



Validation Report

Reference Number: PCV:KAZ/KGZ 2008-35
Project Number: 29568 and 32463
Loan Numbers: 1774 and 1775(SF)
November 2008

Kazakhstan and Kyrgyz Republic: Almaty–Bishkek Regional Road Rehabilitation Project

Operations Evaluation Department

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CAR	–	Central Asian republic
CBA	–	cross-border agreement
EA	–	executing agency
EIRR	–	economic internal rate of return
EU	–	European Union
M&E	–	monitoring and evaluation
MOTC	–	Ministry of Transport and Communications
OED	–	Operations Evaluation Department
PCR	–	project completion report
PRC	–	People's Republic of China
TA	–	technical assistance
TRACECA	–	Transport Corridor Europe Caucasus Asia Program

NOTE

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

Key Words

kazakhstan, kyrgyz republic, roads, adb, asian development bank, lessons, operations evaluation department, performance evaluation

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PROJECT COMPLETION REPORT VALIDATION

A. Basic Project Data		PCR Validation Date:	November 2008	
Project and Loan Number:	29568 and 32463 1774-KAZ and 1775-KGZ(SF)	Appraisal	Actual	
Project Name:	Almaty–Bishkek Regional Road Rehabilitation Project	Total Project Costs (\$ million):	KAZ: 112.4 KGZ: 6.7	122.8 6.1
Country:	Kazakhstan (KAZ) and Kyrgyz Republic (KGZ)	Loan/Grant (\$ million): Loan/Grant (\$ million): (SDR equivalent)	KAZ: 65.0 KGZ: 5.0 (3.8)	49.8 4.6 (3.6)
Sector(s):	Transport/Roads and Highways	Total Cofinancing (\$ million):	KAZ: 25.4 KGZ: 0.4	28.9 0.4
ADB Financing (\$ million):	ADF: KGZ: 5.0 OCR: KAZ: 65.0	Borrower (\$ million):	KAZ: 22.0 KGZ: 1.3	44.1 1.1
Cofinanciers:	KAZ: European Bank for Reconstruction and Development (EBRD); European Union (EU) Transport Corridor Europe Caucasus Asia Program (TRACECA) KGZ: EU TRACECA	Others (\$ million): KAZ: EBRD EU TRACECA KGZ: EU TRACECA	25.0 0.4 0.4	28.5 0.4 0.4
Approval Date:	KAZ: 31 Oct 2000 KGZ: 31 Oct 2000	Effectiveness Date:	KAZ: 2 Sep 2001 KGZ: 2 Sep 2001	KAZ: 31 May 2002 KGZ: 31 May 2002
Signing Date:	KAZ: 4 Jun 2001 KGZ: 31 May 2001	Closing Date:	KAZ: 30 Jun 2005 KGZ: 30 Jun 2004	30 Jun 2007 7 Mar 2008
Project Officers:	Name: P. Seneviratne K. Saari T. Fujino H. Masood E. Oyunchimeg R. Ishenaliyev P. Seneviratne N. Davis R. Ishenaliyev	Designation: Transport Specialist Transport Specialist Transport Specialist Senior Transport Specialist Transport Specialist Transport Specialist Transport Specialist Transport Specialist Transport Specialist	From KGZ: 2001 2002 2003 2004 2005 2005 2007 KAZ: 2001 2006 2007	To KGZ: 2002 2003 2004 2005 2006 2007 KAZ: 2002 2006 2007
Evaluator: Quality Control Reviewer:	T. F. Jones, Consultant N. Singru, Evaluation Specialist, OED2	Director:	H. Hettige, OED2	

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

- (i) **Rationale.** The rehabilitation of the Almaty–Bishkek road was an integral component of the Asian Development Bank (ADB) strategy to promote economic growth and reduce poverty in the Central Asian republics (CARs). Freeing the physical and human-made barriers on the Almaty–Bishkek road was expected to help bringing isolated domestic markets in Kazakhstan and Kyrgyz Republic into one integrated regional market. This, in turn, would allow the countries to exploit economies of scale and resource complementarities. Conversely, without such an integrated market, these countries were likely to suffer from low growth and poverty because of their isolation and limited potential for domestic market expansion. The increase in economic activities due to the improved road was expected to have a generally positive impact on poverty reduction in the region. Since the road passes through, or is adjacent to, some of the poorest areas of the two countries, the improved road efficiency was expected to contribute to poverty reduction in these areas by providing them with more reliable access to the economic mainstream.

The Almaty–Bishkek road is an important link between the road corridors that connect the Far East with Europe and the Fergana Valley with Russia. It is part of the east–west corridor passing through Urumqi in the People's Republic of China (PRC) and the state capitals and most commercial centers in the CARs (including Almaty, Bishkek, Shymkent, Tashkent, Samarkand, and Ashgabat). It also links two important north–south roads: Almaty–Astana and Bishkek–Osh. Improvements to these two north–south roads has been given high priority by the governments of Kazakhstan and Kyrgyz Republic and is supported by

ADB, the World Bank, Japan Bank for International Development, and the Islamic Development Bank. Rehabilitation of the Almaty–Bishkek road was crucial to permit smooth and safe international traffic flows in all seasons, thus fostering regional economic cooperation.

The Almaty–Bishkek road is an important conduit for imports and exports of the CARs. Bishkek is the main import center for the Kyrgyz Republic. The major imports transported by road are consumer goods, foodstuff, beverages, and machinery from Europe, timber from Russia, and low-value consumer goods (such as garments) from the PRC. The road is also an important conduit for imports to Kazakhstan, including Kyrgyz agricultural products and cement. In general, the project road is an important link for the transport of agricultural and industrial goods in the region, including transit traffic to the PRC (e.g., cotton from Uzbekistan).

Economic reform and political realignment in the CARs and the emergence of free trade areas and customs unions underline the need for an efficient transport system and harmonization of trade and transport regulations. Transport systems are fundamental to the future economic development of Kazakhstan and the Kyrgyz Republic, since they are both landlocked. Efforts to streamline the international trade and customs issues and to harmonize regulation, which have started with the help of the United Nations Conference on Trade and Development, European Union, Economic Cooperation Organization, and the Customs Union, need to continue. While the rehabilitation of road infrastructure was expected to result in savings in vehicle operating costs, the transport efficiency of the road would also depend on the removal of physical and other cross-border barriers, improved coordination and management of road safety initiatives, and adequate road maintenance. The Project aimed at achieving all these objectives, with a view to subsequently extending the concept to other cross-border links in the region.

ADB's regional economic cooperation technical assistance (TA)¹ confirmed that the Almaty–Bishkek road was a critical section requiring improvement to permit smooth and safe traffic flow in all seasons. Almaty, the capital of Kazakhstan until 1997, is the country's largest city and a key center of finance, commerce, and industry, including textiles and canned goods. Bishkek is the capital of the Kyrgyz Republic. Both Governments gave priority to the rehabilitation of the road linking Almaty with Bishkek.

There was a high incidence of road accidents in Kazakhstan and the Kyrgyz Republic, resulting in an annual rate of 30 fatalities per 10,000 vehicles. In 1996, 110 accidents on the Kazakh section of the Almaty–Bishkek road left 50 persons dead and 120 with serious injuries. Although no data are available to assess the related road accident costs, it can be assumed that at least 1% of gross domestic product is lost annually through road accidents. Well coordinated regional and national road safety programs were, therefore, essential.

- (ii) **Objectives or expected outcomes.** The objective of the Project was to improve the efficiency and safety of the principal road transport link between Almaty and Bishkek by rehabilitating the road infrastructure, modernizing border control policies and procedures, upgrading cross-border facilities, improving the coordination and management of road safety, and introducing an efficient road maintenance system.
- (iii) **Planned project components.** The main expected outputs of the Project were (a) rehabilitation of about 245 kilometers (km) of the Almaty–Bishkek road (about 204 km in Kazakhstan and 41 km in the Kyrgyz Republic) including consulting services for design and construction supervision, (b) improved customs facilities at the Akzhol–Chu border point, (c) new road maintenance equipment for Kazakhstan, (d) a cross-border agreement (CBA), and (e) specific road safety initiatives ratified and implemented by Kazakhstan and the Kyrgyz Republic. Attached to the Project were two TA packages (one for each country) to help implement the CBA and provide transport advisory support to Kazakhstan.
- (iv) **Actual outputs.** Overall, the Project achieved its expected outputs as follows: (a) 221 km of the Almaty–Bishkek road were rehabilitated, (b) customs facilities at the Akzhol–Chu border point were equipped with an automated system for customs clearance, (c) road maintenance equipment provided to Kazakhstan and the CBA was signed and made effective. About 19.2 km plus bridge reconstruction works of the expected 40.8 km of the Kyrgyz Republic component was completed. The current status of the remaining 21.6 km was not given in the project completion report (PCR). The status of the ongoing civil works on the Bishkek bypass is not known.

¹ ADB. 1996. *Technical Assistance for Regional Economic Cooperation in Central Asia*. Manila (TA 5707-REG, for \$1.15 million, approved on 8 November).

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

- (i) **Relevance of design and formulation.** The project design was very relevant at the time of preparation and still is. Both countries were relatively new members of ADB and were undergoing significant structural adjustments following the break-up of the Soviet Union. Regional cooperation was recognized as an important step in strengthening regional economies. This Project was the first to address the transport needs for regional cooperation in the CARs. The upgrading of customs facilities and simplified customs procedures to facilitate cross-border movements was relevant, but not sufficiently designed. The rather quick signing and effectiveness of the CBA appear well thought-out and timely. However, in hindsight, it remains debatable whether the inclusion of CBA as condition for loan effectiveness was appropriate. The CBA involved two sovereign nations and expectations of a quick conclusion were optimistic. To the extent loan effectiveness was delayed, this could have contributed to substantially higher works as needed.

The timing of project preparation could have been improved. The need for the road to be improved was recognized by the regional economic cooperation TA, but the starting dates for the actual works were not given in the PCR (contracts for Kazakhstan road sections were approved in 2003; the date for the Kyrgyz civil works contract is uncertain.) The intervening period saw the road deteriorate significantly from the appraisal estimate, with the result that costs and the extent of the works needed were substantially higher than anticipated at appraisal. Otherwise, the Project as implemented was in line with original expectations.

- (ii) **Outputs and costs by component as envisioned during appraisal as compared with actual costs and achievement of outputs; reasons for any deviation.**

Project Cost at Appraisal and Actual (\$ million)

Item	Appraisal			Actual			Actual/ Appraisal (%)
	Foreign	Local	Total	Foreign	Local	Total	
A. Kazakhstan Component							
1. Base Cost							
a. Civil works	25.80	42.90	68.70	63.13	43.72	106.85	155.5
b. Equipment	10.60	0.20	10.80	5.97	0.98	6.95	64.4
c. Consulting services	2.40	2.05	4.45	4.04	0.56	4.60	103.4
Subtotal A1	38.80	45.15	83.95	73.14	45.26	118.40	141.0
2. Contingencies							
a. Physical	2.30	4.45	6.75	0.00	0.00	0.00	0.0
b. Price	2.15	3.90	6.05	0.00	0.00	0.00	0.0
Subtotal A2	4.45	8.35	12.80	0.00	0.00	0.00	0.0
3. Interest Charge/Front-End Fee	15.65	0.00	15.65	4.39	0.00	4.30	27.5
Subtotal A	58.90	53.50	112.40	77.53	45.26	122.79	109.2
B. Kyrgyz Component							
1. Base Cost							
a. Civil works	2.57	2.35	4.92	3.58	1.07	4.65	94.5
b. Equipment	0.30	0.00	0.30	0.30	0.00	0.30	100.0
c. Consulting services ^a	0.40	0.20	0.60	1.03	0.00	1.03	171.7
Subtotal B1	3.27	2.55	5.82	4.91	1.07	5.98	102.7
2. Contingencies							
a. Physical	0.20	0.25	0.45	0.00	0.00	0.00	0.0
b. Price	0.13	0.20	0.33	0.00	0.00	0.00	0.0
Subtotal B2	0.33	0.45	0.78	0.00	0.00	0.00	0.0
3. Interest Charge/Front-End Fee	0.10	0.00	0.10	0.09	0.00	0.09	90.0
Subtotal B	3.70	3.00	6.70	5.00	1.07	6.07	90.6
Total (A+B)			119.10			128.86	108.2

^a Includes project management, construction supervision, project audit, and European Union Transport Corridor Europe Caucasus Asia.

Sources: Asian Development Bank (ADB). 2000. *Report and Recommendation of the President to the Board of Directors on Proposed Loans and Technical Assistance Grants to the Republic of Kazakhstan and to the Kyrgyz Republic for the Almaty–Bishkek Regional Road Rehabilitation Project*. Manila; ADB loan financial information system; executing agencies' project completion reports; and European Bank for Reconstruction and Development.

Civil works for the Kazakhstan component increased by 55.5% from an estimated \$68.7 million to \$106.9 million. Despite the reduced scope of the Kyrgyz Republic component from 40 km to 19.2 km, the cost of the civil works was only about 5% less than the estimated cost. Design changes caused by high rates of road deterioration between project preparation and award of contracts (about 4 years) resulted in considerably more extensive civil works than anticipated. Another major factor was the higher-than-expected price escalation for major construction inputs. The cost of bitumen increased by 50% per annum during the period 2003–2007, and the cost of steel, cement, and labor also increased significantly. Due to the longer than expected implementation period, consultants required additional time.

- (iii) **Project cost, disbursements, borrower contribution, and conformance to schedule (as relevant to project performance).** Of the \$65.0 million loan for Kazakhstan, \$49.8 million was disbursed and the remainder was cancelled. Disbursements of loan proceeds took 16 months longer than envisaged during appraisal mainly because of the delay in loan effectiveness. In general, disbursement of counterpart funds was not delayed and closed at \$44.1 million, which was double the appraisal amount. The original loan closing date was extended by 18 months. The loan was finally closed on 30 June 2007.

Of the \$5.0 million loan for the Kyrgyz Republic, disbursements reached \$4.60 million with about \$1.0 million remaining under the project accounts as of November 2007. Because of the cost overruns, the counterpart funding is expected to increase from \$1.3 million to \$2.3 million once the counterpart funds are fully disbursed. The original loan closing date was extended until 31 December 2007 or by 42 months. The loan was finally closed on 7 March 2008.

Implementation of the Project took about 3 years longer than expected. Delays were mainly caused by (a) delayed loan effectiveness, (b) delayed procurement, and (c) the long construction period due to the poor performance by the contractors.

- (iv) **Implementation arrangements, conditions and covenants, and related technical assistance.** The expected implementation arrangements were followed in the Kyrgyz Republic but not in Kazakhstan. The project implementation unit was not established within the Kazakhstan Ministry of Transport and Communications (MOTC) as expected. Rather, a significant reorganization was undertaken which, combined with the reorganization and reshuffling of officers within ADB, caused frequent changes of supervising officers on both sides and contributed to procurement delays. The project implementation unit under the Kyrgyz Republic MOTC was retained throughout the Project but was found to be deficient in handling the contractor. The contractor may have been poorly qualified to take on the work. The PCR considers that closer project monitoring and contractor evaluation by ADB could have had a significant positive impact. The performance of the supervising consultants was found to be wanting in terms of resolving implementation delays, as well as in terms of ensuring effective supervision.

The PCR considers that the covenant relating to the approval of the CBA was overly restrictive and helped delay project implementation. The covenants relating to the establishment of an equipment-hire system failed in both countries, as it was an alien concept and would have required a long lead time to organize and get operational. It is questionable whether such a system was necessary, considering that existing arrangements seem to be well organized and equipped. Another covenant mainly regarding road maintenance organization was not complied with in Kazakhstan, as the Government considered existing arrangements to be appropriate. The covenant regarding audited accounts had been partly complied with at the time of PCR preparation. In neither country was the benefit monitoring requirement completed as the Project was considered only substantially complete at the time of PCR preparation.

Two advisory TA projects² were approved along with the two loans. The TA projects were to (a) assist the governments to implement the CBAs; (b) focus on improving coordination and management of road safety; and (c) help Kazakhstan's MOTC streamline its functions and responsibilities, define sector responsibilities, and prepare a 3-year national transport investment plan. The two advisory TA projects were evaluated and considered successful.

² ADB. 2000. *Technical Assistance to the Republic of Kazakhstan for Improvement of the Road Sector Efficiency*. Manila (TA 3530-KAZ, for \$750,000, approved on 31 October); and ADB. 2000. *Technical Assistance to the Kyrgyz Republic for Improvement of the Road Sector Efficiency*. Manila (TA 3531-KGZ, for \$440,000, approved on 31 October).

- (v) **Performance of the Borrower and Executing Agency.** Kazakhstan and the Kyrgyz Republic became members of ADB in 1994 and the Project was the second ADB operation in the road sector in Kazakhstan and the third in the Kyrgyz Republic. Although the executing agencies (EAs) had certain shortcomings, the project delays were mainly caused by factors outside the control of the EAs and borrowers. Since they were also relatively new to ADB's policies and procedures, the PCR concludes that the EAs and the borrowers demonstrated a "satisfactory" performance. This evaluator agrees with this conclusion.
- (vi) **Performance of the Asian Development Bank.** The PCR is rather critical of ADB's performance, mainly because of a lack of continuity of responsible ADB staff and lack of sufficient monitoring and mission supervision, especially given that these countries required attention since they were new to ADB procedures and policies. For these and other reasons detailed in the PCR, the PCR rates ADB's performance as "partly satisfactory." Given the information available, this evaluator agrees with the PCR's conclusion.

D. Evaluation of Performance (PCR assessment and validation)

- (i) **Relevance.** The Project was highly relevant at approval in terms of sector, country, and regional demands. At completion, the Project was assessed "highly relevant" for the two countries involved and for the Central Asia Regional Economic Cooperation (CAREC). The Project's goal and purpose were consistent with the governments' development strategies and ADB's country strategies and programs (in terms of transport and trade facilitation) and remained so throughout project implementation. Nonetheless, the project design and the data collected to establish project cost did not take into account the likely road deterioration between appraisal and implementation, especially given the potentially time-consuming covenant requiring ratification of the CBA. As a result, there was a large cost overrun and some scope changes. The Project was well coordinated with other donors and substantial cofinancing from the European Bank for Reconstruction and Development and European Union Transport Corridor Europe Caucasus Asia Program (TRACECA) was mobilized.
- (ii) **Effectiveness in achieving outcome.** The expected project outcome was the improved efficiency and safety of the project road. To achieve this, the Project was to contribute to (a) streamlined customs procedures and documents, (b) reduced road roughness, (c) harmonized axle load limits, (d) reduced road accidents, and (e) elimination of unauthorized payments for travel on the road. Despite deficiencies during implementation, the Project was successful in achieving these outcomes except for (a) and (d). With regard to (a), while the CBA has been approved and is being implemented, the border facilities were not designed to handle the rapidly growing cross-border traffic. Thus, the waiting time tends to reduce the benefits of more efficient and faster travel on the road. With regard to (d), while the road features and improved safety designs were satisfactory, accident fatalities appear to have increased because of the greater speeds and undertrained and undisciplined drivers. Overall, the Project is rated "effective."
- (iii) **Efficiency in achieving outcome and outputs.** The PCR rated the Project "less efficient" because of the increased project cost, rise in the number of road accidents, delayed implementation, and returns that the governments could have enjoyed had the cost overrun funds be used for other projects. The combined effects of delays and increased costs have reduced the net benefits of the Project and the reestimated economic internal rates of return (EIRR). Nevertheless, the calculated EIRR at completion are reasonably robust at 16.7% for the Kyrgyz Republic component and 17.9% for the Kazakhstan component. Under the Operations Evaluation Department (OED) validation guidelines, the Project is appropriately rated "efficient." Some of the factors mentioned by the PCR are pointed references that need to be considered. However, they are out of place in the economic evaluation as they cannot be easily costed and might involve contentious issues.
- (iv) **Preliminary assessment of sustainability.** While the PCR evaluation of sustainability is conditional on adequate funding and planning of road maintenance, it rightly points out some very important steps that have been taken, even aggressively, to protect the road pavement, such as controlling axle loads. It seems apparent that the donor community needs to encourage further development of road maintenance expertise and implementation. The Project sustainability is rated "likely."
- (v) **Impact (both intended and unintended).** Benefit monitoring and evaluation had not been undertaken by the time of PCR preparation. Therefore, there were no hard data to substantiate

positive impact claims, but the PCR reports that there have been significant recent developments (PCR, paras. 58–60). Road improvements and changes to local regulations that encourage trade, such as the CBA and associated increases in traffic, suggest that the impact was, as assessed by the PCR, “moderate to high” and likely to remain so.

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

- (i) **Overall assessment.** Overall, the PCR rates the Project “successful.” There appear to be no compelling reasons to suggest otherwise.
- (ii) **Lessons.** This evaluator has some observations regarding the PCR’s suggested lessons. The PCR says that the requirement for the CBA to be adopted delayed loan effectiveness. This may be so, but it proved to be a very effective tool in encouraging its adoption. The process took less than 1 year, which seems rather remarkable given bureaucratic inertia against accepting major changes to existing practices. Procurement need not have been delayed by as much as it was if advance procurement had been allowed.

The PCR correctly points out the danger of using appraisal estimates of road conditions, which should not be considered as fixed when estimating project costs. Almost all projects experience delays of some sort, while the road continues to deteriorate. The assumption that governments will maintain a road in its current condition is naïve because governments see little point in spending funds, except for emergency repairs, on something that will soon be reconstructed. Generally they prefer to use such funds for other maintenance or to fund the upcoming project. The PCR suggests that “to ensure that existing facilities are kept maintained by the client country until the mobilization of works, an adequate provision for maintenance may be considered as a condition for loan approval by ADB.” To make an allocation is easy, but the actual release of funds for such purposes is not guaranteed. Reality dictates that the appraisal estimates must reflect a realistic estimate of what will be needed to meet project goals. Alternatively, as in this case, the government may agree to pay the additional costs.

The PCR makes an important suggestion and that is simply that “ADB should design a standard, user-friendly reporting template containing all required details” for project progress reports. This would significantly improve ADB’s review, reporting, and monitoring activities.

- (iii) **Recommendations.** The recommendations suggested by the PCR are generally well thought out and specific to the Project and future projects. This evaluator supports them except as mentioned in section E(ii) above.

The following are suggested for consideration:

- (a) Further expansion of the cross-border customs and immigration facilities appears to be urgently needed.
- (b) The newer members of ADB appear to need assistance in project preparation, especially prequalification procedures and preparation and evaluation of bidding documents.
- (c) The role of the EAs in working with design and supervision consultants needs to be clarified and strengthened.
- (d) ADB should closely monitor government efforts to control axle loads as there can be tremendous pressure from shippers and transport companies to relax enforcement or to just look the other way.
- (e) The Kyrgyz Republic needs to define third-party liability and liability of transport carriers resulting from transport activities. This should be done in concert with the other CAREC countries.
- (f) The issue of transit countries in relation to repair and maintenance responsibility and costs and their financing through transit fees should be addressed at the time of project preparation.

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

The respective EAs in Kazakhstan and Kyrgyz Republic, with the assistance of the supervising consultants, were tasked with carrying out monitoring and evaluation by compiling and analyzing the border crossing infrastructure, traffic, axle loads, and socioeconomic changes. However, no appropriate baseline data were established and no efforts were made to establish a monitoring and evaluation framework at completion.

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

There is nothing to suggest that there were any problems or shortcomings regarding these matters. There were numerous difficulties and delays, but this can be expected for unusual projects or relatively inexperienced EAs or governments regarding ADB-funded projects. Also, major reorganizations within government almost always result in project implementation delays.

H. Ratings	PCR	OED Review	Reason for Disagreement/Comments
Relevance:	Highly relevant	Highly relevant	
Effectiveness in Achieving Outcome:	Effective	Effective	
Efficiency in Achieving Outcome and Outputs:	Less efficient	Efficient	The EIRRs, while less than the appraisal estimates, are still healthy with 17.9% for the Kazakhstan component and 16.7% for the Kyrgyz Republic component.
Preliminary Assessment of Sustainability:	Likely	Likely	
Borrower and EA:	Satisfactory	Satisfactory	
Performance of ADB:	Partly satisfactory	Partly satisfactory	
Impact:	Positive	Positive	
Overall Assessment:	Satisfactory	Successful	Appropriate descriptor as per PCR OED guidelines should be "successful."
Quality of PCR:		Satisfactory	

I. Comments on PCR Quality

The quality of the PCR is satisfactory and, considering it was prepared before the completion of the Project and the loan closing date, it presents a reasonably comprehensive report of the Project. The PCR is quite candid particularly regarding ADB's performance. The lessons and recommendations are well thought out and argued, although this evaluator did not agree that the conclusion that the CBA ratification requirement put an unnecessary constraint on project progress. This evaluator feels that this requirement was fully justified given that without ratification the Project would have failed in one of its main objectives—harmonization of cross-border transport regulations. Also, there were other factors that slowed implementation, such as delayed procurement, expansion of needed roads, and the inexperience of the EAs.

The PCR could have been more informative if it had been prepared after the loan closing date and after the benefit monitoring and evaluation report had been prepared. At completion, the covenant on monitoring and evaluation had not been complied with in either country.

J. Recommendation for OED Follow-Up

OED and the European Bank for Reconstruction and Development are currently undertaking a joint project performance evaluation study of the completed project.³

K. Data Sources for Validation

The validation report has relied mainly on the PCR and back-to-office reports for information on this Project.

³ A preliminary evaluation mission was fielded from 23 to 27 June 2008 to mobilize two national consultants for primary and secondary data collection (i.e., transport, trade facilitation, and socioeconomic surveys). In parallel, the EBRD fielded an international road engineer to provide technical assessments for the joint evaluation. The main joint evaluation comprising ADB and EBRD staff visited Kazakhstan and Kyrgyz Republic from 26 August to 5 September 2008.

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

On 28 July 2008, Director, OED2, Operations Evaluation Department (OED), received the following comments from the Infrastructure Division, Central and West Asia Department.

Your request for comments on subject report by 17 July was forwarded to me with the differed date of 28 July. No comments on my side.