



Validation Report

Reference Number: PVR-410
Project Number: 39676
Loan/Grant Numbers: 2667, 0084, 2359, 0085
July 2015

Kyrgyz Republic and Tajikistan: CAREC Regional Road Corridor Improvement Project

Independent Evaluation Department
Asian Development Bank

ABBREVIATIONS

AADT	–	annual average daily traffic
CAREC	–	Central Asia Regional Economic Cooperation
CBA	–	cross-border agreement
EIRR	–	economic internal rate of return
IEE	–	initial environmental examination
IPIG	–	Investment Projects Implementation Group
km	–	kilometer
MOT	–	Ministry of Transport
MOTC	–	Ministry of Transport and Communications
PBM	–	performance-based maintenance
PCR	–	project completion report
PIU	–	project implementation unit
PPMS	–	project performance monitoring system
PRC	–	People's Republic of China
RRP	–	report and recommendation of the President

NOTE

In this report, "\$" refers to US dollars.

Key Words

aadt, adb, asian development bank, cba, cross-border agreement, kyrgyz republic, lessons, performance evaluation, project completion report, roads, Tajikistan, transport

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PROJECT BASIC DATA

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Project Number:	39676	PCR Circulation Date:	12 Sep 2014		
Loan/Grant Numbers:	2667/0084 KGZ 2359/ 0085 TAJ	PCR Validation Date:	Jul 2015		
Project Name:	CAREC Regional Road Corridor Improvement Project				
Country:	Kyrgyz Republic and Tajikistan		Approved (\$ million)	Actual (\$ million)	
Sector:	Transport	Total Project Costs: 0084/2667 (KGZ) 0085/2359 (TAJ)	71.50 ^a 76.50	64.79 70.80	
ADB Financing: (\$ million)	ADF: Kyrgyz Republic 0084 (25.60) 2667 (23.00) Tajikistan 0085 (12.50) 2359 (40.90)	Loan/Grant: 0084 (KGZ) 2667 (KGZ) (SDR equivalent, million) 0085 (TAJ) 2359 (TAJ)	25.60 23.00 15.19 12.50 40.90	25.53 22.95 14.71 12.46 40.90	
		Borrower: 0084/2667 (KGZ) 0085/2359 (TAJ)	22.90 23.10	16.31 17.40	
			OCR: 0.00	Beneficiaries:	0.00
			Others:	0.00	0.00
	Cofinancier:		Total Cofinancing:	0.00	0.00
	Approval Date: 0084 (KGZ) 2667 (KGZ) 0085/2359 (TAJ)	24 Oct 2007 21 Sep 2010 24 Oct 2007	Effectiveness Date: 0084 (KGZ) 2667 (KGZ) 0085/2359 (TAJ)	30 Dec 2007 4 Jan 2011 2 Feb 2008	6 Feb 2008 19 Apr 2011 21 Dec 2007
Signing Date: 0084 (KGZ) 2667 (KGZ) 0085/2359 (TAJ)	31 Oct 2007 5 Nov 2010 3 Nov 2007	Closing Date: 0084/2667 (KGZ) 0085/2359 (TAJ)	30 Sep 2013 30 Sep 2013	30 Sep 2013 30 Sep 2013	
Project Officers: 0084/2667 (KGZ) 0085/2359 (TAJ)	R. Ishenaliev P. N. Seneviratne M. Eshenaliev R. Ishenaliev P. N. Seneviratne H. Y. Hong P. N. Seneviratne H. Y. Hong Z. Wu F. Nuriddinov	Location: ADB headquarters ADB headquarters Kyrgyz Republic Resident Mission ADB headquarters ADB headquarters ADB headquarters ADB headquarters ADB headquarters Tajikistan Resident Mission	From: Jan 2008 Jan 2009 Feb 2011 Jan 2008 Jan 2009 Jul 2009 Aug 2009 Dec 2009 Oct 2010 Feb 2011	To: Dec 2008 Apr 2011 Apr 2011 Dec 2008 Jun 2009 Jul 2009 Nov 2009 Sep 2010 Jan 2011 Sep 2013	
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ADB = Asian Development Bank; ADF = Asian Development Fund; IED2 = Independent Evaluation Department, Division 2; OCR = ordinary capital resources; PCR = project completion report; SDR = special drawing right.

^a This includes supplementary financing of \$32 million—ADB loan of \$23 million and \$9 million from the borrower.

I. PROJECT DESCRIPTION

A. Rationale

1. The Central Asia Regional Economic Cooperation (CAREC) corridor 3 runs from the People's Republic of China (PRC) through Irkeshtam at the PRC–Kyrgyz Republic border and Karamyk at the Kyrgyz Republic–Tajikistan border toward several Central and South Asian countries, including Afghanistan and Pakistan to the south and Uzbekistan to the west. The project road is a section of CAREC corridor 3. During project preparation, poor road sections within this corridor were bottlenecks to domestic and international traffic. These obstructed trade between the Kyrgyz Republic, Tajikistan, and the Xinjiang Uygur Autonomous Region of the PRC and other neighboring Central Asian countries.

2. Border-crossing facilities and procedures in Karamyk at the Kyrgyz Republic–Tajikistan border and Irkeshtam were also inadequate to handle cross-border traffic. There was a need to improve border infrastructure with better handling facilities. By removing physical and nonphysical cross-border barriers, the corridor could facilitate regional trade and cooperation.

B. Expected Impact

3. The project's expected impact was contribution to reducing transport costs and fostering regional trade and cooperation among the Kyrgyz Republic, the PRC, Tajikistan, and other Central Asian countries. The impact indicators were (i) increased Tajikistan–Kyrgyz Republic trade from 27,236 tons in 2006 to 250,000 tons in 2015; (ii) increased Tajikistan–PRC trade from 14,260 tons in 2006 to 1 million tons in 2015 (with the PRC's share of Tajikistan's total imports to increase from 11% to 20%); and (iii) increased PRC–Afghanistan trade from 0 ton in 2006 to 500,000 tons in 2015 (with the PRC's share of Afghanistan's total trade to increase from 0% to 10%).

C. Objectives or Expected Outcome

4. The project's envisaged outcome was improved access to markets and social services. Outcome indicators indicated in the revised design and monitoring framework of the report and recommendation of the President (RRP)¹ were (i) increase in daily international freight traffic on the project road from about 10 trucks per day in 2006 to 177 trucks per day in 2015; (ii) increased domestic traffic on the project road from 250 annual average daily traffic (AADT) in 2006 to 750 AADT in 2015; (iii) reduction in traffic accidents on the Corridor from 14 accidents per 250 AADT in 2006 to 14 per 750 AADT in 2015; (iv) reduced travel time between Dushanbe and the Kyrgyz Republic–PRC border from 13 hours in 2007 to 8 hours by 2012; (v) increase in the number of children in the project area attending secondary school from 95% in 2007 to 99% in 2015; and (vi) increased agricultural, horticultural, and livestock production in the project area from 100,000 tons in 2006 to 160,000 tons in 2015.

5. The project completion report (PCR)² included reduced travel time between Sary-Tash and Karamyk from 4 hours in 2009 to 2.5 hours by the end of 2012. Also, a few outcome indicators were slightly modified. The performance target for indicator (i) was reduced from 177

¹ ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Asian Development Fund Grants, and Technical Assistance Grant to the Kyrgyz Republic and Republic of Tajikistan for the CAREC Regional Road Corridor Improvement Project*. Manila.

² ADB. 2014. *Completion Report: CAREC Regional Road Corridor Improvement Project in the Kyrgyz Republic and Republic of Tajikistan*. Manila.

trucks to 120 trucks. The planned completion date for indicator (iv) was extended from 2012 to 2015. Also, percentage for the base year on indicator (v) was changed from 95% to 92% (PCR, Appendix 1).

D. Outputs

6. The project had four envisaged outputs. The first was an improved road corridor from Nimich (Tajikistan) to Sary-Tash (Kyrgyz Republic) covering 263 kilometers (km) of improved two-lane road, which was the total project road section in both countries (142 km for the Kyrgyz Republic and 121 km for Tajikistan). Also, 24 bridges were to be improved by 2010. The second output was the proper maintenance of the road corridor from Nimich to Sary-Tash, with adequate financing. This was to involve introduction of pilot cases of outsourcing road maintenance for the Kyrgyz Republic with five contracts awarded to the private sector during 2008–2013 and for Tajikistan with five contracts awarded to the private sector during 2008–2013.

7. The third was an improved border infrastructure at the Kyrgyz Republic–Tajikistan and the Kyrgyz Republic–PRC borders, including adequate procedures in place by the end of 2010. The last was to focus on the cross-border agreement (CBA) among the Kyrgyz Republic, the PRC, and Tajikistan, which was to be signed and made effective by the end of 2012.

8. During implementation, the scope of the Kyrgyz Republic's portion of the first project output was changed. The length of the asphalt surfacing was extended from the planned length of 30 km to the entire length of 136 km, in view of the unexpected increases in traffic volumes along the project road and its adjoining areas (PCR, para. 3). The envisaged length of 142 km was also reduced to 136 km to incorporate improved alignment.

9. In the Tajikistan portion of the project, two major modifications were made in the civil works during implementation. The first was the realignment of the project road at Sayron, which shortened the distance by 7 km—from 121 km at appraisal to 114 km at completion. Likewise, the original single 6-centimeter base asphalt surfacing layer in Tajikistan was changed to two-layer asphalt surfacing to accommodate unexpected growth in traffic volumes along the project road (PCR, para. 7).

E. Provision of Inputs

10. The total project cost at approval was \$116 million (\$76.5 million for Tajikistan and \$39.5 million for the Kyrgyz Republic) (PCR, Appendix 2). For the Kyrgyz Republic, the project was to be financed by an Asian Development Bank (ADB) grant of \$25.6 million (65% of the project cost) and by government financing of \$13.9 million (35%). For Tajikistan, the project was financed by an ADB grant of \$12.5 million (16.3% of the project cost), ADB loan of \$40.9 million (53.5%), and government financing of \$23.1 million (30.2%) (RRP, Table 3). At the request of the Government of the Kyrgyz Republic, ADB provided supplementary financing in the form of a loan of SDR15.2 million (\$23 million equivalent) in October 2010,³ and the government provided counterpart financing of \$9 million for the change in scope (para. 8).

11. The actual total project cost was \$64.79 million for the Kyrgyz Republic, or 9.4% lower than the estimate, and \$70.8 million for Tajikistan, or 7.5% lower than the estimate. Actual government financing was \$16.31 million for the Kyrgyz Republic and \$17.40 million for

³ ADB. 2010. *Report and Recommendation of the President to the Board of Directors on the Proposed Loan to the Kyrgyz Republic for CAREC Regional Road Corridor Improvement Project*. Manila.

Tajikistan. The lower cost of the Kyrgyz Republic project was attributed to delay and cancellation of the performance-based maintenance (PBM) pilot-testing contract, fewer consulting services required, and lower financial charges. In contrast, cost increases occurred in the border infrastructure improvement component at Irkeshtam, which was not clearly defined and designed at appraisal. During implementation, it was redesigned and financed by a grant from the PRC. The PCR indicated that cost savings in the Tajikistan project were due to the efficient use of consulting services with fewer inputs, and limited use of the PBM component owing to delays in its progress (PCR, para. 14).

12. The project was to require 683 person-months of consulting services for the Tajikistan portion and 430 person-months for the Kyrgyz Republic component. International consulting services for 65 person-months was to be provided for Tajikistan and 59 person-months for the Kyrgyz Republic. For Tajikistan, 568 person-months of national consulting services and 321 person-months for the Kyrgyz Republic were also planned. At completion, Tajikistan utilized 222 person-months of consulting services (72 person-months international and 150 person-months of national consulting services) for construction supervision, monitoring, and project management. For the Kyrgyz Republic portion, 261 person-months of consulting services were provided, comprising 68 person-months of international consulting and 193 person-months of national consulting services. A regional technical assistance was approved in 2007 to help prepare a CBA among the PRC, the Kyrgyz Republic, and Tajikistan.⁴

13. The project was classified Category B under the ADB environmental categorization requirements. Two initial environmental examinations (IEEs) and a consolidated summary IEE were carried out. Based on the results of the IEEs, the project was not expected to generate significant environmental impacts provided that the mitigation measures were appropriately implemented (RRP, para. 65). The PCR noted that during implementation, environmental safeguard requirements were complied with. Regular environmental impact surveys and monitoring in both countries were also carried out. The PCR indicated that for both countries, five annual environmental reports were prepared that recorded all the environmental issues. There were no significant negative environmental impacts indicated during implementation (PCR, para. 49).

14. The project was classified under resettlement Category C. In the Kyrgyz Republic, there was no relocation of households or acquisition of productive land. In Tajikistan, the project affected residential houses (seven families), simple-structured sheds (24 families), and trees (six families). The PCR indicated that the local government took the primary responsibility for the consultation, implementation, and timely delivery of entitlements for resettlement. The government made the arrangements necessary to compensate all affected people before work began and all resettlement activities were satisfactorily concluded by August 2011 (PCR, para. 50). There were no indigenous peoples (as defined by the ADB Policy on Indigenous Peoples, 1998) that were affected by the project (RRP, para. 64).

F. Implementation Arrangements

15. In the Kyrgyz Republic, the Ministry of Transport and Communications (MOTC) was the executing agency for the road improvement and PBM activities, while the State Customs Service was in-charge of border infrastructure activities. The project implementation unit (PIU), renamed as the Investment Projects Implementation Group (IPIG) in 2010, has been

⁴ ADB. 2007. *Cross-Border Agreement among the Kyrgyz Republic, People's Republic of China, and Republic of Tajikistan*. Manila.

implementing all ADB-funded projects in the country. The PCR indicated that during project implementation, the IPIG received technical support from construction supervision consultants (PCR, para. 21). For Tajikistan, the Ministry of Transport (MOT) was the executing agency for the road improvement and PBM activities. The Customs Service was responsible for implementing CBA activities. A PIU was established with functions similar to those of the Kyrgyz Republic's PIU for the project, except that the Road Department was responsible for implementing the PBM activities. On the whole, the institutional arrangements were appropriate since experienced staff of existing government offices and PIUs were utilized for the project.

16. The Kyrgyz Republic loan and grant had 20 covenants of which 17 were complied with and three were partly complied with. The partly complied covenants were on (i) ensuring that actual expenditures on road maintenance under the MOTC jurisdiction would be increased at the same rate as increases in the national budgets during 2008–2010, (ii) developing a detailed time-bound action plan for the implementation of the Road Maintenance Strategy, and (iii) fielding of two midterm project reviews. State fund allocated for road repair and maintenance increased from 2007 to 2013 by an average of 10% annually, which was lower than the increase in the state fiscal budget of 17%. The MOTC was restructured several times, but commercialization was not implemented and road user charges were still not in place. Also, a midterm review was conducted in November 2011. However, the required review of the PBM road maintenance was canceled since the awarding of PBM pilot contracts was delayed and eventually transferred to a subsequent ADB-funded project⁵ (PCR, para. 11 and Appendix 7). The Tajikistan loan and grant had 22 covenants of which 21 were complied with. The only one that was partly complied pertained to the final project performance monitoring system (PPMS) report, which was not submitted to ADB.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

17. The PCR rated the project *highly relevant* to the governments' needs, objectives, and priorities for developing the transport sector, as set out in their respective development strategies, and to the CAREC's regional strategy of improving regional connectivity. It noted that the project was also aligned with the country partnership strategies of ADB. This validation is of the view that the project was consistent with the countries' transport sector strategies and to the ADB country and sector strategies for both the Kyrgyz Republic and Tajikistan.

18. This validation notes that the scope of the Kyrgyz Republic project road improvement activities was modified under the supplementary loan, owing to unexpected increases in traffic volumes (para. 8). This scope change involved paving the entire length of 136 km, instead of only 30 km, with a 10-centimeter two-layer of asphalt concrete. Modifications were also made in the civil works of the Tajikistan portion during project implementation (para. 9). On the Kyrgyz Republic side, this change standardized the quality of the road project with that in Tajikistan, thus, providing a seamless road quality between the two countries.

19. These revisions in project design, particularly for the Kyrgyz Republic output, were significant changes. This validation views these changes should have been recognized at the design stage, especially the paving of 136 km instead of only 30 km as approved, implying a

⁵ ADB. 2013. *Report and Recommendation of the President to the Board of Directors on the Proposed Loan and Grant to the Kyrgyz Republic: Central Asia Regional Economic Cooperation Corridor 3 (Bishkek–Osh Road) Improvement Project, Phase 4*. Manila.

weakness in traffic forecasts during the appraisal stage. Traffic does not grow that fast within a very short period, especially when road conditions were not good, to suddenly justify paving a 136 km road. Considering that the road project was part of the regional road corridor, standardization of the road infrastructure should have been a primary consideration in the original project design. Explanations could have been provided at appraisal stage on why only 30 km of the project road was being paved, and not the whole 136 km. On these bases, this validation assesses the project *relevant*.

B. Effectiveness in Achieving Project Outcome and Outputs

20. The PCR rated the project *effective* in achieving its outcomes and outputs. It noted that in the Kyrgyz Republic portion, travel time between Sary-Tash and Karamyk was shortened from 4 hours in 2009 to about 2 hours by 2013 (the target was to reduce it to 2.5 hours by the end of 2012). It noted that for domestic traffic, AADT reached 390 vehicles per day in 2013. This traffic level was lower than the forecast of 438 vehicles per day at appraisal. The PCR indicated that traffic accidents decreased from 14 per 250 AADT in 2006 to 14 per 288 AADT in 2013. Student attendance rate rose from 92.1% in 2007 to 94.2% in 2013, as against the target of 99% by the end of 2015.

21. For Tajikistan, the PCR also indicated that the travel time between Dushanbe and the Kyrgyz Republic–PRC border decreased from 13 hours in 2007 to about 6 hours in 2012, compared to the 8 hours target by the end of 2015. Domestic traffic increased from 250 vehicles in 2006 to 1,723 vehicles in 2012. The PCR also indicated that traffic accidents decreased from 14 per 250 AADT in 2006 to 14 per 2,930 AADT in 2012. Student attendance rate increased from 94% in 2006 to 99% in 2012, with the project achieving the target of 99% set for the end of 2015.

22. The PCR indicated that the envisaged increase in daily international freight traffic on the project road was partially achieved. Daily international freight traffic rose from about 10 trucks in 2006 to 80 trucks in 2012 in Tajikistan, and to 50 trucks in 2013 in the Kyrgyz Republic (PCR, Appendix 1, p. 16). However, the PCR was not clear on the extent to which the targeted increase in international freight traffic was met. This validation is of the view that there is still sufficient time for vehicle traffic to increase at an accelerated rate to meet the 2015 target. On agricultural production, the PCR indicated that the estimated agricultural, horticultural, and livestock production increased to 454,909 tons in 2012 exceeding the 160,000 tons targeted for 2015.

23. The PCR noted that almost all the envisaged outputs were achieved, including the major outputs, such as the rehabilitation of 250 km of road section⁶ and improvement of 136 km road section with two-layer asphalt concrete pavement. Likewise, the Irkeshtam border-crossing facilities were constructed using financing from another donor (para. 11). The border infrastructure at Karamyk (Tajikistan side) was improved under a different ADB-financed project (PCR, footnote 13). The PCR indicated that the envisaged CBA was achieved. However, this validation notes that the CBA only covered the Kyrgyz Republic and Tajikistan. The PRC proposed to postpone its participation to avoid overlaps with similar regional initiatives under the Shanghai Cooperation Organization (PCR, para. 27).

⁶ Originally, the planned road length was 263 km. However, after detailed design and road realignment, the length was reduced to 250 km.

24. The pilot testing of PBM contract in the Kyrgyz Republic was transferred to the next ADB-financed project (para. 16). The PCR mission indicated that the government was not ready to fully implement PBM in view of inadequate institutional framework, contradictions with procurement legislation, and weak private sector capacity. On the Tajikistan side, two pilot projects were awarded out of the planned five contracts. On the whole, this validation rates the project *effective*.

C. Efficiency of Resource Use in Achieving Outcome and Outputs

25. The PCR rated the project *efficient*. For the Kyrgyz Republic, civil works implementation was planned for April 2008 to October 2010. The PCR indicated that the contract was completed on 18 October 2012 (about 2 years of delay), with additional works financed under the supplementary loan, and despite the civil disorder in 2010 that interrupted the progress and delivery of supplies of bitumen and diesel from outside the country (PCR, para. 18, and Appendix 4). The PCR also indicated that all civil works in the Tajikistan portion were expected to be completed in May 2011. The civil works were substantially completed in December 2010 for the Nimich–Sayron section and in August 2011 for the Sayron–Karamyk section. The PCR indicated that the 3-month delay was due to the heavy rains in May 2009 and the late mobilization of both contractors (PCR, para. 19).

26. The award of the government-funded pilot PBM contracts in the Kyrgyz Republic was delayed (para. 16). In the case of Tajikistan, the PBM pilot-testing, which was underway during the PCR mission, likewise encountered delays. These contracts are to be implemented in 3 years and completed in 2016, with government financing (PCR, paras. 19 and 25).

27. The economic internal rate of return (EIRR) was reestimated using a similar methodology at appraisal and latest data collected. The reestimated EIRR of 18.3% for the project road was marginally higher than the 18.1% at appraisal. Since the recalculated EIRR was above the hurdle rate of 12%, the project was economically viable, given the actual costs and considering the change in scope of the Kyrgyz Republic's project portion. On the whole, the delay was not significant (about 7 months for the Kyrgyz Republic and about 3 months for Tajikistan) and the EIRR recalculation was acceptable. This validation rates the project *efficient*.

D. Preliminary Assessment of Sustainability

28. The PCR rated the project *less than likely sustainable* in view of the need to provide more attention to road maintenance and safety. It noted that in the Kyrgyz Republic, the road maintenance budget had grown steadily. The MOTC was developing a road asset management system to help in appropriate cost planning. However, this effort was only at its nascent stage. Average annual growth rate of state fund allocated for maintenance funding was lower than the increase in the state fiscal budget (para. 16). Also, the PCR noted that in Tajikistan, project road maintenance was delegated to the MOT's regional road maintenance units. However, the funds allocated to maintain all roads to international standards were not sufficient, especially considering the increasing length of roads in the country. The government was also exploring some means to increase the budget for recurrent maintenance costs and to consider other sources of funds, such as user charges or a higher fuel excise tax (PCR, para. 46). Moreover, the PCR noted that the efficiency of road maintenance and funds utilization needed improvement. It indicated that both governments acknowledged that road safety was an important issue in view of the increase in traffic and higher speeds, as a result of improved road quality. Road safety strategies were being prepared with assistance from development partners.

29. This validation holds similar views with the PCR. Sufficiency of funding for road maintenance is a major concern and unless resolved, the project road could deteriorate faster. The loan and grant covenants required the governments to allocate sufficient funding for the repair and maintenance of the project road. However, maintenance funding could not be readily assured over the medium term. Based on these observations, this validation assesses project sustainability *less than likely*.

E. Impact

30. The PCR did not rate the project's impact. It indicated that trade between the Kyrgyz Republic and Tajikistan grew from \$26.7 million in 2006 to \$55.1 million in 2013. Trade between Tajikistan and the PRC also grew from \$158.8 million in 2006 to \$2.0 billion in 2012. The PRC's share in Tajikistan's total imports had increased from 11% to 42%. In addition, Afghanistan's imports from the PRC had increased from \$110.7 million in 2006 to \$510.9 million in 2012. Thus, the PRC's share in Afghanistan's total imports grew from 0% to 5% in 2012, in view of improved road conditions.

31. The PCR noted that the improved border infrastructure and facilities at Irkeshtam, and the CBA between the Kyrgyz Republic and Tajikistan facilitated cross-border traffic for both passengers and freight. It also noted that the project provided improved access to markets, economic centers, and social services, as well as opportunities for business and employment. This validation notes that the improved surfacing allowed the year-round use of the project road. Thus, it has the potential to further broaden accessibility to markets and social services. Based on these discussions, this validation assesses the project impact *significant*.

III. OTHER PERFORMANCE ASSESSMENTS

A. Performance of the Borrower and Executing Agency

32. The PCR rated the performance of the borrower and executing agencies from the Kyrgyz Republic *satisfactory*. It indicated that the organizational framework that was established for project management proved to be adequate, with the MOTC able to exercise close coordination and regular monitoring of project progress. The MOTC provided timely counterpart funds, in close coordination with other government agencies. The PCR noted that the IPIG was able to prepare monthly and quarterly progress reports on time and facilitated smooth project implementation. The State Customs Service was able to perform its task during the setting-up of border infrastructure facilities.

33. The PCR also rated the performance of the borrower and the executing agencies from Tajikistan *satisfactory*. It noted that the PIU was able to implement the project under the supervision of the MOT. The government provided counterpart funds generally on a timely basis. The Customs Service performed its assigned duties and responsibilities in establishing the border infrastructure facilities and in finalizing the CBA. The loan review mission reports did not identify any major problem during project implementation. On these bases, this validation views the performance of the borrowers and executing agencies for both countries *satisfactory*.

B. Performance of the Asian Development Bank

34. The PCR rated the performance of ADB *satisfactory*. The project was originally administered from ADB headquarters with assistance from ADB resident missions in both countries. The PCR indicated that about 3 years after project approval, the responsibility for project administration was transferred to both resident missions. This transfer allowed further

enhancement of the relationship between the executing agencies and ADB, and more importantly, it strengthened project monitoring and administration. During implementation, ADB conducted 10 project review missions in each country, including inception missions in 2008 and midterm review missions in 2011. ADB provided guidance and timely support to the governments and the executing agencies. Based on available loan review mission reports, ADB provided key advice on various matters. These included resolving issues on the availability of construction materials, recommending improvements in contractor performance, and assisting the Government of Tajikistan in implementing the resettlement action plan. Based on these, this validation views the performance of ADB *satisfactory*.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

35. The PCR rated the project *successful*. This validation also rates the project *successful*. This validation rates the project *relevant*, a notch lower than the rating given by the PCR due to significant changes in project design during implementation. This validation notes that the modifications of the project design, especially in the Kyrgyz Republic's portion, provided a seamless road quality between the two countries. However, these changes were significant and could have been reasonably foreseen at project design. This validation also notes that the project was *effective* as it achieved most of the expected outcomes and outputs. This validation rates the project *efficient*, based on the project's EIRR, although a few delays were encountered during implementation. On sustainability, this validation holds a similar view with that of the PCR and rates the project *less than likely sustainable*. There is a need to further improve road maintenance and safety.

Overall Ratings

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance	Highly relevant	Relevant	Significant changes in project design, particularly the extension of surfacing from 30 km to 136 km on the Kyrgyz Republic side, could have been anticipated at appraisal (paras. 18–19).
Effectiveness in achieving outcome and outputs	Effective	Effective	
Efficiency in achieving outcome and outputs	Efficient	Efficient	
Preliminary assessment of sustainability	Less than likely	Less than likely	
Overall assessment	Successful	Successful	
Impact	Not rated	Significant	
Borrower and executing agency	Satisfactory	Satisfactory	
Performance of ADB	Satisfactory	Satisfactory	
Quality of PCR		Satisfactory	Refer to para. 39.

ADB = Asian Development Bank, IED = Independent Evaluation Department, PCR = project completion report.
Source: ADB Independent Evaluation Department.

B. Lessons

36. The PCR identified important lessons from the project concerning project engineering design, border infrastructure improvement, PBM, road safety, and road asset management. This validation finds these lessons appropriate, especially the need for more attention to the standardization of the type and quality of the project road and on the regulatory and institutional aspects of implementing PBM. This validation has no additional lesson to offer.

C. Recommendations for Follow-Up

37. The PCR recommended the need for follow-up actions, especially on the pilot testing of PBM contracting in the Kyrgyz Republic and the accession to the CBA of the PRC. The experience and lessons learned from the PBM pilot testing in Tajikistan could be shared with the Kyrgyz Republic and other neighboring countries. This validation supports these recommendations and would like to offer another recommendation. There is a need to follow-up on the improvement in the quality of the data that were previously collected from the statistics and reports of MOT.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Evaluation Design, Implementation, and Utilization

38. In Tajikistan, the supervision consultants, in collaboration with the MOT, developed a PPMS. The monitoring focused on various indicators, such as regional trade, international and domestic traffic, accidents and travel time, school attendance, and agriculture and livestock production in the project area. The monitoring was done on a regular basis. However, the PCR indicated that most of the data were from the statistics of the MOT and reports were not prepared professionally. The consultants also failed to submit the final monitoring report (PCR, Appendix 7, p. 40). For the Kyrgyz Republic, a preliminary baseline report was submitted while a full report was completed in 2009. A traffic and social survey was conducted in August 2013 just before project completion. However, this validation notes that the project did not have a provision for the setting up of a PPMS.

B. Comments on Project Completion Report Quality

39. The quality of the PCR is *satisfactory*. It is candid, concise, and consistent with the Project Administration Instructions 6.07A of ADB.⁷ The status of achievements of targets in the design and monitoring framework was clearly presented in Appendix 1. The analysis was adequate to substantiate the ratings. The lessons were drawn from the findings and the recommendations were sound. However, the presentation of statistical information in the economic analysis could have been improved if the aggregation was made on a country level.

C. Data Sources for Validation

40. Data sources for this validation included the (i) PCR; (ii) RRP for the (a) Proposed Loan, Asian Development Fund Grants, and Technical Assistance Grant: Kyrgyz Republic and Republic of Tajikistan: CAREC Regional Road Corridor Improvement Project; and (b) Proposed Loan: CAREC Regional Road Corridor Improvement Project (Kyrgyz Republic); (iii) technical assistance completion report on TA-6415 (REG): Cross-Border Agreement among the Kyrgyz

⁷ ADB. 2009. *Project Completion Report for Sovereign Operations. Project Administration Instructions*. PAI 6.07a. Manila.

Republic, the People's Republic of China, and Tajikistan; (iv) country partnership strategies for the Kyrgyz Republic and Tajikistan; (v) National Development Strategy of the Republic of Tajikistan for the Period to 2015; and (vi) National Sustainable Development Strategy for the Kyrgyz Republic, 2013–2017.

D. Recommendation for Independent Evaluation Department Follow-Up

41. The preparation of the project performance evaluation report may be undertaken in 2016 when the entire road between Dushanbe, the Kyrgyz Republic border, and the PRC would have been operational for 3 years.