



Technical Assistance Report

Project Number: 39669
December 2006

Republic of Uzbekistan: Preparing the Regional Infrastructure (Roads) Project (Financed by the Japan Special Fund)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 December 2006)

Currency Unit	–	sum (SUM)
SUM1.00	=	\$0.00080887
\$1.00	=	SUM1,236.29

ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
CSP	–	country strategy and program
EA	–	executing agency
MOF	–	Ministry of Finance
SJSC	–	state joint stock company
TA	–	technical assistance
UTACA	–	Uzbekistan Transport and Transport Communication Association

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Transport and communications
Subsector	–	Roads and highways
Themes	–	Sustainable economic growth, capacity development, regional cooperation
Subthemes	–	Fostering physical infrastructure development, institutional development, infrastructure

NOTE

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

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I. INTRODUCTION

1. The Government of Uzbekistan requested the Asian Development Bank (ADB) to provide technical assistance (TA) for developing regional infrastructure (roads). The TA is included in ADB's Uzbekistan country strategy and program (CSP) for 2006–2010,¹ which was issued in February 2006. The Reconnaissance Mission visited Uzbekistan in August 2006, followed by the Fact-Finding Mission in October 2006. The Missions reached an understanding with the Government on the objective, scope, cost estimate, financing plan, implementation arrangements, and terms of reference for consulting services. This TA report was prepared on the basis of the Missions' discussions with the Government; observations in the field; and a review of relevant data, studies, and reports.² The TA framework is presented in Appendix 1.

II. ISSUES

2. **Development Context.** Uzbekistan is a historical land bridge between the east (People's Republic of China) and west (Europe), as well as the north (Kazakhstan, Russian Federation, and the Baltic states) and south (Indian Ocean and Persian Gulf). Uzbekistan can benefit from this role only if the road network is well developed and maintained. Improved road corridors, road-related facilities, and other trade and transport facilitation measures including streamlining of procedures at borders will facilitate passenger and cargo movement and are expected to increase domestic and regional trade.

3. The development agendas of the Central Asia Regional Economic Cooperation (CAREC) and Transport Corridor Europe Caucasus Asia place a high priority on integrating Eurasia through improved infrastructure. International road traffic has benefited greatly from the economic integration of the region.

4. **Road Sector Issues.** Uzbekistan's major public roads, totaling 42,530 kilometers (km), are divided into international (3,626 km), national (16,909 km), and regional (local) roads (21,995 km). In addition, there are about 140,000 km of urban and rural roads. Road transport carried about 44% of Uzbekistan's freight and 93% of its passengers in 2005. Freight and passenger transport are expected to increase by 4.4% and 5.1% per annum, respectively.³

5. Road traffic volume varies across road sections. Some major roads carry more than 10,000 vehicles per day. Traffic volume grew about 4% per year over the period 2000–2005.

6. In general, despite a few missing links, the road network has good coverage and sufficient capacity to accommodate the moderately growing traffic demand. Most major corridors are dual carriageway and the current volume capacity ratios are relatively low. Part of the network is in poor condition and requires rehabilitation. The road quality is deteriorating because of a maintenance backlog. In addition, poor signposting and road markings have been observed, thus raising road-safety concerns.

7. Rural and urban roads, which account for over 75% of road length, also need assured financing. Because funding for road maintenance comes out of local budgets, road quality depends on the available budget of the region. Most road maintenance takes place in urban areas. Because of the ongoing denationalization of agricultural and stock-raising farms, a

¹ ADB. 2006. *Country Strategy and Program (2006–2010): Uzbekistan*. Manila.

² The TA first appeared in *ADB Business Opportunities* on 18 October 2006.

³ ADB. 2006. *Transport Sector Strategy*. Consultant Report (draft final report). (TA 6579-UZB).

mechanism is being developed for financing the operation and maintenance of inter-farm rural roads.

8. **Road Sector Institutions.** Responsibilities for highway construction and maintenance are defined by the Law for Highways, which was passed on 3 July 1992 and is now being updated. Public roads are considered state property and are maintained by the state joint stock company (SJSC) Uzavtoyul. Financing comes from the Republican Road Fund (the Road Fund), which was established under the Ministry of Finance (MOF) in 2003. At present, road policy development, planning, construction, and maintenance are coordinated by the following four bodies:

- (i) **The Uzbekistan Transport and Transport Communication Association (UTACA).** This policy formulation body coordinates the activities of the transport sector's main stakeholders.⁴
- (ii) **The Road Board.** This policy formulation body focuses on the road sector and is chaired by the deputy prime minister.
- (iii) **The Road Fund.** This government agency is responsible for road investment planning, project implementation, and financial management of road construction and maintenance.
- (iv) **SJSC Uzavtoyul.** This state joint stock company is responsible for the operation and maintenance of major public roads.

9. Prior to 2003, SJSC Uzavtoyul was responsible for almost all road-sector activities covering road infrastructure and road transport services, and ranging from planning, construction, maintenance, financing, and supervision. The Road Fund now plays most of these roles, particularly investment planning and execution of projects. The Road Fund's capacity in planning and execution is inadequate, and therefore requires institutional capacity enhancement and human resources strengthening.

10. **Government Strategy.** A draft concept for the Development of Transport and Communications in the Republic of Uzbekistan to 2015, prepared in 2005, outlines the transport sector development objectives and strategic directions. The draft concept underscores the importance of international traffic and suggests upgrading and maintaining the main highways to meet international standards. The draft concept also highlights the need for improving road transit and trade facilitation including development of common approaches to tariff and customs policy. The non-physical obstacles to passenger and freight traffic by way of roads should be removed. Technical equipment at border crossings should be improved to facilitate efficient border-crossing procedures. This would enhance trade between Uzbekistan and its trading partners.

11. The Government is preparing a transport sector strategy under ADB TA 4659-UZB: *Transport Sector Strategy*⁵ that will provide strategic direction and an investment plan for the transport sector, including roads. The strategy further elaborates the policy direction outlined in the draft concept and also takes into account the Government's comprehensive investment program under approval for improving the road network. The proposed investment plan would accommodate the growing traffic up to 2020 by focusing on road rehabilitation and maintenance, particularly public roads. Specifically, the investment plan comprises (i) improvement or

⁴ The Uzbekistan Transport and Transport Communication Association (UTACA) has not been vested with specific policy derivation or implementation powers and, hence, is constrained in its capacity to realize specific objectives.

⁵ ADB. 2005. *Technical Assistance to the Republic of Uzbekistan for Transport Sector Strategy (2006–2010)* (Financed by the Japan Special Fund). Manila. (TA 4659-UZB, approved on 3 October).

rehabilitation of the existing major roads, (ii) new construction and major upgrading of the existing major roads, and (iii) implementation of road safety measures especially on domestic sections of international routes.

12. The strategic direction being finalized under TA 4659-UZB focuses on developing international corridors that will serve all users and attract transit traffic. The priority so far has been on the development of the east-west corridor. The improving situation in Afghanistan offers opportunities in the medium-to-longer term for development of transit corridors between Central Asia and the warm-water ports in Iran and Pakistan.

13. **ADB Strategy.** ADB's future role in the transport sector, as outlined in the CSP, will focus on (i) developing a reliable existing infrastructure network that opens up regional and international markets; (ii) integrating transport systems for improved safety and service quality; (iii) harmonizing the regulatory framework to promote efficiency; (iv) restructuring and modernizing the transport sector by promoting competition; (v) competitive marketing and tariff-setting; and (vi) improving financing and management efficiency and effectiveness. The CSP also notes that an effective and relatively inexpensive system of intra-regional customs transit is urgently needed, but that this requires concerted efforts by the Central Asian republics and adjacent countries.

14. ADB is the lead agency in the transport sector, customs cooperation, and trade facilitation activities for CAREC, of which Uzbekistan is a member. A number of studies were completed or are being undertaken through ADB regional technical assistance.⁶ In the road sector, ADB has financed TA 3118-UZB: *Road Sector Institutional Strengthening and Policy Support Project*⁷ and approved Loan 1657-UZB: *Road Rehabilitation Project*⁸ which was later cancelled by the Government because (i) the road section identified under this project was no longer a government priority; and (ii) the Government was unable to comply with loan covenants, especially road sector reforms, prior to project implementation.

15. Road sector reform has been progressing significantly since 2003. Reform measures include (i) sector unbundling by separating road transport operation and road construction; (ii) institutional reform by creating UTACA, the Road Board, and the Road Fund, and by restructuring SJSC Uzavtoyul; and (iii) promotion of competitive bidding for road construction works, some of which are recommendations of TA 3118-UZB (footnote 7). Because the significant progress in this sector is in line with the strategic direction of ADB's planned intervention in Uzbekistan, i.e., promoting regional cooperation, ADB considers assisting the Government to develop its road network as a strategic action.⁹ Other reassurances for ADB include (i) the transport sector policy objective outlined under the draft concept, (ii) the transport sector strategy being finalized under ADB assistance, and (iii) the solid investment pipeline developed by the Road Fund. A programmatic approach using the ADB's multitranche financing

⁶ For example, ADB. 2005. *Technical Assistance for Facilitation of Transport Cooperation among Central Asia Regional Cooperation Economic Countries (Phase I) (Financed by the Japan Special Fund)*. Manila (TA 6294-REG, approved on 21 December) is underway to prepare, among others, a pre-feasibility study for Gulistan-Angren Road proposed by the Government of Uzbekistan.

⁷ ADB. 1998. *Technical Assistance to the Republic of Uzbekistan for Institutional Strengthening and Policy Support for the Road Sector*. Manila. (TA 3118-UZB, approved on 15 December).

⁸ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the Republic of Uzbekistan for the Road Rehabilitation Project*. Manila. (Loan 1657-UZB, approved on 15 December).

⁹ ADB, the European Bank for Reconstruction and Development, and the governments of Germany and Japan have been focusing their assistance on the railway sector; the World Bank is focused on the urban transport sector.

facility could be a suitable option to assist the Government in developing the road network in more structured and effective way.

16. The regional road between Guzar and Beyneu was proposed for the feasibility study to be prepared under the TA based on the following criteria: (i) it is a government priority according to the Program for Road Development (2007–2010),¹⁰ (ii) it promotes regional cooperation with focus on international trade, (iii) it is significant to Uzbekistan's economic development, and (iv) traffic flow is increasing.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

17. The TA's main impact will be improved road traffic operation on the rehabilitated regional road. Road rehabilitation will reduce vehicle operating costs and travel time of the domestic, regional, and transit traffic, thereby contributing to the growth of domestic and international trade in the area, promoting regional cooperation with neighboring countries, and satisfying the requirements of local population in transportation of goods and passengers. The TA outcome will be the agreed design and feasibility study for a regional road project suitable for ADB financing.

B. Methodology and Key Activities

18. The TA will prepare (i) a feasibility study for the project that includes project scope and rationale, technical and economic appraisal, assessments of environmental and social impacts, and land acquisition and resettlement plan; and (ii) project implementation arrangements and financing plan for ADB assistance. A team of consultants will be recruited to carry out the tasks.

19. The proposed project road that connects Uzbekistan and Kazakhstan is strategically significant as it is part of Asian Highway AH-63 as well as European Highway E-40. The regional road between Guzar and Beyneu is an existing major public road with partially poor pavement condition. With the existing traffic of about 2,000 to 10,000 vehicles per day and predicted traffic growth of 4% per year, the existing road capacity would be sufficient to accommodate the predicted traffic for the next 15 years. Rehabilitation of the existing road will not likely involve major road widening. Therefore, no major land acquisition or issues involving indigenous peoples are expected. Moreover, the environmental impact of the project is expected to be minimal. The initial poverty and social analysis is presented in Appendix 2.

20. The key activities will include (i) development of project rationale and traffic demand forecast; (ii) assessment of engineering, economic, social, and environmental aspects for alternative designs; (iii) preliminary engineering design and project cost estimation; (iv) assessment of economic viability and safeguard compliance; and (v) preparation of project financing plan and implementation arrangements. Following agreement on the project and its modalities by ADB and the Government, the consultants will complete project preparation documents for further ADB loan processing.

¹⁰ This priority is also confirmed by the transport sector strategy being finalized under ADB. 2005 *Technical Assistance to the Republic of Uzbekistan for Transport Sector Strategy (2006–2020)* (Financed by the Japan Special Fund). Manila. (TA 4659-UZB, approved on 3 October).

C. Cost and Financing

21. The total cost of the TA is estimated at \$430,000 equivalent. The Government has requested ADB to finance \$300,000. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will provide the remaining \$130,000 equivalent to cover the costs of office accommodation and counterpart staff. The Government has been advised that approval of this TA does not commit ADB to finance any ensuing project. A detailed cost estimate is in Appendix 3.

D. Implementation Arrangements

22. The TA will be implemented over a 4-month period. It is expected to begin in May 2007 and to be completed in August 2007. The TA will require a total of about 21 person-months of consulting services, including about 9 person-months of international consultants and about 12 person-months of national consultants. The outline terms of reference for consulting services are given in Appendix 4.

23. An international consulting firm in association with national consultants will be recruited using the simplified technical proposal procedures¹¹ based on the quality- and cost-based selection method and in accordance with ADB's *Guidelines on the Use of Consultants* (April 2006, as amended from time to time). The international consultants will include a team leader/transport economist (4 person-months), road engineer (2 person-months), environmental specialist (1.5 person-months), and social development specialist (1.5 person-months); the team of national consultants will comprise a transport economist (2 person-months), road engineer (3 person-months), environmental specialist (3 person-months), social development specialist (3 person-months), and financial management specialist (1 person-month).

24. The Road Fund will be the Executing Agency (EA) for the TA. A counterpart team led by the Road Fund will be established to coordinate TA activities and work with the consultants on a daily basis. A steering committee composed of the Ministry of Economic Relations, Investments, and Trade; MOF; UTACA; the Road Board; and the Road Fund will be established to oversee TA implementation. Road sector stakeholders will be invited to a workshop to discuss the preliminary findings of the TA. The Road Fund will provide the consultants with office accommodation (suitably furnished) and communications facilities, and assign two operational staff to work with the consultants as required. The Road Fund will also make available to the consultants all relevant reports, studies, engineering designs, statistical data, any other information, and maps needed to undertake the study. If necessary, ADB will sign a special agreement on confidentiality of the documents and use them only for the study purposes. Equipment purchased under the TA will be handed over to the EA upon its completion.

IV. THE PRESIDENT'S DECISION

25. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis to the Government of Uzbekistan for preparing the Regional Infrastructure (Roads) Project, and hereby reports this action to the Board.

¹¹ For TAs of less than \$600,000, consultants are generally selected using the biodata technical proposal. However, because the Government requested ADB to select a firm that could produce a high-quality feasibility study, the simplified technical proposal will be used to ensure that the selected firm understands the approach and methodology.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Improved traffic operation on the rehabilitated regional road</p>	<p>By 2010</p> <ul style="list-style-type: none"> • Road between Guzar and Beyneu constructed on time, within budget, and meeting technical specifications • Increased traffic volume as projected • Reduced average travel time • Reduced fatality rate 	<ul style="list-style-type: none"> • National, provincial, and district socioeconomic statistics from the Central Statistics Office • ADB's project completion report and project performance evaluation report 	<p>Assumptions</p> <ul style="list-style-type: none"> • Increased availability and quality of transport services following improvement of the project road • Improved cross-border facilities and procedures at border point(s) <p>Risk</p> <ul style="list-style-type: none"> • The capacity of the Road Fund as the TA's Executing Agency remains weak despite efforts to strengthen it.
<p>Outcome</p> <p>Agreed loan project for implementation</p>	<p>By 2007</p> <ul style="list-style-type: none"> • Project and financing scheme for immediate implementation formulated • Loan negotiations signed by ADB and the Government 	<ul style="list-style-type: none"> • Minutes of the board meeting • Loan agreement 	<p>Assumption</p> <ul style="list-style-type: none"> • Sufficient government budget and resources
<p>Outputs</p> <p>Technical, economic, social, and environmental feasibility established and preliminary design for selected project roads prepared</p>	<p>By 2007</p> <ul style="list-style-type: none"> • Feasibility study report completed. It will cover identification of project components including their estimated costs, assessment of safeguard compliance, preliminary design of project road, project cost estimate, economic feasibility, financing plan, and project implementation arrangements. Initial environmental examination report or environmental impact assessment, and resettlement plan (if 	<ul style="list-style-type: none"> • Consultants' progress reports • ADB review missions 	<p>Assumption</p> <ul style="list-style-type: none"> • Timely provision of counterpart resources and support for the TA

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
Institutional strengthening and capacity-building program developed for the Road Fund	<p>required) produced.</p> <ul style="list-style-type: none"> Capacity-strengthening program for the Road Fund formulated and included in the investment program 		
<p>Activities with Milestones Project Preparation Component</p> <ol style="list-style-type: none"> Submission of inception report containing the consultants' work schedule and approach, development of project rationale, and traffic demand forecast within 1 month of TA commencement. Submission of interim report comprising assessment of engineering, economic, social, and environmental aspects for alternative designs within 2 months of TA commencement. Submission of draft final report outlining preliminary engineering design and documentation of assessment of economic viability, safeguard compliance, project financing, and implementation arrangements within 3 months of TA commencement. Submission of final report within 4 months of TA commencement. 			<p>Inputs</p> <ul style="list-style-type: none"> TA financing of \$300,000 on a grant basis by the Japan Special Fund Government's in-kind contribution to TA 9 person-months of international and 12 person-months of national consulting services

ADB = Asian Development Bank, TA = technical assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the sector identified as a national priority in country poverty partnership agreement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Contribution of the sector or subsector to reduce poverty in Uzbekistan:</p> <p>Uzbekistan has taken up obligations to achieve the Millennium Development Goals (MDGs). The country has defined the objectives and tasks in the Welfare Improvement Strategy Paper for 2005–2010 based on the peculiarities of Uzbekistan, including (i) improvement of the living standards of the population and reduction of poverty by half by 2015, in accordance with the main MDG; (ii) guarantee of equal access to basic education, which is the main priority defined in the section on education; (iii) achievement of gender equality and provision of women with their rights and opportunities through all sections of the Strategy; (iv) improvement of the living standards of mothers and children; and (v) prevention of the spread of tuberculosis and HIV/AIDS.</p> <p>The TA's main impact will be improved road traffic operation on the rehabilitated regional road between Guzar and Beyneu. Road rehabilitation will reduce vehicle operating costs and travel time of the domestic, regional, and transit traffic, thereby contributing to the growth of domestic and international trade in the area, promoting regional cooperation with the neighboring countries, and satisfying the requirements of local population in transportation of goods and passengers.</p> <p>Improved connectivity will improve access to markets, schools, and health facilities; promote economic growth; and contribute to employment creation and income generation for poor households, thus reducing the incidence of poverty in the project area.</p>			

B. Poverty Analysis

Targeting Classification: General intervention

What type of poverty analysis is needed?

A poverty and social analysis will identify the socioeconomic profile of the population in the project area, expected benefits and constraints, and ability of the poor and vulnerable groups to benefit from the project. The analysis will identify ways to incorporate the needs of the poor and minimize or compensate for adverse impacts on the poor. This will be done through a review of existing studies on poverty and social analysis, focus group discussions and key informant interviews with primary and secondary stakeholders, and an additional socioeconomic survey of the project area if required.

C. Participation Process

Is there a stakeholder analysis?

Yes No

The project design will be developed through primary and secondary stakeholder consultations. The primary stakeholders would include the (i) road users, (ii) people living in the project area (men and women), (iii) affected people caused by land acquisition (if any), and (iv) people who are employed during road construction by the contractors and during road maintenance activities after the completion of the project. The secondary stakeholders would include (i) officials of the Road Fund; the State Committee on Land Resources, Geodesy, Cartography and State Cadastre; the Ministry of Public Health; and other funding agencies; and (ii) contractors working on ongoing projects. Stakeholder consultations will facilitate the understanding of needs, priorities of the various stakeholders with regard to road development, and capacity-building issues. They will facilitate community participation in road construction and maintenance and be a means of maximizing women's participation in the project. They will also help to identify the benefits and risks that are associated with different socioeconomic groups and their absorptive capacity in utilizing the improved road. Particular attention will be given to assessing the possible risks associated with HIV/AIDS and emerging infectious diseases risks and to preparing appropriate mitigation mechanisms.

Is there a participation strategy?

Yes No

Based on the stakeholder consultations, a participation strategy will be prepared that will be applied during preparation, planning, and implementation stages.

D. Gender Development

Strategy to maximize impacts on women:

A gender analysis will address the opportunities presented by the project in terms of employment opportunities for women during construction phase (not in road construction directly but with agencies linked with road construction activities) and the potential negative impacts. The project will ensure that women and men have equal opportunities to participate in designing and implementing the project, and receive similar wages for similar work.

Has an output been prepared? Yes No

E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Most of the improvements will be carried out within the existing right of way. Unexpected road widening, however, might require the acquisition of a narrow strip of land and resettlement. The need for a resettlement plan will be determined at a later stage.	<input checked="" type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	Traffic safety will be the main concern during road construction and operation. A specific measure will be proposed to address this issue.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	160.0
ii. National Consultants	40.0
b. International and Local Travel	30.0
c. Reports and Communications	10.0
2. Equipment ^b	5.0
3. Workshops	5.0
4. Surveys	10.0
5. Miscellaneous Administration and Support Costs for Consultants	10.0
6. Contingencies	30.0
Subtotal (A)	300.0
B. Government Financing	
1. Office Accommodation ^c	40.0
2. Counterpart Staff Remuneration and Travel	40.0
3. Data and Studies	50.0
Subtotal (B)	130.0
Total	430.0

^a Financed by the Japan Special Fund, funded by the Government of Japan.

^b One laptop computer, one printer, software, and computer accessories.

^c Office space suitably furnished and air conditioned, telephone line(s), Internet connection.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Scope of Work

1. The consultants will study the feasibility of a road rehabilitation project that would target the regional road between Guzar and Beyneu. The consultants will also explore the possibility of applying a programmatic approach using the multitranche financing facility of the Asian Development Bank (ADB).

B. Preparation of the Feasibility Study

2. **Task 1.** Develop the project rationale. The consultants will discuss with the Government the key issues and policies of the road sector to establish policy, priority framework, and rationale for the project.

3. **Task 2.** Prepare traffic forecasts. The consultants will obtain the latest traffic data, latest economic data, and all other relevant data and information that will allow prediction of traffic. Determine the traffic forecast “timeframe” by considering the pavement design life and road rehabilitation and maintenance strategy over the entire lifetime. Explain traffic-forecast assumptions and method used. Identify cross-border movement issues between Kazakhstan and Uzbekistan at Beyneu that could affect international traffic and recommend measures to address them.

4. **Task 3.** Prepare the preliminary design of the project road and associated facilities together with the phasing plan. Take into account road safety and environmental mitigation measures.

5. **Task 4.** Estimate capital and maintenance costs. The consultants will prepare cost estimates at current prices based upon the preliminary design of the project road and associated facilities.

6. **Task 5.** Undertake an economic and financial sustainability analysis. The consultants will carry out the economic analysis by comparing “base case” and “project case” scenarios. The base case reflects expected conditions in the absence of the project, with maintenance sufficient only to hold the road in its present condition. The project case involves initial investment followed by routine and periodic maintenance, but with expenditure and frequency of periodic maintenance economically optimum for predicted road conditions and traffic flows. During the study, the level of international traffic could be identified. If considered significant, a regional economic internal rate of return should be estimated. Financial sustainability analysis should be performed for the selected road taking into account operation and maintenance costs.

7. **Task 6.** Prepare an environmental impact assessment (EIA) or initial environmental examination (IEE) and its summary (SEIA or SIEE). The consultants will review the Executing Agency’s (EA) capacity to handle environmental management and recommend ways to strengthen it. They will also make recommendation on the implementation of the environmental monitoring and management plans in the EIA or IEE report, as required. The EIA or IEE should conform with ADB’s *Environmental Policy* (2002) and related *Environmental Assessment Guidelines* (2003) as well as ADB’s *Public Communications Policy* (2005) by holding public consultation sessions to obtain stakeholders’ opinion.

8. **Task 7.** Conduct the desk/field investigations for the poverty and social analysis (PSA) and prepare a PSA report that meets the requirements of *The ADB Handbook on Poverty and Social Analysis*. The PSA will identify (i) poverty issues related to livelihood, trade, and transport patterns in project areas; and (ii) complementary physical/non-physical interventions that may, if included in the project, add to its poverty reduction potential. More relevant is finding out whether the enhanced trade between Kazakhstan and Uzbekistan will result in labor and income opportunities. Lastly, the PSA will address (i) a strategy to maximize the project impact on women, (ii) a participation strategy in project design and implementation, (iii) core labor standards, (iv) HIV/AIDS, and (v) human trafficking.

9. **Task 8.** Assess quantitatively the poverty impact of the project. Define the project influence area as the basis for the analysis and outline the mechanisms through which the project helps reduce poverty. Identify relevant indicators and formulate a methodology to monitor the impact of the project on poverty in the project influence area, and ensure that such indicators are introduced in the project's design and monitoring framework.

10. **Task 9.** In conjunction with the feasibility study, determine any possible need for temporary and permanent land acquisition and compensation/resettlement arrangements. If needed, prepare a short or full resettlement plan according to the format and scope required by the ADB. Resettlement documents should be prepared in accordance with ADB's *Involuntary Resettlement Policy (1995)* and *Operations Manual F2 on Involuntary Resettlement (2006)*, the Land Law, the Civil Code, and relevant national laws and decrees.

C. Formulation of Financing and Implementation Arrangements

11. **Task 10.** On the basis of the feasibility studies' cost estimates, help finalize the financing plan of the project. Assess the EA's and the likely implementing agency's financial management capacity, design the funds flow for the project, and propose the appropriate disbursement arrangements.

12. **Task 11.** Prepare a detailed implementation schedule and procurement plan for the project. Prepare the project disbursement schedule and identify critical project preparation activities. Propose an organizational scheme for project implementation (including preconstruction activities).

13. **Task 12.** Recommend ways to strengthen the coordination, monitoring, and project implementation capacity of the EA. Draft terms of reference for project coordination and implementation consulting services for the project. With government agreement, develop action plans to mitigate corruption during project implementation.

14. **Task 13.** Identify monitoring performance parameters for benefit monitoring and evaluation of the project and formulate a design and monitoring framework for the proposed project in accordance with ADB guidelines.

15. **Task 14.** Prepare a summary report following the format of the ADB report and recommendation of the President.

D. Duration of Services and Reporting Requirements

16. The TA will be implemented over a 4-month period. An international consulting firm in association with national consultants will be recruited using the simplified technical proposal

procedures based on the quality- and cost-based selection method and in accordance with ADB's *Guidelines on the Use of Consultants* (April 2006, as amended from time to time). The international consultants will include a team leader/transport economist (4 person-months), road engineer (2 person-months), environmental specialist (1.5 person-months), and social development specialist (1.5 person-months); the team of national consultants will comprise a transport economist (2 person-months), road engineer (3 person-months), environmental specialist (3 person-months), social development specialist (3 person-months), and financial management specialist (1 person-month).

17. The consultants will submit the following reports to the Government and ADB: (i) inception report; (ii) interim report; (iii) draft final report; and (iv) final report and summary report for the overall TA including ISA, summary of EIA or IEE, land acquisition and resettlement plan, and if required, IPDP.

18. The inception, interim, and draft final reports must be submitted before the end of the first, second, and third months, respectively. The overall findings of the TA including the summary report will be presented in the final report to be submitted by the end of the TA. Tripartite meetings involving the Government, ADB, and the consultants will be held to discuss the findings of the inception and draft final reports. A workshop to discuss preliminary findings presented in the interim report will be organized involving road sector stakeholders. The consultants will submit 10 copies of each report to the Government in English and Russian; and five copies of each report in English to ADB.

