



1. Project Data:		Date Posted : 05/27/2003	
PROJ ID: P041267		Appraisal	Actual
Project Name: Ry-transport Rehabilitation	Project Costs (US\$M)	51.8	40
Country: Yemen	Loan/Credit (US\$M)	37	30
Sector(s): Board: TR - Roads and highways (52%), Aviation (43%), Central government administration (5%)	Cofinancing (US\$M)	5	0
L/C Number: C2819			
	Board Approval (FY)		96
Partners involved : Government of France	Closing Date	06/30/2002	06/30/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives
The primary objective of the project was to rehabilitate critical components of the country's road and civil aviation infrastructure. Secondly, the project sought to improve the institutional capacity in these sectors for planning and maintenance of existing assets.

b. Components

Part A: Roads

- Rehabilitation of two key roads - Hodeidah-Salif (65 km) and Am Ayn-Naqabah (100 km);
- Equipment, software and training for maintenance planning; .
- Technical Assistance, consisting of: (i) assistance to the newly created Yemen Road Fund Board; (ii) study for planning and prioritizing maintenance needs and detailed designing for rehabilitation of key highway links; and (iii) assistance for implementation and construction supervision.

Part B: Civil Aviation

- Aden International Airport (AIA) terminal reconstruction;
- New Control Tower and Technical Building at AIA;
- Equipment including: (i) communications and navigational aids, and (ii) safety equipment; and
- Technical Assistance, consisting of: (i) Civil Aviation Strategy and Policy Study; and (ii) assistance for implementation, design and construction supervision.

Revised Components: In November 1999, the project was restructured and funds were reallocated from the roads rehabilitation component to Aden International Airport reconstruction component. Furthermore, three additional activities were included: (i) design of slope stability, rock fall protection and Wadi Mawr Bridge on the Harad-Huth Road, to address safety concerns due to falling rock on a road previously financed under the Multi-Modal Transport Project (Credit 2177); (ii) Initial design, preparation and start-up of the follow on project, Rural Access Project; and (iii) Road Sector Management Review, which was agreed upon at Mid-term review, to better address the institutional, managerial and financial issues in the sector.

c. Comments on Project Cost, Financing and Dates
The actual cost of the project is US\$40 million compared to an appraisal estimate of US\$51.8 million. US\$30 million of the credit was disbursed at project closing. The project closed on schedule on June 30, 2002.

3. Achievement of Relevant Objectives:
The primary objective, to rehabilitate critical road and civil aviation infrastructure was achieved, albeit with modest returns. The road from Hodeidah to Salif has been rehabilitated, but traffic has been below expectations. The ex-post Internal Rate of Return is between 8 to 11% compared to 40% for SAR. Similarly, Aden International

Airport is now fully rehabilitated and functional, but utilization has not matched original expectations.

The secondary objective of improving the institutional capacity for planning and maintenance in the roads and civil aviation sectors was not achieved.

- In the roads sector, the Road Maintenance Fund was created and a Pavement Management System (PMS) was put in place for road network maintenance and management. However, the technical assistance to carry out Road Fund reforms and strengthen the capacity of the Road Fund Board has been ineffective. The Road Fund is not an autonomous agency but essentially an implementation arm of the Ministry.
- A critical increase in road user fees was approved by the parliament but was not implemented by the government.
- In the civil aviation sector, the planned "Civil Aviation and Policy Study" was not done.

4. Significant Outcomes/Impacts:

- Aden International Airport has been rehabilitated and is fully functional.
- The project was instrumental in creating the Road Maintenance Fund.
- The planning tool for the rehabilitation of the road network, i.e. the Pavement Management System was put in place.

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

- Weak borrower commitment to institutional reforms.
- Poor quality of the Road Sector Review. The study failed to address the key underlying problems in the road sector.
- The credibility of the Road Fund as an autonomous agency capable of implementing coherent work program has suffered.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Unsatisfactory	The outcome of the project is rated unsatisfactory because: (i) the project (partially) achieved only one of its two major relevant objectives (see section 3), (ii) the efficiency of the road and civil rehabilitation components has been lowered by under usage.
Institutional Dev .:	Modest	Modest	
Sustainability:	Likely	Non-evaluable	The ICR does not provide sufficient evidence that the much needed long-term financing arrangements for road maintenance planning and funding have been put in place. The Aden International Airport seems to be financially self-sufficient, however, the Civil Aviation Authority remains largely unchanged in its administrative and organizational setup, and is in need of major improvement.
Bank Performance:	Satisfactory	Satisfactory	The Evaluation Summary rates the Bank Performance as satisfactory but considers it marginally so for the following reasons: <ul style="list-style-type: none"> ● the SAR projections of the road traffic were inflated , leading to lower-than-expected rates of return on investments in that component; ● the Bank misjudged the commitment of the line agencies to implement the

			<p>promised institutional reforms and the legislature to approve the fuel tax;</p> <ul style="list-style-type: none"> ● the Bank designed performance indicators which emphasized quantity over efficiency.
Borrower Perf .:	Satisfactory	Unsatisfactory	<p>The Borrower Performance is rated unsatisfactory for the following reasons:</p> <ul style="list-style-type: none"> ● weak commitment to pursue institutional reforms including the strengthening of Road Fund Board autonomy (see section 5 of the evaluation summary); and ● improper interference during procurement.
Quality of ICR .:		Unsatisfactory	

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:

- Procurement problems were a principal reason for long implementation delays. Short training courses were proven inadequate, and the need for stronger remedies, such as a full-time procurement specialist, amply justified.
- The Bank needs to identify performance indicators which track efficiency and effectiveness, not just the quantity of output.
- Conflicts among agencies or changes in leadership may lead to weak commitment to institutional and policy reforms. For successful implementation of institutional and policy reforms, the Bank must undertake more thorough institutional analysis at an early stage of project identification and preparation
- Future phases of the investment program should be made contingent on up-front measures to launch sector reforms.

8. Assessment Recommended? Yes No

Why? As there are substantial differences in OED and ICR's rating we recommend a Project Performance Audit (PPAR). The project can be assessed together with the Multi-Mode Transport Project which was completed in 2001.

9. Comments on Quality of ICR:

The quality of the ICR is unsatisfactory for the following reasons:

1. The ICR fails to covers all the relevant and important issues relating to the implementation experience and the outcome of the project.
2. Unsatisfactory account of why the project components were so drastically revised, other than citing the more urgent need for rehabilitating the airport, something which, presumably, should have been taken into account during design and preparation.
3. Inadequate treatment of the procurement problems.