



<b>1. Project Data:</b>		<b>Date Posted :</b> 04/28/2003	
<b>PROJ ID:</b> P051309		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Albania Community Works	<b>Project Costs (US\$M)</b>	22.4	17.4
<b>Country:</b> Albania	<b>Loan/Credit (US\$M)</b>	14.1	12.7
<b>Sector(s):</b> Board: SP - Other social services (21%), Irrigation and drainage (20%), Water supply (20%), Roads and highways (20%), Central government administration (19%)	<b>Cofinancing (US\$M)</b>	7.3	2.2
<b>L/C Number:</b> C3164			
	<b>Board Approval (FY)</b>		99
<b>Partners involved :</b> Government of Italy	<b>Closing Date</b>	03/31/2003	03/31/2003
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
Project objectives 1 and 2 from the PAD and 3 from the Memorandum and Recommendation for a Supplementary Credit were to:-			
<ol style="list-style-type: none"> <li>alleviate small infrastructure bottlenecks by rehabilitating small, sustainable, social and economic infrastructure according to the development priorities of local governments and communities;</li> <li>build the capacity of communities and local governments to promote local economic development;</li> <li>provide emergency infrastructure support to prevent the collapse of service and contribute to supplementing the revenue of the populations directly affected by the influx .</li> </ol>			
<b>b. Components</b>			
The Community Works Project (CWP) was implemented by the Albanian Development Fund (ADF) and the total project cost of \$17.4 million comprised: -			
<ol style="list-style-type: none"> <li>Infrastructure Works - primarily roads, water-supply, sewers, markets and public buildings and (87.0%);</li> <li>Local Government and Community Building (0.6%)</li> <li>Implementation Support (9.0%)</li> <li>Supplemental Credit/Social Service (3.7%)</li> </ol>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
Co-financing was only \$2.2 million instead of the planned \$7.3 million. The Italian grant was late and due to the effects of lira devaluation much diminished in US dollar terms . Co-financing from other donors did not materialize but the Islamic Development Bank and KfW provided parallel financing . The Kosovo Crisis of 1997 caused a high influx of Albanian Kosovars seeking refuge in Albania . A supplemental credit of \$5 million was added to provide emergency infrastructure and social service support in 10 priority, refugee-impacted districts. This new component of \$1.5 million was for Social Services Delivery; 12 sub-projects targeting children and youth, women and the elderly .			
<b>3. Achievement of Relevant Objectives:</b>			
<ol style="list-style-type: none"> <li>This objective was achieved with 220 completed sub-projects (c.f. 280 at appraisal) yielding benefits to almost 25% of the population . 58% of the projects were roads, 21% water supply and 8% sewers. Most projects reached the maximum ceiling in terms of costs and hence the shortfall in number of sub -projects. Projects were generally in line with community demand. An independent evaluation in July 2002 confirmed that quality was good, and substantially better than earlier Urban Works and Rural Development projects .</li> <li>The main capacity development was at the local government level and the major activities carried out under this component were training and "learning by doing." The project supported regional development planning in 4 of the 10 Qarks (Regions), and this was the vehicle for capacity building exercises . The project contributed to a growing awareness of decentralization and local government capacity, but achievements in participation and empowerment of local communities were limited.</li> </ol>			

3. The supplemental credit objective was achieved with 11 sub-projects carried out in 10 districts. Although the vast majority of refugees returned to Kosovo quickly after the hostilities, the impoverished communities left behind benefited from the additional support of the 4th component which focused on supplementary credit and social services) to areas accommodating large number of refugees .

**4. Significant Outcomes/Impacts:**

1. Nearly a million work days were created during implementation, ADF has shown its capability on a larger scale of \$15-20 million per annum and was often the only source of local infrastructure finance . The Bank is supporting a follow-on project on the basis of the lessons learned on this one .
2. The executing agency ADF is a multi-donor client and the CWP affected operations over a broad range of other bilateral and multilateral projects. For instance, the project contributed to harmonization and rationalization of procedures through the use of CWP manuals whenever possible .
3. The regional development plans were an important element in coordinating national and local development policies.

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

1. The original credit was fully-disbursed a year sooner than envisaged . Implementation had been accelerated for political reasons with negative consequences for quality . ADF is now out of sync with its donors' project cycles - this has led to unanticipated lags between Bank funding and follow -on from other donor agencies . As a result there may be temporary lay-offs.
2. The quality of original project design for social inspectors and capacity building was inadequate - the relative success of this component was attributable more to ADF and Bank staff's constructive thinking than the original design. Only \$640,000 of \$1.5 committed for targeted social services were utilized . Social experts were introduced but the impact fell short of expectations - ADF is primarily an engineering organization supporting local governments and lacked staff with community development and people skills .

<b>6. Ratings :</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		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 following lessons learned are applicable to future community works programs in Albania : -

1. A new and higher set of financial limits on sub-projects is needed to overcome the limitations imposed by the present ones. These limits can reduce benefit-cost ratios and prevent sub-project optimization. For instance the cost of a main water-supply pipe may be under the limit but distribution pipes would put it over . The coordinated co-funding of larger projects between all donors and government is another possible solution .
2. Development coordination becomes increasingly important as a country moves from emergency to development. For instance conflicting procurement procedures cause confusion and a large number of donor-specific audits represents repetitive effort that may be highly disruptive of regular operations . ADF should concentrate on infrastructure projects where it has a comparative advantage, and its primary role should be an executing agency at the service of the communal and municipal authorities .
3. ADF's board needs more representation from communes, municipalities and the 12 Qarks to counter national political pressures, broaden accountability and prevent corruptions as well as allay suspicion of corrupt practices.

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

The main ICR is concise and well-written with an adequate level of attention to the lessons -learned. The Borrower Comments are unusually detailed and this makes the overall ICR rather lengthy (45 pages.)