

# IEG

## ICR Review

Independent Evaluation Group

<b>1. Project Data:</b>		<b>Date Posted :</b>	05/12/2006	
<b>PROJ ID:</b>	P069930		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b>	International Road Corridor Rehabilitation Project	<b>Project Costs (US\$M)</b>	18.00	22.49
<b>Country:</b>	Djibouti	<b>Loan/Credit (US\$M)</b>	15.00	22.04
<b>Sector(s):</b>	Board: TR - Roads and highways (91%), Central government administration (5%), Health (2%), Sub-national government administration (2%)	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b>	C3391			
		<b>Board Approval (FY)</b>		00
<b>Partners involved :</b>		<b>Closing Date</b>	12/31/2004	08/31/2005
<b>Evaluator:</b>	<b>Panel Reviewer :</b>	<b>Division Manager :</b>	<b>Division:</b>	
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## 2. Project Objectives and Components

### a. Objectives

As stated in the Development Credit Agreement, the objective was to improve road access to the Port of Djibouti by rehabilitating the road and associated service infrastructure from the port to the Djibouti -Ethiopian border.

This objective was essentially the same as stated in the PAD : to secure, over the medium-term an acceptable level of service for the Djibouti-Galafi Road (the North Corridor)--which is the Port of Djibouti's transit corridor to Ethiopia--during the period when a new long-term corridor improvement scheme is being developed by the Ethiopian and Djibouti governments with assistance from the European Union .

### b. Components (or Key Conditions in the case of Adjustment Loans ):

The project was divided into two phases with six components . The first phase consisted of the road works to be initially undertaken, and the second phase of technical assistance . As the project evolved, the first phase took longer than expected because the road design had to be changed and the second phase was reduced as explained in section 2c.

#### Phase I:

1. *Civil works between Dikhil and Galafi*, involving the full reconstruction of the road with a structure expected to last at least 5 years, and repairs and maintenance works on the Irish crossings and culverts . Appraisal US\$ 12.0 million; actual US\$13.7 million.
2. *Civil works between Arta spur and Dikhil*, including the full reconstruction of the pavement on a 15-km section, as well as pothole repairs and limited resurfacing on other sections . Appraisal US\$2.0 million; actual US\$2.94 million.
3. *Rehabilitation of the Roads Department's Equipment Pool* to good operating level. Appraisal US\$0.50 million; actual US\$1.39 million.

#### Phase II:

4. *Routine maintenance of the entire road between Arta spur and Galafi* under a 3-year performance based contract to be funded by the Road Maintenance Fund . Appraisal US\$0.50 million; actual US\$0.15 million.
5. *Establishment of axle load control system*, including construction of small control stations for enforcement . Appraisal US\$0.35 million; actual US\$0.00; (component cancelled).
6. *Technical assistance, including:* (i) PIU at the Ministry of Equipment and Transport (MET); (ii) construction management and supervision of the works; (iii) offices, vehicles, and laboratory equipment for the Construction Manager and the Supervisor; (iv) institutional development support; (v) studies on HIV/AIDS to implement targeted measures in the road corridor, and on road safety to reduce truck accidents (downsized); and (vi) study to develop a strategy for the development of trade-related services. Appraisal US\$2.65 million; actual US\$4.3 million; (canceled because of a similar study by French Cooperation).

### c. Comments on Project Cost, Financing, Borrower Contribution, and Dates

The project costs were appropriate . The borrower contribution was less at completion than assumed at appraisal

(2% vs. 17%) because of the appreciation of the SDR, and the planned works by the government's force account (with government funds) had to be canceled and contracted out. EU's decision to delay funding and to develop the (new) South Corridor in another location required change in the scope of works. The originally planned life span of the project had to be changed from 5 years to 10 years. This required upgrading the rehabilitation works on the Dikhil-Galafi section, Component 1, and more substantial emergency works on the Arta Spur-Dikhil section, making Component 4 irrelevant as it was originally planned. To support this change in project scope, and the associated expanded civil works supervision, the Bank approved in 2003 a supplemental credit of US\$6 million, US\$3 million each for components 1 and 2, canceled the axle load control system and reallocated the funds to the civil works in the first component. The project closed eight months later than planned mainly because of delays in technical assistance.

### 3. Relevance of Objectives & Design :

The project design was relevant and a pragmatic response to rapid deterioration of the project road caused by increased usage due to the shift of Ethiopian traffic to the Port of Djibouti from the Port of Assab in Eritrea on account of the armed conflict between Ethiopia and Eritrea. In spite of the project's "emergency nature"--although not classified as an emergency project because Djibouti was not at emergency--the project was consistent with the Djibouti CAS and the country's long-term goal to become a regional hub and transit country for the landlocked Common Market for Eastern and Southern African (COMESA) countries. Given the urgent nature of the project, its design may have been unnecessarily complex and heavy on the institutional aspects given the limited implementation capacity of the Borrower. The implementation and institutional risks were, nonetheless, correctly anticipated and the institutional component, parceled to well-identified tasks for supervision and monitoring, did contribute to project sustainability. There was also a strong participation process, well-conceived safeguard measures, and good coordination with other financing institutions.

### 4. Achievement of Objectives (Efficacy) :

The objective of the project was *substantially achieved*. The Djibouti-Ethiopian border road provides an excellent level of service. Travel time from Djibouti to Galafi has been reduced from between six and ten hours to less than three hours. Transport costs from Djibouti to Addis Ababa have decreased by one third and the vehicle operating costs between Galafi and Djibouti port have decreased by 60%, more than the original target of 40%. Traffic has also increased: the number of trucks after project completion has risen to 800 per day compared to 400 at appraisal. The completion of the institutional component was *modestly achieved*.

### 5. Efficiency :

The project was very efficient. ERR at appraisal was 31% vs. 42% at project completion. Traffic grew faster than anticipated. Truck traffic in 2003 was 74 percent higher than forecast in the PAD. The costs of the road works were also higher, by 20% over the 186km length of the corridor. One reason for the increased costs was the poor performance --120% cost increase-- of the force account, which had a small part in the rehabilitation works.

### 6. M&E Design, Implementation, & Utilization:

The M&E design was straightforward and appropriate, even though some of the indicators were not monitored partly because they did not have baseline data.

### 7. Other (Safeguards, Fiduciary, Unintended Impacts--Positive & Negative):

There were no unintended impacts, but there were procurement and payment delays to suppliers. The environmental management plan was comprehensive -- including traffic safety for example -- and it was well monitored and executed, despite some delays causing disruption by local residents who sought employment with the private contractor. These were resolved after District authorities held discussions with the residents. The final social and environmental monitoring report indicates that the residents expressed satisfaction with the project results upon completion.

8. Ratings :	ICR	ICR Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Satisfactory	
<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	

#### NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

- ICR rating values flagged with ' \* ' don't comply with OP/BP 13.55, but are listed for completeness.

#### **9. Lessons:**

1. *Short response time of the Bank is essential for maximum benefits*. This project was prepared in four months and in that short time a good solution to an emergency-like problem was developed. The project team also responded quickly to unexpected events requiring changes in project scope and supplemental financing to ensure the achievement of the project objective.

2. *Need to understand local capacity in project design*. This project had some components that were beyond local capacity and could not be completely rectified during the implementation period (e.g. the capacity of the force account, and some institutional reforms), while others were successfully tackled through training and more intensive supervision. In particular, institutional reforms may not suit projects where the rapid achievement of much-needed physical improvements is of overriding concern.

3. *Project monitoring and evaluation indicators need to be usable*. That is, the indicators need to be measurably related to the project so that they can be used in gauging the project outcomes and outputs. In this project, there were indicators that served a useful function, such as reduction in travel time, vehicle operating costs, disposal of wastes and unsuitable materials from the road site, and archeological monitoring. However, there were others that lacked baseline data and so could not be used; e.g. accident data and axle load control. This is not to say that studies regarding the latter are not useful, only that they cannot be used in monitoring in the absence of baseline data.

**10. Assessment Recommended?**  Yes  No

#### **11. Comments on Quality of ICR:**

The ICR is informative, honest and well written. There is, however, an inconsistency in the Credit amount presented on the front page of the ICR and that presented in the tables in Annex 2.