Currency Equivalents (annual averages)

Currency Unit = Albanian Lek (lek)

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Abbreviations

ADF  Albanian Development Fund
ARA  Albanian Road Authority
ERR  economic rate of return
GRD  General Road Directorate
ICR  Implementation Completion and Results Report
KfW  Kreditanstalt für Wiederaufbau (German Development Bank)
LGU  local government unit
M&E  monitoring and evaluation
NSDI National Strategy for Development and Integration
PPAR Project Performance Assessment Report
ROMAPS  Road Maintenance Planning System
SLRIP  Secondary and Local Roads Improvement Program
SLRP  Secondary and Local Roads Project
VPD  vehicles per day

All dollar amounts are U.S. dollars unless otherwise indicated.

Fiscal Year

Government:  January 1–December 31

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<tr>
<td>Director-General, Independent Evaluation</td>
<td>Ms. Sophie Sirtaine (Acting)</td>
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<tr>
<td>Director, Financial, Private Sector, and Sustainable Development</td>
<td>Mr. José C. Carbajo</td>
</tr>
<tr>
<td>Manager, Sustainable Development</td>
<td>Ms. Midori Makino</td>
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<tr>
<td>Task Managers</td>
<td>Mr. Ramachandra Jammi</td>
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<td></td>
<td>Ms. Ebru Karamete</td>
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This report was prepared by Ebru Karamete, Ramachandra Jammi and Nol Binakaj, who assessed project in July 2018. The report was panel reviewed by George T. Keith Pitman and peer reviewed by Elisabeth Goller. Richard Kraus provided administrative support.
### Principal Ratings

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*Note: The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible Global Practice. The ICR Review is an intermediate Independent Evaluation Group product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.*

### Key Staff Responsible

<table>
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<th>Division Chief or Sector Director</th>
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<td>Appraisal</td>
<td>Richard Martin Humphreys</td>
<td>Motoo Konishi</td>
<td>Jane Armitage</td>
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<tr>
<td>Completion</td>
<td>Artan Guxho</td>
<td>Juan Gaviria</td>
<td>Ellen A. Goldstein</td>
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About This Report

The Independent Evaluation Group (IEG) assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the World Bank's self-evaluation process and to verify that the World Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20–25 percent of the World Bank's lending operations through fieldwork. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which executive directors or World Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government and other in-country stakeholders, interview World Bank staff and other donor agency staff both at headquarters and in local offices as appropriate, and apply other evaluative methods as needed.

Each PPAR is subject to technical peer review, internal IEG panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible World Bank Country Management Unit. The PPAR is also sent to the borrower for review. IEG incorporates both World Bank and borrower comments as appropriate, and the borrower’s comments are attached to the document sent to the World Bank’s Board of Executive Directors. After an assessment report is sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG’s use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: http://ieg.worldbankgroup.org).

Outcome: The extent to which the operation’s major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. Relevance includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project’s objectives are consistent with the country’s current development priorities and with current World Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, sector strategy papers, and operational policies). Relevance of design is the extent to which the project’s design is consistent with the stated objectives. Efficacy is the extent to which the project’s objectives were achieved, or are expected to be achieved, taking into account their relative importance. Efficiency is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared with alternatives. The efficiency dimension is not applied to development policy operations, which provide general budget support. Possible ratings for outcome: highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, and highly unsatisfactory.

Risk to development outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). Possible ratings for risk to development outcome: high, significant, moderate, negligible to low, and not evaluable.

Bank performance: The extent to which services provided by the World Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan or credit closing toward the achievement of development outcomes). The rating has two dimensions: quality at entry and quality of supervision. Possible ratings for Bank performance: highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, and highly unsatisfactory.

Borrower performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation and complied with covenants and agreements toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. Possible ratings for borrower performance: highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, and highly unsatisfactory.
Preface

This is a Project Performance Assessment Report (PPAR) prepared by the Independent Evaluation Group (IEG) of the World Bank Group on the Secondary and Local Roads Project in Albania (P107833).

The project was approved on June 3, 2008, for a cost of $40.00 million, supported by the World Bank credit of $20.00 million. The project cost at completion was $38.50 million, of which $18.97 million was financed by the World Bank. The project closed on June 30, 2013, six months later than scheduled.

The project addressed Albania’s needs to improve the management, financing and condition of secondary and local roads. This PPAR provides insights into promoting access to basic services and economic markets through secondary and local road works. It contributes to IEG’s strategic evaluation area of inclusive and sustainable economic growth. The PPAR also adds to the evidence base for a potential future assessment of the World Bank’s support for rural roads across client countries.

The assessment is based on a review of relevant documentation, interviews with World Bank staff at headquarters and in the country office, and the findings of an IEG mission that visited Albania in July 2018. Project performance was discussed in interviews with government, state, and municipal officials engaged with secondary and local road projects; donor representatives; staff of the World Bank’s country office; and beneficiaries in different regions. The list of persons met during the mission is attached in appendix B. Their cooperation and assistance in preparing the report is gratefully acknowledged.

Following standard IEG procedures, a copy of the draft PPAR was sent to the government officials and implementing agencies for their review and the comments received are attached in appendix E.
Summary

This Project Performance Assessment Report (PPAR) assesses the development effectiveness of the Secondary and Local Roads Project in Albania approved in 2008. The project development objective was to improve access to essential services and economic markets via the provision of all-weather roads for the resident population in the rural areas of Albania. This would be achieved through reconstructing selected secondary and local roads; building the competencies of the implementation agency Albanian Development Fund (ADF); building an asset management system for the secondary and local road networks; and improving capacity in the local community for maintenance.

Secondary and local roads. Albania has 11,000 kilometers (km) of secondary and local roads. Secondary roads link small cities to each other, to primary centers and to the main national road network. Local roads provide connectivity within local government units, or municipalities, and feed traffic to the secondary and national road networks. When the project was conceived in the mid-2000s, little of the local road network was paved, and approximately 75–80 percent of both the secondary and local road networks were in a poor or very poor condition. The condition of secondary and local road networks hindered access of rural populations to markets and services.

Programmatic approach. The World Bank supported a programmatic approach in responding to the government’s priorities and resource needs for the rehabilitation of secondary and local roads. It supported the government in developing a common platform under a Secondary and Local Roads Improvement Program (SLRIP) allowing wider participation of other donors, by aligning guidelines and procedures for technical specifications, financial management, procurement, and environmental and social safeguards. Through the SLRIP program, the government was able to leverage $368 million by 2013 that would rehabilitate 1,000 km of secondary and local roads and benefit 1,200,000 persons or 40 percent of the country’s population. The project this report evaluates, Secondary and Local Roads Improvement Project, is part of the wider SLRIP program.

Project Performance

Relevance of the project objectives is rated high. The project objective addresses transport-related development concerns identified in the Bank Group’s Country Assistance Strategy (FY06–09) at inception, and subsequently in the Country Partnership Frameworks for FY11–14 and FY15–19. The project objective is also relevant to the government’s National Strategy for Development and Integration (NSDI) for the 2007–13 and 2014–20 periods.
Relevance of the project design is rated **substantial**. The project had realistic objectives logically linked to project activities. The rehabilitation of the secondary and local roads, and the project’s institutional strengthening activities, were expected to improve access to essential services and economic markets for the rural population in the hinterland.

The degree of achievement of the project’s development objective, to improve the access of the rural population to essential services and economic markets via the provision of all-weather roads, is rated **substantial**. The project fully achieved its targets in relation to the outcome of improving access to services and markets through the improvement of priority sections of the secondary (regional) and local road network. A total of 86 communities (113,608 persons), exceeding the project’s original target of 81 communities, experienced improved access to markets, social services, and administrative centers, by using the 118.9 km of secondary and local roads rehabilitated by the project. Travel time on the improved secondary and local roads was reduced by 60 percent as compared with the project’s original target of 40 percent. Traffic volumes on the improved secondary and local roads increased by 21 percent as compared with the original target of 10 percent.

A beneficiary assessment survey for the project was completed in 2016, three years after project completion. It confirmed a variety of project outcomes: improvements in road quality; access to health and educational facilities; wider access to markets for agricultural produce; increase in land value; and higher employment prospects in the project’s area of influence. The IEG mission conducted site visits covering approximately 50 percent of the rehabilitated roads and was able to confirm the positive outcomes from the project in the sample.

However, the project objectives related to the institutional capacity building activities to strengthen management and maintenance of the road network were not fully achieved: First, the project’s road maintenance training component, which targeted local communities, became partially irrelevant after the territorial reforms transferred the responsibility for the management and maintenance of the secondary and local road networks from local communities to local government. Second, after the project closed, the authorities have yet to use the road asset management system developed by the project for its intended purpose, namely, planning, prioritizing, and resource allocation for road management activities.

Project efficiency is rated **substantial**, with an estimated economic rate of return of 18.8 percent with no significant operational or administrative inefficiencies.

The overall project outcome is rated **satisfactory**.
The risk to development outcome is rated **moderate** at the time of the PPAR. Following Albania’s administrative and territorial reforms of 2015 (which consolidated 373 communes and municipalities into 61 new local government units [LGUs] or municipalities) the new LGUs are now responsible for operating and maintaining the secondary and local roads. However, the LGUs are generally in need of upgrading their capacity and securing reliable and sufficient funding to maintain the road assets. This presents a challenge to the government, given that the LGUs vary widely in population, size, topography, and capacity for managing their road networks.

There is a continuing risk that ADF’s subproject selection and allocation of resources may be subject to political influence despite having established clear criteria for the prioritization of sector needs. However, such risks may be mitigated in the short and medium term by the follow-up project Regional and Local Roads Connectivity Project, which became effective in FY18. It supports the introduction of simple road asset management systems to improve maintenance planning, and the development of service-level agreements and of sustainable financing options for the road network.

**Bank performance**, including quality at entry and supervision, is rated **satisfactory**. The project team added value by supporting a programmatic approach to the rehabilitation of secondary and local roads, the development of clear subproject selection criteria, and the identification and mitigation of financial and political risks. The project team provided frequent and effective support for a smooth project implementation, including procurement and compliance with safeguards. However, for ensuring an objective assessment of the quality of road works, the project team could have acted earlier than it did to establish a mechanism for third-party verification.

**Borrower performance** including that of the government and the implementing agency, ADF, is rated **satisfactory** at the time of this PPAR. The government demonstrated its commitment to the project activities from conception, through preparation and subsequent implementation. This sustained commitment was critical in pursuing programmatic design and effectively managing donor coordination with nearly 10 bilateral and multilateral development partners. The government broadly supported ADF in carrying its implementation responsibilities free of political intervention. During the project ADF improved its staffing and capacity to manage larger contracts, and to conduct effective procurement, safeguards, and monitoring and evaluation. It ensured good coordination between the central government; levels of LGUs and communities; and multiple development partners. ADF has largely mainstreamed environmental and social safeguards into its activities by establishing a dedicated unit with qualified staff for the purpose. However, the reallocation of sector responsibilities by government following the territorial reform in 2015 reduced the effectiveness of some inputs, such as the training of communities and LGUs. IEG was informed that in some cases the project
trained local engineers were transferred to the new municipalities, and therefore some of this capacity is being used by the municipalities.

Lessons

- Implementing a successful mult donor programmatic approach to sector development requires the combination of government commitment with credible planning and common rules of engagement. This project was embedded in a larger SLRIP, to which the government was demonstrably committed. The World Bank supported the government in developing a common set of requirements for technical design, procurement, and fiduciary management, which gave other donors the confidence to participate in and strengthen the various component projects of the larger SLRIP.

- Concentrating competencies within one agency may frustrate future decentralization of responsibilities. Shortly after project completion, the government undertook a territorial reform which reorganized LGUs and transferred to them the responsibility for managing the secondary and local roads under their jurisdiction. This sudden development left most LGUs underprepared for their new duties. Further capacity building for LGUs is needed so that they can adequately perform this function.

- In the absence of need-based and credible linkages to resource allocation, a road asset management system may not get sufficient traction. Following project completion, the Road Maintenance Planning System software has not been used to any significant extent for its intended purpose of prioritizing, planning, and apportioning funds for road management activities. This can be attributed at least partly to the perception that the data was unlikely to be used as a basis for resource allocation.

José Carbajo Martínez  
Director, Financial, Private Sector, and Sustainable Development
Background and Context

Albania has experienced rapid economic growth since 1990, averaging 6 percent per year. Thus, it emerged from being the poorest country in Europe into the ranks of middle-income countries by 2008. The rapid pace of growth helped the country increase its per capita income from 18 percent of average European Union (EU) incomes in 1998 to 30 percent by 2012, and fueled aspirations to join the EU. Although the global and euro area crises in 2008 brought Albania’s growth to a near standstill by 2012, it is estimated that economic growth accelerated to 3.8 percent in 2017 from 2.2 percent in 2015 supported by private investment and consumption (World Bank 2015).

During the early 2000s, over half of the Albanian population (57 percent) lived in rural areas, and over one-third (35 percent) of the rural population were estimated to live in poverty. The poverty head count decreased to approximately 15 percent of the rural population by 2012 (World Bank 2015). A qualitative survey carried out in 2002 by the World Bank reported that after employment and income, many Albanians considered infrastructure problems to be the main issue to be addressed. Almost 50 percent of rural producers stated that a lack of adequate transportation, primarily good roads, was their greatest marketing problem. Poor road access continues to make it difficult for farmers to reach markets, contributing to migration from rural to urban areas, and affecting the delivery of health and education services (World Bank 2018).

Albania applied for EU membership in 2009 and became an official candidate for accession in June 2014. This process includes strong commitments for the transport sector and led to Albania signing the European Commission’s Memorandum of Understanding for the Core Network which created the South East Europe Transport Observatory.¹ This arrangement helps the Western Balkan countries align their national transport laws with those of the EU.

Sector and Institutional Context

Roads and highways are the predominant mode of land transport in Albania and provide essential connectivity for freight and personal mobility. The overall length of Albania’s road network is approximately 15,000 kilometers (km); 4,000 km of national roads and 11,000 km of secondary (regional) roads and local roads. Urban roads represent approximately 2,500 km out of the 15,000 km (World Bank 2018). Ongoing and planned reclassification of some rehabilitated secondary roads to national roads may significantly increase the proportion of national roads in the network (Golgota et al. 2016).
The national roads comprise the principal through-routes of the country. They provide direct service for cities and larger towns and the main border crossing points. The secondary (regional) roads link lesser cities and provide links for all the primary centers, communes, and municipalities, both to each other and to the main national network. Local roads are the lowest tier in the system and provide communications within the local government units; they provide for internal communications within the local government unit (LGU) or municipality, and feed traffic to the regional road network and (where direct connections exist) to the national road network. The local roads are a mix of paved and gravel roads (Golgota et al. 2016).

During mid-2000s little of the local road network was paved, and approximately 75–80 percent of both the secondary and local road networks were reported to be in a poor or very poor condition (World Bank 2008b). In 2018, about half of the secondary and local network is still categorized as being in poor or very poor condition.

The Ministry of Infrastructure and Energy, formerly the Ministry of Transport and Infrastructure, is responsible for the policy and regulatory framework and technical standards for the transport sector. The Albanian Road Authority (ARA; successor to the General Roads Directorate [GRD] since 2009) is responsible for construction, operation, and maintenance of the national road network. Following Albania’s administrative and territorial reforms in 2015 (which consolidated 373 communes and municipalities into 61 municipalities), the municipalities or LGUs are responsible for operating and maintaining the secondary and local roads.

The restructuring leaves municipalities with substantially increased responsibilities for their road assets. However, there is still much to be done to strengthen the planning, execution, and financing arrangements to effectively manage these assets, particularly given the poor state of some of the local infrastructure. Municipalities vary widely in population, size, topography (flat, hilly or mountainous terrain), and capacity for managing their road network.

Maintenance of the road network has been systematically underfunded, affecting the sustainability of the sector. Only approximately 40 percent of the estimated needs for maintenance was expended in the mid-2000s and not much progress appears to have been made since then (World Bank 2008b). As of 2016, the maintenance expenditures for secondary and local roads was approximately EUR 300 (approximately lek 38,000) per km per year. In contrast, some estimates of maintenance costs per km per year of secondary and local roads range between lek 92,000 and lek 234,000, depending on the terrain (Golgota et al. 2016). The backlog in maintenance has led to the deterioration of road assets, increasing the need for rehabilitation.
The municipal road networks are financed by local taxes combined with unconditional grant transfers from the central government, roughly in a 50–50 proportion. Small municipalities depend fully on central government funds. Although political considerations have influenced budget allocations, there has been some progress in developing a multicriteria analysis to prioritize the allocation. LGU accounting formats do not allow for the clear identification of all direct maintenance costs and expenditures (Golgota et al. 2016).

Road safety remains a major social and public health issue in Albania. At project appraisal (2008), the costs to the economy of mortality and morbidity from road traffic crashes amounted to between 1 percent and 2 percent of gross domestic product. Although the number of accidents has dropped in recent years, a 2015 report from the World Health Organization suggests that Albania—with an estimated 15.1 fatalities per 100,000 population—compares unfavorably with countries in the region or EU member states: 11.9 in Montenegro, 9.1 in Greece, 7.7 in Serbia, 5.1 in France, 4.3 in Germany, and 2.9 in the United Kingdom (World Health Organization 2015). The government has increased its attention to road safety reforms, including the adoption of a Road Safety Strategy and Action Plan in 2011 and a mandatory road safety audit for all new roads.

**World Bank Group support for the sector.** Beginning in 2006, the World Bank supported the government of Albania in developing its Secondary and Local Roads Improvement Program (SLRIP). This program aimed to improve the management, financing, and condition of secondary and local roads in the country and was a catalyst for other donors in the sector. The program set a target of rehabilitating 1,000 km of secondary and local roads benefiting more than 1,200,000 people or approximately 40 percent of the population. By 2013, SLRIP was successful in attracting $386 million from several international financial institutions and bilateral donors. Although the various donors were financing different portions of the road program, they aligned with the World Bank’s safeguards, procurement, and financial management requirements for their respective contributions.

The Secondary and Local Roads Project (SLRP) which is the subject of this report is part of the larger SLRIP program. In addition to SLRP, the World Bank has financed one completed and two active projects in Albania’s roads sector (table 1.1).
The completed Transport Project sought to reduce costs for users of the Milot-Rreshen section of the Durres-Morine Road Corridor, introduce innovation in the implementation of contract maintenance on a pilot basis, and to improve road safety. The project’s development outcome is rated satisfactory.

The ongoing Result-Based Road Maintenance and Safety Project seeks to maintain the condition and improve the safety of road networks and strengthen sustainable and efficient road asset management and safety practices.

The follow-up Regional and Local Roads Connectivity Project which became effective in 2018, focuses on rural development and access to markets. The proposed project will support the implementation of the recently approved national priority program of ‘100 rural villages’ which is designed to provide both improved public services and economic well-being with the purpose of supporting local communities to build new economies.

The International Finance Corporation has been involved in the country’s roads sector as adviser to the government for structuring a transaction for the operation and maintenance of the 114 km Milot-Morine highway, which connects Tirana and the Adriatic port of Durres to the border with Kosovo.

### Relevance of the Objectives and Design

#### Objectives

The project development objective as stated in the Project Financing Agreement was “to improve access to essential services and economic markets via the provision of all-weather roads, for the resident population in the hinterland of the project roads” (World Bank 2008c).

The project comprised three components:
• **Reconstruction of secondary roads** *(estimated cost $19.3 million, actual cost $5.8 million).* This component aimed at improving the conditions of the secondary (regional) roads. Activities included financing the civil works associated with the reconstruction and rehabilitation of the selected sections of the secondary road network.

• **Reconstruction of local (communal) roads** *(estimated cost $7 million, actual cost $17.6 million).* This component aimed at improving the conditions of the local (communal) roads. Activities included financing the civil works associated with the reconstruction and rehabilitation of the selected sections of the local road network.

• **Implementation and institutional support** *(estimated cost $13.7 million, actual cost $14.9 million).* This component aimed at supporting the implementation activities and strengthening the institutional component for rehabilitating the secondary and local road network and providing for their maintenance. The activities under this component were (i) employing a consultant to improve the design and undertake supervision of civil works during the implementation period; (ii) employing a technical assistant with background in highway engineering for the duration of the project; (iii) training the staff of the implementing agency; (iv) carrying out the road classification; (iv) preparing an inventory of the core secondary and local road networks; (v) preparing a strategy and action plan for developing the secondary and local roads; (vi) capacity building in the local community for undertaking road maintenance and procurement activities; (vii) establishing an asset management system for the road networks; and (vii) preparing the design and bidding documents for the first two years of the implementation period.

**Financing and dates.** The project was approved on June 3, 2008, for a cost of $40.00 million, with World Bank credit of $20.00 million of which $18.97 million was used. The project cost at completion was $38.50 million. The difference of $1.03 million was the effect of exchange rate fluctuations. The project received $14.51 million in cofinancing from the Organization of the Petroleum Exporting Countries Fund for International Development against a planned $15.00 million. The borrower’s contribution was $5.20 million against the planned $5.00 million at appraisal. The project closed on June 30, 2013, six months later than scheduled.

**Project restructurings.** The project had two Level II restructurings, both approved at the level of Country Director. On May 23, 2011, the first Level II restructuring reallocated credit proceeds to fund the increased scope of the supervision consultant’s contract. This contract was procured under the project to supervise contracts for the larger SLRIP
program financed by the government and several donors. The increase in scope reflected the higher-than-expected level of finance leveraged from other donors, and the corresponding increase in the number of construction contracts under implementation at any one time.

The second Level II restructuring was on November 13, 2012, and reallocated credit proceeds and an extension of the project closing date by six months to June 30, 2013. The reallocation was undertaken to use the unused credit proceeds to improve and rehabilitate an additional 9.4 km (two priority road sections) of the secondary road network. The extension of the project closing date was necessary to allow enough time for the completion of these additional civil works contracts.

**Relevance of the Objectives**

Relevance of the project objectives is rated **high**. The project objective was relevant to the Bank Group’s Country Assistance Strategy for the fiscal years (FY)2006–09, aimed at supporting the government in two pillars of the strategy: continuing economic growth through support to private sector development; and improving the delivery of public services in the social sectors. This project contributes to both these pillars through enhancement of the transport infrastructure. Regarding the road sector, the Country Partnership Framework for FY11–14 stated the need for both improving the condition of the local road network, and for providing a more viable basis for funding road maintenance activities. The project objectives were also relevant to the Country Partnership Framework for FY15–19, particularly Objective 1b, which seeks to “provide strengthened public investment management in transport sector” in a manner that supports the country’s goal for macro-fiscal sustainability and inclusive growth.

The project objective is relevant to the government’s NSDI for the 2007–13 and 2014–20 periods. One of the priorities of NSDI is “achieving rapid, balanced and sustainable economic, social and human development.” This priority included goals to improve transport infrastructure. The National Strategy also identified the need for a major investment in the local roads network. The NSDI strategy for 2014–20 includes a strong focus on the construction and rehabilitation and management of the national road network. The regional development part of the strategy highlights the importance of improving the secondary and local roads.

**Relevance of the Design**

Relevance of the project design is rated as **substantial**. The project had realistic objectives linked logically to project activities. The project design was comprehensive and geared to deliver the outcomes. The rehabilitation of the secondary and local roads
implemented under components one and two would improve their condition, and this in turn could be expected to improve access to essential services and economic markets for the rural population in the hinterland. The institutional strengthening activities of the project could be expected to facilitate better management and maintenance of these road assets.

The third project component was designed to provide for project implementation and institutional support to improve management of the infrastructure targeted under the project. Technical assistance included consultants’ services for supervision intended to strengthen the management of the secondary and local road network.

At project approval, the Project Financing Agreement had stipulated the transfer of all the rehabilitated secondary roads to the then later transformed ARA, thereby ensuring funding and expertise for maintaining these roads (World Bank 2008c). The project design had also provided for the sustainability of the rehabilitated local roads through the institutional strengthening component of the project: capacity building for local communities to undertake routine road maintenance activities, managing contracts, and procuring consultants. However, with the administrative and territorial reform in 2015, the majority of the secondary and all the local road networks were transferred to municipalities, breaking the link with GRD/ARA. Capacity building for communities was effectively nullified by this transfer.

**Monitoring and Evaluation**

**Monitoring and evaluation (M&E) design.** The measurement of the project’s performance was based on four outcome indicators: (i) the number of communities that have improved access to markets, social services, and administrative centers by project end; (ii) the proportional increase in traffic volumes one year after project road sections were improved or rehabilitated; (iii) the change in road user perception of road quality; and (iv) proportional reduction in travel time on project roads in free-flowing conditions. The project included six intermediate outcome indicators: the number of kilometers (km) improved or rehabilitated (for regional and local roads); a functioning road information system; the number of people trained in procurement and to undertake maintenance; and an increase in annual recurrent maintenance budget for maintenance.

There were some shortcomings in the M&E design:

- Road quality was planned to be measured through user perceptions, although a more accurate and easy tool such as road roughness measurement could have been used by the authorities.
The management information system indicator was very generic and did not capture the activities carried out in relation to the Road Management System Software (ROMAPS). This indicator could have been more results-oriented if it had captured, for example, the number of investment decisions informed by the system.

The number of people trained in local communities to undertake maintenance and to manage contracts and procure consultants were output-oriented indicators, which did not demonstrate whether the trainees used the acquired knowledge in practice.

Some limitations of the M&E design were resolved during the project implementation stage. Missing baseline values for two out of the three outcome indicators (traffic volumes and travel time on the project roads) were collected before the start of the road improvement work, and information on the fourth indicator (the perception of road users regarding road quality) was obtained through a beneficiary assessment survey as discussed in the next para.

**M&E implementation.** A beneficiary assessment survey was initiated by the implementing agency in 2011–12, and a follow-up survey was conducted in 2016. The assessments examined the effects of SLRP on access to key economic and social institutions, household income, consumption expenditure, and household assets. The analysis was based on household survey administered on a sample of approximately 2,000 households residing in 144 villages across 12 regions in each survey phase. The study used the rigorous “difference-in-difference” method to assess the impact of SLRP on key economic and social outcomes, which compared the changes in outcomes in communities connected by treatment roads and control communities before and after the SLRP investment. Treated villages were within 5 km radius of the treated road segment (up to 2012) and the control villages were within 5 km radius of rural villages. Case studies based on 23 in-depth interviews and three focus groups in four segments were completed in 2014.

**M&E use.** The project M&E system was expected to feed into a wider M&E system for the SLRIP program. At project completion, the asset management system was stated to be using the ROMAPS, which contained data on approximately 4,120 km of secondary and local roads (including data on road inventory, road condition, location referencing, traffic video data collection, and drainage structures). However, feedback to the PPAR mission undertaken by the Independent Evaluation Group (IEG) from Albania Development Fund (ADF) and selected municipalities visited by the mission suggests that ROMAPS data have not been expanded since project completion, and the LGUs are
not yet using the existing data for budgeting purposes, or for prioritizing investment decisions road and maintenance for roads.

M&E quality was rated substantial.

**Implementation**

The project was initiated by the Ministry and the Prime minister’s office, who saw rural development and increasing access of remote areas to basic services as a priority. The World Bank prepared the project and wider SLRIP program concept with support from its Project Preparation Facility. The World Bank and the government of Albania approached the donors with the program. During the intense preparation stage, they took stock of roads and their condition and developed criteria for selecting roads for rehabilitation. The selection was largely based on objective criteria, while ensuring that they would be politically acceptable.

A single implementing agency, ADF, was designated for all donor projects and for maximizing the use of technical assistance financed by other partners participating in the project. ADF is a public agency that was created at the beginning of 1993 with the World Bank’s support, and whose stated mission is to encourage sustainable, balanced and cohesive socioeconomic development at local and regional levels. ADF manages projects financed by the Albanian government and or various donors whose aim is local and regional development. The selection of the ADF as the implementing agency was justified for two reasons: (i) the government had decided to use existing public bodies, as opposed to creating individual project implementing units to maximize knowledge transfer and capacity building, and (ii) ADF had a comparative advantage of working with the LGUs and communities. With the gradual expansion of the SLRIP program, a strong implementing agency would be instrumental in ensuring the quality and uniformity of works and services across the whole program, and in responding to an increasing need for coordination. In this respect, feedback to the IEG mission from selected donors indicates that donors find it convenient to work with ADF for the SLRIP program as well as for other sectors (water supply and tourism development.)

**Responsibility for secondary and local roads.** The project included a legal covenant for transferring the responsibility for all secondary and local roads to the GRD (later ARA). Initially, the government of Albania and the World Bank agreed that this transfer would only apply to secondary roads rehabilitated under the project and to segments financed by the European Investment Bank (EIB) / European Bank for Reconstruction and Development, which included a similar covenant. This arrangement was overtaken by the government’s territorial reform in 2015, which transferred responsibility for local roads and most secondary roads to the municipalities.
Compliance with Environmental and Social Safeguards. The project was placed in Environmental Category A under the World Bank’s environmental and safeguard policies. It triggered the following safeguard policies: Environmental assessment (OP/BP 4.01); Natural habitats (OP/BP 4.04); Physical cultural resources (OP/BP 4.11); Involuntary resettlement (OP/BP 4.12); and Forests (OP/BP 4.36). All the required safeguard documents, including the Environmental Management Plans and the Resettlement Action Plans were prepared and appropriately disclosed.

Safeguard-related issues arising during implementation, including a complaint from a resident of Hajmel commune about construction works having a negative effect on private land, and resettlement and compensation related to the construction of a new bridge in Berat, were dealt with in accordance with World Bank safeguard policies in a satisfactory manner. During the improvement of the local road “Ura e Gorice—Fshat Mbreshtan” in the Berat region, an 18th century bridge was identified, which was listed as a Monument of Culture in the records of the Albanian Institute of Monuments and Culture. It was decided to restore this as a pedestrian-only bridge and construct a new bridge for vehicular traffic after ensuring that necessary environmental and social safeguards requirements were met. The new vehicular bridge was constructed and opened to traffic in December 2013. The IEG mission visited the site and confirmed that the historic bridge has also since been completed by 2015 and is in use (appendix C).

Project supervision completion reports rated the project’s overall compliance with the World Bank’s safeguards as satisfactory.

Mainstreaming of safeguards in ADF. ADF management confirmed to the IEG mission that the SLRP has supported mainstreaming of the safeguards function in the organization. ADF has a dedicated unit for safeguards, led by a supervisor and consisting of three staff: one for social issues and two for environmental inspection. The World Bank’s framework is applied to all donor-funded projects in the road sector and others. The safeguards unit also trains contractors and supervision consultants on the subject.

Fiduciary compliance. According to supervision reports ADF was adequately staffed and conducted all procurement activities in accordance with the relevant World Bank procurement guidelines and with no delays. The SLRP was also the first project in the Europe and Central Asia region to successfully pilot e-procurement. The financial management arrangements were adequate throughout the project implementation, with an acceptable accounting system, accurate maintenance of accounting records, and timely preparation and submission of the interim and annual financial reports. All project audits were conducted in a timely manner and were issued unqualified opinions. Audits of ADF’s consolidated financial statements were also satisfactory. Minor recommendations of the auditors to further strengthen ADF’s systems and controls were
addressed in a timely manner. The Procurement and Financial Management performance of the ADF was rated satisfactory in project implementation and supervision reports.

**Achievement of the Objectives**

The achievement of the project’s development objective—to improve access to essential services and economic markets, via the provision of all-weather roads, for the resident population in the hinterland—is rated substantial.

**IEG mission.** The IEG mission visited a purposive sample of six road segments in four municipalities to assess project outputs and outcomes. The municipalities and road segments were selected to provide a balanced mix of (i) geographic location and terrain; (ii) economic activity (agriculture, historic sites, agro-tourism); (iii) population size; and (iv) proximity to urban centers. The six road segments added up to 61.3 km (50.4 km local roads and 10.9 km secondary roads), approximately 50 percent of the 118.9 km road length (90.9 km local and 28.0 km secondary roads) rehabilitated under the project (table 4.1).

The IEG mission used a set of structured questions and points for discussion (summarized in appendix C) for interviewing officials of government departments and agencies and municipalities. Similarly, a basic checklist was used to interview small business persons, farmers, and road users, for recording observations on road quality and improved services and economic benefits from road rehabilitation under the project.

**Table 4.1. Road Segments Covered by IEG Site Visits**

<table>
<thead>
<tr>
<th>Local Government Unit</th>
<th>Road Segment</th>
<th>Terrain</th>
<th>Regional or Local</th>
<th>Length (km)</th>
<th>Road Condition at Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vau i Dejës</td>
<td>Lezhe–Kallmet</td>
<td>Hilly</td>
<td>Local</td>
<td>12.8</td>
<td>Poor</td>
</tr>
<tr>
<td></td>
<td>Vau i Dejës–Nenshat</td>
<td>Hilly</td>
<td>Local</td>
<td>11.8</td>
<td>Very Poor</td>
</tr>
<tr>
<td>Roskovec</td>
<td>Strum (Sheq)–Qafa e Marinzes</td>
<td>Flat</td>
<td>Local</td>
<td>12.6</td>
<td>Very Poor</td>
</tr>
<tr>
<td>Berat</td>
<td>Ura e Gorices–Fshat Mbreshtan; Gorica Bridge</td>
<td>Mountainous</td>
<td>Local</td>
<td>7.8</td>
<td>Fair</td>
</tr>
<tr>
<td>Gjirokaster</td>
<td>Valare–Erind</td>
<td>Flat</td>
<td>Local</td>
<td>5.4</td>
<td>Very Poor</td>
</tr>
<tr>
<td></td>
<td>Xarre (Cuke)–Fshati Pilake</td>
<td>Flat</td>
<td>Secondary</td>
<td>10.9</td>
<td>Very Poor</td>
</tr>
</tbody>
</table>
**Outputs**

At project completion, all planned activities had been implemented. A total of 118.9 km of secondary and local roads were rehabilitated because of the project. The main project outputs are summarized as follows:

- **Secondary roads:** 28.0 km rehabilitated against target of 24.0 km at appraisal.
- **Local Roads:** 90.9 km of rehabilitated against target of 78.0 km at appraisal.
- **ROMAPS:** ROMAPS was developed as a management information system for secondary and local roads. Two ARA staff were trained on the use of ROMAPS software.
- **Road Classification and Inventory:** An inventory of 3,500 km of core rural road network was completed and included: road inventory, road condition, location referencing, traffic video data collection, and drainage structures.
- **Road sector investment program:** Socioeconomic criteria for prioritizing road sector improvements, and a five-year road sector investment program were developed.
- **Training:** A nationwide training program on maintenance of roads for 750 residents in 309 (out of 374) LGUs forming 12 Qarks was conducted. The training programs were developed based on the needs assessments of LGUs and focused on various aspects of undertaking routine maintenance as well as planning and procuring maintenance contractors. The project also provided training to local communities on procurement and road maintenance.
- **Maintenance budgets:** Budgetary allocations for recurrent maintenance of all national (including secondary) and local roads were increased by 21 percent and 71 percent respectively between 2008 and 2012.

In response to the request of the IEG mission, ADF provided aggregate annual maintenance expenditures for road maintenance for national, secondary, and local roads compiled from ARA (table 4.2). These numbers show modest increases for 2017 (26 percent) and 2018 (27 percent) with respect to the last reported figures for 2012 at project completion. It is unclear what the real increases had been because inflation was not taken into account. Without disaggregated figures, the likely impact on secondary and local roads cannot be estimated. However, ADF estimates that only approximately one-third of operations and maintenance needs for secondary and local roads are being met at present. As mentioned in para 1.9, LGU accounting formats do not allow for the clear identification of all direct maintenance costs and expenditures.
Table 0.2. Maintenance Expenditures: National, Secondary, and Local Roads

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual maintenance</td>
<td>1,248</td>
<td>1,601</td>
<td>1,413</td>
<td>1,586</td>
<td>1,650</td>
<td>2,075</td>
<td>2,122</td>
</tr>
<tr>
<td>budget (lek, millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase over 2012</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Albanian Development Fund.

Municipalities visited by IEG mission generally reported inadequate resources even for routine maintenance. The municipality at Fier relies substantially on its own revenues for handling routine maintenance. The funds are generally sufficient for small routine maintenance such as verge clearing, grass cutting, and patching small potholes but not for preventive maintenance. The municipality, whose area has a flat topography, has relatively less need than municipalities covering hilly or mountainous terrain and with a dispersed population. The municipality covering Lezhe estimates that it can cover approximately 50 percent of its maintenance needs. The main routine maintenance activity consists of verge clearing and grass cutting every six months before and after the rains, and patching potholes. The municipality owns some machinery for carrying out these maintenance tasks. The Berat municipality similarly has a unit for maintenance with its own dedicated staff. They estimate that their budget provides for less than 50 percent of their maintenance needs. The Girokaster municipality also has a unit dedicated to road maintenance, and while their resources from own revenues and central government transfers allow them to cover salaries and deploy machinery and materials, they do not have enough budget for routine maintenance, let alone attending to sections that need improvements. This year, the annual budget for all the needs of the municipality is €3 million, of which of maintenance is allotted €50,000. In 2017, they had to spend a greater amount than usual to respond to floods and landslides. Even now there are villages whose road access has been terminated because of these natural disasters, and they must use the river for outside access.

Intermediate Outcomes

Intermediate outcomes were substantially achieved at project completion as follows:

**Strengthening management of the secondary and local road network.** The Results Framework did not have indicators to assess the achievement of this intermediate outcome. However, several activities carried out under the project yielded the following results in addressing the management of the secondary and local road network. Positive results were obtained in applying systematic criteria for prioritization of investments, and for building capacity of ADF staff and local contractors. However, the outcomes from training community members, and for deploying ROMAPS for decision-making, were less successful.
• Prioritization of investments and mobilizing donor investments for SLRIP: As part of the feasibility study of the core secondary and local road network financed out of the Project Preparation Advance proceeds, the project developed socioeconomic criteria for prioritization of road improvement investments and prepared a five-year investment plan that provided the foundation for donor investments under the SLRIP.

• Capacity building for ADF: As the implementing agency, ADF has received targeted capacity building activities covering contract supervision, conduct of environmental and social safeguards, procurement, and impact assessment. Feedback from World Bank staff and ADF management indicates that ADF has successfully transitioned from handling contracts of relatively small value ($100,000 to $200,000) in its initial years, to managing the large SLRIP program, which involves large contracts and coordination across multiple donors. ADF implements FIDIC (Fédération Internationale Des Ingénieurs-Conseils)–compliant contracts, and trains trainers on procurement and management.

• Local contractor capacity: Local contractors whose experience had so far been with relatively small contractors gained expertise in handling larger contracts by working with international contractors.

• ROMAPS: Data for approximately 4,120 km of secondary and local roads (approximately 46 percent of 9,000 km) were entered into ROMAPS, but there was no indication that they were being used in planning or prioritizing road management activities.

• Communities’ capacity for managing road management activities: The scope for local communities to make use of the training that was provided under the project was reduced following the transfer of responsibility for secondary and local roads to the LGUs (municipalities) after the territorial reform in 2013.

Current status of ROMAPS usage in municipalities. Feedback to the IEG mission from ADF and ARA suggests that there has not been much progress since project completion in updating ROMAPS data, let alone using it as a tool for prioritizing investments and maintenance. None of the four municipalities visited by the IEG mission currently had access to ROMAPS software and data, or the capacity to make use of the tool. At the Gjirokaster municipality, staff were aware of ROMAPS but are yet to work on it or build capacity to incorporate it into their operations. At the Berat municipality, staff recalled receiving introductory training on ROMAPS, but it is not being used at present (appendix C).
Road safety. The detailed results of the beneficiary survey, which were shared with the IEG mission, indicated that the respondents voiced areas for further improvements on road safety. With regard to road design quality, they felt that the roads improved under the project might have been better designed to be wider, lighted for their entire length, and to include construction of sidewalks in residential areas, elimination of sharp road curves, and provision of road signs.

The IEG mission was not able to obtain any systematic data on safety on secondary and local roads. Anecdotal observations by beneficiaries interviewed by the IEG mission during its site visits suggests that there has not been any significant level of safety related incidents in their experience since the roads have been rehabilitated. Some of the respondents expressed concerns that new buildings are being constructed too close to the verge of the roads, which may create safety issues in the future, mainly for children, and reduce the scope for widening these roads to accommodate rising traffic volume in line with technical standards.

Outcomes

The objective to improve access to essential services and economic markets, via the provision of all-weather roads, was substantially achieved with minor shortcomings. Although the project fully achieved its targets in relation to the outcome of improving access to services and markets through the improvement of priority sections of the secondary (regional) and local road network, the institutional capacity building to strengthen management of the road network was not entirely achieved, because the project training support that targeted local communities on roads maintenance became mostly irrelevant after the territorial reforms that made the local governments responsible for managing and maintaining the secondary and local road networks. Insufficient maintenance is likely to affect the durability/sustainability of the project’s objective to provide all-weather roads. The achieved outcome indicators are as follows:

- A total of 86 communities (113,608 persons) out of the target of 81 communities had improved access to markets, social services, and administrative centers, using secondary and local roads. Among these, 23 communities (28,933 persons) benefited from secondary road rehabilitation investments, and 63 communities (84,675 people) benefited from local road improvements. Because all-weather roads were provided, improved access can be reasonably attributed to the project; in its absence, access would be hindered or impeded by inclement weather.

- Traffic volumes on the improved secondary and local roads increased by 21 percent as compared with the target of 10 percent.
• Travel time on the improved secondary and local roads was reduced by 60 percent as compared with the target of 40 percent. Again, this improvement can be largely attributed to the project, given that, at that time there had been no other changes that might affect transit time, such as changes in local government regulations or additional traffic enforcement.

A follow-up beneficiary survey\(^9\) was completed in 2016, nearly three years after project completion, with the purpose of examining the impacts of SLRP on access to key economic and social institutions, household income, consumption expenditure, and household assets. The main findings show that positive impacts from SLRP had been largely sustained since project completion.

• Improved road quality: Households in the beneficiary communities were more likely to report good quality of the nearest motorable road. The impact estimates show that SLRP improved the condition and quality of the nearest motorable road by 35 percentage points more in the beneficiary communities than in the control group. More than half of the treated households (57 percent) rated road quality as good, whereas less than one-fourth of the control households (22 percent) rated road quality as good.

• Improved access to health facilities: Households in the treatment communities reported that access to health infrastructure has improved because of better connectivity. The average reported travel time to hospital was reduced by 15 minutes in the treated communities, which is equivalent to a 27 percent reduction compared with average travel time in the control communities (56 minutes).

• Improved access to educational facilities: The study showed that the road rehabilitation project led to improvement in access to secondary school, but improvement in access to primary schools was not observed. The SLRP project reduced travel time to secondary school by 16 minutes (52 minutes for control and 37 minutes for beneficiary group) and travel cost by 72 lek. This corresponds to reduction in time by 31 percent and in cost by 54 percent.

• Improved employment prospects: Travel time to the workplace was reduced by 10 minutes. The average travel time in the sample was 27 minutes, implying that travel time was reduced by 37 percent. In addition, the unemployment and probability of self-employment were significantly different between treated and control communities. Household heads in the treated communities were 12.6 percentage points less likely to be unemployed than household heads in control communities. Moreover, conditional on their being employed, household
heads had a 12.9 percentage points higher probability of being self-employed than household heads in control communities.

- Impact on agriculture: Farmers in treated communities were 8.5 percentage points more likely to sell their crops in the market than farmers in control communities.

- Higher land value: The average residential land price increased by 35,000 lek per 100 square meters in the treated communities, compared with increase by 6,000 lek per 100 square meters in the control communities. The price of farmland also increased in the communities that were connected with the improved road. The price of farmland for treated communities increased by 1,437 lek per square meter, compared with the average farmland price increase of 787 lek per square meter in the control communities.

- Weak road maintenance: The survey, however, also indicated misgivings on the part of the beneficiaries about whether the rehabilitated secondary and local roads would continue to be maintained to all-weather standards.

- Reduction in travel times: The IEG mission noted significant reductions in travel time in the segments covered in its site visits. Reductions in travel time and related features are listed in appendix C, with the data for four segments highlighted in table 4.3.

### Table 4.3. Reduction in Travel Times on Selected Segments Rehabilitated by SLRP

<table>
<thead>
<tr>
<th>Road Segment</th>
<th>Length (km)</th>
<th>Reduction in Travel Time</th>
<th>Road Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lezhe—Kallmet</td>
<td>12.8</td>
<td>45 to 15</td>
<td>Local</td>
</tr>
<tr>
<td>Ura e Gorices—Fshat Mbreshtan</td>
<td>7.8</td>
<td>30 to 8</td>
<td>Local</td>
</tr>
<tr>
<td>Valae—Erind</td>
<td>5.4</td>
<td>30 to 10</td>
<td>Local</td>
</tr>
<tr>
<td>Xarre—Fshati Pillake</td>
<td>10.9</td>
<td>180 to 20</td>
<td>Regional</td>
</tr>
</tbody>
</table>

*Source: Independent Evaluation Group site visit; discussions with ADF staff and road users.*

Traffic volume: Data from ADF show significant increases in traffic volume in the past 10 years in selected segments (table 4.4). The increase in traffic volumes can partly be attributed to project investments, although the extent is unclear.

### Table 4.4. Increase in Traffic Volumes of Selected Local and Regional Road Segments Rehabilitated by SLRP, 2008–18

<table>
<thead>
<tr>
<th>Region</th>
<th>Road Segment</th>
<th>Total Vehicles per Day&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Increase 2008–18 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>2010</td>
</tr>
</tbody>
</table>

<sup>a</sup> Source: ADF.
IEG mission site visits: observations on project outcomes. Feedback to the IEG mission from small business persons, farmers, and road users is in line with the findings of the beneficiary assessment survey. This relates to easier access to surrounding areas for transporting agricultural produce, easier access to services and recreation areas, and favorable impact on land values. The highlights of the anecdotal evidence gathered from the site visits to various road segments are as follows:

- Lezhe–Kallmet: Two agrobusiness and agro-tourism business owners, Kallmet Winery, and Mrizi i Zanave Agriturizëm, indicated that the improved quality of roads and reduced travel time have reduced costs and increased the flow of tourists and customers to the area. They also indicated that there has been new construction along the road after rehabilitation.

- Strum (Sheq)–Qafa e Marinzes: has benefited several nearby villages that are agricultural producers. Minibuses that would use an alternative road now use this segment because of its relatively good condition.

- Ura e Gorices–Fshat Mbreshtan: This road now provides faster and more comfortable access for nearby villages to the city center. The main beneficiaries are agricultural producers who sell their produce in the city. The village head (who owns a small olive oil processing facility) stated that the improved road had a good impact on his business. Also, residents of Berat city use this road to access recreation areas on weekends. The Historic Gorica pedestrian bridge close to this segment was rehabilitated in 2015 and is being used by pedestrian traffic.

- Valare–Erind: This road serves tourism potential in the region. A retail storekeeper on the road stated that before rehabilitation, only 4-wheel drive cars could use it, but it is now suitable for any type of vehicle. Anecdotal evidence from residents suggests that the value of land adjoining the segment has increased.

- Xarre (Cuke)–Fshati Pllake: The road benefits the adjoining orange and clementine growing area for which there is a big collection point along the road, with sometimes 30–40 trucks waiting at a time. The road is also used by large agricultural machinery. Staff of the nearby Butrint National Park (a UNESCO heritage site) stated that though there is another road that connects the park to
Sarande, transit buses from Greece use this road as a diversion to the park. The road also affords residents convenient access to Greece. The number of tourists visiting the park has increased over the years (from 20,000 in 2014 to 170,000 in 2017). The park staff attributes this partly to the rehabilitated road.

**Efficiency**

The project is assessed to have achieved its objectives efficiently. It is rated as **substantial**.

**Economic analysis.** At project completion, the economic rate of return (ERR) of the project was estimated to be 18.8 percent compared with 16.0 percent at appraisal. Both the analyses used the RED (Roads Economic Decision) model with similar assumptions of a 15-year evaluation period and 12 percent discount rate applied to the same set of 11 road sections. Individual ERRe for the road sections ranged between 5.8 percent and 51.4 percent at project completion, compared with 12 percent to 18 percent at appraisal.

The improvement in ERR was mainly owing to the lower actual upgrading costs and higher annual traffic growth rate found on average on the project roads. The analysis did not consider any additional long-term benefits from the institutional development component. The RED model captured the primary benefits of the project, which are the reduction in vehicle operating costs and passenger time costs.

The economic analysis at project completion used the actual upgrading costs and the actual annual traffic growth rate from 2008 to 2010 for each project road. On average, the contract costs were 13 percent less than the estimated costs at appraisal, but the actual cost was 16 percent higher than the contract costs, a marginal increase of 3 percent. The average traffic on the project regional and local roads increased from 207 vehicles per day in 2008 to 250 vehicles per day in 2010, representing an average traffic growth rate of 9.8 percent per year. In comparison, the traffic growth rate adopted for the ex ante economic analysis was 8.0 percent per year.

Data obtained from the IEG mission for selected segments show a healthy growth in traffic volumes as well as reduction in travel times, well beyond the numbers obtaining at the ex post analyses (tables 4.3 and 4.4). Though IEG did not perform a revised cost-benefit analysis, the updated but partial data suggest that the ERR of the project is at least at the level obtaining at project completion.

**Administrative and operational efficiency.** The following features of design and implementation contributed to the efficiency of the project: The sectorwide approach allowed for efficient use of resources in several aspects, including (i) leveraging $368 million with an International Development Association credit of $20 million; (ii)
use of one implementing agency for nearly 10 development partners increasing administrative efficiency and avoiding duplication of efforts; (iii) use of technical assistance outputs produced under the Project by other development partners (including road inventory and condition survey for 3,500 km, designs for 400 km, safeguards documents); (iv) use of a supervision consultant financed under the project to supervise 650 km of civil works funded by other development partners.

The original project implementation period was five years. Although there was a six-month extension of the project closing date, this was needed to use savings and rehabilitate two additional segments of road, totaling 9.4 km. Both project preparation and implementation were on budget.

**Ratings**

**Outcome**

Overall outcome is assessed as **satisfactory**. The project objectives were, and continue to be, **highly relevant** to the priorities of the country and the Bank Group’s strategy for Albania. The project design reflects a logical causal chain between activities and outcomes and is rated **substantial**. Efficacy of the objective—to improve access to essential services and economic markets, via the provision of all-weather roads, for the resident population in the hinterlands of— is rated **substantial**, albeit with minor shortcomings. Although the project fully achieved its targets in relation to the outcome of improving access to services and markets through the improvement of priority sections of the secondary (regional) and local road network, the institutional capacity building to strengthen management and maintenance of the road network was not fully achieved. Efficiency is **substantial** with an ERR higher than appraisal estimates and with no significant operational or administrative inefficiencies.

**Risk to Development Outcome**

The risks to development outcome are rated **moderate**.

There is a modest risk that the project’s development outcomes may not be sustained because of inadequate road maintenance and weak institutional capacity at the local level. The project had initially supported transfer of the legal responsibility for the management of all secondary roads to GRD/ARA and provided for training of its staff in the use of ROMAPS. However, after the territorial reform, municipalities’ mandate has been extended to administering, managing, and maintaining the regional road network, which were previously under the dissolved Regional Councils. Yet, the municipalities have very limited funds and need further strengthening to manage and maintain their
networks. As discussed in the “Implementation” and “Efficacy” sections, these funds were inadequate to cover needs, particularly given the poor state of some of the local infrastructure.\(^\text{11}\)

There is a continuing risk that ADF may not be able to function independently of political considerations in subproject selection and allocation of resources. This risk is increased by the significant increase, over the years, the share of local budget resources compared with the share of resources coming from donors has increased significantly.\(^\text{12}\) In addition, the existence of a triple-layered structure, with ARA responsible for building and managing national roads, LGUs being responsible for secondary and local roads and ADF implementing donor-funded projects, may hamper effective and efficient management of the whole network. There is a case to be made for reviewing the current role of ADF in relation to the LGUs to enable the latter to deliver effectively on their mandate for secondary and local roads.

The risks may be mitigated in the short to medium term by the World Bank’s follow-on Regional and Local Roads Connectivity Project, which became effective in FY18. This project is to support the introduction of simple road asset management systems to improve maintenance planning, develop service-level agreements for effective maintenance execution, and to support the development of sustainable financing options for the network. Under this follow-on project, ADF has started supporting municipalities in prioritization of investments and will continue its support during implementation. To ensure sustainability of investments, an Investment Agreement and a Function and Maintenance Agreement will be signed by the municipalities, defining duties that they must carry out; for example, maintenance requirements, after the project roads are handed over. The ADF will monitor compliance with these agreements.

**Bank Performance**

**Quality at Entry**

6.6 **Supporting a programmatic approach to improving secondary and local roads.**

The project team appropriately supported a sectorwide approach in responding to the government’s priorities and resource needs for rehabilitating secondary and local roads. The World Bank helped to develop a common platform for wider participation by other donors, aligning guidelines and procedures for technical specifications, financial management, procurement, and environmental and social safeguards. By developing this common platform, the government was able to leverage $368 million by 2013, for the larger SLRIP program.
The World Bank also helped to develop and apply clearly defined criteria (for example, population, potential for agriculture and tourism importance, cost-benefit analysis) for the selection of subprojects, with participation of communities. This was in line with the World Bank’s guidelines on governance, including anticorruption and transparency in the road sector in Albania. All these factors helped to increase the credibility of the program and increased the willingness of other donors, including European Bank for Reconstruction and Development, Islamic Development Bank, Kreditanstalt für Wiederaufbau (German Development Bank), and several others to contribute to the effort. Feedback from government officials to the IEG mission indicates that the World Bank has played a significant role in shifting the focus of policymakers and practitioners from outputs to development outcomes. There have been instances of members of parliament asking for data on outcome indicators.

The risk assessment during appraisal and implementation was adequate. The following main risks were identified: governance issues; inadequate ownership by the communities; inadequate capacity on the part of the implementing agency; and diminished commitment to institutional reform in the sector; and inadequate maintenance on improved roads. Though several of the risks did not materialize during the project implementation, the risks described under diminished commitment to institutional reform and inadequate maintenance on improved roads were present to different extents.

The financial arrangements of the implementing agency (in areas such as budgeting, internal control, and internal and external audit), were judged to be adequate at the appraisal stage. However, because the risk of corruption was considered high, mitigation measures were incorporated into the project during preparation. Similarly, the procurement risk was appropriately assessed as high, and mitigating measures were applied. Safeguards policy issues were adequately addressed at the appraisal stage. M&E design had some shortcomings.

One shortcoming was that a third-party verification mechanism to verify the quality of works was not included in project design.

Overall, quality at entry is rated satisfactory.

**Quality of Supervision**

The World Bank conducted intensive supervision of the project, averaging two supervision missions for each year of the implementation period. During the initial stages of the project, works contractors were responsible for quality control of their own works without any third-party verification. This this was corrected in 2010 by recruiting a quality control expert but was an important weakness of supervision that could have been avoided. The requirement that representatives of the firm and the supervision engineer visit every section frequently with the
World Bank team in different weather conditions ensured that defects were addressed. ADF officials indicated to the IEG mission that they benefited from the regular and consistent guidance and technical expertise provided by the World Bank. The implementation progress was rated high until April 2012, when the rating was downgraded to satisfactory because of the delays associated with the transfer of some of the rehabilitated segments from the local government to ARA.

There were no financial management or procurement irregularities reported in the supervision documents. Compliance with safeguards and fiduciary policies was rated satisfactory throughout implementation. Although the resettlement and compensation process was handled in compliance with the relevant World Bank safeguards policies, the time taken for completing it was longer than expected.

The quality of supervision is rated satisfactory.

Overall Bank performance is rated satisfactory.

**Borrower Performance**

**Government Performance**

The government at the center and the LGUs displayed high commitment to the project activities from conception through preparation and subsequent implementation. This sustained commitment was critical in pursing programmatic design and coherent donor coordination efforts with nearly 10 bilateral and multilateral development partners. The government broadly supported the ADF in carrying out its implementation responsibilities free of political intervention.

However, the reallocation of sector responsibilities by government following the territorial reform reduced the effectiveness of some inputs, such as the training of communities and LGUs). IEG was informed that in some cases the project trained local engineers were transferred to the new municipalities, and therefore some of this capacity is being used by the municipalities. However, further capacity building is necessary so that LGUs can perform their roles adequately.

The project was implemented in line with the provisions of the Financing Agreement. The government’s cofinancing share was appropriately budgeted and provided on a timely basis. The Financing Agreement covenant on transfer of secondary roads to ARA for further maintenance was executed in a satisfactory manner, albeit with delays. The government also increased the annual maintenance budget for national and local roads.
The government performance is rated satisfactory.

Implementing Agency Performance

ADF, as the implementing agency, ensured good coordination between the central government and LGUs, communities, and multiple development partners, with the gradual expansion of the program. During implementation, ADF’s organizational structure underwent positive changes in providing adequate staffing that helped it to respond to the demands of this large program.

ADF carried out project implementation in accordance with the provisions of the legal documents of the project. For example, all safeguards (including environmental and social) and fiduciary (including procurement, accounting, auditing, disbursement, and financial management) compliances were observed throughout the implementation. With regard to the completion of restoration activities for the ancient Velabisht bridge, a more diligent follow-up on the part of the ADF could have possibly accelerated the process. The implementation of M&E arrangements was satisfactory. All reporting under the project was done on time. The feedback and agreed actions in aide memoires from the supervision missions were followed up in a satisfactory manner.

ADF staff stated during IEG’s mission that their capacity grew and improved over time through the help of the project. As a result, ADF can manage larger contracts, with better contract management, and more effective procurement and safeguards than it could in the past. To ensure quality of works, ADF introduced two Quality Control Experts into the supervision team in early 2010 to ensure that the work of contractors is carried out in line with the required standard specifications. ADF provides training on procurement and management to other agencies (to municipalities in the follow-up project) and carries out South-South exchange with other countries. ADF has largely mainstreamed environmental and social safeguards into its activities by establishing a dedicated unit for the purpose with qualified staff.

Implementing agency performance is rated satisfactory.

Overall borrower performance is rated satisfactory.

Lessons

Implementing a successful multidonor programmatic approach to sector development requires the combination of government commitment with credible planning and common rules of engagement. This project was embedded in a larger SLRIP, which the government was demonstrably committed to. The World Bank supported the government in developing a common set of requirements for technical design,
procurement, and fiduciary management, which gave other donors the confidence to participate in and strengthen the various component projects of the larger SLRIP.

Concentrating competencies within one agency may frustrate future decentralization of responsibilities. Shortly after project completion, the government undertook a territorial reform that reorganized LGUs and transferred to them the responsibility for managing the secondary and local roads under their jurisdiction. This sudden development left most LGUs underprepared for their new duties. Further capacity building for LGUs is needed so that they can adequately perform this function.

In the absence of need-based and credible linkages to resource allocation, a road asset management system may not get sufficient traction. Following project completion, the Road Maintenance Planning System (ROMAPS) software has not been used to any significant extent for its intended purpose of prioritizing, planning, and apportioning funds for road management activities. This can be attributed at least partly to the perception that the data were unlikely to be used as a basis for resource allocation.

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1 The main aim of the South East Europe Transport Observatory is “to promote cooperation on the development of the main and ancillary infrastructure on the South East Europe Core Regional Transport Network and to promote and enhance local capacity.”

2 Annual average daily traffic levels for secondary roads range from 1,000 to 12,000 vehicles per day and for local roads, 100 to 1,000 vehicles per day (UNECE 2018).


4 According to the 2011 census, there are 12 municipalities with population between 100,000 and 750,000; 13 with 50,000–100,000; 21 with 25,000–50,000; and 15 with less than 25,000 population.

5 European Bank for Reconstruction and Development–funded technical assistance report on Regional and Local Roads 2016.

6 The fund distribution was as follows: government of Albania: $14 million; World Bank: $20 million; Islamic Development Bank: $40 million; Organization of the Petroleum Exporting Countries Fund for International Development I and II: $25 million; Council of Europe Development Bank: €40 million; European Bank for Reconstruction and Development: €50 million; European Investment Bank: €50 million; European Union Instrument for Pre-Accession Assistance 2008–11: €51.3 million; Kreditanstalt für Wiederaufbau: €15 million; Norway Trust Account: €0.18 million; and the Western Balkans Investment Framework: €4 million.

7 P163239; project cost: $50 million that was fully financed by International Bank for Reconstruction and Development loan.
The difference-in-difference method infers program impact by comparing the pre- to postintervention change in the outcome of interest for the treated group relative to a comparison group. https://blogs.worldbank.org/impactevaluations/category/tags/difference-difference-0.

A beneficiary assessment survey on “Improvement of Secondary and Local Roads” project was conducted by Albania Development Fund in November–December 2010 and the follow-up survey was conducted in 2016. The objective of the survey was to examine the impacts of SLRP on access to key economic and social institutions, household income, consumption expenditure, and household assets. The analysis is based on a survey administered on a sample of approximately 2,000 households residing in 144 villages across 12 regions in each phase and on consultation with 10 focus groups.

Because of limited number of actual sales of land, the study relied on self-reported information by the survey respondents.

According to European Bank for Reconstruction and Development–funded technical assistance report on Regional and Local Roads 2016, as of 2016, the maintenance expenditures for regional and local roads were allocated at approximately EUR 300 per km per year, which is low and only sufficient to cover routine maintenance, with no allowance for periodic maintenance or improvements.

The proportion of donor funds to local funds changed from 90 percent to 100 percent to 50 percent each over time.

The donors contributing to the SLRP program were as follows: Islamic Development Bank: $40 million; Organization of the Petroleum Exporting Countries Fund for International development I and II: $25 million; Council of Europe Development Bank: €40 million; European Bank for Reconstruction and Development: €50 million; European Investment Bank: €50 million; European Union Instrument for Pre-Accession Assistance 2008–11: €51.3 million; Kreditanstalt für Wiederaufbau: €15 million; Norway Trust Account: €0.18 million; and the Western Balkans Investment Framework: €4 million.
Bibliography


Appendix A. Basic Data Sheet

Table A.1. Basic Information

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Project Name: SECONDARY AND LOCAL ROADS
Project ID: P107833
L/C/TF Number(s): IDA-44590
ICR Date: 12/06/2013
ICR Type: Core ICR
Lending Instrument: SIL
Borrower: ALBANIA
Original Total Commitment: SDR 12.20M
Revised Amount: SDR 12.20M
Disbursed Amount: SDR 12.11M

Environmental Category: A
Implementing Agencies: Albanian Development Fund
Cofinanciers and Other External Partners:
European Investment Bank
Council of Europe Development Bank
Islamic Development Bank
Kreditanstalt für Wiederaufbau
European Union
European Bank for Reconstruction and Development
Organization of the Petroleum Exporting Countries Fund for International Development
Norway Trust Account

Table A.2. Key Dates

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Note: ICR = Implementation Completion and Results Report.
a. Including travel and consultant costs.

### Table A.4. Task Team Members

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<th>Name</th>
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<tr>
<td>Artan Guxho</td>
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<tr>
<td>Belita Manka</td>
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<td>LEGOP</td>
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<tr>
<td>Bernard Baratz</td>
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<td>EASCS</td>
<td>Environmental Safeguards</td>
</tr>
<tr>
<td>Bogdan Constantinescu</td>
<td>Sr. Financial Management Specialist</td>
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<tr>
<td>Christopher Bennet</td>
<td>Sr. Transport Specialist</td>
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<td></td>
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<tr>
<td>Clausia Pardinas Ocana</td>
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<tr>
<td>Drite Dade</td>
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<tr>
<td>Elena Chesheva</td>
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<tr>
<td>Elona Gjika</td>
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<td>Jaques Bure</td>
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<td>John Charles Snell</td>
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<td>Highway Engineer</td>
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<tr>
<td>Kristen Boughardt Propst</td>
<td>Sr. Counsel</td>
<td>OPSKL</td>
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<td>Lorraine McCann Kosinski</td>
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<tr>
<td>Richard Martin Humphreys</td>
<td>Lead Transport Economist</td>
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<td>Salim Benouniche</td>
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<td>MNAPC</td>
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<td>Satoshi Ishihara</td>
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<td>Stephen Muzira</td>
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<td>Ziad El Nakat</td>
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<td>TTL from Sep 2012 to June 2013</td>
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<td>Baher el-Hifnawi</td>
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<td>Bekim Imeri</td>
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<td>Irina Turkhan</td>
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Note: ICR = Implementation Completion and Results Report.
a. At time of appraisal and closure, respectively.
Appendix B. Project Cost and Financing

Table B.1. Key Project Data

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<th>Financing</th>
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Cancellation

Note: a. Organization of the Petroleum Exporting Countries Fund for International Development.

Table B.2. Cumulative Estimated and Actual Disbursements

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Appendix C. Observations from Selected Road Segment Visits

IEG mission visited and drove the entire lengths of six segments of local and secondary roads rehabilitated by the project. The nontechnical observations of the team are summarized in this appendix (see section 4 in the main text for methodology for selection).

Segment: Lezhe–Kallmet (local road); length: 12.8 km; width: 4.5 meters

Smoothness of drive (good/fair/poor): good; few defects visible on pavement surface; some places have been patched, indicating attention to maintenance

Verge clearing and grass cutting: (good/fair/poor): fair

Other: guardrails appear in good condition

Transit time: transit time to town center reduced from 45 minutes to 15 minutes.

Impact on services and economic activity or feedback from road users: Two Agrobusiness and agro-tourism business owners: Kallmet Winery, and Mrizi i Zanave Agriturizëm indicated that the improved quality of road and reduced travel time, have reduced costs and increased the flow of tourists and customers to the area. They also indicated that there has been new construction along the road after rehabilitation.

Lezhe to Kallmet
Segment: Vau I Dejës – Nenshat (local road); length: 11.8 km; width: 5 meters

Smoothness of drive (good/fair/poor): good; few defects visible on pavement surface;
Verge clearing and grass cutting: (good/fair/poor): good
Other: clear markings and signage

This segment was transferred to ARA for maintenance after reclassification.
Segment: Strum (Sheq)-Qafa e Marinzes (local road) length: 12.6 km; width: 4 meters

Smoothness of drive (good/fair/poor): good; few defects visible on pavement surface;

Verge clearing and grass cutting: (good/fair/poor): fair

Other: The segment has decreased the distance from Fier to Berat.

Impact on services and economic activity or feedback from road users: The road has benefited several nearby villages that are agricultural producers. The road was in very bad condition ex ante, but this was rectified by the project in some places. The road is narrow (only 4 meters width) because it is constrained by existing houses on one side and an irrigation channel on the other. Therefore, it is challenging for large agricultural equipment to use this segment because there are not enough passing bays. Minibuses that would use an alternative road, now use this segment because of its relatively good condition.
Segment: Ura e Gorices-Fshat Mbreshtan (local road) length: 7.8 km; width: 4.5–5 meters

**Smoothness of drive** (good/fair/poor): good; few defects visible on pavement surface

**Verge clearing and grass cutting:** (good/fair/poor): fair

**Other:** Travel time on segment reduced from 30 minutes to 8 minutes

**Impact on services and economic activity or feedback from road users:** The road provides faster and more comfortable access from the villages to the city center. Main beneficiaries are agricultural producers who sell their produce in the city. The village head (who owns small olive oil processing facility) stated that the improved road had a good impact on his business. Also, Berat city residents use this road to access recreation areas on weekends.

**Historic Gorica pedestrian bridge**

The bridge was rehabilitated in 2015. And is open to pedestrian traffic.
Segment: Valare–Erind (local road) length: 5.4 km: 4.5–4.75 m

Smoothness of drive (good/fair/poor): good; few defects visible on pavement surface;
Verge clearing and grass cutting: (good/fair/poor): fair
Transit time: transit time reduced from 30 minutes to approximately 10 minutes

Other: poor management of solid waste may affect drains
Impact on services and economic activity or feedback from road users: This used to be a gravel road, of approximately 3 meters width, and no drainage or embankment. The segment connects communities to the city center. The road extends to the Zagaria administrative unit (the first portion of 5.4 km ending at Erind was financed by the World Bank and the remaining 12 km by European Bank for Reconstruction and Development using the same construction standards). The segment serves touristic potential in the region. A retail storekeeper on the road stated that before rehabilitation, only 4-wheel drive cars could use the road. Now it is suitable for any type of vehicle. According to the informants the value of land adjoining the segment has gone up.
Segment Xarre (Cuke) - Fshati Pllake (regional road) length: 10.9 km; width: 5 meters

Smoothness of drive (good/fair/poor): good; few defects visible on pavement surface;
Verge clearing and grass cutting: (good/fair/poor): poor

Transit time: Gas station on the road stated that it used to take tankers three hours to cross the entire 20 km that was funded jointly by the World Bank and the European Bank for Reconstruction and Development, now it is 20 minutes

Other: markings are clear

Impact on services and economic activity or feedback from road users: The portion funded by the World Bank is followed by another 10 km funded by European Bank for Reconstruction and Development, using the same technical specifications. This is a secondary road that links to village communities in the southern region, as well as to the border with Greece. The segment benefits the adjoining orange and clementine growing area, for which there is a big collection point along the road, with sometimes 30–40 trucks waiting at a time. The road is also used by large agricultural machinery. Staff of the nearby Butrint National Park stated that although there is another road that connects the park to Sarande, transit buses from Greece uses this road as a diversion to the park. The road also affords residents with a convenient access to Greece. The number of tourists visiting the park has increased over the years (from 20,000 in 2014 to 170,000 in 2017). The park staff partly attributes increasing tourism to the better road connection.
# Appendix D. Questions for Key Informants

<table>
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<th>Question or Point for Discussion</th>
<th>Key Informants for IEG's Questions</th>
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<td>ADF’s evolving role and performance in secondary and local roads development.</td>
<td>Task Team Leader</td>
</tr>
<tr>
<td>Convening role of the World Bank; How did the World Bank complement other donors in the sector and vice versa?</td>
<td>x</td>
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<td>Importance for European Union accession.</td>
<td>x</td>
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<tr>
<td>Reclassification of Local roads and Secondary Roads</td>
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<td>Project impact on contractor capacity.</td>
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<td>Bank’s support for institutional capacity.</td>
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<td>Improved access to markets and services attributable to project.</td>
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<td>Updated data on average increase in traffic.</td>
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<td>Reduction in travel time on project segments.</td>
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<td>Status of ROMAPS data.</td>
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<td>Vehicle Operating Costs</td>
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<td>Budgets for road maintenance.</td>
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<tr>
<td>Vehicle Operating Costs</td>
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<td>Use of socioeconomic criteria for prioritizing investments.</td>
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<tr>
<td>Impact of training local community members.</td>
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</table>

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Site Visits with Beneficiaries

1. What improvements have you seen in the roads in your locality in the past 5–7 years?

2. How are the roads being maintained after they have been rehabilitated/reconstructed?

3. Are you satisfied with the maintenance for this road section?

4. What difference has this made in reaching schools, health centers?

5. What difference has this made for transporting goods into and out of your area?

6. Does it take shorter time? Do you have more alternatives now?

7. Do you think traffic has increased over the last five years?
Appendix E. List of Persons Met

World Bank
Mariam Salim, Country Manager
Artan Guxho, Infrastructure Specialist

Ministry of Finance
Erjon Luci, Deputy Minister of Finance

Ministry of Agriculture
Ilir Halilaj, Deputy Minister of Agriculture

Albania Development Fund
Benet Beci, Executive Director
Blendi Bushati, Vice Executive Director
Erik Qirjaqi, Project Manager
Edmond Baka, Monitoring and Evaluation Specialist
Anni Kalfa, Safeguards Specialist
Zef Beleshi, Engineer
Romeo Pasha, Engineer
Pavli Mico, Engineer

Albania Road Authority:
Afrim Qendro, General Director
Klodian Sava, Project Coordinator

Kallmet Lezha (Private Business)
Gjoke Gjini, Administrator

Bashkje Municipality
Zef Hila, Mayor
Gozim Salo, Maintenance Specialist
Hile Kadro, Administrator

Municipality of Roskovec:
Arben Dukaj, Head of Investment
Beshir Sepele, Maintenance in-charge

Municipality of Berat:
Valentina Zoticaj, Engineer
Nirjon Biragu

Municipality of Gjirokaster
Vangiel Muco, Deputy Mayor

Kreditanstalt für Wiederaufbau (German Development Bank)
Bledar Dollaku, Senior Project Coordinator

European Bank for Reconstruction and Development
Ilir Basha
Appendix F. Borrower Comments

No.        Prot.                  Tiranë____/12/2018

Subject:  Republic of Albania Secondary and Local Roads Project

Dear Mr Makino,

Regarding the World Bank report on the assessment of the local road study project, we generally agree.

Referring to the comments in the report, we would like to point out that rural roads have been transferred as a function of local self-government units after the territorial administrative reform in 2015 (construction, rehabilitation and maintenance of roads). The transfer of function is also accompanied by the respective financial bill for each municipality. The aim is to intervene in road infrastructure to achieve optimal standards in the entirety of roads within the jurisdiction of a municipality.

In the report is established the role of the Albanian Development Fund Institution in this direction, emphasizing the risk that the allocation of funds by municipalities may be politically influenced. There is also concern over the lack of local government capacities in terms of preparation and management of rural road projects. At the moment of passing this function many of the local units have been unprepared for the good management of available funds.

As above, we think it should be clarified that the transfer of the rural road function to local units is not the same object as the work that the Albanian Development Fund has in relation to the development of projects in the field of road infrastructure, without affecting the decentralization process.

We believe that it is necessary to analyze more thoroughly the rural road function from local units, specifically related to the lack of capacities, the optimal standards used for this function and increase of the efficiency and effectiveness of the use of funds for rural roads in order to provide a more quality service.

Your sincerely,

ERJON LUÇI

DEPUTY MINISTER