



Validation Report

Reference Number: PCV: MON 2008-12
Project Number: 29566
Loan Number: 1700(SF)
July 2008

Mongolia: Second Roads Development Project

Operations Evaluation Department
Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ADTA	–	advisory technical assistance
DBST	–	double bituminous surface treatment
DOR	–	Department of Roads
EIRR	–	economic internal rate of return
MOF	–	Ministry of Finance
MRTT	–	Ministry of Roads, Transport, and Tourism
OCR	–	ordinary capital resources
OED	–	Operations Evaluation Department
PCR	–	project completion report
PIU	–	project implementation unit
PRC	–	People’s Republic of China
RRP	–	report and recommendation of the President
SARS	–	severe acute respiratory syndrome
SDR	–	special drawing rights
SRDP	–	Second Roads Development Project
TA	–	technical assistance
VOC	–	vehicle operating cost

NOTE

In this report, “\$” refers to US dollars.

Key Words

mongolia, adb, asian development bank, roads, lessons, operations evaluation department, performance evaluation

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PROJECT COMPLETION REPORT VALIDATION

A. Basic Project Data		PCR Validation Date:		
Project and Loan/Grant Number:	29566 1700-MON(SF)		Approved	Actual
Project Name:	Second Roads Development Project	Total Project Costs (\$ million):	33.5	30.2
Country:	Mongolia	Loan/Grant (\$ million): (SDR million equivalent):	25.0 18.3	21.7 15.5
Sector(s):	Transport/Roads and Highways	Total Cofinancing (\$ million):	0.0	0.0
ADB Financing (\$ million):	ADF: 25.0 OCR:	Borrower (\$ million):	8.5	8.45
Cofinanciers:		Beneficiaries (\$ million):		
Approval Date:	30 Sep 1999	Others (\$ million):		
Signing Date:	24 Jan 2000	Effectiveness Date:		2 Mar 2000
Project Officers:	Name: M. Ojiro P. Poinsignon K. Saari P. Seneviratne S. L. Athukorala M. Jayawant	Closing Date:	31 Jan 2005	27 Feb 2007
		Designation: Project Economist, IETC Transport Specialist, IETC Transport Specialist, ECID Transport Specialist, ECTC Financial Specialist, ECTC Country Program Specialist, MNRM	From 1999 2000 2002 2004 2004 2005	To 1999 2001 2004 2004 2005 2007
Evaluator: Quality Control Reviewer:	T. F. Jones N. Singru, OED2	Director:	R. B. Adhikari, OED2	

B. Project Description (summarized from the report and recommendation of the President)

- (i) **Rationale and expected impacts.** Efficient, flexible, and market-responsive transport services were considered essential to support the development of domestic and international trade as Mongolia moved toward a market-based economy. To help develop the road sector during the transition period, policy dialogue focused on improving the policy and regulatory framework, institutional strengthening of the Department of Roads (DOR), improving road funding and cost recovery, facilitating privatization and private sector participation in road maintenance and development, and introducing new road design and construction standards. The development of efficient transport services required optimal use and a halt to degradation of existing transport infrastructure.

Given its small economy, Mongolia was largely dependent on the development of international trade to support future growth. Strengthening transport linkages to one of the largest and fastest growing economies in the world would considerably enhance Mongolia's medium-term growth prospects. The north-south road link connecting two border cities—Altanbulag at the border with Russia and Zamyn Uud at the People's Republic of China (PRC) border—emerged as a top priority road for improvement in the Medium-Term Road Master Plan (para. 3), due to its importance in supporting trade with the PRC, the Russian Federation, and other Asian countries. The road formed part of the Asian Highway Route AH3 selected by the United Nations Economic and Social Commission for Asia and Pacific within the overall framework of the Asian Highway Network Development Plan. The objective was to develop road transport infrastructure linking Asia and Europe for economic and social development of countries in the region by facilitating trade, tourism, and regional cooperation. While the existing parallel railway was suitable for carrying long-haul bulk cargoes such as coal and steel, the road played an important role in the movement of high-value goods, such as cashmere and semi-processed copper and gold, as well as in the distribution of goods over shorter distances.

The road also traversed the capital of Ulaanbaatar, which was home to 652,000 people, or more than 25% of the country's total population, and which contributed over half of industrial production. It also connected the border with one of the PRC's national trunk highway corridors leading to Beijing and the Tianjin port, making it an important international link for rapidly growing trade with the PRC and beyond. About 312 km of the road northward from Ulaanbaatar to Altanbulag had been improved under an earlier Asian Development Bank (ADB)-financed project.

Upgrading of the southern part from Ulaanbaatar to Zamyn Uud was essential for efficient transport of goods and passengers. The subject project aimed to improve the Nalayh-Choyr section, constituting about one third of this southern part. About 27,000 poor people (or two thirds of the total population) inhabited the three towns (Nalayh, Maant, and Choyr) traversed by the project road; two of the towns lacked an all-weather paved road system leading to Ulaanbaatar.

Finalization of the plan to complete the north-south link to the PRC border required addressing the cross-border issue, because of border restrictions being placed by Mongolia and the PRC on the right of passage for trucks from each other's territory. A draft Transit Traffic Framework Agreement between the PRC, Mongolia, and the Russian Federation was prepared with assistance from the United Nations Conference on Trade and Development, and provided to these countries for review in April 1999. Expert group meetings were held to discuss the draft agreement during 1999–2000, which was expected to be signed thereafter.

- (ii) **Objectives or expected outcomes.** The principal objective of the Second Roads Development Project (SRDP) was to promote Mongolia's economic and social development through improved efficiency of the road sector by (a) supporting policy and institutional reforms of road sector institutions to enhance their ability to respond effectively to market demands, (b) upgrading priority sections of the state road network consistent with the Medium-Term Road Master Plan, and (c) developing the capacity of local road construction and maintenance agencies. As a secondary objective, the SRDP would significantly contribute to poverty reduction by providing reliable access to economic opportunities for poor towns in the project area.
- (iii) **Components.** The scope of the SRDP included (a) civil works for the upgrading of about 200 kilometers (km) of state road between Nalayh and Choyr, (b) procurement of road maintenance equipment, and (c) consulting services for detailed design and construction supervision monitoring and evaluation and capacity development. In addition, advisory technical assistance (ADTA) processed in conjunction with the Project was to support policy and institutional efforts of the Government in the sector.
- (iv) **Outputs.** The project road section, comprising a 200 km link between Nalayh and Choyr, was completed with a 7 meter (m) wide asphalt concrete pavement and 1.5 m wide gravel shoulders on the same alignment as the existing road. The quality of the construction was reported to be good, with low surface roughness, as expected from a road of this type. During the preparation of the project completion report (PCR), 2 years after completion of the road works, it was noted that the road had developed cracks due to the severe climatic conditions in the project area, where temperatures can range from 38°C to -45°C. The cracks were repaired but should be monitored to prevent future permanent pavement damage.

The ADB loan also covered the purchase of road maintenance equipment, which was procured through international competitive bidding and international shopping. This equipment was leased to the equipment leasing company, whose leasing system was developed by the ADTA provided in conjunction with the Project.

The consulting services for the construction of 200 km of the state road included (a) review of the design of the Nalayh-Maant road section (70 km), (b) detailed engineering design of the road between Maant and Choyr (130 km), (c) preparation of bidding documents, (d) assistance to the DOR in pre-qualifying contractors, (e) assistance to the DOR in inviting and evaluating contractors' bid documents, (f) preparation of documentation on procurement of equipment, (g) construction supervision for the Nalayh-Choyr road, and (h) preparation of the monitoring and evaluation report.

The original consultant's contract of \$1.8 million was amended three times to (a) redesign a 40 km section beyond Hooltiin Pass between Nalayh and Maant, to reduce construction cost by \$1 million; (b) ensure adequate supervision of the increased number of construction sites; and (c) redesign the pavement structure for a 172 km road from a double bituminous surface treatment to an asphalt concrete pavement, and extend the consulting services for 4 months, due to a delay in project completion (sections 4a and 4d). The revised consulting services contract amounted to \$3.0 million.

The consulting services with the international consultant were concluded in December 2004. However, due to the extension of the civil works for the state road, additional consulting services were required. The local consultant was engaged in accordance with ADB's Guidelines on the Use of Consultants, but ADB concurrence was sought and given 6 months later following an ADB review mission. The contract was signed in June 2005.

C. Evaluation of Design and Implementation (PCR assessment and validation)

- (i) **Relevance of design and formulation:** The SRDP was highly relevant at appraisal, and remains so following completion. The objectives were straightforward and addressed many transport-related issues in Mongolia. The Project was designed to (i) support road sector policy and institutional reforms by enhancing the capacity to respond to market demands, (ii) upgrade priority sections of the state road network, and (iii) develop domestic capacity in road construction and maintenance. Given Mongolia's recent need to evolve from a centrally-planned to a market-based economy, these matters were and are highly relevant.
- (ii) **Outputs and costs as envisioned during appraisal as compared to actual costs and achievement of outputs; reasons for any deviation.**

Table 1: Project Outputs: Estimated and Actual

Component	Appraisal Target	Quantity Completed	Achievements
1. State Road from Nalayh to Choyr, which is part of the road from Ulaanbaatar to the PRC border.	200 km improved to a paved standard with 6 m pavement with a light bituminous surface and 1.5 m gravel shoulders.	200 km improved to an international standard including a 7 m asphalt concrete pavement with 1.5 m gravel shoulders.	The road is now safer, more efficient, and meets an international standard. Climatic conditions require constant monitoring for maintenance purposes.
2. Support road sector policy and institutional reforms.	Privatization of road sector construction and maintenance companies.	Three pilot concessions for privatization of government-owned contracting and maintenance establishments were successful.	The Government established 22 maintenance companies; four are private and 18 are state-owned companies. Two private companies have been awarded performance-based maintenance contracts for the project road section.
3. Equipment purchase was supported by the maintenance and construction loan	Purchase of \$3.0 million of road maintenance equipment. Prior ADTA set out the parameters and system for establishing a leasing scheme and company.	A total of \$2.6 million of road maintenance equipment was procured.	The equipment is available and is properly warehoused. The equipment has been leased to construction and maintenance companies.
4. Consulting services	Consultants to help with the review of designs for the Nalayh-Maant section, preparation of detailed designs for the Maant-Choyr section, construction supervision of both sections, and capacity development and supporting activities, including monitoring and evaluation. About 48 person-	In addition to the tasks outlined at appraisal, the consultant (i) helped DOR with prequalification of contractors, (ii) prepared bidding documents, (iii) help evaluate contractor bids, and (iv) drew up procurement documents for equipment. Actual person-months are not given in the	The consulting services and outputs were apparently carried out successfully.

Component	Appraisal Target	Quantity Completed	Achievements
	months of international and 240 person-months of domestic consulting services were estimated to be required.	PCR, but the increased cost of consulting services indicates that the number was considerably greater than estimated at appraisal.	

ADTA = advisory technical assistance, DOR = Department of Roads, km = kilometer, m = meter, PCR = project completion report, PRC = People's Republic of China.

Source: Asian Development Bank. 2007. *Project Completion Report: Second Roads Development Project*. Manila.

- (iii) **Project cost, disbursements, borrower contribution, and conformance to schedule (as relevant to project performance).** Project targets were met and largely within the appraisal estimates except for civil works, which were 3.7% higher than appraisal and consulting services, which came in at 166% higher than appraisal. The total government share was \$8.45 million, or about 0.6% lower than expected. ADB's participation was 13.1% lower than expected.

Table 2: Financing Plan: Estimated and Actual (\$ million)

Description	Appraisal	Actual	Actual/ Appraisal (%)	Comments
ADB	25.00	21.73	86.92	The PCR is not clear about the exact reasons for the lower amount, but it could be partly attributed to the appreciation of the SDR relative to the US dollar.
Government	8.50	8.45	99.40	
Total Project Cost	33.50	30.18	90.09	
Civil Works	23.20	24.06	103.7	The civil works were redesigned to accommodate a higher design standard than envisaged at appraisal. The cost estimate at appraisal was considered conservative. Also, as the equipment was procured mainly following ICB and international shopping procedures, there may have been considerable competition.
Maintenance Equipment	3.00	2.66	88.67	
Consulting Services	1.80	2.98	166.00	This increase was mainly due to delays in implementing the civil works contract and the redesign because of the change in pavement structure.
Physical Contingencies	2.70	0.00	0.00	
Price Contingencies	2.00	0.00	0.00	
IDC	0.80	0.49	61.25	

ADB = Asian Development Bank, ICB = international competitive bidding, IDC = interest and other charges during construction, PCR = project completion report, SDR = special drawing rights.

Source: Asian Development Bank. 2007. *Project Completion Report: Second Roads Development Project*. Manila.

- (iv) **Implementation arrangements, conditions and covenants, and related technical assistance.** Oversight of the SRDP was to be provided by the Steering Committee established on 12 May 1999. It was to meet semiannually or more often, if needed, but review mission back-to-office reports indicate it met less often than expected. Operational responsibility was vested in the DOR, which established a project implementation unit for day-to-day implementation activities. The Government was reorganized in 2004, but the DOR and the project implementation (PIU) were retained to ensure implementation continuity. The PIU was reportedly well staffed and functioned well. The executing agency generally complied with the standard covenants, with some exceptions. Covenants related to the audit of financial statements and road fund accounts were complied with, but with an almost 1-year delay due to resource constraints of the Ministry of Finance (MOF) and the Ministry of Roads, Transport, and Tourism (MRTT).

ADTA was attached to the Project. The objectives of the ADTA were to (i) introduce financial management in DOR, (ii) improve road financing and set up a road board, (iii) privatize road sector companies, and (iv) establish an equipment leasing company for road maintenance operations. The

technical assistance (TA) was completed in 2000. A TA performance audit report was submitted to the Board of Directors in 2002. The TA was rated partly successful, as implementation of the recommendations was only partial.

- (v) **Performance of the Borrower and Executing Agency.** The PCR rated the performance of the MOF, DOR, Project Steering Committee, and PIU as satisfactory. Mongolia was rather inexperienced with ADB requirements and procedures, meaning some delays and mistakes were to be expected. Similarly, Mongolia had little experience with international contractors and consultants, leading to a few unexpected problems during implementation, but these were overcome, leading to a number of lessons. Therefore, this evaluator agrees with the PCR rating.
- (vi) **Performance of the Asian Development Bank.** ADB performed nine review missions and the project completion mission since loan approval. A review of mission back-to-office reports confirms that the missions provided DOR and other agencies with effective advice on project implementation and procurement matters. In 2005, project administration was turned over to the Mongolia Resident Mission to ensure close monitoring of the final stages of the Project. The DOR would have preferred dealing with the same project officer throughout implementation to help ensure continuity, but staff constraints often make this impossible. Nevertheless, the review mission reports confirm that review missions were timely and effective.

D. Evaluation of Performance (PCR assessment and validation)

- (i) **Relevance.** The SRDP was rated “highly relevant” by the PCR. Its rationale was and is still sound, given the high priority accorded to the development of a more direct and efficient transportation corridor to link the PRC and the Russian Federation, and given the importance of supporting trade with these and other Asian countries. Institutional development and strengthening were addressed, and consulting services were needed. At appraisal, a double bituminous surface treatment (DBST) was considered the best option (for a relatively lightly-trafficked pavement), but during implementation (March 2003), this was changed to asphalt concrete (section 2d). This change in design from DBST to asphalt concrete pavement was justified because asphalt concrete was considered more durable than DBST given the country’s severe climatic conditions. Overall, this evaluator agrees with the PCR assessment of “highly relevant”.
- (ii) **Effectiveness in achieving outcome.** Traffic growth has exceeded appraisal expectations and is expected to continue to increase, especially after the final connection to the PRC is completed in 2009, after which the flow of trade will increase and become more varied. The road surface is smooth, and the width of the pavement and shoulders promotes both speed and safety. Travel times have been reduced considerably (by an average of about 50%). The Government also established and leased equipment to the equipment leasing company. The leasing system suggested by consultants was put in place, and is using transparent procedures, per ADB advice. The international implementation consultants effectively supported capacity building for DOR staff and national consultants to address road transport policy, road construction, project management, contract administration, construction, construction supervision, and quality control.

This assessment considered several factors in evaluating the “highly effective” rating given to the SRDP by the PCR: (a) a rating of highly effective can be accepted based on progress in the local economy, as measured by the PCR study, but should not be granted based on levels of international trade with the PRC, as the international link has not yet been completed;¹ (b) it could be argued that the rating could be reduced due to the lack of performance of the TA in terms of policy development and improvement in the road fund administration. However, taking into consideration the longer gestation period for policy development initiatives, it could be accepted that the TA will take more time to achieve its targeted outcomes; and (c) road safety may be less of a problem than in Loan 1364-MON(SF): Road Development Project, due to the lower volume of traffic (i.e., there could be fewer

¹ The Project originally targeted the improvement of the local economy only, rather than an improvement in international trade.

accidents). However, due to the absence of information on accident incidence and severity, it is impossible to develop a clear opinion on this issue. Taking these factors into account, ADB's Operations Evaluation Department accepts the rating of "highly effective".

- (iii) **Efficiency in achieving outcome and outputs.** The executing agency and the borrower implemented the Project efficiently once start-up problems were overcome. Counterpart funds were available on time. Although implementation was delayed 14 months because of limited contractor experience, the severe acute respiratory syndrome (SARS) epidemic, and redesign, the SRDP was completed successfully within the appraisal budget.

The economic internal rate of return (EIRR) is calculated at 19.6%, compared with 16.6% at appraisal. The PCR mentions a respectable international roughness index of 2.3 m/km at completion, as compared to 6.0 in 2000. This is a major component of the Highway Design and Maintenance Standards Model version 4 calculations of vehicle operating costs (VOCs). A DBST, as originally designed, is generally rougher than asphalt concrete pavement. The report and recommendation of the President (RRP) includes a table of typical VOCs by vehicle type, but the PCR does not. This would have been very useful information and its absence detracts from the PCR (see section I).

On the whole, the high EIRR is largely explained by the traffic that has increased rapidly and is 55% higher than the appraisal estimate. The PCR forecasts a sustained increase in traffic volume, reflecting projected economic growth in Mongolia. In particular, prospects for mining, agriculture, and the clothing industry remain encouraging, and these may induce further robust growth in the road sector. Once ongoing work to connect a remaining section of the north-south road transport corridor (from Choyr to the border with the PRC in Zamyn-Uud) is completed by 2009, the project road will serve as a key route for both domestic and international transit traffic. Based on a very positive road sector outlook in the road influence areas and its resultant net economic gains, this evaluator reconfirms the PCR assessment of "highly efficient".

- (iv) **Preliminary assessment of sustainability.** The PCR assessment of SRDP sustainability is "likely", but a few caveats apply. The road will enhance trade and development, but maintenance is a major concern. Road maintenance for the project road is currently performed under contract with a private maintenance firm. The contract is performance based and subject to annual renewal. The maintenance must be fully supported by the Government and the company dedicated to good performance. This comprises an important experiment in a formerly centrally-planned economy and should be encouraged and supported. Availability of funds is another important issue, as the road fund remains immature and cannot yet generate adequate maintenance funds.

The use of asphalt pavement is an important consideration (section 4a). At appraisal, DBST was considered the best option, but the surface was changed to asphalt concrete during implementation. Attempts were made to adjust the pavement mixture so that it would perform adequately under severe climatic conditions, but the pavement has already cracked and there is a likelihood that additional thermal cracking will occur. Attempts should be undertaken to repair cracks and other deficiencies in order to limit or eliminate damage to the sub-pavement structure. It is highly likely the road will accommodate processed mineral products transported by truck, but overloading can result. This was mentioned during Board discussions but dismissed at the time as unnecessary; given the rapid traffic growth rate, this matter should be revisited urgently. If these measures are not undertaken, the pavement will fail and early reconstruction will be required.

- (v) **Impact (both intended and unintended).** Construction of the project road has significantly improved transport efficiency in the corridor, but road accidents are increasing, and steps need to be taken to improve driver ability and public awareness. Urban and rural incomes have increased significantly, and these increases appear to be sustainable due to improved access and development of markets and support service industries following construction. Resettlement has not been a significant issue as the improved road followed the existing right-of-way. Adequate environmental protection measures appear to have been incorporated in the designs and the contractor's contract. Overall, the socioeconomic, environmental, and other impacts resulting from the SRDP were positive.

E. Overall Assessment, Lessons, and Recommendations (validation of PCR assessment)

- (i) **Overall assessment.** The SRDP has been implemented as planned with no significant changes that detracted from the project. It was completed 14 months behind schedule due to some start-up delays, necessary redesign, and the SARS epidemic. The Project met the objectives set out at appraisal and achieved an EIRR of 19.6%. Overall, the SRDP can be rated “highly successful”.
- (ii) **Lessons.** The PCR presents a long list of lessons and recommendations, which are summarized and supplemented below.
 - (a) Road fund revenues are not sufficient to meet needs. A sustainable funding mechanism for the road needs to be developed.
 - (b) Timely mobilization of equipment and supplies from ADB member countries proved difficult.
 - (c) While MRTT’s project management capacity has improved through training, it should be further strengthened. The roles and responsibilities of DOR and the Road Supervision and Research Center need to be clearly defined.
 - (d) Long lead times are often required to establish administrative bodies and make these operational.
 - (e) Pavement type and design is an important issue in Mongolia.
 - (f) It is essential to inform the local population of upcoming projects so they can be prepared for any inconveniences and difficulties. Provision must also be made for airing grievances.
- (iii) **Recommendations**
 - (a) Maintenance centers and/or depots should be constructed every 100–200 km, depending on need and reaction time.
 - (b) Pavement cracks and other deficiencies should be carefully monitored and attended to quickly.
 - (c) Leasing arrangements are new and immature. MRTT needs to monitor leasing activities to enjoy the full benefits of privatization.
 - (d) Special attention should be paid to strengthening human and financial resources in MRTT, and improving the budgeting and the financial management system.
 - (e) Since the Road Board has not been functional since its establishment, its role should be reviewed and strengthened as appropriate.
 - (f) MRTT needs to recognize that the success of the Government’s privatization program for road maintenance companies depends on the existence of a market for them.
 - (g) Pavement designs need to be studied and carefully tested to meet Mongolia’s extreme conditions.
 - (h) The Road Fund needs to be strengthened, especially for road maintenance. The strategy of collecting revenue through tolls needs further testing and study.
 - (i) Road safety is becoming an increasingly important issue. All aspects of road safety need to be studied and addressed.
 - (j) If the road is to become a significant economic asset, regional cooperation and cross-border issues should be resolved expeditiously.
 - (k) Load controls need to be established, as trucks tend to be overloaded, leading to premature pavement failure.

F. Monitoring and Evaluation Design, Implementation, and Utilization (PCR assessment and validation)

Monitoring and evaluation activities appear to have been carried out well. Appropriate data were collected and used. The PCR presents good information and analyses regarding social, environmental, and economic aspects.

G. Other (e.g., safeguards, including governance and anticorruption; fiduciary aspects; Government assessment of the Project, as applicable) (PCR assessment and validation)

The issue of governance was not a major issue, but was complicated by the governmental reorganization in 2004. The lessons and recommendations identify issues related to the Project. Corruption did not appear to be an issue, and the fiduciary aspects appear to have been well handled.

H. Ratings	PCR	OED Review	Reason for Disagreement/Comments
Relevance:	Highly relevant	Highly relevant	
Effectiveness in Achieving Outcome:	Highly effective	Highly effective	Had the project initially targeted international trade, then it would have received a lower rating, as this has yet to be achieved.
Efficiency in Achieving Outcome and Outputs:	Highly efficient	Highly efficient	The high EIRR is largely explained by the traffic volume, which has increased rapidly and is 55% higher than the appraisal estimate.
Preliminary Assessment of Sustainability:	Likely	Likely	A good start was made toward development of a road fund. Similarly, having maintenance undertaken by private companies is a bold but unproven approach. The road pavement and climactic issues are challenging. If appropriate actions are taken by all parties, sustainability is likely.
Borrower and EA:	Satisfactory	Satisfactory	
Performance of ADB:	Satisfactory	Satisfactory	
Impact:	Positive	Positive	
Overall Assessment:	Highly successful	Highly successful	
Quality of PCR:		Satisfactory	

I. Comments on PCR Quality

Overall, the PCR is well prepared, but could be improved as follows.

- (i) More information on the procurement of civil works would be useful (e.g., the number of prequalified contractors and the number that submitted responsive bids, and bid amounts compared with appraisal estimates).
- (ii) There is a minor inconsistency regarding the total cost of consulting services in paras. 10–13 and Appendix 3.
- (iii) The total person-months of consulting services are not given.
- (iv) Post-facto approval of new consultant arrangements is not mentioned.
- (v) Neither the Management review meeting minutes nor the RRP mention advance procurement action for civil works being approved by ADB, but this is mentioned in the PCR in paras. 16–17.
- (vi) Road safety is an important issue, especially in countries developing a road network. Para. 43 could have been considerably strengthened if some accident statistics had been included. If the statements in para. 43 are anecdotal, it should be so stated.
- (vii) The RRP economic evaluation includes a comparative table of VOCs by vehicle type. The PCR could have been strengthened by the inclusion of a similar table.

J. Recommendation for OED Follow Up

No follow-up action required.

K. Data Sources for Validation

- (i) PCR, RRP, legal documents, Government's PCR, TA completion reports;
- (ii) Management review meeting and staff review committee documents and summary record of discussion of ADB's Board of Directors;
- (iii) Board reports and other progress reports;
- (iv) project administration memorandum and list of archived documents;
- (v) supervision reports, including most recent midterm review or progress reports, and back-to-office report of PCR Mission, etc.; and
- (vi) OED evaluations of previous projects, including PCR reviews.

REGIONAL DEPARTMENT'S RESPONSE TO THE PROJECT COMPLETION REPORT VALIDATION REPORT

On 23 April 2008, Director, OED2, Operations Evaluation Department (OED), received the following comments from the Transport Division, East Asia Department.

We have reviewed OED's draft PCR Validation Report circulated to us on 31 October 2007. We appreciate that the comments we made to OED on the earlier draft have been adequately incorporated in the final draft. Therefore, we have no formal comments to make on the final draft.