

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EATC

TA No. and Name 3757-KGZ: Institutional Support in the Transport Sector		Amount Approved: \$650,000	
		Revised Amount: none	
Executing Agency: Ministry of Transport and Communication (MOTC)	Source of Funding: JSF	TA Amount Undisbursed \$19,603	TA Amount Utilized \$630,397
Date		Completion Date	
Approval:	Signing:	Original	Actual
31 October 2001	13 February 2002	30 April 2003	31 January 2006
Fielding of Consultants:		Closing Date	
03 May 2004		Original	Actual
		30 April 2003	14 March 2006
Description			
<p>The TA was attached to Loan 1853-KGZ (SF): Third Road Rehabilitation Project. The scope of the loan included rehabilitation of 120 km national highway from Bishkek to Osh, as well as support for regulatory reform in the road sector. The Government requested an advisory TA (i) to assist the Government in developing the capacity for maintaining secondary roads using community-based techniques, and (ii) develop a set of specific measures for regulatory reforms to increase the competitiveness of the markets for transport services.</p>			
Objectives and Scope			
<p>The TA had two objectives: (i) to help the MOTC strengthen the management of the secondary road network and give training to the maintenance organizations and the local communities; and (ii) to study the markets for transport services in the Kyrgyz Republic (KGZ) and recommend regulatory and other changes to increase their competitiveness. The scope of the TA was to (i) discuss the methodologies of community-based maintenance techniques with local communities along the secondary roads included in Third Road Rehabilitation Project and prepare a maintenance manual; (ii) organize seminars and workshops for MOTC staff and key personnel of Ministry of Finance and Economy (MOFE) on managing and financing construction, rehabilitation, and maintenance of secondary roads, and develop a financing mechanism to finance the equipment, materials and work for maintenance organizations; and (iii) survey passenger and freight vehicle drivers, owners, and users, and based on surveys prepare an analysis of the structure of the markets for passenger and freight transport services (excluding urban transport) and make recommendations for regulatory changes.</p>			
Evaluation of Inputs			
<p>Due to delay in effectiveness of the loan and delay in recruitment of consultants, the consulting services were delayed. Two years had passed since the original Terms of Reference (TOR) were approved, the needs of the EA had changed. The EA had started work on competitiveness of markets for transport services and hence this was excluded from the scope of work. The scope was revised to include (i) estimation of financing needs of the road sector; and (ii) review the operation of Road Fund and recommend required changes to the financing mechanism of road maintenance including workshops to present the recommendations. The agreed scope of services was (i) institutional and policy support in road sector; (ii) financing of the road sector; (iii) maintenance of secondary roads; and (iv) training of road maintenance personnel. There were 10 variations caused by (i) replacement of some domestic consultants; (ii) financing the cost of Road Safety Secretariat (RSS); (iii) replacement of international financing specialist; (iv) changes in the number of person-month inputs by increasing person-months of international Team Leader, Financial Specialist and domestic Maintenance Specialist while decreasing person-months of international Road Maintenance Specialist and Legal Specialist and terminating the engagement of domestic Geologist and related remuneration expenditure; (v) extension of the services due to the delay in finalization of final reports by the Ministry of Transport and Communications (MOTC) and other concerned ministries; (vi) procurement of computers using uncommitted funds for strengthening the financial management of the MOTC and associated expenditure; (vii) revision of experts' inputs according to requirements resulting from the postponement of planned tripartite meeting due to upheaval that took place in the KGZ; (viii) rearrangement of procurement of computers by KYRM instead by the consultants, and associated decrease of the contract price and new completion date of the services; (ix) reduction of the out-of-pocket expenditure as per final statement of eligible cost (FSEC); and (x) reflecting the actual cost of equipment. As a result of these variations the original total person-month inputs for international experts (18) were increased by 0.4 person-months. These variations were appropriate and have improved the Consultants' outputs, and made an initial step to operationalize RSS. The Consultants commenced field services within 4 days after the signing of the contract, and given the revised TORs, the Consultants completed their work satisfactorily.</p>			
<p>MOTC provided adequate counterpart staff; office accommodation; local communications; and administrative support. The MOTC generally cooperated well with the Consulting firm, however there were difficulties in gathering the comments on the reports that required much time and effort for the consultants and consequently resulted in extension of services.</p>			

The TA completion date was extended four times by a total of 36 months. The delay in the implementation of the TA is due to (i) the delay in effectiveness of the loan and the need to synchronize with the activities under the loan; (ii) the delay in the consultant selection process by the need to confirm the validity of information contained in the certain technical proposals; (iii) the delay in finalization of final reports; and (iv) additional consulting services for procurement of computers to support the MOTC in implementation of international accounting standards.

TA inception and tripartite review missions were fielded to discuss the findings and recommendations reflected in the reports.

A new TA category: equipment was created and the uncommitted TA amount of \$62,000 was remitted to KYRM to purchase computers for the MOTC for its implementation of international accounting standards as requested by the Government. The computers and printers were procured through direct purchase procedure and cash advance liquidated by KYRM in January 2006.

Evaluation of Outputs

The Final Report included: (i) road sector financing and investment planning; (ii) road fund operation; (iii) road asset management system; (iv) financing plan for maintenance secondary roads; and (v) general approach and methodology for community participation in road maintenance. The consultants developed a number of discussion papers on financing of road maintenance and conducted three seminars including senior officials meetings where the representatives of the MOTC and Ministry of Finance (MOF) participated to discuss the problems of the KGZ's road network due to inadequate financing of road maintenance and the consultants' recommendations on maintenance policy and expenditure. The meetings agreed to establish a working group to look into solving the road sector financing problems through active follow up of the consultant's recommendations with higher authorities on new road surcharges and more involvement of road users in the overall control of road maintenance expenditure. In addition, the Consultants organized five seminars on Highway Design and Development Model (HDM)-4 to demonstrate use of the HDM-4 program. Regarding the management of road maintenance component, the Consultants: (i) analyzed the current maintenance management organization and formulated recommendations including legal instruments concerning the principles of road funding; (ii) prepared a set of guidelines on roads asset management systems including detailed formats for developing and updating maintenance programs; (iii) developed methodology for community participation in road maintenance including training manuals for demonstration of actual maintenance activities on the selected secondary roads to be carried out under the project upon completion of the procurement of maintenance equipment; and (iv) provided seminars on maintenance planning/costing and client-supplier separation/community participation, and arranged study tour for MOTC and MOF staff to Canada to introduce the experience in management and financing of road maintenance. The training provided under the TA were extremely useful for the MOTC and MOF by increasing their awareness of sustainable maintenance of road network in the KGZ, its financing plan and community participation in the road maintenance activities. The TA has funded operation cost of RSS, and the national road safety plan was drafted by RSS. 66 computers and printers were procured and installed in the MOTC and its branches, and implementation of international accounting standards has been successfully started. This procurement enabled the MOTC to start the compliance of the delayed financial loan covenants for the project.

Overall Assessment and Rating.

The TA has reached its objectives successfully. However the implementation of the TA took longer than anticipated. The revised TOR reflected Government's request and outcomes of the TA satisfied MOTC needs. The consultants well coordinated with concerned agency such as International Monetary Fund (IMF) regarding the road funding issues. The Consultants recommended useful strategy for road maintenance expenditure for next 20 years that will help the MOTC with preserving national road assets adequately. The TA is rated successful.

Major Lessons Learned

ADB's proper administration of the TA in the beginning stage is essential to ensure sooner commencement of services. Close review of the Consultants invoices is necessary to avoid undue variations to the contract so that ADB can close the TA account promptly.

Recommendations and Follow-Up Actions

The findings and recommendations of the TA concerning road maintenance be incorporated in future transport-sector policy dialogue with the Government of KGZ.

Also, it is recommended that the training and demonstration manual for community participation in the road maintenance prepared under the TA be used in the implementation of the selected road maintenance activities of the secondary roads under the project.