

Ex Post-Evaluation Brief

Cambodia: Rural Infrastructure (TRIP IV and other infrastructure)



Sector	2102000 Road traffic	
Programme/Client	Rural Infrastructure (TRIP IV and other infrastructure), BMZ – No. 2003 66 286	
Programme executing agency	Ministry of Rural Development (MRD)	
Year of sample/ex post evaluation report: 2011*/2012		
	Appraisal (planned)	Ex post-evaluation (actual)
Investment costs (total)	EUR 10.1 million	EUR 10.5 million
Counterpart contribution (company)	EUR 2.5 million	EUR 2.5 million
Funding, of which budget funds (BMZ)	EUR 7.6 million	EUR 7.9 million

* random sample

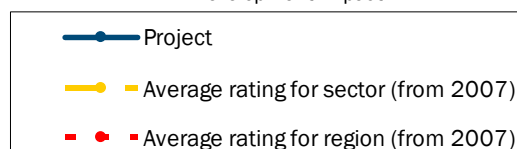
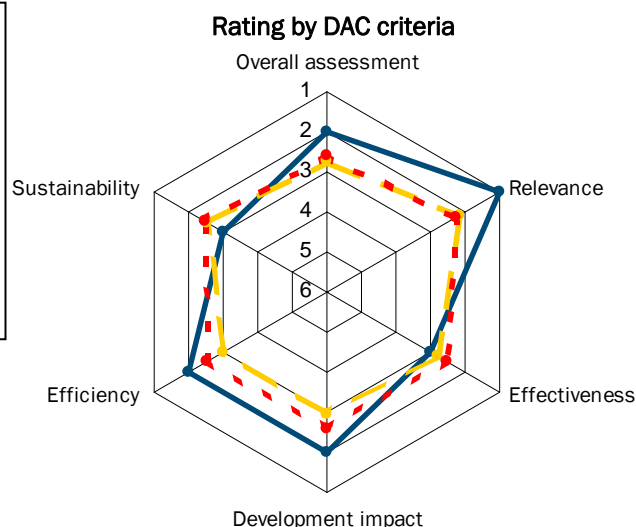
Project description: With the construction and rehabilitation of 250 km of rural roads, the project continued the well established cooperation with Cambodia in the field of rural infrastructure within the scope of a fourth phase. During this phase, the character of cooperation changed from emergency aid towards promoting exemplary regional approaches – with view to providing the partners with strategic support in sustainably developing a rural road network. Major elements comprised a significant increase in the Cambodian budget funds earmarked for road maintenance, the promotion of relevant capacities on the project executing agency's side by virtue of training measures and the introduction of management tools, as well as outsourcing construction and maintenance work to private contractors.

Objective: The objective of the project was to improve access to rural areas in six provinces of Cambodia by rehabilitating existing roads or building new ones; the outcome was to be measured in terms of year-round passability and rising traffic volumes. The overall objective was to contribute to improved living conditions for the rural population in these provinces (measured in terms of improved socioeconomic indicators, e.g. rising school attendance and producer prices for agricultural produce).

Target group: The population living in the project area (some 17,000 households).

Overall rating: 2

Most of the physical objectives have been achieved. The positive impacts of the project in terms of achieving the overall objective are uncontested. The issue of sustainable maintenance of the rural road network remains critical due to scarce budget funds. The project design did, however, adequately take into account this problem and has helped to significantly improve the situation.



EVALUATION SUMMARY

Overall rating: The project concept was appropriate. Direct objectives have been largely achieved, with a contribution to overarching sectoral development.

For a continued FC engagement Cambodia's road sector, endeavours should be made to achieve additional progress in three key areas - in close consultation with other major donors such as the ADB and the World Bank:

- Implementation structure should be more firmly aligned within the institutional structure of the executing organisation
- Further enhancement of financial sustainability
- Development of standardised management tools.

Rating: 2

Relevance: The project concept conforms with prevailing Cambodian sector policies and strategies for rural areas: their development is hampered by a lack of transport links to markets, social infrastructure and administrative centres. The selected approach aimed to significantly improve the social and economic situation of people living in rural areas, based on a plausible intervention logic. Special mention is to be made of the fact that the approach addressed both local-level obstacles as well as structural constraints to the road maintenance system over and above the purely regional context - as far as the available funding framework permitted.

Donors (primarily the ADB and the World Bank apart from German FC) coordinate under the aegis of the responsible Ministry of Rural Development – resulting in a pragmatic division of labour in regional and conceptual terms., with its focus on improving rural infrastructure, the project supports aligns with German-Cambodian cooperation priorities in the area of rural development (Sub-rating: 1).

Effectiveness: Anticipated physical results were more or less achieved in the road construction (and spot repairs) component, which accounted for some 62% of the financing volume (results fell short of their target by about 5%). Some 17,000 families, or 95,000 individuals now benefit from improved transport links. Other infrastructure measures (rural markets and ponds) were of secondary importance in terms of their financing volume of about 7%;, due to increased unit costs, the planned results were not achieved. Besides, fewer suitable locations were identified than expected.

During the ex-post evaluation, more than half of the roads covered within the framework of TRIP IV were visited. Out of this sample, 74% were in a state of repair between “very good” and “adequate”, while the other 26% were deemed to be in “poor” or “very poor” state. The vast majority (72%) of the rehabilitated road sections visited were in a good or very good state of repair, and the others were deemed adequate; the situation was significantly less positive on the sections of road that had merely been subject to periodic maintenance and those where

spot repairs had been conducted. All roads visited were passable all year round (with the exception of a concrete-lined ford that was flooded and thus impassable for standard vehicles). Socioeconomic data gathered towards the end of the project indicate a significant rise in traffic volume in general upon completion of construction measures. Data gathered during the ex-post evaluation indicated that traffic volumes had declined again since the end of the project. It seems likely that this is caused by a combination of seasonal influences, a deterioration in the roads' state of repair and the emergence of alternative routes which have spread the traffic volume over more possible routes.

The personnel of the executing agency were successfully trained in planning, budgeting, tendering and supervising rehabilitation and maintenance measures, both through special courses and on-the-job training.

With the purpose of inventorising the rural road network and budgeting respective maintenance measures, the so-called "ROMAPS" system was introduced with the support of the ADB. This system was adopted and further developed by German FC within the framework of the TRIP IV project (Sub-rating: 3).

Efficiency: As laid out above, unit costs rose perceptibly in comparison to levels anticipated at the planning stage. The cost increase can, however, be clearly attributed to changed framework conditions (rising costs for labour, construction materials and energy) and to the improved road design (in terms of surfacing and width). Exemplary cost-benefits analyses for road sections with high heavy traffic indicate an internal rate of return of the order of between 6% and 18%. For rural development measures, the results are somewhere between acceptable and very good (Sub-rating: 2).

Overarching developmental impact: The positive impacts expected for the target group have materialised. This is evidenced by socioeconomic studies conducted at the start and end of project implementation as well as within the framework of the ex-post evaluation. For instance, the time needed by students to travel from home to school decreased by 66% by the end of the project. There was no quantifiable reduction in travel costs, since most students cycle to school. Access to markets, too, was significantly improved, with an average reduction of some 55% in travelling time and an average reduction of some 35% in travelling costs – despite rising fuel costs. This has helped significantly boost farm gate prices for agricultural products (e.g. a 100% rise in the case of rice), thus generating higher household incomes. In total, close to 17,000 households have benefitted from the project measures. However, both travelling times and travelling costs have once more risen by an average of some 22% and 55%, respectively, since the end of the project. With respect to travelling times, it must be assumed that the roads' state of repair of the has again deteriorated since the project ended; nonetheless, average travelling times are still some 50% below those recorded before the project was launched. As for travelling costs, increasing petrol and diesel prices seem to be the main factor; since fuel prices have risen by more than 50% since 2009.

The concept of outsourcing maintenance work to private contractors was new and is considered a success by all stakeholders (previously, such work was always conducted by the project agency itself). This is partly due to the fact that the private contractors were prepared for their tasks by virtue of training measures (e.g. learning to compile technical and financial bids), and that back-up was provided as they conducted the work. All in all, competition has been encouraged and private-sector capacities developed (Sub-rating: 2).

Sustainability: There is a significant element of uncertainty around the funding required for investment and maintenance: to date, a nationwide needs assessment, based on complete and up-to-date inventories does not exist. All stakeholders agree that the current national budget for rural road maintenance is still far from adequate; for annual maintenance work alone, a minimum of USD 20 million is said to be needed for the country as a whole. During project appraisal, a Road Fund, was expected to be established, which was to finance work in the highway sector and was to be funded by a levy on fuel prices. However, this has not materialised in the face of strong political resistance.

By agreeing on and enforcing additional counterpart contributions, the funds available for maintenance work in the project regions could be significantly increased. These counterpart contributions are still being provided under the follow-on programmes to TRIP IV (i.e. RIP I and II). In 2007 they totalled USD 1 million, which was equivalent to some 40% of the total budget for road maintenance at that time of USD 2.4 million. In 2011, counterpart contributions amount to USD 1.5 million p.a. (or about 15 % of the total road maintenance budget of some USD 11 million). In parallel, Cambodia's total national budget has increased from USD 1,052 million in 2007 to USD 2,799 million in 2011, while the Ministry of Rural Development has seen its budget rise over the same period from USD 9.2 million to USD 21.3 million. The budget for rural road maintenance has thus risen considerably faster than the overall national budget and that of the Ministry of Rural Development. The insistence by donors, above all from the German side, on increased budgets for road maintenance can help the Ministry to continue this trend.

The prospects of realising long-term maintenance for the project roads are basically positive: partly, the selection criteria identified at the start of the project targeted generally busy roads which will thus continue to enjoy a high priority in the process of allocating scarce funds for maintenance and upgrading measures.

In essence, the challenge of ensuring financial sustainability was taken into account realistically and appropriately in the design and execution of the project; however this aspect will have to be equally observed in the future.

In terms of institutional sustainability, there are pros and cons for project implementation via temporary parallel structures within the Ministry. On the one hand, the project team structure comprised staff from the various specialised divisions, with administrative channels for routine tasks being kept fairly short; this was compounded by easy monitoring of the use of funds and the quality of construction work. On the other hand, the organisational (line) units of the Ministry

of Rural Development otherwise responsible, especially at central level, had little direct involvement in tendering, construction monitoring and hand-over of construction work. One concrete example is ROMAPS, which was initially developed as part of an ADB measure and subsequently used in TRIP IV. It has not, however, yet made its way into the general ministerial structure (Sub-rating: 3).

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being relevance, effectiveness, efficiency and overarching developmental impact. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

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| 1 | Very good result that clearly exceeds expectations |
| 2 | Good result, fully in line with expectations and without any significant shortcomings |
| 3 | Satisfactory result – project falls short of expectations but the positive results dominate |
| 4 | Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results |
| 5 | Clearly inadequate result – despite some positive partial results, the negative results clearly dominate |
| 6 | The project has no impact or the situation has actually deteriorated |

Ratings 1-3 denote a positive or successful assessment while ratings 4-6 denote a not positive or unsuccessful assessment

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability) The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (rating 3).