



Completion Report

Project Number: 52043-002
Technical Assistance Number: 9617
December 2020

Kyrgyz Republic: Preparing the Central Asia Regional Economic Cooperation Corridors 1 and 3 Bishkek Northern Bypass Road Project

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TECHNICAL ASSISTANCE COMPLETION REPORT

TA Number, Country, and Name: TA 9617-KGZ: Preparing the Central Asia Regional Economic Cooperation Corridors 1 and 3 Bishkek Northern Bypass Road Project		Amount Approved: \$1,050,000.00	
		Revised Amount: Not applicable	
Executing Agencies: For transport sector components – Ministry of Transport and Roads For education sector components – Ministry of Education and Science	Source of Funding: TASF 6	Amount Undisbursed: \$409,851.83	Amount Used: \$640,148.17
		TA Completion Date	
TA Approval Date: 17 October 2018	TA Signing Date: 13 November 2018	Original Date: 31 October 2019	Latest Revised Date: 31 October 2020
		Financial Closing Date: 18 November 2020	Number of Extensions: 1
TA Type: Transaction TA	Nature of Activity: Project preparation	TA Arrangement: Standalone TA	

Description

The Asian Development Bank (ADB) approved a transaction technical assistance (TA) to help the government prepare a project to rehabilitate 34 kilometers (km) of the Bishkek Northern Bypass (BNB) road, linking the Central Asia Regional Economic Cooperation (CAREC) Corridor 1 with CAREC Corridor 3. The project road would improve north-south connectivity within the country, and also enhance the connectivity of two major economic centers—the Bishkek Free Economic Zone and the Dordoy Bazaar, with global markets. The TA was processed as an integral part of the concept paper for the ensuing project.

Expected Impact, Outcome, and Outputs

The TA was designed to ensure that the ensuing project is prepared to acceptable technical, safeguards, and procurement standards, in order to meet high readiness criteria before Board consideration.

The TA was designed with the following outputs: (i) technical due diligence on ensuing project carried out, (ii) feasibility study on ensuing project prepared, and (iii) procurement support provided.

Implementation Arrangements

The original implementation period was 12 months up to 31 October 2019. The TA was extended by one year to 31 October 2020 due to late availability of complete project design documentation and to expand procurement support to cover procurement activities until contract award.

The executing and implementing agencies for the TA were as follows:

- (i) Ministry of Transport and Roads (MOTR) and its Investment Projects Implementation Group for the transport sector components, and
- (ii) Ministry of Education and Science and its Project Implementation Unit for the education sector components.

The national road design institute—Kyrgyzdortransproyekt (KDTP) was assigned by MOTR to develop the detailed design of the project, as mandatory for all road construction projects in the Kyrgyz Republic. Design work by KDTP was to be financed by MOTR.

The TA originally provided for 28 person-months of international consultants to be recruited as individuals, and 26 person-months of national consultants to be recruited as a firm on single source selection basis. KDTP was proposed to be engaged to carry out the scope of work under the TA assigned to national consultants.¹ During TA implementation, the international and national consultants were recruited as per the planned selection methods and with time-based contracts.

¹ This is in addition to the design work as stated in the paragraph above, which was to be financed by MOTR.

Some adjustments in the required person-month inputs and expertise were made. Two international individual consultants (materials/pavement engineer and structural/bridge engineer) and one resource person for pavement design review were added in the original list of experts and recruited accordingly. On the other hand, one international individual consultant (procurement expert) was recruited but his contract was cancelled with no disbursement under his contract. Four international individual consultants (financial management expert, noise and vibration expert, environmental buffer zone design expert, and education expert) were not recruited as their services were eventually deemed no longer needed.

Two national consulting firms for independent valuation and for detailed measurement survey were recruited on single source selection basis with lumpsum contracts. Both firms were mobilized but only the firm for detailed measurement survey was able to submit an inception report. All other milestones under these contracts were not achieved due to suspension of TA activities.

At TA closing, a total of 10 international individual consultants (21 person-months), one consulting firm with 12 national consultants (34 person-months), one resource person, and two national consulting firms with lumpsum contracts had been mobilized.

Conduct of Activities

The mobilization of consultants started in January 2019, while the project feasibility study and detailed design for the BNB road (output 1 of the ensuing project) was still being carried out by MOTR. The consultants received the draft detailed design of the 9.1 km Bishkek–Naryn–Torugart section on 5 August 2019. Design documentation for the 24.3 km Almaty–Bishkek–Tashkent section was provided on 18 November 2019. The delayed submission was caused by the fact that KDTP was not paid by MOTR for the BNB road design work. Despite an assurance given by MOTR in October 2019 that the issue was resolved, KDTP had not been paid during the TA's implementation for any of the design work delivered. This caused staffing problems in KDTP. The design of utilities and lighting had to be outsourced, but since KDTP was not able to pay for these services, related design documents were never received.

The international consultants who specialized in road engineering, pavement design and road safety thoroughly reviewed the draft design documents and prepared a comprehensive list of comments and recommendations. These were partly incorporated by KDTP. However, the mandatory local design standards are conflicting with modern road construction and road safety standards, which have not been resolved.

The TA produced an initial environmental examination, including noise and air dispersion modelling. Public consultations related to environmental aspects were completed. Finalization of the initial environmental examination is pending completion of the detailed design. As foreseen at concept stage, land acquisition and resettlement (LAR) was assessed to be extensive (Category A) with institutional and social risks during preparation and implementation due to illegal land use, conflicts in land title registration, and land acquisition and resettlement plan (LARP) approval procedures. Based on a detailed analysis, the number of plots affected by the current design is 325 with a total of 125 structures. An additional 261 buildings/structures have been identified (among which 122 are dwelling houses) within 20 meters outside the right-of-way. These may be affected by noise and vibration during and after construction. The related costs are not yet included in the LARP cost estimates. As of the TA completion date, completion of the LARP was still pending completion of the detailed design.

At project concept stage (October 2018), the total project cost for the BNB road was estimated at \$90 million to be covered by a concessional loan of \$60 million from ADB's ordinary capital resources, a grant of \$12 million from ADB Special Funds resources, and \$18 million government funding. However, based on detailed calculations prepared by KDTP, the total project cost was estimated at \$160 million. This amount included construction of six new grade-separated interchanges and the rehabilitation of one existing interchange. To reduce the cost, MOTR decided on 9 June 2019 to exclude three interchanges and to limit the number of lanes from six to four. Based on these revised parameters, the TA consultants reestimated the total cost further at \$125 million.

Traffic on the project road varied from 6,950 to 31,500 vehicles a day in 2018. Consultant's projections reach up to 60,000 vehicles a day by 2038 on the busiest section and about 18,500 vehicles on the least used section. Preliminary analyses indicate an economic internal rate of return of 14% based on an intermediate indication of the project cost of \$125 million.

At concept stage, the project was foreseen to include an environmental buffer zone on both sides of the road for the length of 25 km, subject to availability of land (output 2 of the ensuing project). Based on the initial assessment of required LAR, it was decided to exclude the zone from the design.

The draft road design has been thoroughly assessed for road safety issues which were addressed in the comments and recommendations of the technical due diligence. This assessment formed the key activity in relation to road safety.

No TA activities were undertaken to prepare for the road safety audit and institutional reforms (output 3 of the ensuing project).

For the educational component (output 4 of the ensuing project), a national consultant prepared a concept note describing the population and economic activity along the project road. Support was sought from ADB education specialists to seek synergies in the development of this component with ongoing education sector activities in the Kyrgyz Republic. Pending progress in the road component, no further activities were undertaken in support of this project output.

During TA implementation, the government expressed uncertainty on whether it would proceed with seeking ADB's financing of the ensuing project. The main reasons were the higher-than-anticipated project cost in relation to the country's borrowing capacity and complex LAR issues associated with the project, neither of which were fully foreseen at concept stage. In the course of country programming discussions in the first half of 2020, the government opted to prioritize transport projects other than the BNB Road Project. The BNB Road Project was therefore excluded from the updated COBP. While the project remains one of the government's priorities in road network development, further time is required on the part of the government to ascertain the appropriate timing of the investment and its final scope.

On 30 June 2020, ADB received a request from MOTR to consider alternative uses of remaining TA funds. Given the time needed to agree with MOTR on other activities and the short period available to process such major change in scope, ADB decided to close the TA and to look for other options to support the preparation of projects prioritized in the updated COBP.

In summary, the TA has helped complete the technical and safeguards due diligence for the ensuing project, including a climate change assessment, based on the available design documentation (TA output 1). However, these are subject to further updates and revisions that still need to be incorporated. Additional analyses for the feasibility study (TA output 2), such as the economic evaluation, measurement survey, and land and property valuation, were prepared in draft, to be finalized once the detailed design and costs are defined. Since the ensuing project did not reach implementation, no procurement support (TA output 3) has been provided.

Technical Assistance Assessment Ratings

Criterion	Assessment	Rating
Relevance	At the time of TA preparation, the envisaged ensuing project was considered relevant, in line with the country's development strategy and as included in ADB's country operations business plan (COBP) for the Kyrgyz Republic, 2018–2022. ² Although implementation could not be pursued at this time, the project remains of strategic importance to improve regional connectivity and therefore maintains its relevance.	Relevant
Effectiveness	The TA did not fully deliver the outputs as envisaged to prepare the ensuing project, ready for Board consideration. While high-quality expertise was provided, due diligence could only be undertaken for an incomplete project design. While the cause of delay (non-payment of KDTP by MOTR for design work) was beyond ADB's control, the TA consultants should not have been mobilized without firm assurances from the government on the readiness of the draft detailed design. Suspension of the project preparation resulted in incomplete delivery of outputs, making the TA ineffective.	Ineffective
Efficiency	The combination of specialist positions formed an appropriate team to prepare the road project. The team operated flexibly with sufficient budget. The delayed submission of the detailed design caused consequent delays in due diligence activities. Through an extension of the implementation period and consultant contracts, ADB secured the provision of all necessary expertise. During TA implementation, the government's project priorities changed and the project was removed from the updated COBP. Consequent suspension of the TA resulted in a total undisbursed amount of \$409,851.83. While TA benefits at closing are limited, the preparation work done under the TA will provide the foundation for processing the project once the government decides to make the BNB road a top priority again.	Inefficient

² ADB. 2017. *Country Operations Business Plan: Kyrgyz Republic, 2018–2020*. Manila.

Criterion	Assessment	Rating
Overall Assessment	The TA is rated <i>unsuccessful</i> overall due to its inability to prepare an ensuing project, ready for Board consideration. This was caused by (i) the premature commencement of TA activities, (ii) the insufficient capacity of MOTR to deliver the detailed design, and (iii) changes in government's priorities. The criteria ratings of <i>relevant</i> , <i>ineffective</i> , and <i>inefficient</i> give it a weighted overall average score of 0.70.	Unsuccessful
Sustainability	TA activities were not completed.	Not applicable

Lessons Learned and Recommendations

Design and/or planning	<p>Counterpart commitment to deliver the detailed design timely was insufficient, a risk that should have been considered during TA design. The difference between local and international road (safety) design standards should have also been addressed at an earlier stage, since revision of the local, long-established design standards requires a time-consuming approval process. This would either delay project implementation or result in an unacceptable (unsafe) design of a road financed by ADB.</p> <p>Consultants should not have been mobilized until the draft detailed design was available. Insufficient funding for design appeared to cause a delay of 10 months in key due diligence activities. During this period, uncertainty grew on whether the project is a key priority for implementation by 2021, resulting in its non-inclusion in the updated COBP.</p> <p>It is recommended that new (road) projects are prepared under project readiness financing in order to secure government's clear intent and commitment to the ensuing project, provide the means to finance detailed design, and to ensure more ownership on the part of the government to complete due diligence.</p>
Implementation and/or delivery	Due to late delivery of the draft detailed design, consultants had to delay their inputs. While all possible assessments had been made, the incomplete detailed design complicated TA implementation and caused non-delivery of envisaged project preparation in full.
Management of staff and consultants	The swift recruitment of a large team of international and national consultants ensured high readiness to undertake all necessary due diligence. However, first mobilization of experts could have been delayed until the first batch of detailed design documentation was available.
Stakeholder participation	The lack of funding from MOTR to pay KDTP to complete the design should have been addressed and mitigated before mobilizing TA resources, for example through a confirmation of MOTR's budget approximation, or through the use of project readiness financing.

Follow-up Actions

If the proposed ensuing project will be included again in future COBP, TA documentation available at TA Supervising Unit will be of great value to finalize the due diligence and should form the basis for project preparation.

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TECHNICAL ASSISTANCE COST

Table A.1: Technical Assistance Cost by Activity
(\$'000)

Item	Amount ^a	
	Original ^b	Actual
1. Consultants	984.20	622.88
2. Goods	5.00	0.00
3. Studies/surveys	6.00	17.27
4. Miscellaneous TA administration	12.50	0.00
5. Contingency	42.30	0.00
Total	1,050.00	640.15

TA = technical assistance.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

^b Original estimated cost in the TA report.

Source: Asian Development Bank.

Table A.2: Technical Assistance Cost by Fund
(\$'000)

		TASF 6
1.	Original ^a	1,050.00
2.	Actual	640.15
3.	Unused	409.85

TASF = Technical Assistance Special Fund.

^a Original estimated cost in the TA report.

Source: Asian Development Bank.