



<b>1. Project Data:</b>		<b>Date Posted :</b> 05/19/2004	
<b>PROJ ID:</b> P035764		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Bridge Rehabilitation	<b>Project Costs (US\$M)</b>	466.20	224.29
<b>Country:</b> Russian Federation	<b>Loan/Credit (US\$M)</b>	350.00	153.86
<b>Sector(s):</b> Board: TR - Roads and highways (93%), Central government administration (5%), Sub-national government administration (2%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L3990			
	<b>Board Approval (FY)</b>		96
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/2001	08/31/2003
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
Peter Nigel Freeman	Roy Gilbert	Alain A. Barbu	OEDST
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
<p>i) Improve the physical condition of selected high priority bridges on the federal and regional road systems, and interchanges with high levels of traffic on federal roads;</p> <p>ii) Assist in the reform of the institutional structure of road administration and the contracting industry, especially regarding the use of competitive bidding;</p> <p>iii) Strengthen the capacities of the Federal Highway Department (FHD) to manage the bridges under its jurisdiction;</p> <p>iv) Reduce the backlog of bridge rehabilitation and maintenance on regional roads for up to five participating entities, namely Kirov, Leningrad, Novgorod, Tver and Vologda Oblasts and the city of Moscow; and</p> <p>v) Improve the administrative, technical, and financial relationship of FHD and the regions of the Russian Federation.</p>			
<b>b. Components</b>			
<p>a) <u>Bridge works.</u> (Planned US\$415m, actual US\$180.35m). Rehabilitation, reconstruction, and replacement of about 200 high priority bridges on the federal road network, about 20 bridges on networks in five regions, and about 20 bridges in Moscow as well as the improvement of two to three interchanges on the federal highways .</p> <p>b) <u>Bridge management equipment.</u> (Planned US\$20m, actual US\$8.74m). To provide vehicles, equipment, materials and supplies as an aid for better management of bridges on the federal and regional road network .</p> <p>c) <u>Technical assistance, design and supervision of works and training.</u> (Planned US\$32m, actual US\$ 35.20m). This component included consulting services for design and supervision of bridge works, assistance to the project implementation unit and FHD in project management and for policy development, and training of federal and regional road and bridge staff.</p>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
<p>Following the financial crisis in 1998-99, several regions requested that their components be reduced and eventually cancelled. Since their revenue base was largely ruble-based the project had become unaffordable .The loan agreement was amended in June 2000 when US\$158m was immediately cancelled, while US\$30m of the remaining US\$192m was re-allocated to Moscow at the city's request . A further US\$37.3 million was cancelled from the loan on April 4th, 2001 after committed contracts had been separated from other components that could be terminated . The project closed 20 months later than originally planned, primarily because the financial crisis in the Russian Federation led to implementation delays, because of uncertainty about which elements could be supported and due to capacity constraints brought about by a restructuring of key government departments .</p>			
<b>3. Achievement of Relevant Objectives:</b>			
<p>i) <u>Physical condition of selected bridges...</u> (partially achieved)</p>			

Because of the cancellations only half of the original federal /regional program was implemented. Nethertheless, some 76 higher priority bridges were selected and the rates of return were on average higher than envisaged at appraisal.

ii) Assist in the reform of the institutional structure ... (achieved).

The principles and practice of competitive bidding are in place and the tendering process is conducted with greater transparency; this extends beyond the bridge project to other non -Bank financed projects. Unfortunately there are no figures to show exactly how widespead competitive bidding has become, but anecdotal evidence suggests it is substantial. Quality control of supervision has also improved, while the local consultant and construction industry has been strengthened. No records of misprocurement were evident.

iii) Strengthen the capacities of FHD, the regions ... (substantially achieved)

A bridge management system with associated training was substantially implemented and is expected to also be used in other road administrations in Russia. Economic evaluation is now being used to set priorities and plan bridge works and the project has enhanced the capacity of environmental management. The city of Moscow has particularly benefited from the institution building component.

iv) Reduce the backlogs of bridge rehabilitation and maintenance ... (partially achieved)

The backlog was reduced on regional roads, but very little was achieved in the oblasts. The Moscow component, which did not suffer from the same cutbacks, nearly doubled its involvement.

v) Improving the relationship between the FHD and the regions of the Russian Federation ... (not achieved).

The agreed follow up to the Road Financing Study, (ie to change the authority and funds allocation between federal and regional level), did not take place within the implementation of this project.

**4. Significant Outcomes/Impacts:**

- The city of Moscow increased the size of its component and bridges rehabilitated under its jurisdiction were of high quality and well-managed;
- Improved quality control during supervision generally has been achieved and the impact is extended to other projects.
- The bridge management system is well-advanced and has generated considerable interest throughout road authorities in the country who are keen to see the system implemented when funding permits; and
- 500 technical staff have received training.

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

- The national fiscal crisis also led to a payment backlog, which was exacerbated by perceptions that there was windfall profiteering by some of the successful contractors; and
- A new road finance mechanism has yet to be agreed; the institutional position of the FHD was unstable and the Road Fund, its main source of funds, was withdrawn by the Ministry of Finance.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Moderately Satisfactory	Because of the cutback in available finance, three objectives could not be fully achieved. Note: OED's moderately satisfactory rating does not exist under the ICR's current 4-point scale.
<b>Institutional Dev .:</b>	Modest	Modest	
<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:**

- For straightforward design and construction work (and in conditions of uncertainty), when implementing major construction programs, the use of demonstration sub -projects is recommended to speed-up later implementation; but, for more complex bridge projects it is important to obtain high quality designs before tendering for better cost effectiveness.
- Where the traditional way of designing and implementing projects is superceded by the introduction of Bank procedures, it is important to have special training initiatives to ensure ownership and understanding of the new technical methodology.

**8. Assessment Recommended?** ● Yes ○ No

**Why?** Would form part of an interesting cluster of Russian projects related to transport and urban development at a time when the country was undergoing vast changes.

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

Satisfactory overall. This ICR makes a real effort at explaining the circumstances surrounding a highly complicated project. The soundness of the analysis is good and the explanation of the ratings is largely sound . The presentation of the cost tables is however confusing as they appear inconsistent (for example, the appraisal cost estimates given in tables 1 and 3 of Annex 2 differ).