



1. Project Data:		Date Posted : 03/01/2004	
PROJ ID : P036060		Appraisal	Actual
Project Name : National Roads	Project Costs (US\$M)	66.0	75.00
Country : Albania	Loan/Credit (US\$M)	25.0	22.95
Sector(s) : Board: TR - Roads and highways (100%)	Cofinancing (US\$M)		
L/C Number : C2888			
	Board Approval (FY)		96
Partners involved : EBRD, Government of Italy, Kuwait Fund, PHARE (EU)	Closing Date	06/30/2001	05/31/2003
Prepared by :	Reviewed by :	Group Manager :	Group:
Peter Nigel Freeman	Ronald S. Parker	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
i) To overcome a key infrastructure bottleneck to economic development by rehabilitating and constructing national roads; ii) To improve the maintenance and safety of national roads; iii) To promote the development of the local contracting and consulting industries; and iv) To train the staff of the General Roads Directorate (GRD) and develop strong cooperation between GRD's staff and activities and, the University of Tirana (UT).			
b. Components			
i) Rehabilitation of 102.3 km of national roads in the East-West and Northern corridors (US\$ 50.5m); ii) Provision of road maintenance and safety equipment (US\$ 5.4m); iii) Supervision of works (US\$ 1.7m); iv) Establishment of a road data bank, a pavement management system and a bridge management system (US\$ 5.5m); v) Employment of consultants to coordinate the project and for technical assistance as well as to train GRD and Regional Roads Directorates' executive staff in the management and modernization of the road sector, including collaboration with the UT Faculty of Engineering (US\$ 2.9m).			
c. Comments on Project Cost, Financing and Dates			
Most of the PHARE project partner financing component did not materialize (US\$0.75m out of an expected US\$7.0m) and the GoI (US\$13.0m), KF (US\$7.82m) and EBRD (US\$17.30m) components experienced implementation delays. A deterioration in the SDR/US\$ exchange rate meant that the original IDA loan of US\$ 25m was reduced to just under US\$23m by project closure. The ICR was finalized before completion of some of the components financed by project partners, but the total project cost had already risen to US\$ 75m (ICR table 3) from US\$72.02m (ICR annex 2). The Government of Albania had to contribute US\$8.18m more than it budgeted for and components worth US\$8.12m (11%) could not be financed under the project, although the road data bank was eventually funded under a separate arrangement by the Government of Sweden .			
3. Achievement of Relevant Objectives:			
<u>Overcoming a key infrastructure bottleneck.</u> The IDA work is complete. Other road sections were delayed due to co-financier problems, but it is highly likely that all the infrastructure will be finished . The delays mean that the overall project cost has increased.			
<u>Improving road maintenance and safety.</u> This objective suffered seriously from expected funding failing to materialise. Although some procurement was made, especially of maintenance and office equipment and police vehicles, the bridge and pavement management systems and signalization did not eventuate, nor did the road data bank originally intended under this project.			
<u>Promoting the development of local contracting and consulting industries.</u> This item was well handled through the appointed international consulting team which made extensive use of local consultants and contractors . In the			

circumstances this was the best option because the local industry was insufficiently experienced to secure contracts of this size.

Training GRD and other staff in collaboration with the University of Tirana . Negligible progress was made towards this objective because of lack of funds . Only sporadic training took place on an ad hoc basis .

4. Significant Outcomes/Impacts:

The roads as envisaged are well on the way to satisfactory completion and this will accommodate future traffic growth and assist the economy to expand . Some capacity building of local consultants and contractors has also taken place within the framework of this project and a limited amount of equipment has been procured . The project was completed despite some unexpected exogenous shocks caused by civil unrest and the Kosovo war . This destabilization may have contributed to the funding shortfall and minor disruptions were reported on site . A positive outcome was also the establishment of a National Road Safety Council which was promoted through this project .

The Government of Albania was expected in terms of the credit to provide 7.6% of the project cost in line with maximum affordability under prevailing economic conditions . To date, following difficulties with project partners, they have contributed 17.5%. While this does show a strong commitment to the project, the concern expressed in the ICR about the adequacy of maintenance funds given the present network condition is valid . Fortunately, two other IDA funded road maintenance projects are assisting the country to resolve this dilemma .

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

Delays occurred at an early stage because road designs and bills of quantities were not ready for inclusion in bidding documents. Similarly, delays also took place because land and property expropriation had not been completed . The lack of funding for the equipment, management systems and training will hamper progress in both the road safety and institutional areas for some time to come . The Appraisal Report mentions the merits of GRD establishing a twinning arrangement with a road administration in another country - this does not seem to have been pursued .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	[The ICR's 4-point scale does not allow for a "moderately sat." rating]. Two of the objectives were only partially completed and the Government of Albania had to put in a significant amount of additional funds.
Institutional Dev.:	Modest	Modest	
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:

- A strong Project Implementation Unit is essential for relatively complex infrastructure projects, when the local administration lacks experience and is affected by continuous change .
- Contractual arrangements may have to be strengthened when parallel financing is envisaged .
- When there are insufficient funds to complete the project as envisaged, serious consideration should be given to using some of the scarce funds to cover the institutional /capacity building tasks, possibly even at the expense of the least viable infrastructure element . The rationale for prioritizing some components ahead of others should be put forward.

8. Assessment Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR:

The ICR was clearly written and generally well presented . Some confusion was unavoidable in that the project as a whole was still being implemented and so the final costs differed in the various tables . However, the detailed breakdown of the funds by components and donor financiers in table 3 was particularly helpful in clarifying this matter.