

EVALUATION OUTLINE

This paper serves several purposes. Apart from providing an outline of the envisaged joint evaluation approach by the ADB/EBRD evaluation functions, and thus forming a basis for internal decision making, this paper is also meant to provide guidance for the formulation of the terms of reference (TOR) for an evaluation consultants anticipated to be recruited and to establish the related budget, and for external communication where warranted.

A. Introduction

1. Background and Context

1. Confirmed by a major European Bank for Reconstruction and Development (EBRD) transport infrastructure sector study in 1992 establishing the importance and state of transport infrastructure in general (transport by road, rail, air, and water) for Russia, Ukraine, Kazakhstan, and Belarus in the aftermath of the collapse of the former Soviet Union (FSU),¹ this sector is evidently key for the economic development not alone for the said countries individually, but beyond for the entire region and globally, a notion supported by the Transport Corridor Europe-Caucasus-Asia (TRACECA) program.²

2. The Almaty (Kazakhstan)-Bishkek (Kyrgyz Republic) Road Sector Development Project parallel-financed by the Asian Development Bank (ADB) and EBRD, further elaborated below and hereafter referred to as “the Project,” is thus focusing on an important axis within the (road) transport infrastructure network referred to above, particularly in the absence of a direct rail link.³

3. Wear and tear, inadequate maintenance, and insufficient reinvestments since the collapse of the FSU during the late 1980s/early 1990s resulted in a poor state of the physical infrastructure, including the border-crossing facilities between Kazakhstan and Kyrgyzstan, that urgently called for rehabilitation. Equally, if not more important, was the need for addressing nonphysical aspects. These included road sector reforms, including the separation of the policy and administration roles of the Ministry of Transport and Communications (MOTC); the adoption of the so-called Road Sector Development Program (RSDP); and road sector related laws, policies, and procedures—notably the nonphysical border-crossing barriers including related attitudinal issues (particularly at the international crossing point at Akzhol-Chu).⁴

¹ The former Union of Soviet Socialist Republics.

² The TRACECA Program was launched at a conference in Brussels in May 1993 (bringing together original eight TRACECA countries, five Central Asian republics, and three Caucasian republics), with a view to implement a program of European Union (EU)-funded technical assistance (TA) to develop a transport corridor on a west-east axis from Europe, across the Black Sea, through the Caucasus and the Caspian Sea to Central Asia in reminiscence of the ancient Silk Route becoming once again a major trade corridor. It was envisaged to support the political and economic independence of the republics by enhancing their capacity to access European and World markets through alternative transport routes, to encourage further regional cooperation among the partner states, to increasingly use TRACECA as a catalyst to attract the support of international financial institutions (IFIs) and private investors, and to link the TRACECA route with the Trans-European networks.

³ The official abbreviation for the Asian Development Bank is ADB; but since this is the same as for the African Development Bank, the author of this paper uses the abbreviations ADB and AfDB for differentiation.

⁴ A more detailed account of the sector background, its structure at the time of investment preparation, and the involvement of sector reforms is provided in the related loan appraisal documents of ADB and EBRD to which reference is made.

2. ADB/EBRD Project Involvement

4. Following up on the above-mentioned all-mode regional traffic sector study in 1992, EBRD entered into discussion with the Government of Kazakhstan (GOK) in 1993 to explore the possibility of financing of a roads and bridges rehabilitation program, but eventually decided to focus on other investment opportunities since the World Bank (International Bank for Reconstruction and Development [IBRD]) and ADB also expressed interest in the road sector. ADB signed its first road project in 1996, a loan in the amount of \$50 million to improve sections of the road from Almaty to the country's new capital Astana, a road which also benefited from an IBRD loan of \$100 million loan signed in 1999.⁵ Within this period, both international financial institutions (IFIs) launched several technical cooperation operations striving for enhanced regional economic cooperation between the two countries more generally.⁶ Initiatives in the transport sector, more specifically, included coordination of sector reforms, development of road standards, and preparation of road safety guidelines.⁷ Success of the sector reforms induced by IBRD/ADB technical cooperation emerged further when the powers of the erstwhile monopoly of Kazavtodor, the centralized road contractor, started to weaken during the late 1990s by allowing small- and medium-sized private contractors to enter the supply chain. Finally, and relating to this Project directly, ADB has financed the feasibility studies for the Kazakhstan section and supervisory work for the Kyrgyz Republic section.⁸

5. Based on this feasibility work, ADB started investment preparation in 1998 on the understanding that the Project included a trade facilitation component, in turn, resulting in a cross-border agreement (CBA) between Kazakhstan and Kyrgyz Republic promoting free movement of people and goods at its Akzhol-Chu international border crossing. EBRD was invited in this Project by GOK in the wake of its "strategy of development, restructuring, and commercialization of the Kazakhstan road sector" in 2000 upon ADB's initiative. EBRD commissioned a study of road sector financing and cost-recovery the same year highlighting that, while total revenues from road user charges were well above costs, this apparently "comfortable" position disguised the fact that actual road maintenance and investment levels were far below expectations, thus, in fact, representing a financial gap of the Road Fund.

3. The Project

6. At a total cost of estimated \$119.1 million (Kazakhstan component estimated at \$112.4 or about 94.4% and Kyrgyz Republic component at \$6.7 million or about 5.6%), the Project, besides focusing on modernizing border control policies and procedures, improving the coordination and management of road safety, and introducing an efficient road maintenance system), aimed at the

- (i) rehabilitation of about 245 kilometers (km) of the Almaty-Bishkek road (about 204 km in Kazakhstan and 41 km in Kyrgyz Republic), including consulting services for design and construction supervision;

⁵ This included a \$750,000 technical cooperation by ADB for "Institutional Strengthening of the Road Sector" in 1996.

⁶ Throughout this paper the term technical cooperation (TC) is used as synonymous to TA. EBRD uses the term "TC" and ADB "TA."

⁷ The splitting of the sector policy and road network administration portfolio (looked after by the MOTC Committee of Roads and Road Transport from the centralized road contractor function (taken care of by the Republican State Road Enterprise—Kazavtodor) was a milestone achieved under ADB-IBRD technical cooperation.

⁸ ADB. 1996. *Feasibility Study of Selected Priority Road Sections*. Manila (TA 2632-KAZ, for \$250,000, approved on 27 August). The Kyrgyz Republic part was financed under ADB's first road sector loan (ADB. 1996. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the Kyrgyz Republic for the Road Rehabilitation Project*. Manila [Loan 1444-KGZ{SF}], for \$50 million, approved on 13 June).

- (ii) improvement of the customs facilities at the Akzhol-Chu border; and
- (iii) procurement of road maintenance equipment for Kazakhstan.

7. For the project cost financing, EBRD approved in November 2000 a sovereign loan of \$28.5 million (18 years maturity including 3 years grace period) and ADB approved a loan of \$65.0 million (24 years maturity including 4 years grace period) from its ordinary capital resources for the Kazakhstan component and about \$5.0 million equivalent from its Special Fund (expressed in special drawing rights) for the Kyrgyz Republic component (32 years maturity including 8 years grace period). Additional financing was contributed by the two beneficiary governments and from the European Union (EU) Tacis facilities under the TRACECA program.

8. The executing agency for the Project in both countries is the Committee of Transport Infrastructure Development (CTID) under the MOTC, respectively. The procurement rules of both IFIs for their respective components would apply. It was further envisioned that the estimated completion dates would be for the Kazakhstan component, respectively, 31 December 2004 (ADB) and first quarter 2004 (EBRD), and for the Kyrgyz Republic component 31 December 2003.

4. Project Implementation and Completion

a. ADB Component

9. **Key Dates.** Board approval for the two subregional road projects was 31 October 2000. For the Kazakhstan component, the Loan Agreement was signed in June 2001. Loan effectiveness was in May 2002. Loan was closed in December 2006. For Kyrgyz Republic, loan signing was in May 2001. Loan effectiveness was in May 2002. Physical activities have been substantially completed by December 2007. Some minor works are expected to finish in March 2008.

10. **Procurement.** The ADB-financed part of the road rehabilitation works were procured as three packages: one contract package (contract 1) for the Kyrgyz Republic component and two packages (contracts 2 and 3) for the Kazakhstan component. For Kyrgyz Republic, this comprised civil works—rehabilitation of the Bishkek-Georgievka Road (16.3 km) and Bishkek Bypass (3 km) including rehabilitation/reconstruction of two bridges on the project road, and consulting services for project management and construction supervision and maintenance. For Kazakhstan, this included separate packages for civil works (sections Km 65–165 for contract 2 and Km 166–205 for contract 3), procurement of road maintenance equipment, and consulting services for project management and construction supervision. Contract 1 was awarded following ADB's local competitive bidding procedures, and contracts 2 and 3 were tendered following ADB's international competitive bidding procedures.

11. **Civil Works.** The civil works contract under the Kyrgyz Republic component was delayed by about 51 months from the original schedule of December 2003.⁹ This was mainly due to internal factors other than the effectiveness of the CBA and included (i) inadequate assessment of local contracting industry capacity at project design stage, (ii) delays in procurement of civil works due to changes in the road design and scope of works,

⁹ Contract 1 was awarded to Aziyadorinter joint venture (Kyrgyzstan) on 10 July 2003 with the original completion date of 10 July 2005. Another component was added to this contract on 1 April 2004 for rehabilitation of two bridges on the project road, which were completed on 30 April 2005. However, the contractor failed to complete the rehabilitation of the road, and the contract for the first component was terminated on 7 May 2007. A contract to complete the remaining works was awarded to Kulak Construction Company on 6 June 2007 with the completion date of 30 September 2007.

(iii) contractor's inexperience with the requirements of ADB and Fédération Internationale Des Ingénieurs-Conseils (International Federation of Consulting Engineers [FIDIC]) contracts 12, (iv) delays in mobilizing equipment, (v) poor site management, and (vi) contractor's cash-flow deficit and inability to raise funds from local banks to fund cash-flow requirements.

12. Road rehabilitation works in Kazakhstan were completed in December 2006 or 24 months behind schedule.¹⁰ Apart from loan effectiveness delay, the delay was due to (i) inexperience of the executing agency in ADB procurement procedures; (ii) frequent changes in project management arrangements; (iii) the timing of contract awards, which coincided with the start of winter; and (iv) increased quantities of works.

13. **Consulting Services.** The project management and construction supervision consulting services for both countries were procured following international competitive recruitment. Consulting services for the Kyrgyz Republic component commenced in June 2002. The consultant for contract 1, Dar Muhendislik Musavirlik, was engaged in January 2002 and expected to conclude services in December 2007. Consulting services for the Kazakhstan component commenced in August 2002 and was completed in October 2006. The consultant for contracts 2 and 3, Temelsu-Halcrow association, was engaged in August 2002 and completed services in October 2006 with a cumulative extension of more than 30 months. Delays in the civil works necessitated consultants' contract extensions, with a total overrun of more than 30 months for Kazakhstan and at least 50 months for the Kyrgyz Republic component.

14. **Road Maintenance Equipment.** While the loan for the Kyrgyz Republic did not include any specific component for road maintenance, the Project included procurement of road maintenance equipment for Kazakhstan. These include multifunctional trucks for all season maintenance (19), crack repair (sealing and filling) equipments (14), road marking machines (2), 1,500 kilogram-vibratory tandem rollers (53), 4x4 pick-ups (15), radio communication system (4), and 7-ton vibratory rollers (15). Procurement of these equipment followed ADB's Procurement Guidelines using international competitive bidding procedures.

15. **Cross-Border Agreement and Institutional Components.** The CBA, as intended under the Project, was signed and made effective in 2002. While it significantly delayed the loan effectiveness, the initiatives under the CBA made the border crossing procedures much easier and more transparent. Vehicle weights and dimensions and customs documentation were harmonized. However, challenges still exist to further improve the border procedures due to differences in the legal and procedural requirements of the two countries.¹¹

16. The Project included associated TA for Kazakhstan. Approved together with the respective loans, two advisory TA projects were rated "successful" by the respective TA completion reports. The TA projects were to (i) assist the governments to implement the CBA (phase I); (ii) focus on improving coordination and management of road safety (phase II); and (iii) help Kazakhstan MOTC streamline its functions and responsibilities, define sector objectives, and prepare the 3-

¹⁰ Contract 2 was awarded to Eksen-Dogus joint venture (Turkey), and contract 3 was awarded to Alsim-Alarko joint venture (Turkey). Both contracts received notice to proceed on 4 September 2003 with completion date of 4 September 2005. Both contracts have been completed and the taking-over certificates were issued on 1 December 2006, 15 months later than originally scheduled. Delays were due to major changes in work quantities and the award of contracts coinciding with the start of winter.

¹¹ Kazakhstan and the Kyrgyz Republic are now discussing the introduction of a joint customs inspection and clearance (one-window clearance system) at the Akzhol-Chu border and plan to enforce vehicle weight and dimension controls through inland control points and advance vehicles clearance procedures. Draft documents are being considered by the parliaments of the two countries.

year national transport investment plan (phase III). Phase I helped the two countries to (i) streamline customs documentation and procedures for cross-border traffic; (ii) harmonize weights and dimension standards for vehicles; and (iii) remove inland checkpoints, thus removing the cause of unauthorized payments. Phase II activities led to the establishment of the Permanent Secretariat for Road Safety in the Kyrgyz Republic in 2004. It also provided a detailed analysis of all aspects of road safety and developed a comprehensive plan. Further, revisions were made to the Road Traffic Regulations (the road safety guidelines under the Road Transport Act) in the Kyrgyz Republic.¹² Overall, the success in implementing institutional changes that were recommended under the advisory TA attached to the Project varies.

17. **Sector Reform.** The Project was among ADB's first interventions in roads sector in the two countries, which were at the early stages of transition to market economies. The capacity of the executing agencies and their understanding of international bidding and/or contracting practices, as well as ADB procedures were limited. The Project required both governments to implement the standards prepared under an ADB-financed TA.¹³ Road maintenance manuals and associated training were delivered under the supervision consultant's contract. However, the countries still prefer to use the standards and schedule of unit rates inherited from the former Soviet Union. This is partly due to the regulatory requirements of government agencies that impose standards and unit rates. These agencies traditionally had little involvement in new trends and practices in the industry. However, road sector professionals recognize the need for changing to more market-based principles.

18. Both governments increased financing for road maintenance substantially in recognition of the need for preserving the road assets. Kazakhstan increased financing for the entire road network to the current level of T6.8 billion (\$60 million equivalent), while the Kyrgyz Republic is funding its road network at an acceptable level of funding (\$1,200–\$1,500 per km) for a country with a predominantly two-lane carriageway road network. Further, both governments moved to introduce road maintenance by contract through outsourcing periodic maintenance activities to the private sector. The governments are willing to further introduce international best practices in managing the road assets such as the (i) supervision of maintenance activities by private sector consultants, (ii) implementation of pavement management and road asset management systems, (iii) implementation of performance-based road maintenance contracts, and (iv) international tendering procedures.

19. For Kazakhstan, the Project envisioned the introduction of a system for road maintenance by contract and the establishment of an equipment pool in Kazakhstan.¹⁴ With support from ADB-financed consultants, this component aimed to help establish the equipment hire system and the related servicing and repair workshop, and provide guidance and on-the-job training to equipment operators, workshop mechanics, and foreman. The equipment pool was not established as the

¹² The following positive developments have taken place since then: (i) the Road Safety Secretariat (RSS) now has five full-time staff members; (ii) the RSS has revised the road safety guidelines and they are expected to be approved by the Government before the end of 2007; (iii) the accident database of the traffic police is shared with the RSS; (iv) through investigative data analysis and safety audits, the RSS has contributed to the improvement of certain safety features of the project road; (v) new provisions which increase the liability of public transport operators are being proposed by the RSS for introduction into the Road Transport Act; (vi) the RSS is initiating preparation of the Road Safety Act and a traffic safety strategy to be submitted to the Government for consideration in 2008; and (vii) phase III has provided recommendations to Kazakhstan MOTC with regard to the organizational changes and an action plan for the improvement of the management of the road sector administration.

¹³ Kazakhstan issued a series of road construction specifications and harmonized standards in 2003. These have been further updated since then. The Kyrgyz Republic adopted new road design and construction standards in July 2006.

¹⁴ A precondition for implementation of maintenance by contract was (i) the preparation of a maintenance manual and contracts, and (ii) training of both government supervisors and contractors.

private sector in Kazakhstan has developed rapidly during project implementation, and today, there are more opportunities in the domestic market for the direct sourcing of needed resources.

20. **Environment.** The Project was reported to have negligible impact on the environment. However, the lack of effective monitoring and reporting does not allow for verification of this and whether all risks was mitigated during construction. Some of the diversion roads built during rehabilitation have been kept because (i) they were built on unused state-owned land, (ii) the land used had no agricultural or residential value, and (iii) local authorities wished to use them as service roads during the harvesting season. For similar reasons, project impacts on health and human trafficking was not monitored effectively. It is reported that cases of HIV/AIDS infections have generally increased in the project area, but it was not possible to determine how much the Project contributed to such increase.

21. **Project Completion.** In pursuant to ADB guidelines, the two regional projects were considered substantially complete and underwent self-evaluation. The project completion report was completed in December 2007. ADB's strategy to support the road subsector and focus on one of the main subregional road links was most appropriate at the time and remains highly relevant after project completion. Kazakhstan is a principal trading partner of the Kyrgyz Republic. Trade between the two countries has increased by 4–5 times since the project appraisal. While it was not possible to directly assess the impact of the Projects on regional cooperation as its design framework did not require the monitoring of such indicators, it is quite evident that the Project helped lower the transport costs and remove some of the official and unofficial payments at the Kyrgyz-Kazakhstan borders. At the same time, rather ambitious performance targets and milestones were set at the project design stage since institutional constraints were not fully recognized and factored into implementation arrangements and schedules at project design.

22. The responsible operation units of both IFIs declared the Project as completed and prepared self-evaluation reports accordingly. ADB's project completion report dated October 2007 assigned an overall rating of "**Satisfactory**" and noted that "the achievement of project effectiveness, efficiency, and sustainability are considered lower than anticipated at project preparation", and further "Constraints were not fully recognized and factored into implementation arrangements and schedules during the project design. Consequently, rather ambitious performance targets and milestones were set at the project design stage."¹⁵

b. EBRD Component

23. **Key Dates.** Board approval for the Project was in November 2000, loan signing in December 2000, loan effectiveness in June 2002, and first disbursement in July 2002. The road was completed in July 2007 and handed over to the Government.

24. **Procurement.** This was scheduled in three areas: civil works; small-scale road improvements, and consulting services assisting CTID in project selection, preparation of engineering designs, tender documents, and construction supervision with regard to small-scale improvements.

25. **Civil Works.** The expanded monitoring report (XMR) of EBRD notes the following events: "Procurement of the main civil works took place in 2002, with contract award to TransStroy, a Russian road construction company, in January 2003. The contractor began

¹⁵ ADB's project rating is based on the four criterion of relevance, effectiveness, efficiency, and sustainability. It rates a project on a scale of highly successful, successful, partly successful, or unsuccessful.

mobilizing in April 2003 and work started in mid-June 2003. By July, some serious problems with project implementation had already become apparent: slow progress of works, poor quality of works, and concerns over the safety of the contractor's working arrangements; these deficiencies were regarded as partly attributable to inadequate supervision performance by the supervising engineer (see below) but also to capacity constraints by CTID.¹⁶ Because of this, the contract with TransStroy was terminated in May 2006 and a new contractor Dogus Eksen was appointed in July 2006, a Turkish joint-venture which had shortly before completed the works on the ADB funded part of the road." This change was by way of single appointment through non-objection Board approval.

26. **Consulting Services.** In addition, however, the performance of the supervising engineer (a consortium of Halcrow-Temelsuu)—financed by ADB but covering ADB and EBRD sections—was also substandard, and the engineer needed to be replaced. Separate ADB/EBRD supervision arrangements followed (since no funds were left under the ADB contract). Upon suggestion by CTID in August 2006, the firm KazDorProject—a former subcontractor of Halcrow-Temelsuu—was appointed on a non-objection basis granted by EBRD in February 2007, which subcontracted Swedish National Road Consulting AB (SweRoad) because of its experience in FIDIC contract administration. Since these changed arrangements, the implementation has been good.

27. **Small-Scale Road Improvement.** The subcomponent "small-scale road improvement" for which \$6.5 million (EBRD: \$4.5 million and GOK: \$1.9 million) were allocated was subsequently omitted and resulting savings were reallocated to the civil works component, mainly due to a change in the required road specification to allow an axle load of 13 tons, up from the original 10 tons.

28. **Transition Impact.** Potential for transition impact was identified at appraisal in the following areas: reforms pertaining to investment and sector restructuring plans, motor vehicle taxation, and legal framework for road safety and environment. Associated risks were coupled with the uncertainty over the willingness to reform of the Government in the road sector and the chances of a follow-up project. This risk was regarded as mitigated by stipulating under the loan conditionalities of a statement of sector development policy to be approved by the Government. Against these appraisal expectations, EBRD's latest Transition Impact Monitoring System report dated April 2008 confirms the completion of several activities: Road Sector Development Plan (November 2001) and National Sector Strategy (early 2005); Automobiles Road Act (January 2003); Road Traffic Safety Act (through acceptable equivalents); budget increase, but revenues from road user charges are still below cost recovery levels; follow-on project through which to further the transition impact (BDS03-60, June 2003).

29. **Sector Reform.** Regarding the Project's envisaged sector development progress, the XMR notes that "improving the administration of the road sector has been slow" with a main contributing factor being "the overlapping and ambiguous responsibilities of the road sector institutions which are an impediment to the sector development." Intended institutional reforms were not covenanted under the loan (albeit frequently discussed with the Borrower), but they are under a subsequent project. The RSDP establishing investment priorities was covenanted and adopted by the GOK by Decree in November 2001.

¹⁶ An EBRD independent road engineer established poor compaction, roughness, and irregular asphalt mixture. This led to the conclusion that "the contract had not been carried out substantially in accordance with its terms, in particular the technical requirements, and determined that the Contract could no longer consider to be eligible for further financing."

30. **Environment.** Concerning the environment, the XMR notes that “The Project has been classified in category B by both EBRD and ADB. The resultant environmental analysis and Environmental Management Plan were carried out with the help of consultants in compliance with both ADB and EBRD environmental procedures as well as EU environmental requirements. The road rehabilitation will be moistly carried out on the existing alignment; the small areas which may be affected by minor realignments, and those expected to be used by contractors, are on land which is effectively wasteland and not significant from an environmental point of view. Thus, the environmental impacts associated with the rehabilitation are not significant, additionally, the Environmental Management Plan includes provision for a number of environmental mitigation measures.”

c. Project Completion

31. As per EBRD’s Expanded Monitoring Report prepared in March 2008 the EBRD funded road has been completed and already in use, although later than originally expected. The transition impact benchmarks have broadly been achieved. The physically implementation has been delayed (32 months), mainly due to initial delays in reaching effectiveness and the poor performance of the consultant and contractor. Euro 12 million out of Euro 22.6 million committed have been disbursed. The last availability date was postponed to end-2006 (originally completion was expected in 2003, LAD was extended twice from April 2004, then from April 2005). In addition to significant delays, it became apparent that there are serious concerns over the quality of the work (the quality is likely to fall short the EBRD standards). The transition impact monitoring system (TIMS) rating is provided in Table A1.1.

Table A1.1: EBRD’s TIMS Rating

Item	Original	Previous	New
Transition impact potential rating	Good	Good	Good
Transition impact risk	High	Medium	Medium

EBRD = European Bank for Reconstruction and Development, TIMS = Transition Impact Monitoring System.
Source: EBRD’s TIMS Project Review Checklist, April 2008.

B. Evaluation Subject, Mandate, and Evolvement

32. The evaluation subject is the Almaty-Bishkek Regional Road Rehabilitation Project supported by the Governments of Kazakhstan and Kyrgyz Republic, ADB, EBRD, and the EU TRACECA Program that was implemented during the period 2000–2007.

33. In both multilateral development banks (MDB), evaluation forms integral part of corporate operational standards and procedures, including a mandatory self-evaluation process of completed operations (by the project-responsible operation unit concerned) and an independent evaluation process applied to a sample of operations, mainly post-completion (by a dedicated operation-independent evaluation function). The subject operation has been selected for such independent evaluation based on a stratified sampling and to foster harmonization in the field of evaluation.

34. In the spirit of the Paris Declaration to which all external project financiers are party, the striving for harmonization by the Organisation for Economic Co-operation and Development

(OECD)-Development Assistance Committee (DAC) of its Evaluation Network and of the Evaluation Cooperation Group of the MDBs, this evaluation is intended to be carried out jointly by the external investors ADB and EBRD.¹⁷

35. Both MDB evaluation functions discussed this undertaking since 2007, and it was decided to include this joint evaluation under their 2008–2009 work programs, respectively.

C. Evaluation Objectives and Approach

36. The ADB evaluation report (referred as project performance evaluation report) will be prepared in accordance with OED's guidelines for evaluation.¹⁸ From time to time, information and data will be exchanged between ADB and EBRD to create synergies.

1. Objectives

37. In compliance with the OECD-DAC evaluation principles,¹⁹ the evaluation objective is to independently assess the Project's activities, outputs, fulfillment of purposes, and achievement of intended impacts and goals. This includes, but is not limited to, the following aspects:

- (i) **Relevance**, i.e., the extent to which (a) the Project responds to actual needs; (b) the Project's intention and objectives are consistent with the MDBs' mandates; and (c) the Project's compliance with the MDBs' relevant country strategies and sector policies concerned.
- (ii) **Effectiveness**, i.e., the extent to which (a) the Project has met (physical and nonphysical, including institution building) appraisal expectations; and (b) the Project implementation process adhered to the rules and regulations of the MDBs and other bodies as warranted.
- (iii) **Efficiency/efficacy**, i.e., the extent to which input staff and financial resources were used to generate optimal value-for-money, also by way of optimizing synergy effects; conversely, the extent to which the achievements justify the resources used.
- (iv) **Development and transition impact**, i.e., the extent to which the Project generated poverty reduction and transition impact effects at the
 - (a) Corporate/institutional level, for instance, skill transfer, demonstration effects, and new standards for business conduct;
 - (b) level of the sector and the economy as a whole, for instance, sector reforms, changes in the legal body, promoting private sector involvement, skills and demonstration effects reaching beyond the road sector, market expansion; frameworks for markets, and new standards for business conducts;
 - (c) Socioeconomic Impact due to the Project;
 - (d) Environmental and social safeguards compliance; and
 - (e) Contribution to regional cooperation and integration;
- (v) **Sustainability**, i.e., the extent to which the impacts generated under the Project are being at least maintained after external assistance is withdrawn and which are attributable risks. This will be examined by looking at current issues and risks

¹⁷ The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which over 100 ministers, heads of agencies, and other senior officials adhered and committed their countries and organizations to continue to increase efforts in harmonization, alignment, and managing aid for results with a set of monitorable actions and indicators.

¹⁸ ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Manila.

¹⁹ Available: <http://www.oecd.org/dataoecd/21/41/35343400.pdf>

for the future related to technical, financial, and institutional capacity aspects of the project/executing agencies/governments in relation to regular maintenance.

2. Evaluation Approach

a. Overview

38. The evaluation will start in 2008 and be completed in 2009. It comprises a brief preparatory phase (phase 1), execution (phase 2) and consolidation (phase 3). The overall responsibility is assumed by a senior evaluation expert from each of the MDBs. The outcome of the first phase is expected to result in field reports on technical, traffic and socio-economic parameters. These inputs will be used in phase 3 to prepare a joint evaluation report as well as the separate MDB reports.²⁰ These reports will cover the more directly project-linked aspects as referred to under the previous section. In view of the overall Project's common objectives of promoting trade facilitation and regional cooperation (para. 4), the related achievements would need to be assessed jointly for both the ADB and the EBRD sections of the project.

b. Phase 1 - Preparation

39. As part of the preparatory process, this draft outline paper prepared by EBRD will be exchanged and amended/complemented by ADB. A brief consultation meeting was carried out in April 2008 at ADB's headquarters in Manila for the purpose of finalizing it and, importantly, also soliciting input through joint discussions from ADB operation staff who took the lead in this project undertaking.²¹ Further outputs expected, if not determined through the exchange process, include an agreement on the nature of consultant input required for the first stage; establishment of commensurate consultant terms of reference (TOR) and budget requirements; procurement modalities and the financing of such services. The consultant procurement process (selection and contracting) is envisaged to take place in May 2008.

40. EBRD will establish contact with the European Union's TRACECA program secretariat to obtain their views on the proposed evaluation. Based on the interest expressed by the TRACECA secretariat, they would take part in the joint operations evaluation mission.

c. Phase 2 - Execution

41. The execution of the first-stage evaluation (phase 2) is expected to start in June 2008 and include a thorough study of project files of both MDBs by the consultants. During this period, issues and aspects for further scrutiny during the ensuing field visit would need to be identified by the consultant in cooperation with the MDB senior evaluation experts. It will include a visit by the consultants to the project site and the start of field surveys. This preliminary evaluation mission (PEM) will initiate the following studies:

- (i) Traffic count and origin-destination surveys,
- (ii) Socioeconomic impact assessment using focus group surveys, and
- (iii) Technical inspection of the completed road sections.

²⁰ This would also allow each MDB evaluation function to keep its familiar evaluation format and template.

²¹ As pointed out in the introductory section of this document, ADB took the lead in this Project. Project design and preparation, as well as substantial consulting input geared for institutional and sector reforms, prior and in parallel with the Project, were commissioned by ADB.

42. The traffic count and origin-destination surveys will be conducted at three locations on the Almaty-Bishkek road. One of these locations will be the international border of Kazakhstan and Kyrgyz Republic. The socioeconomic assessment comprises a combination of key informant interviews and focus group discussions. The interviews will involve key village informants, shop keepers, business/bus/transport operators, and farmers and other households. The focus group discussion will cover road users and people living and working near the road. Survey data to be collected will attempt to assess progress in achieving the Millennium Development Goals. It will include, among others, (i) per capita income, changes in livelihood patterns, prices of indicator consumer commodities and agricultural inputs and outputs; (ii) ease of obtaining freight and passenger transport; (iii) presence of access of and or access to health, education, advisory, credit and other services; (iv) use of transport by households; (v) changes in agricultural and business activities; and (vi) impacts on environment and road safety.

43. The technical study will assess the technical design of the road/bridge rehabilitation and applied standards, structure of implementation arrangements, procurement process for the construction company and for the supervising engineer, and work carried out by (and performance of) the construction company and the supervising engineer.

44. Evaluation consultant team will comprise:

(i) Funded by ADB

- (a) One domestic consultant (Transport Expert) to gather and process necessary data on traffic count, time savings, and origin-destination data for carrying out the economic analysis and the distribution analysis (1.5 person month-inputs); and
- (b) One domestic consultant (Social Expert) to carry out the socioeconomic impact assessment (1.5 person-month inputs).

(ii) Funded by EBRD

- (a) One international consultant (Highway Engineer) to inspect the road pavement quality, selectively determine surface roughness, and assess the current operations and maintenance regime as well as the likelihood of the project sustainability (1 person-month input).

The terms of reference of the above consultants are provided in Appendix 4.

45. The outputs of the above studies will feed into the next stage of drafting evaluation reports. The findings of these studies will be discussed with the Government during the joint evaluation mission (JEM) in September-October 2008.

d. Phase 3 - Consolidation and Report Preparation

46. **Joint Performance Evaluation Report.** Based on the findings of the field surveys, OED and EvD will draft a joint performance evaluation report (JPER). This JPER will be based on evaluation guidelines common to both organizations. A draft report outline is provided in Appendix 2 for discussion purpose. This will be finalized in consultation with EvD.

47. The JPER will provide ratings for the Project using the standard evaluation parameters mentioned in para 37. above. The rating scores will be discussed between OED and EvD. In the event of any disagreement on arriving at common the ratings, the JPER will include arguments from both OED and EvD. This could lead to separate scores as perceived by the two organizations.

48. The draft JPER could be drafted in September 2008 and be included during the discussions with the Government during the JEM in September–October 2008.

49. **Individual Evaluation Reports.** OED and EvD will prepare separate reports²² using JPER as the source report. These reports will be prepared basically for submission to the respective Board of Directors. The internal processing of these reports could be expected to be completed by December 2008.

50. Upon completion of the PPER and the evaluation report, OED and EvD will then carry out an assessment of the evaluation experience of working together. This assessment will analyze the synergies that were generated as well as the issues. The main output of this analysis will be a brief report (5–10 pages), which will be presented by OED and EvD at the meeting of the Evaluation Cooperation Group members in 2009.

3. Primary and Secondary Stakeholders

51. The tentative list of key stakeholders to be interviewed as part of the evaluation will include:²³

- (i) Public authorities—MOTC and CTID contacts in Astana, Almaty, and Bishkek;
- (ii) Project implementation unit;
- (iii) Authorities/agencies holding a view on related environment, health, and safety aspects;
- (iv) Authorities policing the Almaty-Bishkek road (accident statistics and records);
- (v) Kazakhstan/Kyrgyz Republic custom authorities (international crossing point at Akzhol-Chu);
- (vi) Contractors: TranStroy (EBRD contractor), Dogus-Eksen (ADB/EBRD contractor);
- (vii) Supervising engineers: Halcrow-Temelsu and Kazdorproject;
- (viii) Hauling companies and organizations representing road users;
- (ix) Nongovernment organizations with a view on “trade and traffic;”
- (x) ADB and EBRD resident offices; and
- (xi) Representatives of other aid agencies/financiers in the sector including TRACECA.

4. Issues and Aspects of Evaluation

52. Notwithstanding the evaluation criteria noted in Section 3.1 above and the evaluation issues identified in the main text of the evaluation approach paper, the issues and aspects to be assessed in the joint evaluation would include (and, thus, may form part of the consultant TOR), but not be limited to the following:

1. Project Justification

- (i) Was the need for the rehabilitation²⁴ appropriately assessed and the chosen concept justified?

²² OED will prepare the project performance evaluation report (PPER) and EBRD will prepare its evaluation report.

²³ The scope of the field visit could also include certain aspects benefiting the second stage (P3) evaluation, for instance, assessing availability of P3 required data and information, and if not readily available, initiate their preparation and collection.

²⁴ The ADB appraisal document specifies (para. 70) “The rehabilitation will consist of reconstructing failed embankments, providing a crushed aggregate base course, surfacing with asphalt concrete, and improving the shoulders and drainage facilities. Rehabilitation does not include any major widening or upgrading works.”

- (ii) What are the main benefits consisting in and who are the main beneficiaries of the Project?
- (iii) Was the role of the MDBs in the project adequately defined?
- (iv) Was ADB's involvement in the Project justified on the grounds that no alternative funding source was available (for instance, through the private sector or in the form of a PPP model) and/or that the MDBs brought in design and functioning features that other parties, most likely, would not?

2. Project Preparation

- (i) Was the feasibility work carried out diligently (including traffic forecasting methods, their reliability, and the accuracy and validity of the project-specific data), its findings and conclusions plausible? Did technical alternatives exist, have these been examined, and was the Project as designed the least-cost alternative?
- (ii) Have the feasibility findings and recommendations been fully adopted in the project design (if not, why not?) and were implementation arrangements appropriate (logistically, from an implementation capacity perspective, etc.)?
- (iii) Were the project risks and mitigating measures identified appropriately?
- (iv) Were the TORs of the supervising consultant engineer appropriate? Did the engineers fulfill their TORs and were eventual deviations justified?
- (v) Was the procurement for goods (mainly construction works) and services (mainly pertaining to the consultant engineer) in compliance with the pertaining rules and regulations of the MDBs? Were erstwhile and subsequent procurement decisions acceptable and reasonable?
- (vi) Were adequate MDB implementation and monitoring arrangements made?

3. Project Performance

- (i) Did the Project fulfill the appraisal expectation, namely, to improve the efficiency and safety of this subregional/international corridor road between Almaty and Bishkek by:
 - (a) rehabilitating the road infrastructure (ADB and EBRD)?
 - (b) establishing a program of small-scale road improvements (EBRD)?
 - (c) upgrading of the international Kazakhstan-Kyrgyz Republic cross-border facilities (ADB)?
 - (d) purchasing of equipment for road maintenance (ADB and EBRD), laboratory testing (EBRD), and customs authorities (EBRD)?
 - (e) Providing consulting services for project implementation in general, and for the improvement of road safety, investment planning, sector financing, and institutional reform in particular (ADB and EBRD)?
- (ii) Did post-implementation traffic pattern, efficiency measurements, and safety records confirm the Project and intervention rationale?
- (iii) Have the underlying sector reform expectations been met?
- (iv) Have the cost recovery assumptions been met, and if not, what are the consequences for the future road sector financing?
- (v) Have the intended development and transition impacts been achieved, and if not, do their anticipated potentials still exist (or have these changed) and which are their associated risks?
- (vi) Assessment of the appropriateness of the Project's EIRR recalculation.²⁵
- (vii) Assessment of the distribution of project generated benefits and costs.

²⁵ An economic reevaluation was carried out in the context of ADB's project completion report to which reference is made.