



## MONGOLIA

### MCC Learning from

#### “EVALUATION REPORT: ECONOMIC ANALYSIS AND EVALUATION SERVICES OF THE NORTH-SOUTH ROAD PROJECT IN MONGOLIA”

INTERNATIONAL DEVELOPMENT GROUP LLC, December 2020

MCC has identified the following programmatic and evaluation lessons based on the EVALUATION REPORT: ECONOMIC ANALYSIS AND EVALUATION SERVICES OF THE NORTH-SOUTH ROAD PROJECT IN MONGOLIA.

#### PROGRAMMATIC LESSONS

1. **Projects are more likely to be successful when feasibility studies are completed before the investment decision.** First, the right projects are chosen. The feasibility studies give MCC necessary information to determine whether a project is a good, cost-effective investment. Second, completed feasibility studies give the project a head start and facilitate successful, timely subsequent steps. When the Rail Project was cancelled, MCC had to quickly find and vet a replacement. The North-South Road Project was very successful despite this fast development timeline because of the high-quality feasibility studies provided to MCC from the Asian Development Bank. These studies allowed MCC Economic Analysis to develop a CBA that was well-informed and accurate – the original ERR is very close to the evaluation ERR. They also allowed the implementation team to hit the ground running and make the most of the short construction seasons in Mongolia.
2. **Build MCA capacity in project management.** During project implementation, the Independent Engineer provided substantial support and guidance to the MCA, helping them with contract and project management, and building the necessary tools to do this effectively. There was almost always someone from either MCC or the Independent Engineer in-country during the full construction season.
3. **Unpack maintenance issues with the relevant stakeholders during due diligence.** While the evaluation states that the North-South Road is robust and won't be requiring periodic maintenance in the time horizon of MCC's cost-benefit analysis, it also points out that maintenance would be unlikely to occur if it *was* needed. Some maintenance equipment was provided as part of the project, but it was not used, and spare parts were hard to replace. Providing equipment alone does not do much when the underlying issues are not addressed. It would be better to work to understand and address the root causes of the lack of maintenance during project due diligence.