

Transport Sector Development

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The Transport Sector Development Project, supported by Loan 2906-CY for US\$35 million, was approved in FY88 and closed as planned on December 31, 1995. A total of US\$29.04 was disbursed; US\$5 million was canceled at the borrowers request on May 1, 1995, and a final balance of US\$0.95 million was canceled at closing. The total project costs were US\$140.3 million. The ICR was prepared by Country Department I, Europe and Central Asia. The Borrower reviewed the draft report and offered a number of comments which have been incorporated into the text.

The loan's objectives were to a) increase the efficiency of the transport sector operating system; b) improve cost recovery in revenue earning transport sector operations and in the highway system; c) enhance the quality of transport planning and project implementation, including environmental aspects; d) upgrade priority areas of transport infrastructure to support economic growth and social change in a cost effective way; e) increase the extent and quality of training provided for personnel in the roads, road transport and civil aviation sub-sectors. These objectives were supported by seven components: i) construction and improvement of priority road sections; ii) a road strengthening program; iii) improvements to the Public Works Department materials laboratory and the Nicosia Higher Technical Institute training laboratory; iv) computerization of the vehicle licensing system; v) improvement of Larnaca International Airport; vi) procurement of port equipment; and vii) provision of consultancy services to undertake a number of studies.

All objectives were to a large extent achieved, and the Ministry of Communications and Works has significantly improved its capability and standards of investment planning, project management and infrastructure maintenance. All investments in the sector now have to meet strict economic criteria, be clearly related to economic and social needs, and environmental criteria are given a high priority. Institutional reform has been the weakest aspect of the project, but even here progress is being made.

OED agrees with the ICR which rates project outcome as satisfactory, sustainability as likely, institutional development as modest, and Bank performance as satisfactory.

The main lessons from the project are that: a) there should be greater public participation at the planning process, especially where land acquisition is involved; and b), supervision should pay sufficient attention to policy components, which although relatively small financially are nonetheless important to project sustainability.

The ICR is satisfactory, however, more information could have been provided on the reasons for the modest institutional development impact.

No audit is planned.