ICR Review
Operations Evaluation Department

Report Number : ICRR11590

1. Project Data:		Date Posted :	09/16/2003	
PROJ ID :	P004907		Appraisal	Actual
Project Name :	Dz-highways Vi	Project Costs (US$M)	230	203
Country :	Algeria	Loan/Credit (US$M)	130	113.2
Sector(s):	Board: TR - Roads and highways (71%), Central government administration (29%)	Cofinancing (US$M)	0	0
L/C Number :	L3839			
		Board Approval (FY)		95
Partners involved :		Closing Date	12/31/2002	12/31/2002

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

a. Objectives

The objective of the project was to enhance the capabilities of the Borrower to manage its road sector by:
(a) reducing the backlog of roads and bridges in need of rehabilitation and maintenance;
(b) strengthening the Borrower's agencies responsible for the management and maintenance of roads;
(c) providing sustainable solutions to finance road rehabilitation and maintenance works; and
(d) creating an environment conducive to the efficient utilization of human and financial resources in the road sector, through increased competition and more private sector participation.

b. Components

The Project had three main components (actual costs and percentages for each component are in parentheses):
(a) road rehabilitation works (US$ 98 million or 48 % of total project costs): strengthening and rehabilitation of roads carrying high and medium traffic volumes, a repair program for priority bridges, and related design and supervision;
(b) periodic road maintenance (US$ 94 million or 46.4% of project costs) by contract for national roads, purchse of equipment for current and emergency maintenance of Saharan tracks, and for traffic counting equipment, technical assistance for preperation and execution of a pilot program for periodic maintenance of municipal roads, and supervision and general training;
(c) training, technical assistance and studies (US$ 10.5 million or 5% of project costs) for institutional development, modernization of management, studies of general interest, and audit of key road enterprises.

c. Comments on Project Cost, Financing and Dates

The project was suspended for 9 months in 1999-2000, mainly due to lack of actions by the Borrower in appropriating sufficient counterpart funds for road maintenance.

3. Achievement of Relevant Objectives:

The security situation in the country had an adverse impact on project outcome as it disrupted execution of works and slowed down implementation of several action plans.
(a) The objective of reducing the backlog of roads in need of rehabilitation and maintenance was substantially achieved. About 417 km of roads were strengthened and 256 km were rehabilitated, thereby meeting the appraisal targets. The targets for municipal road maintenance were not achieved. The objective of reducing the backlog for bridges was not met partly due to substantial procurement delays.
(b) The objective of strengthening the Borrower's agencies responsible for management and maintenance of roads was modestly achieved. The capacity of National Highway Agency (ANA) was strengthened. The Highway Design and Maintenance Model – III (HDM) was introduced. A maintenance guide was prepared and disseminated to about 1,530 municipalities.

(c) The objective of providing sustainable financing for road rehabilitation and maintenance was not achieved. A Road Fund was established in 2000, however, it is not operational.
(d) The objective of increased participation by the private sector was modestly achieved. Competition increased for periodic maintenance but not much for road strengthening and rehabilitation. The project activities for the promotion of private sector participation in construction industry such as liquidation of public construction companies was not implemented.

4. Significant Outcomes/Impacts:

None.

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

- Unsatisfactory quality at entry, the project was too ambitious and implementation arrangements were too complex.
- Lack of Government's commitment to (a) privatization of road contracting industry, (b) implementation of the component for modernization of the Ministry of Infrastructure and Regional Planning (MIRP), and (c) implementation of the pilot program for the maintenance of municipal roads.
- Poor coordination between different implementing agencies during the project implementation and within MIRP.
- Insufficient training, only one out of four components of the training program was implemented. The scope of the training, TA and studies component was reduced from 15% of the total project to 5%.
- Inadequate financial management system to monitor the project. A computer system was developed, but it was of limited quality and was never used.
- Instances of weak contract management and quality control.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Unlikely	Unlikely on balance: the project did not develop a stable source of funding; the Road Fund was created but not operationalized; budgetary allocations for maintenance are highly unstable.
Bank Performance :	Unsatisfactory	Unsatisfactory	
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
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:

- Projects involving several ministries and implementing agencies require special coordinating effort such as a project coordinating unit, clear institutional reporting and monitoring arrangements, and continued technical assistance during implementation. It is useful to have a project implementation plan spelling out activities, inputs and implementation arrangements.
- The experience from this project suggests that because a large part of total costs are taken up by implementation of civil works components, institutional reforms often get inadequate attention. Therefore, implementation of these reforms requires full commitment from the government, and the Bank needs to ensure timely action on these reforms.

8. Assessment Recommended? ● Yes ○ No

Why? To verify the sustainability rating.

9. Comments on Quality of ICR:

The ICR is informative and provides an entirely credible account of the reasons for the failure of the project to achieve its objectives.