

IPA 2008 National Programme for Albania
Reconstruction of Secondary and Local Roads

1. Basic information

1.1 CRIS Number: 2008/020-1161.2 Title: Reconstruction of the secondary and local roads.

1.3 ELARG Statistical code: 02.14

1.4 Location: Albania

Implementing arrangements:

1.5 Contracting Authority: Delegation of the European Commission to Albania

1.6 Implementing Agency: Delegation of the European Commission to Albania

1.7 Beneficiary:

The Albanian Development Fund (ADF).

The Project Manager is the ADF

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Financing:

1.8 Overall cost (VAT excluded): 8 880 000 Euro

1.9 EU contribution: 8 000 000 Euro

1.10 Final date for contracting: Three years following the date of conclusion of the Financing Agreement

1.11 Final date for execution of contracts: Two years following the end date of contracting. These dates apply also to national co-financing.

1.12 Final date for disbursements: One year following the end date for the execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Improve the living conditions in the rural areas in order to contribute to the social and economic cohesion of the country.

2.2 Project purpose:

To improve access to essential services and economic markets, in the form of reduced user costs, for the resident population in the hinterland of the improved secondary and local roads.

2.3 Link with AP/NPAA/EP/SAA

The project does comply with the priorities identified in the revised European Partnership for Albania based on the findings of the 2007 Progress Report. Under the transport policy, significant short and mid term priorities have been listed, such as; the implementation of the national transport plan including the planning and budgeting of transport asset maintenance; the continuation with implementation of the memorandum of understanding on the development of the SEE core regional transport network and strengthen cooperation with SEETO; the taking of measures aiming at the improvement of road safety conditions, including approximation to the EU acquis on weights and dimensions, roadworthiness tests, technical roadside inspections, driving licenses, tachographs and vehicle registration documents; the taking of measures to prevent illegal construction along new roads, in particular dangerous privately constructed access roads; and the completion of the necessary institutional reforms to improve the transport asset management, prioritisation of investments, policy-making and involvement of the private sector, etc.

Upgrade the country's infrastructure, in particular in energy and transport, in order to strengthen the competitiveness of the economy at large.

The Stabilisation and Association Agreement (SAA) between the Government of Albania and the European Community, signed in June 2006, provides in Article 106 that the parties should co-operate together in the field of road transport acquis, especially with the aim of modernizing the Albanian transport modes, improving the free movement of passengers and goods, enhancing the access to the transport market and facilities, supporting the development of multi-modal infrastructures in connection with the main Trans-European networks, notably to reinforce regional links, achieving operating standards comparable to those in the Community, developing a transport system in Albania compatible and aligned with the Community system and improving the protection of environment in transport

The Implementation of the Albanian National Transport Plan, DCM no. 270, dated 10.05.06 “On approval of the National Transport Plan”.

2.4 Link with MIPD

This project is proposed under the area of European Standards, according to section 2.2.3.3 of the IPA/MIPD for the period 2007 – 2009 titled “Programmes to be implemented”, where support in the implementation of existing National Transport Plan as regards road transport and development of the institutional capacities is foreseen.

2.5 Link with National Development Plan (where applicable)

- The National Strategy for Development and Integration

The improvement of the rural roads is a specific strategic goal of the NSDI under the strategic priority of a quick, balanced social, human and economic development

- The strategy for Regional Development

The Albanian Development Fund will work with the Qark Councils in a consultative and participatory manner to agree their priorities for investment on local and secondary roads.

The ADF throughout their Technical Assistance provided by an International Consultant Company already selected will then evaluate the proposals received from the Qark councils and determine the short-list and prepare the designs of the contracts to be funded by IPA 2008. The identification and capacity building activities foreseen in the project are broadly consistent with the RDCS.

- The strategy of Rural Development

The project contributes especially to axe 3 of the rural development strategy, namely the improvement of the living conditions of the inhabitants of the rural area.

2.6 Link with National/ Sector investment plans

- The Albanian National Transport Plan

The investments and maintenance of the rural roads is an important part of the ANTP.

3. Description of project

3.1 Background and justification:

The overall length of the road network in Albania totals about 15,000 km.

The network comprises 3,412 km of national, or primary, roads administered by the Ministry of Public Works, Transport and Telecommunications (MPWTT) and directly managed by the General Roads Directorate (GRD), and about 12,000 km of secondary and local roads. The secondary and local road network consists of: (i) 4,411 km of district (or secondary) roads, which provide rural links of district importance and are maintained by district road departments on behalf of the Ministry of Interior (MoI); (ii) 4,980 km of communal roads, including private access roads, which provide rural links of communal importance and are maintained by commune road departments on behalf of the Ministry of Interior (MoI); and (iii) 2,500 km of urban or municipal roads, which are maintained by the Municipal road departments on behalf of the Ministry of Territorial Planning and Tourism (MTPT)¹. The priority given to the expansion of the road network in recent years has resulted in inadequate emphasis on maintenance and the neglect of the local road network. Little of the local road network is paved, and about 75-80 per cent is reported to be in a poor or very poor condition – with a number of sections impassable for much of the year. The decentralization to local governments of the responsibility for managing local and municipal roads has compounded the problems of inadequate maintenance. Local revenue sources, such as vehicle registration charges, are insufficient - only about 40 percent of what is needed in maintenance expenditures is actually expended on the local road network at present, reflecting both the unfunded mandate created through decentralization, and the excessive level of administrative costs at the regional and district offices. The weak management and planning, generally undertaken without any consideration of the broader regional planning dimension also undermines

¹ The proposed project will only consider the first two categories of local roads, the district/secondary roads and the commune roads, reflecting the significant differences in the problems facing roads in urban areas.

the efficiency of spending in other sectors; improving roads potentially realizes savings in education and health budgets, and improves quality, through facility centralization.

The contribution of an efficient and effective local road network is known and the links to economic development and poverty alleviation are established. Over half (57 percent) of the Albanian population lives in rural areas, and over one-third (35 percent) of the rural population is estimated to live in poverty. In recent poverty assessments in the region, the micro-economic constraints to agricultural growth are attributed in part to the low investments in infrastructure. Poor infrastructure and low market access are identified as having contributed significantly to declines in agricultural productivity; with farmers living in the mountainous areas being affected the most. More recent studies elsewhere have supported these findings and also report positive differences in school enrolment and frequency in use of health services, between areas with and without all-weather roads.

The sector is very important to the Albanian Government that spends each year at least 20 million USD on urban and rural roads through the competitive grants scheme. Local Governments spend most of the investments on rural roads. Other donors World Bank through ADF, Road Maintenance Project, EU through Cards LCDP programs have spent a lot on rehabilitation of rural roads.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

The studies emphasize in particular the importance of investing in rural infrastructure as a critical intervention towards overcoming constraints to agricultural competitiveness. In recent poverty assessments in the region, the micro-economic constraints to agricultural growth are attributed in part to the low investments in infrastructure poor infrastructure and low market access are identified as having contributed significantly to declines in agricultural productivity; with farmers living in the mountainous areas being affected the most. More recent studies elsewhere have supported these findings and also report positive differences in school enrolment and frequency in use of health services, between areas with and without all-weather roads.

The project is essential to the above mentioned problems and by the end of the project we will have reconstructed connections of communes with each other generating cross border cooperation; improved access to education facilities; improved access to regional health centers and easy transportation of medical doctors to rural areas; reduced costs of transportation of goods in the markets; decrease of accidents due to bad road conditions; better management of the secondary road system with clarified responsibilities among the institutions working in the sector; Communes and Qarks will have maintenance plans to assure a long term sustainability of the project impact.

The project impact assessment will be performed by the ADF Monitoring and Evaluation Unit. The evaluation will be made in three stages: before the initiation of the infrastructure subprojects to create a base line study, during the implementation to perform a process evaluation and after the delivery of the object for an impact evaluation. The impact assessment tools rely primarily on survey-based data collection and quantitative analysis of these data. An important feature is to provide results that are representative of the project influence zone. The ADF will also use qualitative

assessment methods. Such methods (interviews, focus groups discussions) are developed and combined with the survey-based system as needed.

After the realization of the project the ADF will prepare in cooperation with the local government units a maintenance and operation scheme considering the economic capacities of each local unit.

3.3 Results and measurable indicators:

Considering that the main activity of this project is the reconstruction of the rural roads, the expected results from the project are:

Result 1: Rural roads in very good conditions in accordance to the EU Standards;

Result 2: Employed inhabitants in the rural areas during the implementation of the sub-projects;

Result 3: Infrastructure direct or indirect access to the regional markets;

Result 4: Infrastructure direct or indirect access to education for the rural population;

Result 5: Infrastructure direct or indirect access to health services for the rural population;

3.4 Activities:

The project will have the following activities:

Activity 1: Technical Designs

The Albanian Development Fund has already selected the roads to be constructed in cooperation with the Regions, as described below:

- ADF asked all the regional councils to submit a list of priority subprojects through a transparent decision-making process based on social and economic impact of the proposed sections;
- All the priorities submitted by the Regions have been assessed by the Albanian Development Fund through a multi criteria methodology where economical, financial, social and technical aspects were considered;
- The proposed road sections have an impact in the development of tourism, where one of them has also a cross-border effect.
- The priority sections proposed might be subject of change if for some reasons not all the pre-conditions for the investment are met.
- All the roads selected are regional roads, under Qarks Councils responsibilities.

In order to achieve this activity the ADF has contracted on March 2008 an international consultant that will prepare the technical designs for the priorities proposed.

The detailed designs for the first 400 km-s of roads are expected to be ready by the end of 2008, including the road sections that will be financed by IPA 2008.

This contract is financed 100% through a World Bank Loan and part from the National Budget of Albania.

Activity 2: Civil Works contracts

The EU Delegation to Tirana will be the Contracting Agency for the following proposed roads sections contracts. The contracts will be financed 100% by EC Contribution.

1. Reconstruction of the rural road Antigone, Gjirokaster
2. Reconstruction of the rural road connecting Xhafezotaj – Fllake – Sea Coast, Durres
3. Reconstruction of the rural road connection Tamare - Vermosh, Shkoder
4. Reconstruction of the road rural connecting Lezhe – Rrile – Shenkoll - Tale, Lezhe

Please note that the priority sections might be subject of change if for some reasons not all the pre-conditions for the investment are met.

Activity 3: Service Contract for Preparation of the tender documents and Supervision of the civil works

The EU Delegation to Tirana will be the Contracting Agency for two service contracts, where the first contract will be for the preparation of the tender documents. Based on the technical designs, already prepared under the Activity No.1, the Consultant will prepare the tender documents in accordance with EC Practical Guide for the civil works and for the supervision.

The second Consultant will supervise all civil works during the implementation. Both contracts will be financed 100% by EC Contribution.

3.5 Conditionality and sequencing:

- Commitment of the Council of communes and regions for the cooperation in the prioritization process of the road sections to be invested (Responsibility ADF and Regional Councils, by end of February 08)
- Selection of the International Consulting Company for the preparation of the detailed activities and technical designs. This contract will be financed through the National Budget and the World Bank Loan (ADF, March 08).
- Evaluation of the priority road sections to be financed in the first phase of the project (ADF, March 08)
- The International Consulting Company to prepare the detailed technical designs. (First Quarter 09)
- Preparation of the resettlement policy framework that will be consistent with the Albanian legal framework.

3.6 Linked activities.

- EU through Cards 2001, 2, 3 and 4 LCDP programs was focused on investing on local priority infrastructure, most of which rural roads.
- World Bank through ADF community Works project I and II also were focused on local priorities mainly rural roads.
- The World Bank Project on the Maintenance of Rural Roads
- The Government of Albania spends each year at least 20 million USD on urban and rural roads through the competitive grants scheme. Since 2005, the Government of Albania distributes grants for road projects on a competitive basis. Each year 20 million USD are spent on the investments of local roads, around half of them are spent on projects of rehabilitation of rural roads.
- Local Governments spend most of the investments on improvement of rural roads.
- An EU funded consultancy is helping the Ministry of Transport and Telecommunications to prepare the roads designing and construction standards. The roads that will be financed through the project will be consistent with the new standards.

3.7 Lessons learned

- The need for a more systemic approach in investing in to the rural road network. Often the investments resulted in sections of rehabilitated roads not linked to each-other, therefore diminishing substantially the profitability in the transport conditions.
- Maintenance is a key issue. Institutional responsibilities should be clearly defined before starting the investment. The project as described in the project activities will create the necessary capacities for the maintenance of the road sectors.

4. Indicative Budget (amounts in €)

The costs in the table are pre-estimations subject to change after the technical designs are ready. Please note that the priority sections might be subject of change if for some reasons not all the pre-conditions for the investment are met.

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
Activities	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1: Technical Design			880 000			880 000	100	220 000		660 000		
Contract 1.1 Consultant Service for the preparation of the technical Designs		x	880 000			880 000	100	220 000		660 000		
Activity 2: Civil Works			7 300 000	7 300 000	100							
Contract 2.1 Reconstruction of Antigone road, Gjirokastrer		x	1 000 000	1 000 000	100							
Contract 2.2 Reconstruction of the road Xhafezotaj –Fllake - Coast, Durres		x	1 400 000	1 400 000	100							
Contract 2.3 Reconstruction of the road Tamare-		x	2 400 000	2 400 000	100							

Vermosh, Shkoder												
Contract 2.4 Reconstruction of the road Lezhe- Rrile-Shenkoll-Tale, Lezhe		x	2 500.000	2 500 000	100							
Activity 3: Tender Doc and Supervision			700 000	700 000	100							
Contract 3.1 Consultant Service for preparation of Tender Dossier for the Works and Supervision		x	60 000	60 000	100							
Contract 3.2 Consultant Service for Supervision of the Works		x	640 000	640 000	100							
TOTAL IB												
TOTAL INV			8 880 000	8 000 000	90	880 000	10	220 000		660 000		
TOTAL PROJECT			8 880 000	8 000 000	90	880 000	10	220 000		660 000		

Amounts net of VAT

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	1 st Quarter 2008	1 st Quarter 2008	1 st Quarter 2009
Contract 2.1	2 nd Quarter 2009	3 rd Quarter 2009	3 rd Quarter 2010
Contract 2.2	2 nd Quarter 2009	3 rd Quarter 2009	3 rd Quarter 2010
Contract 2.3	2 nd Quarter 2009	3 rd Quarter 2009	1 st Quarter 2011
Contract 2.4	2 nd Quarter 2009	3 rd Quarter 2009	1 st Quarter 2011
Contract 3.1	1 st Quarter 2009	2 nd Quarter 2009	2 nd Quarter 2009
Contract 3.2	2 nd Quarter 2009	3 rd Quarter 2009	1 st Quarter 2011

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA

6. Cross cutting issues

6.1 Equal Opportunity

The main beneficiary is the whole residential population including women and minorities and particularly the children, local businesses, visitors and tourists which have access to safe water and proper disposal of sewerage,

6.2 Environment

The Albanian Development Fund has a methodology of evaluating environmental feasibility of road reconstruction projects. This evaluation is performed in the feasibility phase and the recommendation of effect attenuation reflects in project design. (Annex III: Environmental feasibility standard form on rural roads sub-projects)

6.3 Minorities

N.A

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4- Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to AP /NPAA / EP / SAA
 - Reference to MIPD
 - Reference to National Development Plan
 - Reference to national / sectoral investment plans

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	
Reconstruction of Secondary and Local Roads		Contracting period expires 3 years following the date of conclusion of the Financing Agreement	
		€8.880.000	Total budget : IPA 2008 budget: €8.000.000
Overall objective	Objectively verifiable indicators	Sources of Verification	
Improve the living conditions of the rural communities through the improvement of the infrastructure	The decrease of transport costs, increase of access in the markets and social and economic service improved The increase of the traffic	Beneficiary assessment Impact evaluation studies INSTAT reports	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To improve access to essential services and economic markets, in the form of reduced user costs, for the resident population in the hinterland of the improved secondary and local roads.	Reconstructed infrastructure for the pre-selected roads Increase of tourists and traffic flow Technical quality of completed subprojects	ADF internal technical assessment Independent technical assessment Beneficiary assessment	

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>Result 1: infrastructure roads in very good conditions in accordance to the new standards</p> <p>Result 2: Infrastructure access to the regional markets</p> <p>Result 3: Infrastructure access to education for the local population</p> <p>Result 4: Infrastructure access to health services for the rural population</p>	<p>By the end of the project:</p> <p>Rural Roads reconstructed according to the new engineering standards</p> <p>The number of communities that have improved access to markets, social services and administrative centers by the end of the project</p> <p>Proportional increase in traffic volumes one year after project road sections are improved or rehabilitated</p> <p>Reduction in travel time on project road sections in free flowing conditions</p> <p>Reduction in vehicle operating costs</p>	<p>ADF program report</p> <p>MIS Data; Feasibility studies</p> <p>Traffic assessment from ADF</p> <p>Evaluation report, Feasibility studies</p> <p>Baseline Study, Beneficiary assessment</p> <p>LGU economic and employment office data</p>	<p>ADF experience in project selection, project design excellent expertise in supervision of public works.</p> <p>ADF experience in project selection.</p> <p>ADF long cooperation with Local Government units in infrastructure projects.</p>
Activities	Means	Costs	Assumptions
<i>Activity 1: Technical Designs</i>		<p>€880.000 (WB Loan and Government of Albania)</p>	Procurement process finished on time

<p>The ADF has already selected the roads to be constructed in cooperation with the Regions.</p> <p>ADF has contracted on March 2008 an international consultant that will prepare the technical designs for the priorities proposed.</p> <p><i>Activity 2: Civil Works contracts</i></p> <p>The EU Delegation to Tirana will be the Contracting Agency for the following proposed roads sections contracts. The contracts will be financed</p> <ul style="list-style-type: none"> • Reconstruction of the rural road Antigone, Gjirokaster 	<p>ADF has asked all the regional councils to submit a list of priority subprojects through a transparent decision-making process based on social and economic impact of the proposed sections;</p> <p>The priority sections proposed might be subject of change if for some reasons not all the pre-conditions for the investment are met.</p> <p>The detailed designs for the first 400 km-s of roads are expected to be ready by the end of 2008, including the road sections that will be financed by IPA 2008, prepared by an International Consultant Company.</p> <p>EU Delegation to Albania will procure all the civil contracts according to the EC rules of Procurement.</p>	<p>€7.300.000 EC Contribution</p>	<p>Technical design is delivered on time</p> <p>Environmental safe guards prepared and delivered on time</p> <p>The maintenance will be carried out by the General Roads Directorate, after the reconstruction of the roads.</p>
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<ul style="list-style-type: none"> • Reconstruction of the rural road connecting Xhafezotaj – Fllake – Sea Coast, Durres • Reconstruction of the rural road connection Tamare - Vermosh, Shkoder • Reconstruction of the road rural connecting Lezhe – Rrile – Shenkoll - Tale, Lezhe <p><i>Activity 3: Preparation of the tender documents and Supervision of the civil works</i></p> <p>The EU Delegation to Tirana will be the Contracting Agency for two service contracts, where the first contract will be for the preparation of the tender documents. Based on the technical designs, already prepared under the Activity No.1, the Consultant will prepare the tender documents in accordance with EC Practical Guide for the</p>	<p>The consultant company will prepare the tender documents. The Tender documents for the civil works should be in accordance with EC Practical Guide for Works.</p>	<p>€700.000 EC Contribution</p>	
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<p>civil works and for the supervision. The second Consultant will supervise all civil works during the implementation. Both contracts will be financed 100% by EC Contribution.</p>	<p>The supervision of the civil works will be done by a specialized company.</p>	
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ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Contract 2.1		1.000.000						
Contract 2.2		1.400.000						
Contract 2.3		2.400.000						
Contract 2.4		2.500.000						
Contract 3.1	60.000							
Contract 3.2		640.000						
Cumulated	60.000	8.000.000						
Disbursed								
Contract		100.000	200.000	200.000	300.000	200.000		

2.1								
Contract 2.2		140.000	310.000	300.000	400.000	250.000		
Contract 2.3		240.000	300.000	300.000	450.000	410.000	300.000	400.000
Contract 2.4		250.000	300.000	300.000	450.000	500.000	300.000	400.000
Contract 3.1	20.000	40.000						
Contract 3.2		70.000	105.000	105.000	105.000	105.000	75.000	75.000
Cumulated	20.000	860.000	2.075.000	3.280.000	4.985.000	6.450.000	7.125.000	8.000.000

ANNEX 3: Institutional framework

The Albanian Development Fund is an autonomous agency established in 1993 based on the agreement between the Government of Albania and the World Bank to implement the project “Alleviation of the poverty in rural areas”. Until 1999, the ADF activity included three main components: Civil works in urban and rural infrastructure, the small urban credit system and the small rural credit system.

Since 1999, ADF is specialized only in infrastructure works. ADF is led by a Board of Trustees, chaired by the Deputy Prime Minister, composed from some members of the Central Government and representatives of Local Government associations. The Albanian Government through its board has supported ADF, including its activities in the implementation of the national policies and strategies.

The project is in a cross-cutting line between the transport sector and the local government services. Although the primary objective of the project will be to improve the transport through improving the secondary and local roads, currently these roads are under the ownership of the Local Government Units, the Regions own the secondary roads, while the communes own the local roads. The Albanian Development Fund will work with the Qark Councils in a consultative and participatory manner to agree their priorities for investment on local and secondary roads.

The implementing agency will be the Albanian Development Fund experienced in civil works in rural roads working in close cooperation with the Local Government Units.

Above is a list of the constraints the project is faced with and how the project is going to target these constraints

(i) Functional Classification – there are many sections of road that are categorized incorrectly in terms of their functional designation;

One of the primary tasks of the international consultancy will be to re-categorize the road sections based on their functionality. A decision of the Council of Ministers will sanction the new inventory of secondary and local roads.

(ii) Financing of local roads - Mechanisms to finance local roads are complex and have been changing over recent years, and financial resources (off-budget, on-budget or from donors) are unpredictable, and usually inadequate;

The investment list of the road sections will be carefully planned to cover the core rural network of transport. The sections improved will have a linkage with each-other and will be selected based on their impact.

(iii) Service delivery (for maintenance) and cost of local roads - There is evidence that sometimes local roads have inappropriate design standards, and lack open, competitive entry for road works, with the result that a disproportionate share of the available funds is consumed by administrative costs. There is a lack of appropriate legal framework - that designates ownership of and responsibility for secondary and local roads;

Regarding the local roads the project anticipates some contractual maintenance commitments from the communes before starting the investment.

(vi) Institutions for planning budgeting and monitoring are weak, and require improvements in transparency and accountability.

The projects has a strong component of capacity building for the communal administration to improve the management of he road network.

Methodology of beneficiary assessment and impact study currently used by the Albanian Development Fund

The objective of the impact evaluation is to assess the magnitude and distribution of both direct and indirect effects, and to determine what the results are of the infrastructure intervention on a predetermined set of indicators.

Since ADF investments consist of a wide variety of types of infrastructure, ranging from one subproject to another, The Monitoring and Evaluation Unit has developed a set of tools for assessing all types of subprojects.

The impact assessment tools rely primarily on survey-based data collection and quantitative analysis of these data. An important feature is to provide results that are representative of the project influence zone.

There is also place for qualitative assessment methods. Such methods (interviews, focus groups discussions) are developed and combined with the survey-based system as needed.

Conceptual framework

Infrastructure investments contribute to economic growth and improve the life quality. They contribute to economic growth by reducing the cost of production, by making possible the diversification of the economy and income sources, and by making other factors of production more productive. There is significant empirical evidence at the macroeconomic level of a positive correlation between infrastructure networks (including roads), and GDP per capita or growth rates. Quality of life is improved by creating amenities in the physical environment and by providing outputs, such as transportation and communication, which are valued in their own right, or other invisible/indirect outputs as it is the case of sewerage systems.

At the household level, rural roads can lead to increases in agricultural production and open up alternative non-farm employment, resulting in both higher overall earnings and more diversified sources of income. Roads reduce the transaction costs of looking for employment and thus contribute to making labor markets more efficient. Roads may also contribute directly to household wealth by having a positive impact on real estate values. Transportation has the potential to bestow important consumption benefits by virtue of the increased personal mobility and communication it makes possible. It can also be a means to acquiring other goods and services, by improving access to education and health facilities and to markets. The establishment of roads can reduce and free up time to engage in more productive income-earning activities. To the extent that women are often responsible for these transport duties, rural roads can be expected to free up their time for employment opportunities and improved child care.

Rural Transport Interventions and Poverty Reduction

The situation of poor people in rural areas prior to the construction or improvement of roads is frequently characterized by the following factors:

□ Poor communities are isolated for significant portions of the year as they lack reliable all - season road access.

□ The majority of journeys are short, numerous and time consuming. They typically occur for production or subsistence needs, such as collecting water and fuel, crop production, harvesting and processing.

□ Longer journeys are infrequent even though they may well be essential to livelihood strategies. Such journeys include visits to hospitals and clinics, marketing of produce, or searching for jobs.

□ Poor people do not own motorized vehicles and can rarely secure access to them. Walking and non-motorized transport (head loading and bicycles) predominates.

□ The transport burden for many domestic tasks tends to fall disproportionately on women, and social rules and customs often limit their access to available means of transport.

These factors act as constraints to improving monetary and non-monetary dimensions of well-being and thus to poverty reduction. Rural transport interventions are meant to alleviate each of these constraints (Gannon et al, 2001).

The short and long term distributive impacts of infrastructure projects, particularly on low income groups, are not well understood. In poor rural areas, lack of adequate and reliable transport, sewerage systems or water supply, can penalize households pursuing cash crop farming, reduce non-farm employment opportunities and access to social services, penalize the health and environment of the residents, etc. It is thus argued that infrastructure investments contribute to poverty reduction by removing major constraints faced by the poor in accessing jobs, markets, and services, and indirectly contribute to different aspects of the quality of their lives.

Method of Impact Assessment

The evaluation of infrastructure interventions includes the following elements:

- (ii) Collection of pre-intervention and post-intervention data in the treatment groups,
- (iii) Qualitative techniques, incorporated to supplement and triangulate the quantitative findings.

Links with the Project Cycle

The impact evaluation is fully integrated in the regular project cycle and is run as part of the activities of the project. Each step in the project cycle includes evaluation-related tasks. The setting up of baseline controls is done during project identification and preparation. The baseline data is collected prior to the start of project implementation, in the pre-feasibility and feasibility studies for each subproject.

By the time for appraisal, the impact indicators are selected and discussed with the relevant counterparts. During project implementation and supervision, the preparation for the follow-up survey is made.

The first or preparatory phase to the impact evaluation is the clarification of the objectives of the evaluation, the extract of the indicators according to these objectives, exploration of the data availability, etc. Below there is an overview of the rest of this process.

Main Steps in the Design and Implementation of the Impact Evaluation

During Project Identification and Preparation

Designing the evaluation

Forming the evaluation team

Data collection instrument development

Baseline data collection
Data management and access

During Project Implementation

Analyzing the baseline data
Writing up the findings and discussing them with policymakers and other stakeholders
Making mid-term revisions to project design
Preparing the follow-up survey

After Project Implementation

Follow-up survey data collection
Project impact data analysis
Writing up the results and discussing them with policymakers and other stakeholders
Incorporating the findings in design of future projects

The identification of the objectives of the evaluation, and the identification of the impact indicators of interest, are made through the use of a logical (log) framework as a commonly used tool for identifying project goals (the design of the matrix that matches information on project objectives with various performance and output benchmarks). This matrix is particularly important, as we deal with different sorts of infrastructure interventions, where the range of impact indicators can be very wide, going from transport-specific indicators to general social impact indicators (health, education) and general welfare indicators.

ANNEX 4: Reference to laws, regulations and strategic documents:

Reference to main laws:

The Law No Nr. 8308, date 18.03.1998: “On the road transports”
The law Nr.8652, date 31.07.2000: “On the organization and functioning of the Local Government”

Link with AP/NPAA / EP/ SAA

European Partnership

Upgrade the country's infrastructure, in particular in energy and transport, in order to strengthen the competitiveness of the economy at large

SAA: Art 106 Transport

The cooperation between the parts will focus in priority fields related to the in the transport field of the Community.

The cooperation may focus, especially in the reconstruction and modernization of the Albanian transport methods, improving the free movement of goods and passengers, by increasing, the access to the markets and transport means, including ports, airports, backing the development multi-modal infrastructure regarding the main trans-European main networks, especially to enhance the regional connections, achieving the operative standards comparative with the European ones, by developing a transport system in Albania in accordance with the Community system.

The Implementation of the Albanian National Transport Plan

Link with MIPD

Respond to the “considerable need for large infrastructure projects to help Albania meet *acquis* requirements, in compliance with the National Plan for the Approximation of the Legislation and the Stabilization and Association Agreement (SAA)”.

Link with National Development Plan (where applicable)

- The National Strategy for Development and Integration
- The strategy for Regional Development
- The strategy of Rural Development

Link with National/ Sector investment plans

- The Albanian National Transport Plan

The investments and maintenance of the rural roads is an important part of the ANTP.

ANNEX 5: Details for EU funded contracts where applicable