project experience .