



1. Project Data:		Date Posted : 09/23/2003	
PROJ ID: P000734		Appraisal	Actual
Project Name: Road Rehabilitation	Project Costs (US\$M)	109.3	110.6
Country: Ethiopia	Loan/Credit (US\$M)	96	90.6
Sector(s): Board: TR - Roads and highways (100%)	Cofinancing (US\$M)	0	0
L/C Number: C2438			
	Board Approval (FY)		93
Partners involved :	Closing Date	09/30/1998	12/31/2002

Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives

The objectives of the project were to:

- (i) improve the bearing capacity, geometry, safety and riding quality on road sections between Mille and Assab on the Addis Ababa - Assab road;
- (ii) improve Government's maintenance capacity on the road between Addis Ababa and Mille and to finance the review of the detailed engineering for the eventual full rehabilitation of this section at a later date;
- (iii) institute a pavement management system to enable the Ethiopian Road Authority (ERA) to better assess potential problems and plan future road maintenance and reconstruction needs in a timely fashion.

b. Components

The project consisted of the following five components:

- 1. rehabilitation of sections of road between Mille and the Port of Assab, including construction supervision;
- 2. design and implementation of a pavement management system including provision of Technical Assistance, equipment and other consultancy services;
- 3. consultancy services for sector related studies;
- 4. training and Technical Assistance; and
- 5. road maintenance equipment.

Revised components:

The project was restructured in August 1998 in response to the border conflict between Ethiopia and Eritrea to include (i) rehabilitation of about 70 km of the Mille-Gewana road, and (ii) additional preparatory studies for possible follow-on projects.

c. Comments on Project Cost, Financing and Dates

The actual credit amount was US\$ 90.6 million compared to the appraisal amount of US\$ 96 million. The overall currency depreciation loss was about US\$ 5.4 million. The credit was fully disbursed. The project closed on December 31, 2002, more than four years after the original closing date. This may be partly due to the protracted negotiations related to the suspension of two contracts on the Mille-Assab Road.

3. Achievement of Relevant Objectives:

The first objective of improving the capacity, safety and riding quality on sections between Mille and Assab on the Addis Ababa - Assab road was partially achieved.

- Appraisal targets for Logia – Semera section were fully met. For Burre – Assab section 95% was achieved. However, for Elidar – Burre section only 48% was accomplished.
- About 70 km of the Mille - Gewana road was rehabilitation.
- The rehabilitation of some sections of the road has improved the capacity and riding quality. Journey time on Mille-Gewana road has decreased from 2.09 minutes per km to 1.63 minutes per km.
- Traffic safety has improved with the installation of traffic signs, enlargement of sharp bends and the

construction of guardrails.

The project satisfactorily achieved the second and third objectives.

- To improve the funding for maintenance, the Government introduced fuel levy dedicated for road maintenance. Also, the government is introducing commercially oriented maintenance practices and contracting out maintenance to the private sector.
- The development and implementation of the Pavement Management System (PMS) and the Road Functional Classification System (RFCS) has enhanced the capacity of ERA to better plan and manage the road network.
- Training was provided for equipment management, transportation planning, highway engineering, road maintenance, transport economics, labor based technology, and contract law.
- The project supported development of design manuals and technical specifications. The design standards are important for the harmonization of the Federal and Regional network.
- The project improved ERA's financial management and accounting.
- Feasibility studies for seven roads were completed on time.

4. Significant Outcomes/Impacts:

- ERA's capacity in contract administration, procurement, planning and designing of roads projects has substantially improved with the development of manuals, adoption of the pavement management system, and training of staff.
- An Environmental Procedure Manual was prepared and adopted by the government to ensure that environmental mitigation measures are adequately addressed in the roads projects.
- The project supported the development of the private sector in construction of drainage structures and district maintenance depots.
- Some progress was made in reducing overloading. ERA has assumed the responsibility for the enforcement of legal limits on axle loads.
- The project promoted HIV/AIDS awareness through the clinics at the construction sites.

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

The border conflict between Ethiopia and Eritrea led to suspension of two of the three contracts on the Mille-Assab road. The contractor filed a claim of US\$ 59.8 million dollars in October 1998 of which US\$ 21.3 million was recommended for payment. ERA's lack of experience in dispute resolution and the Government's reluctance in giving ERA the full mandate to resolve the claims resulted in substantial delays in the settling of the claim. Finally, the Government negotiated a settlement amount of US\$ 25 million in June 2002.

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

- It is important to develop the capacity of domestic contractors for construction and maintenance.
- In countries where the capacity to settle contract related disputes is weak, there is a need for the appointment of dispute resolution expert.
- Roads projects can include successful HIV/AIDS awareness campaign.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The quality of the ICR is satisfactory. It is clearly written and provides performance indicators for Gewane – Mille road which are very useful for the evaluation of the project. The two main shortcomings of the ICR are: (i) it does not discuss the four year delay in the completion of the project; (ii) what was the impact of the 4-year delay on the economic internal rate of return.

