

Validation Report
August 2021

Papua New Guinea: Pilot Border Trade and Investment Development Project

Reference Number: PVR-787
Project Number: 42135-013
Loan Number: 2591



Raising development impact through evaluation

ABBREVIATIONS

ADB	–	Asian Development Bank
BDA	–	Border Development Authority
DMF	–	design and monitoring framework
EIRR	–	economic internal rate of return
PCR	–	project completion report
PMO	–	project management office
PNG	–	Papua New Guinea
PPI	–	Papua Province of Indonesia
RCI	–	regional cooperation and integration
TA	–	technical assistance
WSP	–	West Sepik Province
WSPA	–	West Sepik Province Administration

NOTE

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

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PROJECT BASIC DATA

Project number	42135-013	PCR circulation date	15 Dec 2020	
Loan number	2591	PCR validation date	Aug 2021	
Project name	Pilot Border Trade and Investment Development Project			
Sector and subsector	Industry and trade	Trade and services		
Strategic agenda	Inclusive economic growth Regional integration			
Safeguard categories	Environment		B	
	Involuntary resettlement		C	
	Indigenous peoples		B	
Country	Papua New Guinea		Approved (\$ million)	Actual (\$ million)
ADB financing (\$ million)	ADF: 25.00	Total project costs	30.00	26.49
	OCR: 0.00	Loan	25.00	21.10
		Borrower	5.00	5.39
		Beneficiaries	0.00	0.00
		Others	0.00	0.00
Cofinancier	–	Total cofinancing	0.00	0.00
Approval date	27 Nov 2009	Effectiveness date	28 Apr 2010	26 Mar 2010
Signing date	28 Jan 2010	Loan closing date	30 Jun 2018	19 Jun 2020
		Financial closing date	19 Jun 2020	
Project officers		Location	From	To
	C. Li	ADB headquarters	Jan 2011	Mar 2011
	G. Ganiga	PNG Resident Mission	Feb 2011	Jun 2020
	J. Peththawadu	PNG Resident Mission	Mar 2011	Oct 2013
	M. Ingratubun	PNG Resident Mission	Oct 2013	Feb 2016
	S. Haider	ADB headquarters	Jul 2015	Jun 2016
	D. Hill	PNG Resident Mission	Jun 2016	Jan 2018
IED review				
	Director			
	Team leader			
	N. Subramaniam, IESP			
	T. Yokota, IESP*			

ADB = Asian Development Bank, ADF = Asian Development Fund, IED = Independent Evaluation Department, IESP = Sector and Project Division, OCR = ordinary capital resources, PCR = project completion report.

*Team members: S. Shin (quality reviewer), F. De Guzman (Senior Evaluation Officer), W. Zhou and D. Gibson (consultants).

I. PROJECT DESCRIPTION

A. Rationale

1. West Sepik Province (WSP) is Papua New Guinea's (PNG) third largest province in terms of land area. It is remote and isolated from the PNG's major population and growth centers. During project preparation stage, road transport connectivity with other provinces and within the province itself was very poor; thus, seriously constraining economic activities and PNG's export sector expansion. More than 90% of WSP's population lived in isolated rural areas and survived on subsistence agriculture. Economic activities in the province were very limited and dominated by the government and the timber industry. The province's development indicators were among the worst in the country with a low adult literacy rate, short life expectancy, high infant and child mortality rates, and high malnutrition rate. Despite being one of the socially and economically least developed provinces in PNG, WSP had great potential for development, owing to its rich natural resource endowment and strategically advantageous geographical location. It shared a land border of 260 kilometers with Papua Province of Indonesia (PPI), where products and

services were 25% to 40% cheaper than those of PNG, and products of PNG were in good demand, especially natural resources and raw materials.

2. PNG recognized that WSP's development opportunity was to depend largely on strengthening economic cooperation with PPI. Developing WSP into a dynamic growth center could also result in catalyzing the development of its neighboring East Sepik, Madang, Manus, and Morobe provinces. Since 2006, PNG and Indonesia had discussed to open the Skouw–Wutung border post and the road linking WSP's and PPI's capital cities for vehicles. The PNG's Prime Minister and the PPI's governor jointly stated the need to expand trade and economic cooperation between the two sides. Progress was also achieved in reaching an agreement to avoid double taxation as well as consent on compulsory motor vehicle insurance, establishing a joint business council, and having direct land, sea, and air transportation. However, the lack of a proper infrastructure and management system in PNG remained the fundamental barrier to opening its border for vehicle crossing and reaping the huge benefits of trade. On top of infrastructure inadequacy, PNG's business regulatory framework did not provide a conducive environment. Significant administrative discretions, cumbersome procedures and processes, and unnecessary and unwarranted opportunities for rent seeking all contributed to disincentivizing businesses and investments.

3. In response to the government's request, the Asian Development Bank (ADB) approved a loan in various currencies equivalent to \$25 million for the Pilot Border Trade and Investment Development Project, which is the subject project of this validation.¹ As the first step of the government and ADB's joint initiative to enhance economic cooperation between PNG and Asia, the project aimed to remove the infrastructure bottleneck along the northern transport corridor connecting WSP with PPI. It was also geared toward improving WSP's business environment to take advantage of potential opportunities offered by the fast-growing Asian economies for growth, development, and employment.

B. Expected Impact, Outcome, and Outputs

4. Both the project's design and monitoring framework (DMF) for the report and recommendation of the President and the project completion report (PCR) stated that the project's expected impact was development of the WSP into a dynamic growth center.² The intended outcome was WSP's improved business environment. The project's expected outputs had six components: (i) provision of border facilities; (ii) approval of an investment policy legislation for WSP; (iii) development of a telecommunication strategy for WSP and its approval by the government; (iv) establishment of a one-stop service office by the Border Development Authority (BDA) in Vanimo to promote trade, investment, and tourism for WSP; (v) a broadened human capital base in trade and investment promotion, business entrepreneurship and administration, information technology, and Indonesian language proficiency; and (vi) improvement in human development in terms of health and education in five border villages.

C. Provision of Inputs

5. The project was approved in November 2009. The loan agreement was signed in January 2010 and made effective in March 2010. The project was completed in June 2018, six months

¹ ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance to Papua New Guinea for the Pilot Border Trade and Investment Development Project*. Manila.

² ADB. 2020. *Completion Report. Pilot Border Trade and Investment Development Project in Papua New Guinea*. Manila.

later than planned. The loan was closed in June 2020, two years after the date specified in the loan agreement. Financial closing was in June 2020.

6. The total project cost at appraisal was \$30 million, with an ADB loan of \$25 million and a government counterpart financing of \$5 million. The actual total project cost at completion was \$26.49 million, 11.7% lower than the appraised amount, of which \$21.1 million was from the ADB loan and the balance was from the government. The 29.1% increase in the civil works cost was due to inflation and the price escalations from mining and natural gas development projects in the Highlands region. This increase was covered by physical and price contingencies and cost underruns of equipment, capacity development, and consulting services.

7. The project mostly engaged individual consultants as planned due to diverse expertise required for contract management, investment and tourism promotion, capacity development, and socioeconomic monitoring. A total of 18 (planned 128) person-months of international consulting services and 126 (planned 222) person-months of national consulting services were rendered. An international consulting firm was engaged using quality- and cost-based selection procedure for construction supervision consulting services. The project procured two civil works contracts for the border administration office complex and staff housing through international competitive bidding single-stage, one-envelope procedures. The equipment procurement for office and housing furniture, information technology, security networks and appliances, and customs patrol boat was through shopping method. The change from the originally planned competitive bidding was due to the executing agency's limited knowledge and experience in competitive bidding, unsuccessful initial procurement attempts, and local availability of suppliers of similar goods.

8. The project was classified as category B for environment, category C for involuntary resettlement, and category B for indigenous peoples.

D. Implementation Arrangements

9. The BDA was the executing agency responsible for overall project implementation, including procurement and contract management, financial management and audit, construction supervision and quality control, social development program implementation, monitoring project progress and socioeconomic impact, and loan covenant compliance, among other things. It had a core project management group in its Port Moresby head office. A small project management office (PMO) at Vanimo, WSP was established, with some staff recruited from the project area. During implementation, the BDA established a provincial project steering committee, which was chaired by the provincial administrator and composed of senior officials from the WSP Administration's sector divisions.³ It also established the Wutung Development Committee that addressed project-related grievances during project implementation together with the project steering committee.

10. The executing agency complied with 22 of the loan agreement's 29 covenants. Two covenants were not complied with. The single source selection for engaging Volunteer Service Overseas, a nongovernment organization, to carry out HIV/AIDS subcomponent was not conducted as designed. Laws and regulations, expected to be satisfactory both in form and substance to ADB and the government to implement the investment policy, remained outstanding, and a telecommunication strategy for WSP was not developed. The remaining covenants with

³ It involved senior officials from the WSP Administration's sector divisions for corporate affairs, planning, education, economic, works, lands and survey, and community development, as well as representatives from the district administration, local-level government, Wutung ward, and the provincial police.

partial compliance pertained to (i) inadequate monitoring of the project's socioeconomic impact; (ii) operations and maintenance of project facilities that remained uncertain due to the BDA's abolition in 2018; (iii) nonadherence to environment, health, and safety procedures, and grievance redress mechanism to address workers' and landowners' issues; and (iv) significant delays due to lengthy processing for additional land required for project-related activities, and consistent disagreements and lack of cooperation between disputing landowners.

11. ADB's Technical Assistance Special Fund financed the \$900,000 technical assistance (TA) attached to the project. The TA was designed to assist the Department of Commerce and Industry in developing investment policy legislation and a telecommunication strategy for WSP; procuring goods, works and services under the project; and providing financial management support. At its completion in May 2016, the investment policy legislation and the telecommunications strategy for WSP were yet to be approved and implemented.⁴ This risked the envisaged achievement of the TA's intended outcome of catalyzing investment in WSP and supporting effective implementation of the loan project. The TA was rated partly successful.⁵

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

12. The PCR rated the project less than relevant. It was aligned with the policies, strategies, and development priorities of the PNG government. The Medium-Term Development Strategy, 2005–2010, aimed to improve living standards through an overarching development strategy of export-driven economic growth, rural development, and poverty reduction. The project was also aligned with ADB's strategies and policies. ADB's country strategy and program for PNG, 2006–2010 focused on public sector actions to create a more conducive business environment. ADB's Pacific regional operations business plan, 2007–2010, identified improving trade links between PNG and Indonesia as an avenue for economic growth and poverty alleviation in PNG. Infrastructure and regional cooperation and integration (RCI) were two of the five core areas of operations under ADB Strategy 2020.⁶ The Strategy emphasized ADB's continued support in logistical systems to increase trade and investment by building on basic infrastructure strengths and developing institutional capacity of developing member countries to manage RCI.

13. The PCR noted several shortcomings that made the project less than relevant. First, no organization replaced the BDA after it was abolished in June 2018. Second, the government failed to open the border administration complex and occupy 21 of the 38 border staff houses, both completed in October 2014. The government was also not able to prepare specific investment policies and a telecommunication solution for WSP. Lastly, the BDA's one-stop service office to promote trade, investment, and tourism for WSP was closed. The project design was weak in this regard. Potential risks for successful project implementation were not fully identified at appraisal.

14. The PCR also noted the project modality intended for a general intervention in the industry and trade sector to generate economic growth (promoting economic efficiency and enabling business environment), RCI (trade and investments), social development (human development), and capacity development (organizational development) was appropriate but too ambitious. This validation supports this finding.

⁴ Footnote 2, Appendix 8.

⁵ ADB. 2016. *Technical Assistance Completion Report: Trade and Investment Institutional Strengthening in Papua New Guinea*. Manila.

⁶ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

15. The PCR noted that the DMF was relevant at appraisal. However, during implementation (i) no baseline study was undertaken, (ii) no consistent measurements of the DMF components were undertaken, and (iii) the consultants or the BDA failed to deliver the government's PCR. This validation also notes deficiencies in the DMF formulation, particularly on the project's intended outcome. First, the two outcome performance indicators did not set clear targets. Second, as the report and recommendation of the President and the PCR indicated, the outcome indicators and the outcome itself were high-level, ambitious, and complex for the project, which focused on providing infrastructure for the border and did not address border operations.

16. On the whole, the project was aligned with the government's and ADB's strategies and policies. However, it was not able to fully address the potential risks in its implementation. The DMF also had design deficiencies that affected the delivery of targeted outputs and intended outcomes. Thus, this validation assesses the project less than relevant.

B. Effectiveness in Achieving Project Outcomes and Outputs

17. The PCR rated the project less than effective. This validation notes that the project's intended outcome of improved business environment in WSP was not achieved. There was no increase in business registration in WSP or number of tourists and business visitors. As the constructed border administration complex was not yet opened and operationalized, the project made very limited difference to WSP's business environment. The outcome indicators' design deficiency also contributed to their nonachievement.

18. The project partially delivered its planned outputs. Of the 10 performance targets of the 6 outputs, 3 were achieved, 4 were partially achieved, and 3 were not achieved. For output 1, the civil works of the border facilities were completed as scheduled. These included customs, immigration, and quarantine facilities; resident housing; roads; parking lots; and public convenience facilities. Despite achieving this output at loan closing in June 2018 and further, until PCR completion in November 2020, the government did not officially open the customs, immigration, and quarantine facilities and therefore, not put into use. West Sepik Province Administration (WSPA) reported defects on woodwork and electrical installations and prepared estimates for rectification work. For outputs 2 and 3, consultants carried out studies relating to the investment policy legislation and the telecommunication strategy under the attached TA. However, the final reports that the consultants delivered were inadequate to inform the envisaged outputs of investment policy legislation and the telecommunication strategy for WSP. No government approval was granted. Therefore, both outputs were not achieved. Output 4 regarding the BDA office in Vanimo becoming a one-stop service office for promoting trade, investment, and tourism for WSP was partially achieved. Although the office was established and became operational during project implementation, it was closed due to the government's dissolution of the BDA in June 2018. According to the PCR, the WSPA took over the maintenance of the new border houses.

19. Under output 5, 196 individuals, including 56 women, received training in trade and investment promotion, business development and administration, information technology, and Indonesian language proficiency. However, this was significantly lower than the planned number of 500 trainees, including 150 women. Output 6 pertained to improvement in human development in terms of health and education in five border villages. This output had five performance indicators. First, the number of households in Wutung village with connection to electricity grid reached 135, meeting the target of 110. Second, a total of 16 toilets and 4 shower blocks were constructed, partially meeting the target of 110 toilets and 22 septic tanks. Third, the BDA provided 22 against 180 target pregnant women with cash incentives under safe motherhood intervention.

Fourth, 488 disadvantaged children received cash assistance under the modified conditional cash transfer guidelines; thus, meeting the target of preventing 100 at-risk children from dropping out of school by 2014. Fifth, the HIV/AIDS subcomponents were not implemented as designed. Civil works contractors provided awareness raising activities to workers and Wutung community. However, end-of-project survey data that could have been used to compare with the target of 119 incidences in WSP was not available.

20. The project was correctly classified as category B for environment, given the limited scope and scale of project works and activities. The assessment and management plans focused almost exclusively on risks and impacts associated with minor civil works. Although the project was justified as the start of a much larger regionalization program with potentially far-reaching consequences, inadequate attention was given to potential indirect, induced, or cumulative risks or impacts. Its categorization as C for involuntary resettlement was not appropriate. Preparatory documents stated that land had already been obtained for border facilities and that no acquisition of land or other assets would be required for the project. However, land disputes relating to acquisition of the project sites were not resolved. During implementation, land disputes occurred, causing implementation delays, and eventually led to negotiations with local communities and payment of compensation. The project's categorization as B for indigenous peoples was also unclear. A social impact assessment that could have reviewed the cultural or institutional practices of local groups and the indigenous peoples plan were not prepared.

21. On the whole, given the nonachievement of the project outcome and partial achievement of its outputs, this validation assesses the project less than effective.

C. Efficiency of Resource Use

22. The PCR rated the project less than efficient because its reevaluated economic internal rate of return (EIRR) was below the benchmark. This validation notes that the PCR's reevaluation was consistent with the approach taken at appraisal.⁷ The economic cost was updated based on the actual financial costs for the civil works, equipment, consulting services, and social development program, reflecting the actual project activities, implementation delays, and currency depreciation. The expected major economic benefit was reduced trade transaction costs, with the condition that the newly constructed border facilities would be opened and operationalized. The social development program was expected to generate other benefits, including electricity supply, improved sanitation, safe motherhood, reduction in school dropout, and reduction in HIV/AIDS prevalence. Benefits, such as business efficiency, job creation, skill development, and reduction in income differential between towns far from the border and towns near the border, were not considered because these were difficult to quantify.

23. The recalculated EIRR was 5.1%, substantially lower than the benchmark of 12.0%, thus, suggesting that the project would not be economically viable. This validation finds that compared with the EIRR of 14.1% at appraisal, the recalculated EIRR declined sharply due primarily to delayed opening and operation of the border facilities and deferred potential benefits relating to reduced trade transaction costs. Given the low EIRR at completion at 6.0%, this validation assesses the project inefficient.⁸

⁷ An Excel spreadsheet of the EIRR reevaluation was not available for this validation.

⁸ Based on the [2016 Guidelines for the Evaluation of Public Sector Operations](#), a notional figure of 6% EIRR or lower may be used as a basis for an inefficient rating.

D. Preliminary Assessment of Sustainability

24. The PCR rated the project less than likely sustainable. By end of 2020, the government did not designate a new department or agency as the BDA's replacement. The newly developed border facilities were not officially opened and remained closed. The administration complex and housing started deteriorating, with no remedial action taken. While the WSPA sought government funding for some remedial work, rehabilitation and regular maintenance funding was uncertain. The government did not act on the findings and recommendations of studies relating to the investment policy legislation and telecommunications strategy. This validation equally finds these evident weaknesses and assesses the project less than likely sustainable.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

25. The PCR rated the project's development impact less than satisfactory. The project's DMF set out three impact indicators. The first indicator was increase in trade volume from \$7 million in 2007 to \$14 million per year after 2017. The second indicator was increase in revenue from taxes and duties on trade from \$60,000 in 2007 to \$120,000 per year after 2017. The third indicator was increase in internal revenue of the province from \$700,000 in 2007 to \$1.4 million after 2017. However, as of loan closing, there was no evidence showing any material progress in these indicators. While the border facilities were completed, there was no firm timeline for their opening and operationalization. No specific alternative arrangement has been made following the closure of the BDA's one-stop service office to promote trade, investment, and tourism for WSP. The government has not taken action to build on the TA's findings and recommendations to prepare and implement specific investment policies and a telecommunication strategy for WSP. With all these issues remaining outstanding, it is highly unlikely that the project would be able to generate material positive impact on the overarching objective of developing WSP into a dynamic growth center. This validation assesses the project's development impact less than satisfactory.

B. Performance of the Borrower and Executing Agency

26. The PCR rated the performance of the borrower and the executing agency less than satisfactory. The government, as the borrower, provided a counterpart funding of \$6.2 million, exceeding the appraised estimate of \$5.0 million. The loan was made effective 4 months after its approval. However, the government underperformed on several aspects that were key to project implementation and the delivery of its outputs and outcome. It did not act on the studies' findings and recommendations relating to the investment policy legislation and telecommunications strategy. It dissolved the BDA without reassigning its role and responsibilities to another government department or agency. The newly developed border facilities were not opened.

27. The BDA, as the executing agency, demonstrated its ownership and commitment during project implementation. It established a PMO in Vanimo and worked closely with the WSPA. It also regularly reported project progress and updates and held monthly meetings with ADB and other project beneficiaries. Audited annual financial project accounts were prepared and submitted in a timely manner. However, monitoring and reporting of the DMF's performance indicators was limited. Environmental and social safeguard monitoring and reporting were inadequate. Due to lack of capacity, the BDA was not able to effectively manage and report issues relating to land use disputes, grievance redress, law and order, border conflicts, and project-related incidents. The dissolution of BDA in 2018 practically ended most project activities. End-of-project survey was not conducted, and the borrower's PCR was not submitted. On the whole,

this validation assesses the performance of the borrower and the executing agency less than satisfactory.

C. Performance of the Asian Development Bank

28. The PCR rated ADB's performance satisfactory. ADB worked closely with the borrower, executing agency, and related stakeholders to ensure the project's timely preparation, approval, and implementation. The project processing and administration were delegated to ADB's PNG Resident Mission in December 2010, eight months after loan effectiveness. ADB was closely involved in identifying and analyzing implementation issues and provided substantial inputs to facilitate their resolution. For example, ADB and the BDA discussed and emphasized with the then-Deputy Prime Minister, the importance of operationalizing the new border facilities. ADB and the BDA also set up the border administration agencies committee. ADB was responsive and flexible to requests from the BDA, such as the procurement method for equipment that was changed from competitive bidding to shopping method as per BDA's request. Throughout project implementation, 11 project review missions were fielded, including an inception in 2010 and a completion review in 2019.

29. ADB's safeguard work at appraisal was satisfactory. It was unclear why the project was rated as category C for involuntary resettlement, given the project and country contexts. Land-related issues affected project implementation. It should be noted that the project was prepared prior to the adoption of the ADB Safeguards Policy Statement in 2009, in line with the policy requirements in place at the time. None of the ADB missions throughout the project included any environmental or social safeguards staff participation. Missions' back-to-office reports did not include significant reference to environmental or social issues, other than those relating to land disputes. As a whole, this validation assesses ADB's performance satisfactory.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

30. The PCR rated the project less than successful. This validation assesses the project less than relevant because of its outcome's design deficiency. The project was less than effective since its outcome was not achieved and due to the partial delivery of its outputs. It was inefficient as the reevaluated EIRR was lower than 6%. The material risks across institutional, operational, financial, and social aspects, and the absence of adequate mitigation measures made the project less than likely sustainable. Overall, this validation assesses the project less than successful.

Overall Ratings

Validation criteria	PCR	IED review	Reason for disagreement and/or comments
Relevance	Less than relevant	Less than relevant	
Effectiveness	Less than effective	Less than effective	
Efficiency	Less than efficient	Inefficient	The recalculated EIRR was lower than 6%.
Sustainability	Less than likely sustainable	Less than likely sustainable	
Overall Assessment	Less than successful	Less than successful	

Validation criteria	PCR	IED review	Reason for disagreement and/or comments
Preliminary assessment of impact	Less than satisfactory	Less than satisfactory	
Borrower and executing agency	Less than satisfactory	Less than satisfactory	
Performance of ADB	Satisfactory	Satisfactory	
Quality of PCR		Satisfactory	Para. 35.

ADB = Asian Development Bank, EIRR = economic internal rate of return, IED = Independent Evaluation Department, PCR = project completion report.

Source: ADB (IED).

B. Lessons

31. The PCR identified the following issues and lessons. First, the longer the border administration complex buildings remain unoccupied, the more difficult it will be to re-energize the commercial sector in WSP and generate the anticipated project benefits. Second, the government's inactivity on investment policies and telecommunication strategy substantially delayed and lost impetus in the achievement of potential project benefits. Third, the use of Central Supply and Tender Board procurement system and associated National Executive Council approval process could be avoided through BDA's direct procurement. Fourth, the importance of the BDA's and PMO's greater presence in the WSP and enhanced involvement with the WSPA to achieve the project's development impacts. Fifth, the quality of construction supervision consultants and the BDA's ability to monitor and manage contracts are important to ensure the quality of construction and installations.

32. This validation supports the above lessons and offers three additional lessons. First, it is important to perform adequate due diligence at appraisal to develop a realistic project implementation plan and a timeframe that duly takes into consideration the borrower's institutional set-up and internal review and approval procedures, and the executing agency's existing capacity and prior experience in implementing ADB projects. Identifying and implementing risk mitigation measures and providing adequate early implementation support are also crucial in minimizing initial project delays and facilitating its timely implementation. Second, appropriate and well-designed project outcome indicators establish sound cause–effect relationship between outputs and outcome; thus, ensuring a logical continuum of the DMF results chain. It is important that the outcome indicators reflect the immediate and direct benefits of application of project outputs, rather than aim to address a high-level development issue. This would be disproportionately ambitious and complex for a single project, particularly one with relatively small funding amount and implemented in an institutionally, operationally, and socially challenging context. Third, establishing and undergoing a holistic and in-depth review and revision process, as part of a TA's implementation scope, ensures that the knowledge products delivered by TA consultants meet the defined requirements and are of adequate good quality to support the loan project to which the TA is attached. As noted in the PCR, the final reports that the TA consultants delivered were only in the form of problem identification that were inadequate to inform the envisaged outputs of investment policy legislation and the telecommunication strategy for WSP. This led to no government action.

C. Recommendations for Follow-Up

33. The PCR made several recommendations. First, future DMF monitoring should be prioritized for all ADB missions and submitted to review missions in advance. Second, safeguard

monitoring and reporting must be consistent and in accordance with the relevant covenants and requirements of ADB and government. Third, ADB should urge the government to assign the BDA's role to another department or agency and ascertain from that entity its commitment to ongoing compliance with the project's objectives and resolution of any remaining or subsequent grievances. Fourth, future interventions should consider further expansions of the facilities to accommodate increased operational demands. Fifth, the government should comply with the covenants regarding the investment policy and telecommunications strategy, and operations and maintenance. Sixth, ADB should continue discussions with the government regarding the opening date of the border administration complex buildings and the necessary rectification and regular maintenance works. This validation supports these recommendations. As an additional recommendation of this validation, ADB review missions need to pay more attention to issues on DMF monitoring and the government's efforts in coordinating with the law enforcement agents in the province.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Reporting

34. During implementation, the BDA regularly reported project progress and updates. Monthly meetings were held between ADB, the BDA, and other project beneficiaries. Audited annual financial project accounts were prepared and submitted in a timely manner. However, monitoring and reporting of the performance indicators in the DMF was limited. Environmental and social safeguard monitoring and reporting was inadequate. There was no end-of-project survey. The borrower's project completion report was not submitted.

B. Comments on Project Completion Report Quality

35. The PCR was well prepared and consistent with the pertinent guidelines. It provided a comprehensive description of the project design and implementation process and presented an objective and convincing assessment of the achievements. Major implementation issues were clearly explained. The economic reevaluation was clearly presented, although no supporting spreadsheet was provided to validate calculation details. The findings, lessons, and recommendations were evidence-based, relevant, and useful. This validation assesses the quality of the PCR satisfactory.

C. Data Sources for Validation

36. Data sources for this validation include the PCR, report and recommendation of the President and its linked documents, loan agreement, back-to-office mission reports, safeguard assessments, environmental monitoring reports, national strategies, and policies, and ADB strategies, policies, and guidelines.

D. Recommendation for Independent Evaluation Department Follow-Up

37. The PCR suggested that the timing of a project performance evaluation report should be reviewed after the government confirms the new agency as the BDA's replacement and the opening date for the border facilities. This validation considers it a reasonable approach.