

Validation Report
January 2022

India: Chhattisgarh State Road Sector Project

Reference Number: PVR-831
Project Number: 44427-013
Loan Number: 2981



Raising development impact through evaluation

ABBREVIATIONS

| | | |
|-------|---|---|
| ADB | – | Asian Development Bank |
| APFS | – | audited project financial statement |
| CDTA | – | capacity development technical assistance |
| CGPWD | – | Chhattisgarh Public Works Department |
| CPS | – | country partnership strategy |
| CSC | – | construction supervision consultant |
| EARF | – | environmental assessment and review framework |
| EIRR | – | economic internal rate of return |
| IEE | – | initial environmental examination |
| IPPF | – | indigenous peoples planning framework |
| km | – | kilometer |
| PCR | – | project completion report |
| PIU | – | project implementation unit |
| PPTA | – | project preparatory technical assistance |
| RAMS | – | road asset management system |
| TA | – | technical assistance |

NOTE

In this report, “\$” refers to United States dollars and “₹” to Indian rupees.

| | At Appraisal (1 November 2012) | At Project Completion (30 June 2019) |
|----------|--|--|
| ₹1.00 = | \$0.019 | \$0.015 |
| \$1.00 = | ₹53.855 | ₹68.956 |

| | |
|--------------------------------|---|
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PROJECT BASIC DATA

| | | | | |
|---------------------------------------|--|--|--|---|
| Project number | 44427-013 | PCR circulation date | 2 Aug 2021 | |
| Loan numbers | 2981 | PCR validation date | Jan 2022 | |
| Project name | Chhattisgarh State Road Sector Project | | | |
| Sector and subsector | Transport | Road Transport (non-urban) | | |
| Strategic agenda | Inclusive economic growth | | | |
| Safeguard categories | Environment | | B | |
| | Involuntary resettlement | | A | |
| | Indigenous peoples | | B | |
| Country | India | | Approved (\$ million) | Actual (\$ million) |
| ADB financing (\$ million) | ADF: 0.00 | Total project cost | 428.10 | 384.88 |
| | OCR: 300.00 | Loan | 300.00 | 246.95 |
| | | Borrower | 128.10 | 137.93 |
| | | Beneficiaries | 0.00 | 0.00 |
| | | Others | 0.00 | 0.00 |
| Cofinancier | — | Total cofinancing | 0.00 | 0.00 |
| Approval date | 11 Dec 2012 | Effectiveness date | 27 May 2014 | 5 Jun 2014 |
| Signing date | 26 Feb 2014 | Loan closing date Financial closing date | 30 Jun 2018 | 30 Jun 2019 18 Dec 2019 |
| Project officers | P.V. Peri A. Bhadra P. Sahu | Location ADB headquarters India Resident Mission India Resident Mission | From 16 Jan 2013 16 May 2015 1 Aug 2015 | To 15 May 2015 31 Jul 2015 18 Dec 2019 |
| 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: H. Hettige (quality reviewer), F. De Guzman (Senior Evaluation Officer), W. Zhou and C. Mason (consultants).

I. PROJECT DESCRIPTION

A. Rationale

1. India's road network mainly consists of national highways, state highways, major district roads, and rural roads. As of 2008, the total road network of the state was 74,434 kilometers (km), with a road density of 55.1 km per 100 square kilometers, much lower than the national average of 125 km per 100 square kilometers. About 80% of the road network had an international roughness index worse than 4. Less than 20% of national highways in the state had four lanes. About 30% of the state highways had two lanes, and the remaining 70% had single or intermediate lane. Most of the major district roads were of single lane.

2. Although 70% of India's population lived in rural areas, the standard of rural roads was low, maintenance was poor, and many roads needed rehabilitation and improvement. Road sector issues were also apparent and much more pronounced in the state of Chhattisgarh, which was one of the underdeveloped states of India. These pointed on the need to widen and strengthen the roads to meet the increasing traffic demand in Chhattisgarh.

3. The Asian Development Bank (ADB) started its involvement in Chhattisgarh's state road sector development with a project preparatory technical assistance (PPTA) in 2002, followed by a loan in December 2003. The PPTA contributed to institutional strengthening and capacity building for the state roads sector management in Chhattisgarh.¹ It also supported updating the state government's Master Plan for Road Sector Development, 2003–2012, for implementation in 2005–2016. A sector lending project rehabilitated 1,249 km state roads in Chhattisgarh.² The executing agency for these ADB support was the Chhattisgarh Public Works Department (CGPWD), whose capacity was improved during project implementation. Despite these support, a large part of the state highways and major district roads in Chhattisgarh still remained in poor condition and unusable during the monsoon season. Also, the state government and CGPWD continued to face capacity constraints in project preparation and implementation.

4. In response to the request of the state government, ADB approved a \$300 million loan from ordinary capital resources for the Chhattisgarh State Road Sector Project (the project) in December 2012.³ The advance project approval, which was ahead of the schedule proposed in the country's operations business plan, took advantage of its expected high level of preparation and readiness with respect to CGPWD's improved capacity and the completed detailed road design.⁴ The project was designed to reconstruct and rehabilitate about 916 km state roads; further improve the CGPWD's capacity in procurement, contract management, and project management; and establish a road asset management system (RAMS) through the CGPWD's institutional strengthening. It was expected to supplement ADB's support in the rural road sector in Chhattisgarh by linking rural roads to the state and national highway network. The government, as the borrower, made the loan proceeds available to the state to carry out the project through CGPWD.

B. Expected Impact, Outcome, and Outputs

5. As stated in the project's design and monitoring framework at appraisal and project completion, the project's expected impact was improved connectivity in Chhattisgarh.⁵ The intended outcome was an improved road transport system in Chhattisgarh. The project's planned outputs had three components: reconstructed and rehabilitated state roads, CGPWD's improved procurement and contract management capacity, and project management and road asset management system in place.

C. Provision of Inputs

6. The project was approved in December 2012. Its loan agreement was signed in February 2014 and became effective in 4 months. At appraisal, the estimated total cost was \$428.10 million, with ADB financing 70% and the rest by counterpart financing. During implementation, land acquisition, rehabilitation, and resettlement costs and utility shifting increased by 12%, due to a few underground utilities that were not identified at appraisal. Also, the depreciation of the Indian rupee against the US dollar, contingencies included in civil works contracts, and the removal of one civil works contract resulted in a surplus in the loan. This necessitated six partial loan cancellations totaling to \$52.00 million. At completion, the total cost

¹ ADB. 2002. *Technical Assistance to India for the Chhattisgarh State Roads Development*. Manila (TA 3995-IND).

² ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to India for the Chhattisgarh State Roads Development Sector Project*. Manila (Loan 2050-IND).

³ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to India for the Chhattisgarh State Road Sector Project*. Manila (Loan 2981-IND).

⁴ ADB. 2011. *Country Operations Business Plan: India, 2012–2014*. Manila.

⁵ ADB. 2021. *Completion Report: Chhattisgarh State Road Sector Project in India*. Manila.

was \$384.88 million, approximately 10% lower than appraised, of which 64% was from the ADB loan and the balance was from the government. With the partial loan cancellations, 99.6% of ADB loan was disbursed at financial closure.

7. The project experienced 1.5 cumulative years of implementation delays. Its completion date was originally in December 2017, but the actual was in June 2019. The loan closing date was changed from June 2018 to June 2019, through two extensions. This implementation delay was due to various factors. First, due to the initial inadequacy of CGPWD's staff to carry out procurement-related tasks, the benefit of the project's high preparedness and approved advance contracting could not be availed of. The actual procurement of civil works contract packages took place in the first quarter of 2014, much later than the envisaged in the third quarter of 2012. Second, discrepancies in design, specifications, and quantities between the detailed project reports and the actual site conditions required rectifications and approvals which delayed some packages. Third, the mobilization of contractors was slow and encumbrance-free land in some road sections was limited. There were some external factors causing delays, such as the demonetization measures implemented by the national government in 2016 and the state election in 2018.

8. The project procured 18 civil works contracts through international competitive bidding procedures. The ADB's standard bidding documents for large works with post-qualification under the single-stage, two-envelope procedure were used. Among the 18 contracts, 15 were awarded in 2015 while the remaining three were awarded in 2016 due to high bid prices requiring rebidding twice. The 18 contract packages were grouped into A, B, and C, for which three consulting firms acting as the construction supervision consultants (CSCs) were engaged using quality- and cost-based selection procedures. Each CSC, with a field office established close to work sites, was responsible for civil works contract management, construction supervision and quality control, oversight of compliance with social and environmental safeguards, assistance with financial accounting, on-site training, and project closure documentation. At completion, the CSCs rendered 5,761 person-months of consulting services, including 135 person-months by international consultants and 5,626 person-months by national consultants.

9. The project was classified category B for environment, A for involuntary resettlement, and B for indigenous peoples. Gender was categorized as "some gender elements."

D. Implementation Arrangements

10. The CGPWD was the executing agency. Through its project implementation unit (PIU) acting as the implementing agency, the CGPWD was responsible for overall project management involving civil works, land acquisition and resettlement, consulting services, and environment and financial management, among other things. The PIU established four field offices covering the 18 civil works contracts. Headed by a project director, the PIU had over 20 staff members taking roles across engineering, accounting, environment, resettlement, and general support. During implementation, the CSCs supported the PIU. At completion, the borrower and the executing agency complied with all 76 covenants in the loan and project agreements.

11. A \$1.0 million capacity development technical assistance (CDTA), a subproject of a cluster technical assistance (TA),⁶ was approved in 2012 to support the institutional development

⁶ ADB. 2011. *Cluster Technical Assistance to India for Advanced Project Preparedness for Poverty Reduction*. Manila (CTA 0003-IND).

components.⁷ This was financed by ADB's Technical Assistance Special Fund and the Government of United Kingdom, which helped the PIU in the design and approval of additional non-sample projects and provided support in improving project implementation, contract management, road asset management, road safety, and safeguards. In 2013, a PPTA was approved as a subproject of a cluster TA to prepare the non-sample roads for appraisal and procurement.⁸

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

12. The project completion report (PCR) rated the project relevant. At appraisal, the project was strategically aligned with the government's development priorities and ADB strategies. India's Eleventh Five-Year Plan, 2007–2012 emphasized the development of physical infrastructure as the key to promoting broad-based economic growth.⁹ As set out by the Plan, the strategy to develop state highways, which were integral to India's road network, was to augment the capacity and quality of existing state highways rather than any large-scale expansion. States were encouraged to develop a core network consisting of four-lane and two-lane state highways.

13. The country partnership strategy (CPS) for India, 2009–2012 emphasized ADB's continued focus on infrastructure development.¹⁰ Part of the strategic priorities for transport sector was the continued support to improve connectivity via roads at national, state, and rural levels and enhance the capacity of state road sector management. Operations were to be expanded to cover poorer states, including Chhattisgarh.

14. During implementation and at completion, the project remained relevant to the government's strategies and policies. Transport was identified as one of the priority sectors to promote faster, more inclusive, and sustainable growth, which was the overarching objective of the Twelfth Five-Year Plan (2012–2017).¹¹ This Plan indicated the need to continue upgrading road infrastructure to improve mobility and accessibility while reducing the transportation cost. The Three-Year Action Agenda (2017–18 to 2019–20) identified transport and connectivity as growth enablers.¹² The agenda aimed to increase road connectivity and mobility by expanding the road network and emphasized improving highway maintenance and allocating additional funds for maintenance.

15. The project continued to be relevant to ADB's strategies during implementation and at completion. Infrastructure development was one of the five thrusts defined in ADB's CPS for India, 2013–2017.¹³ The transport program focused on promoting regional connectivity, particularly in lagging states, and improving mobility in rural and urban areas. In ADB's CPS for India, 2018–2022, one of the prongs of the strategic pillar on inclusive provision of infrastructure

⁷ ADB. 2012. *Technical Assistance to India for Institutional Strengthening of the Chhattisgarh Public Works Department*. Manila (TA 8294-IND).

⁸ ADB. 2013. *Technical Assistance to India for Preparing State Road Projects (Chhattisgarh, Jharkhand)*. Manila (TA-8019-IND).

⁹ Government of India, Planning Commission. 2008. *Eleventh Five-Year Plan, 2007–2012*. New Delhi.

¹⁰ ADB. 2009. *Country Partnership Strategy: India, 2009–2012—Abridged Version*. Manila.

¹¹ Government of India, Planning Commission. 2012. *Twelfth Five-Year Plan (2012–2017): Faster, More Inclusive and Sustainable Growth*. New Delhi.

¹² Government of India, NITI Aayog. 2017. *Three Year Action Agenda (2017–18 to 2019–20)*. New Delhi.

¹³ ADB. 2013. *Country Partnership Strategy: India, 2013–2017*. Manila.

networks and services is inclusive infrastructure in the hinterlands and low-income states.¹⁴ For the transport sector, ADB's support is focused on improving road connectivity at the state, district, and rural levels to enhance access to services and increase productivity and incomes.

16. The project, as the second ADB loan to support Chhattisgarh's road sector development, built on the experience and lessons from the first loan (footnote 2). The use of a sector loan as the lending modality was appropriate, as the project aimed to support the updated Chhattisgarh Road Master Plan, 2005–2016 through financing the rehabilitation and reconstruction of state roads and further strengthening the CGPWD's institutional capacity as the key state government agency for road sector development. The two sample road sections, the Simga–Kurud road and the Nandghat–Gidhoury road, were appropriately designed before the project approval. The subsequent 13 non-sample road sections, totaling to 715 km, were selected and designed after project approval, in line with the process for subproject appraisal. The associated CDTA supported the CGPWD's capacity development in project implementation, contract management, road asset management, road safety, and safeguards. These contributed to strengthening the overall project design. The project's design and monitoring framework was sound, with logical links of outcomes and outputs, leading to the high-level development impacts.

17. The project was designed to fill in the gaps in the state road sector development, against the backdrop of other major government programs such as the National Highway Development Program for national highways and the Pradhan Mantri Gram Sadak Yojana for rural road development. It was fully aligned with the government's and ADB's strategies and policies. Its design and modality were appropriate. This validation assesses the project relevant.

B. Effectiveness in Achieving Project Outcome and Outputs

18. The PCR rated the project effective in achieving its outcome and outputs. This validation notes that the project achieved its intended outcome of an improved road transport system in Chhattisgarh. All three outcome targets were achieved at completion. The movement of people and goods on roads constructed and/or rehabilitated increased from 0.91 million vehicle-km in 2011 to 4.79 million vehicle-km (target 1.19 million vehicle-km) in 2019. The average travel time on project roads decreased from 2.1 minutes per km in 2011 to 1.32 minutes per km in 2019, an improvement of 37% (target 35%). Vehicle operating cost on the project roads was reduced by 24.7% (target 20%) for cars, from ₹15.38 per km without project to ₹11.58 per km with project in 2019, and 24.60% (target 20%) for medium trucks, from ₹41.99 per km without the project to ₹31.67 per km with the project in 2019.

19. At completion, a total of 852.97 km of state roads were reconstructed and rehabilitated. This was about 7% shorter than the original target in view of the dropping of the 60.81 km Chilphi–Salhewara road due to a delay in obtaining the requisite environmental clearance. However, the state government subsequently used its own funding to rehabilitate part of this road. On capacity building, extensive training workshops were provided to CGPWD staff through the CDTA attached to the project. Trained staff increased by 56% (target 50%), from 803 in 2017 to 1,253 in 2020, and their capacity was strengthened in one or more areas relating to procurement, contract management, and project management. On RAMS, the CGPWD procured a pavement management system (StreetSaver) under the CDTA. In 2017, the StreetSaver was integrated into the Public Works Department management information system that was developed by CGPWD

¹⁴ ADB. 2017. *Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation*. Manila.

using their own funds. The database on road assets was completed by 2019. Also, a mobile laboratory and mobile testing equipment were set up as part of RAMS.

20. The project was correctly classified for safeguards categories. On environmental aspects, the project did not involve category A subprojects, as required by the environmental assessment and review framework (EARF) prepared in 2012. Two subprojects' initial environmental examinations (IEEs) were prepared in 2012 and additional 13 detailed IEEs were prepared between 2012 and 2013, with some updated in 2018. The quality of the environmental management plans was satisfactory and commensurate with the scale of the identified environmental and social impacts for road construction activities. ADB's midterm review in 2018 indicated that the project generally complied with the requirements. Any nonconformances and corrective actions were noted and then implemented. The environmental monitoring reports did not identify any biodiversity impacts during implementation, except tree cutting to accommodate road widening. This was offset by the extensive compensatory sapling planting at a ratio of 1:12 and a 5-year sustainable tree growth program.

21. The project was categorized A for involuntary resettlement impact, in accordance with ADB's Safeguard Policy Statement (2009). A resettlement framework was prepared to facilitate the preparation of resettlement plans for 13 non-sample roads. The plans required updating as the proposed right-of-way for some urban sections were increased from original proposal of 16 meters to 24 meters to facilitate a four-lane carriageway. The total land acquisition was 17.52 hectares, involving about 100 families. The project implemented all resettlement plan measures, and the affected persons were adequately compensated. During project implementation, consultations and discussions were held regularly with the local communities and affected persons. A grievance redress mechanism was established for all subprojects and adequately operated. A total of 129 grievances were registered and resolved.

22. On indigenous peoples, the poverty and social assessment survey confirmed that the project's socioeconomic impacts would not differ substantially for tribal groups, compared with the remainder of the population. An indigenous peoples planning framework (IPPF) was prepared to address any unanticipated impacts on indigenous peoples. During implementation and at completion, no adverse impacts on indigenous peoples were reported.

23. On the whole, given the achievements on outcome and output targets, this validation assesses the project effective.

C. Efficiency of Resource Use

24. The PCR rated the project efficient, based on the reevaluated economic internal rate of return (EIRR). The PCR's reevaluation of the EIRR was largely consistent with the approach taken at appraisal. The economic capital investment was updated based on the actual financial costs for the civil works, reflecting the actual project activities and implementation delays. The economic benefits were savings in vehicle operating costs and passenger travel time costs as the result of improved road condition. Projections of traffic growth rates for passenger and freight traffic on the project roads were made, based on past trend of vehicle registration and transport demand elasticity.

25. The recalculated EIRR was 18.14%, exceeding the 12.00% benchmark and suggesting economic viability. Compared with the 17.40% EIRR at appraisal, the recalculated EIRR was marginally higher due primarily to the difference in traffic forecast between appraisal and project completion. Sensitivity analysis under adverse scenarios suggested that the project would highly

likely remain economically viable. A 10% increase in operation and maintenance costs combined with a 10% decrease in benefits would result in a 16.16% EIRR, well above the benchmark.

26. The project incurred about 1.5 years of implementation delays. However, these were already incorporated in the reestimation of the EIRR. Given the reevaluated EIRR, which was higher than the 12% social discount rate, this validation assesses the project efficient.

D. Preliminary Assessment of Sustainability

27. The PCR rated the project likely sustainable. Over the past 5 years, the CGPWD has been able to maintain state roads using budgetary allocations. The PCR indicated that the ratio of annual actual expenditures to annual budget provision for road repair and maintenance from fiscal year (FY)2015/2016 to FY2019/2020 remained below 1. Except for year FY2017/2018, during which the actual expenditure was about 91% of the provided budget, the ratio for the other 4 years was 45%–76%. This demonstrated sufficient budget provision for proper repair and maintenance of the roads. The ratios and the relatively constant absolute amount of annual expenditure show a good practice of the state government on sustainability.

28. For institutional capacity, the state government of Chhattisgarh established the Chhattisgarh Road Development Corporation in 2014 to facilitate private financing in the road sector. The state government in 2019 issued the Chhattisgarh Road Development Policy 2019–2024 to promote private sector participation in road development and maintenance through various public–private partnership options, such as the build–operate–transfer model. In recent road projects, more emphasis was placed on maintenance by incorporating 5 years of performance-based maintenance post-construction in all civil works contracts.

29. The CGPWD's capacity and expertise in road maintenance was substantially developed through the project intervention. With the Public Works Department's management information system in place and fully functional, the CGPWD was able to schedule and prioritize roads that required maintenance in a more timely and cost-effective manner. The PCR indicated that the CGPWD was finalizing its detailed road maintenance plan for all roads. This plan, along with budgetary requirements and outlays, would inform a road map for sustainable maintenance activities. Considering these observations, the continued functioning of the project roads with adequate maintenance is expected to be subjected to low risks across financial, operational, and institutional aspects. This validation assesses the project likely sustainable.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

30. The PCR rated the project's development impact satisfactory. At completion, the inter-district connectivity with high standard of road network of state highways and major district roads with standard double lanes increased from 30.0% in 2011 to 51.6% in 2019, exceeding the 50.0% target. On the project roads, vehicles can travel an average of 40–60 km/hour as compared to 20–30 km/hour before the project, leading to a substantial reduction in passenger and freight transport costs and time savings. The movement of people and goods on roads increased substantially (para. 17). An economic survey conducted in 2019 showed the improved road network has brought socioeconomic benefits across various sectors. The project construction generated about 3.3 million person-days employment during the implementation. Among the directly employed local labors, about 33% were unskilled labors and 10% were women. Improved roads gave farmers access to better and larger markets and higher profit margins. This has

stimulated the development of local transport services, which has generated additional working opportunities. The bus service frequency has increased by 50% on most of the project roads. Time taken to travel to the nearest health center has been reduced to less than 30 minutes on the project roads. Improved access also encourages local youth to remain in rural areas, thus contributing to the rise in agricultural land prices. Land prices along the project roads have escalated by an average of 45% due to the improved roads, and this trend is continuing. As a result of the project, roadside businesses of hotels, cafes, and shops multiplied, thus, increasing rural households' incomes by an average of 2 to 3 times. These achievements demonstrated that the project helped in generating positive development impacts. This validation assesses the project's development impact satisfactory.

B. Performance of the Borrower and the Executing Agency

31. The PCR rated the performance of the borrower and the executing agency satisfactory. The government as the borrower, represented by the Department of Economic Affairs at the Ministry of Finance, ably performed its functions. Project progress at key stages of implementation was facilitated by the borrower's supervision and coordination. The state government provided strong support to the executing agency, including the timely provision of counterpart funds. The CGPWD, as the executing agency, made appropriate institutional and implementation arrangements. The CGPWD's PIU, with the CSC's assistance, efficiently implemented the project across project design and preparation, procurement, contract management, financial management and audit, construction supervision, quality control, and safeguards, among other aspects. Despite some initial delays, the CGPWD successfully completed the project with all planned outputs delivered and all loan and project covenants complied with. This validation assesses the performance of the borrower and the executing agency satisfactory.

C. Performance of the Asian Development Bank

32. The PCR rated ADB's performance satisfactory. ADB worked closely with the borrower, the executing agency, and related stakeholders, ensuring the project's timely preparation, approval, and implementation. The ADB headquarters delegated project processing and administration to the India Resident Mission in October 2015. It was responsive and flexible on requests made by the borrower and the executing agency, such as the extension of closing date, advance procurement, and additional technical assistance. Project documents were reviewed and approved on time, and all payment claims were processed promptly. ADB was closely involved in identifying and assessing implementation issues. It provided substantial inputs to effectively resolve the identified issues and expedite implementation progress. Throughout the project implementation, ADB fielded 21 missions, including an inception mission in 2014, a midterm review mission in 2018, and 12 special project administration missions. The missions provided necessary guidance to the executing agency to take timely remedial actions to resolve implementation issues. ADB's project team also provided regular training and handholding support to the executing agency, consultants, and contractors on procurement, contract management, disbursements, financial management, and safeguard compliance. This validation assesses ADB's performance satisfactory.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

33. The PCR rated the project successful. This validation assesses the project relevant, based on its alignment with the strategies of the government and ADB and the appropriateness of its

design. The project was effective in delivering the planned outputs and achieving the intended outcome. It was efficient in view of its high EIRR. The likelihood of the project roads being well maintained was high, indicating the likely sustainability of project roads. Overall, this validation assesses the project successful.

Overall Ratings

| Validation Criteria | PCR | IED Review | Reason for Disagreement and/or Comments |
|----------------------------------|--------------------|--------------------|---|
| Relevance | Relevant | Relevant | |
| Effectiveness | Effective | Effective | |
| Efficiency | Efficient | Efficient | |
| Sustainability | Likely sustainable | Likely sustainable | |
| Overall Assessment | Successful | Successful | |
| Preliminary assessment of impact | Satisfactory | Satisfactory | |
| Borrower and executing agency | Satisfactory | Satisfactory | |
| Performance of ADB | Satisfactory | Satisfactory | |
| Quality of PCR | | Satisfactory | |

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

Source: ADB (IED).

B. Lessons

34. The PCR identified three lessons. First, it is important for the executing agency to have sufficient number of staff knowledgeable in procurement, especially for sector loan projects with multiple subprojects and contracts. Second, the need for meticulous preparation of detailed project reports based on site requirements and obtaining environmental, forest, and wildlife sanctuary clearances. Third, including utility shifting as one of the bills of quantity items to be carried out directly by the contractor can avoid delay of civil works and ensure timely delivery of road construction projects.

35. This validation supports these lessons and offers an additional two. First, appropriate formulation of sector-specific procurement contract packages and adequate procurement planning and contract management can minimize the risks of project start-up delays and implementation. It is important to assess the executing agency's procurement capacity early on to identify and augment needed capacity, e.g., technical and procurement skills gap. The procurement of civil works contracts was delayed more than a year as the CGPWD was inadequately staffed to manage the project's procurement-related activities. Hence, the expected benefits of advance contracting in supporting the project readiness did not materialize. Second, sustained policy dialogues, close collaboration, and timely communication among stakeholders' help ensure the effective and smooth resolution of resettlement and compensation issues. It is vital to factor in the concerns of local people and beneficiaries in the project design. The project conducted adequate consultation meetings, focus group discussions, and awareness campaigns among stakeholders. Grievances were resolved effectively (para. 21) through either preliminary informal meeting at the field level, or official deliberation at grievance redress committees.

C. Recommendations for Follow-Up

36. The PCR made the following recommendations. First, CGPWD should set up a dedicated team to monitor the maintenance of the rehabilitated roads. Second, a comprehensive study should be initiated to find the most effective way to maintain the improved state road network. Third, region- or district-level performance-based maintenance contracting may be an effective arrangement for road maintenance. This validation supports these recommendations.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Reporting

37. A project performance management system was developed and implemented to monitor and evaluate the project performance. Surveys were conducted by the CSC. Data from the project performance management system was used in progress reports and safeguard monitoring reports, which were prepared and submitted on time. Audited project financial statements (APFSs) were submitted generally on time. However, except for the APFSs for fiscal years 2019 and 2020, all other APFSs lacked an auditor's additional opinion on the use of loan proceeds. The borrower's PCR was prepared and submitted to ADB.

B. Comments on Project Completion Report Quality

38. The PCR was well prepared and consistent with the pertinent guidelines. It comprehensively described the project design and implementation and presented an objective and convincing assessment of the achievements. Major implementation issues were clearly explained. The environmental and social safeguards were succinctly summarized. The economic reevaluation was well prepared, with the supporting spreadsheet clearly presenting the 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

39. Data sources for this validation include the PCR, report and recommendation of the President and its linked documents; loan and project agreements; mission back-to-office reports; safeguard assessment; environmental and social monitoring reports; national strategies and policies; and ADB strategies, policies, and guidelines.

D. Recommendation for Independent Evaluation Department Follow-Up

40. This validation does not find the project performance evaluation report necessary since there are no areas that could warrant a more in-depth evaluation in the future.