

Facility Administration Manual

Project Number: 44483
Loan Number: {tbd}
July 2011

Proposed Multitranche Financing Facility
Republic of Uzbekistan: Second Central Asia
Regional Economic Cooperation Corridor 2 Road
Investment Program

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Facility Administration Manual Purpose and Process

The facility administration manual (FAM) describes the essential administrative and management requirements to implement the investment program on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures.

The Road Fund under the Ministry of Finance is wholly responsible for the implementation of ADB-financed CAREC Corridor 2 Road Investment Program II, as agreed jointly between the Government and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the Road Fund of their obligations and responsibilities for program implementation in accordance with ADB's policies and procedures.

At Loan Negotiations the Government and ADB shall agree to the FAM and ensure consistency with the Framework Financing Agreement (FFA), and the Loan Agreement for the first project. Such agreements shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the FAM on one hand, and the FFA and the Loan Agreement on the other hand, the provisions of the FFA and the Loan Agreement shall prevail.

After ADB Board approval of the investment program's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the FAM.

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CAREC	–	Central Asia Regional Economic Cooperation
DMF	–	design and monitoring framework
EARF	–	environmental assessment and review framework
EIA	–	environmental impact assessment
EMDP	–	ethnic minority development plan
EMP	–	environmental management plan
EMPF	–	ethnic minority planning framework
ESMS	–	environmental and social management system
FAM	–	facility administration manual
FDIC	–	International Federation of Consulting Engineers
FFA	–	framework financing agreement
GAP	–	gender action plan
ICB	–	international competitive bidding
IEE	–	initial environmental examination
IPP	–	indigenous people plan
IPPF	–	indigenous people planning framework
LAR	–	land acquisition and resettlement
LARF	–	land acquisition and resettlement framework
MFF	–	multitranche financing facility
MOE	–	Ministry of Economy
MOF	–	Ministry of Finance
NCB	–	national competitive bidding
NGOs	–	nongovernment organizations
OCR	–	ordinary capital resources,
PAI	–	project administration instructions
PFR	–	periodic financing request
PIU	–	project implementation unit
PMU	–	program management unit
PPP	–	public private partnership
PPTA	–	project preparatory technical assistance
QCBS	–	quality- and cost based selection
RRP	–	Report and Recommendation of the President to the Board
SOE	–	statement of expenditure
SPS	–	safeguard policy statement
TOR	–	terms of reference

I. PROGRAM DESCRIPTION

1. The Government gives high priority to the improvement of corridor Beynau–Kungrad–Bukhara–Navoi–Samarkand–Tashkent–Andijan that includes 1,204 km of A380 highway from Guzar to Dautata and 404 km of A373 highways from Tashkent to Osh for completion by 2017.

2. Uzbekistan is a key transit country in Central Asia for trade among themselves, as well as with the rest of Asia and Europe. Transport plays a key role in promoting regional and domestic trade. The proposed investment program¹ (the investment program II) reconstructs the Uzbekistan section of CAREC Corridor 2, which connects Uzbekistan to Afghanistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Turkmenistan. This reconstruction will improve connectivity, road safety, and boost domestic and international trade.

3. **Impact:** Increased domestic and international trade.

4. **Outcome:** Improved road connectivity, safety, and effective management for the Uzbekistan sections of CAREC Corridor 2 Road.

5. **Outputs:**

- (i) About 236 kilometer (km) of selected sections of CAREC Corridor 2 Road reconstructed by the Road Fund
- (ii) Road sector sustainability plans implemented by the Road Fund
- (iii) MFF tranches completed as targeted and budgeted

¹ The proposed investment program is an extension of the ongoing investment program (ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranchise Financing Facility to the Republic of Uzbekistan for the Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program*. Manila).

II. IMPLEMENTATION PLANS

A. Program Readiness Activities

6. The Road Fund will be the executing agency. It has established a program management unit (PMU) and appointed a director and a team of 9 professional and support staff for the implementation of investment program 1. The PMU is currently structured with a specific mandate—technical; legal; procurement; monitoring, reporting, and evaluations; safeguards, and gender development. For implementing investment program II, the Road Fund will expand the PMU with additional 7 professionals (deputy project director, 2 road engineers, financial management specialist, results monitoring specialist, procurement specialist, and accountant).

7. Project 1 readiness is high. Design work is completed and advance procurement actions have been taken. Bids for the major ICB civil works contract have been invited and consultants selection is underway. Overall program readiness activities are in Table 2.1.

Table 2.1: Program Readiness Activities

Indicative Activities	Months					Who responsible
	June	July	Aug	Sept	Oct	
Hiring additional PMU staff	√					Road Fund
Government counterpart funds allocation	√					MOF
Retroactive financing actions	√					Road Fund
Completion, approval, and disclosure of safeguards documents (EARF, LARF, EMPF) – Project 1	√					Road Fund and ADB
Advance contracting actions						
A. Construction supervision consultants Recruitment						Road Fund and ADB
• Commencement	√					
• Completion			√			
B. Civil Works bidding		√				Road Fund and ADB
• Evaluation of bids for First ICB						
• Contract Award				√		
ADB Board approval			√			ADB
Issuance of corresponding government resolution				√		Government and Road Fund
Loan signing				√		ADB and Government
Issuance of legal opinion				√		Government
Loan effectiveness					√	Government

EARF = environment assessment and review framework; EMPF = ethnic minority planning framework; ICB = international competitive bidding; LARF = land acquisition and resettlement framework.

Source: Road Fund and Asian Development Bank (ADB).

8. Due diligence for the subsequent projects will be carried out under project 1. For each subsequent tranches, the Road Fund will provide (i) a project appraisal report, including technical, economic, financial, environmental, and social assessments; and (ii) a PFR. The project report will be prepared in accordance with the criteria and procedures stated in Schedule 5 of the FFA and other related requirements of the Government and ADB. After appraising each tranche for technical and economic feasibility and compliance with safeguard

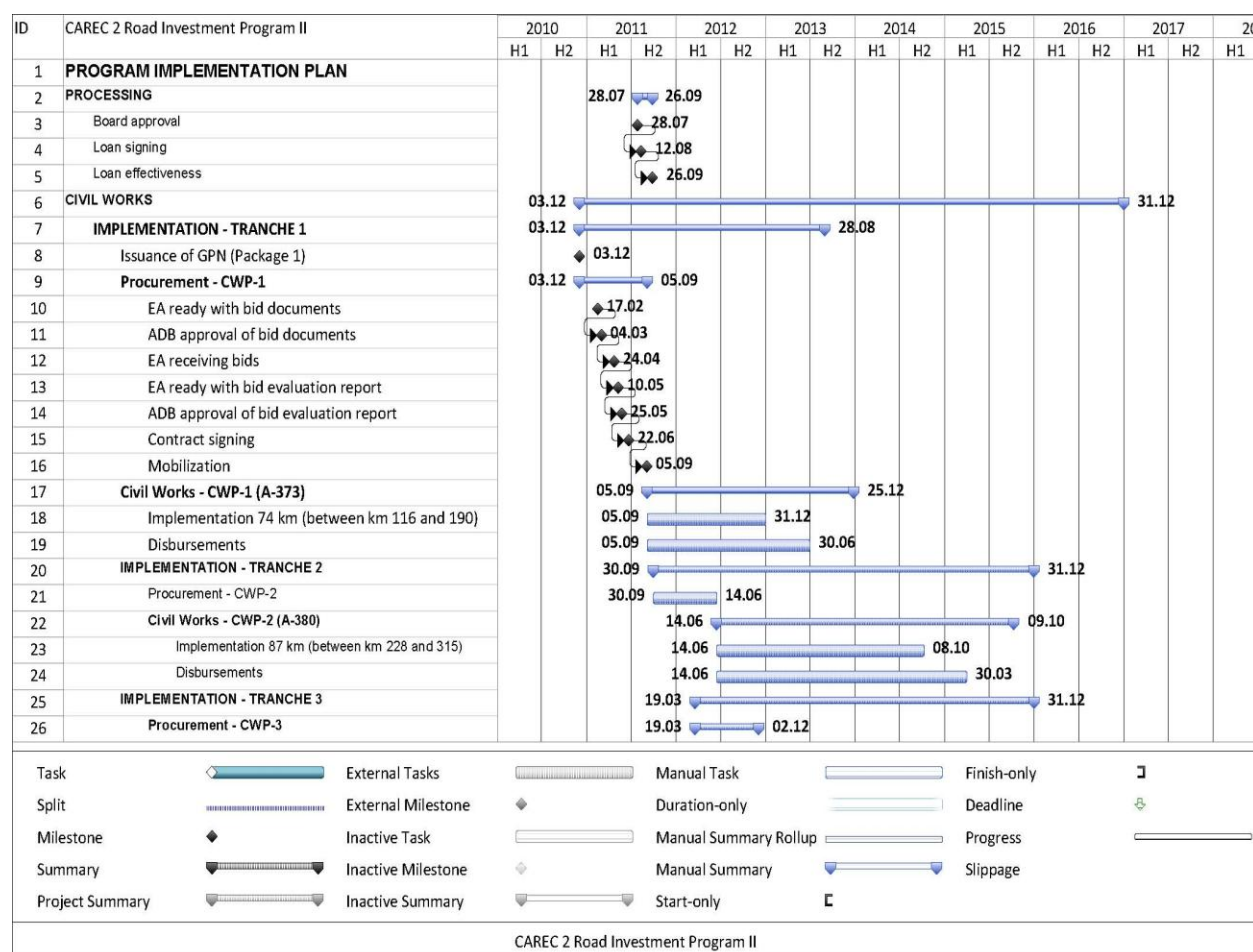
requirements, the Road Fund will submit to ADB a summary appraisal report to be agreed between ADB and the Road Fund. ADB will then undertake due diligence in accordance with its relevant policies and procedures, and approve the appraisal, subject to any amendments. If required by ADB, the Road Fund will amend the PFR and submit it to ADB for approval on or before the due date of the PFR.

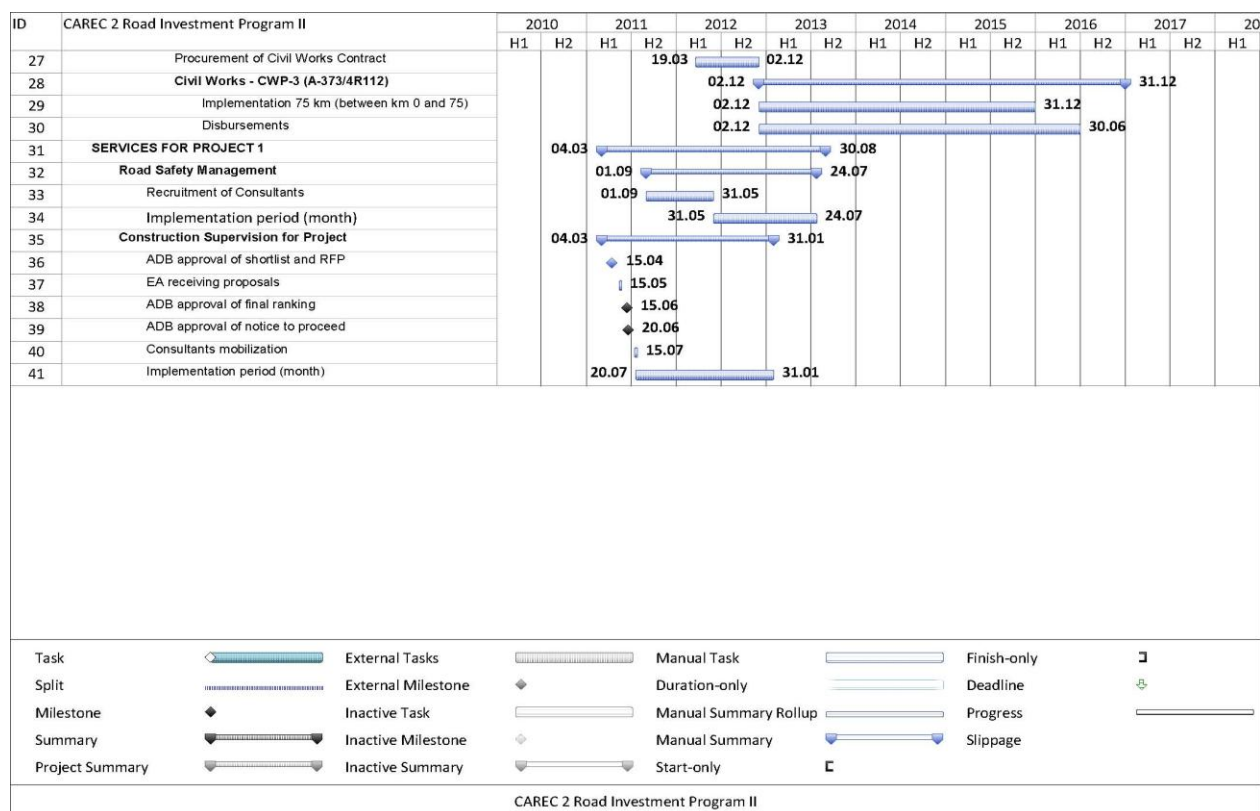
B. Overall Program Implementation Plan

9. The Investment Program II is scheduled for completion by 31 March 2017. The physical implementation of Project 1 will be completed by 31 March 2014. Overall program implementation plan is shown in Figure 2.1, while the detailed implementation schedule for the subsequent projects will be prepared during implementation of Project 1.

10. The overall implementation plan may be updated annually by the Road Fund (the executing agency) together with ADB. The updated draft implementation plan will be submitted to ADB in month 10 of the preceding year for no objection, a response on which will be provided on or before month 12.

Figure 2.1: Program Implementation Plan





C. Assessment of Physical Progress during Implementation

11. Each project implementation activity carries certain weight and should be accounted for while computing the physical progress. In this respect, Table 2.2 shows guidelines for computing physical progress of the Project 1. This will be used both by Road Fund and ADB for the assessment of physical progress at any time during the project implementation.

Table 2.2: Project 1 Implementation Schedule

Activities	Year 1 2011	Year 2 2012	Year 3 2013	Year 4 2014	(a) Assigned Weight (%)	(b) Actual Progress (%)	(a)×(b) Weighted Progress (%)
Detailed Design and Tender Documents					10	100%	10%
Additional Staffing of PMU					5	0%	0%
Consultants Recruitment					5	40%	2%
Tendering of Civil Works					10	60%	6%
Physical Completion of Works					45	0%	0%
Overall Disbursements					20	0%	0%
Road Safety Management					5	0%	0%
Total Weight					100		
Implementation Progress						18.0%	

(a) Assigned weight for each activity.

(b) Actual progress of each activity.

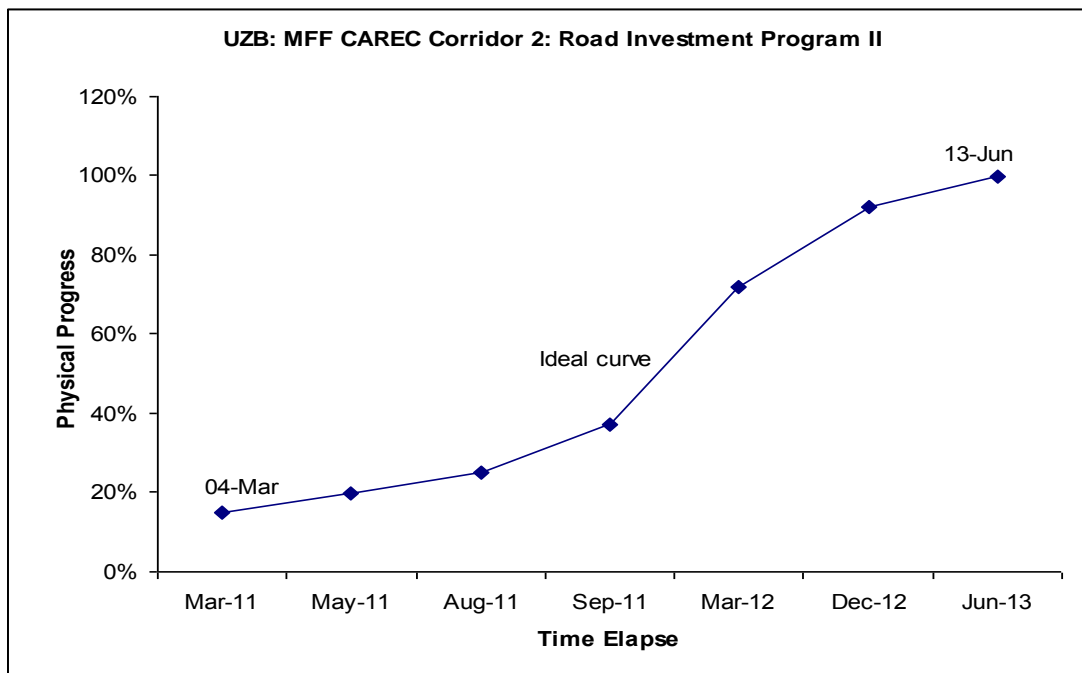
(a)×(b) Weighted progress for each activity.

Project progress = sum of all weighted progress for each activity.

D. Physical Progress S-curve

12. Figures 2.2 shows graph of anticipated overall physical progress over the life of the project 1. This graph will help identifying the status of project either achieving the anticipated targets or underperforming with delays. This data will also be used for the project performance rating and early warning system.

Figure 2.2: Tranche 1 Project Physical Progress S-Curve



III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Stakeholders – Roles and Responsibilities

Project Stakeholders	Management Roles and Responsibilities
➤ Road Fund (the executing agency)	<ul style="list-style-type: none"> • Hiring additional staff for PMU with the required expertise; • recruiting consultants; • finalizing surveys, detailed design, bidding documents, and contract awards; • timely provision of agreed counterpart funds for project activities; • monitoring and evaluation of project activities and outputs, including periodic review, preparation of review reports reflecting issues and time-bound actions taken (or to be taken); • involving beneficiaries and civil society representatives in all stages of project design and implementation; • public disclosure of project outputs; • quality assurance of works, and services of consultants and counterpart staff; • establishing strong financial management system and submitting timely withdrawal applications to ADB, conducting timely financial audits as per agreed timeframe and taking recommended actions; • complying with all loan covenants (road sector reforms, social and environmental safeguards, financial, economic, and others); • preparing regular periodic progress reports, and project completion reports and their timely submission to ADB; • ensuring projects' sustainability during post implementation stage and reporting to ADB on the assessed development impacts. • Preparing project appraisal report and PFRs for subsequent tranches
➤ Asian Development Bank	<ul style="list-style-type: none"> • assist the Road Fund and its PMU in providing timely guidance at each stage of the project for smooth implementation in accordance the agreed implementation arrangements; • review all the documents that require ADB approval; • conduct periodic loan review missions, a mid-term review, a completion mission for each project under the MFF, and a overall program completion mission; • ensure compliance of all loan covenants (road sector reforms, social and environmental safeguards, financial, economic, and others); • timely process withdrawal applications and release eligible funds; • ensure the compliance of financial audit recommendations; • regularly update the project performance review reports with the assistance of Road Fund; • regularly post on ADB web the updated project information documents for public disclosure, and also the safeguards documents as per disclosure provision of the ADB safeguards policy statement

Project Stakeholders	Management Roles and Responsibilities
➤ Ministry of Finance	<ul style="list-style-type: none"> • signing the FFA and the Loan Agreement for each Project; • monitoring of the investment program implementation and providing respective coordination and facilitation; • allocating and releasing counterpart funds; • endorsing to ADB the authorized staff with approved signatures for WAs processing; and • processing and submitting to ADB any request, when required, for reallocating the loan proceeds.
➤ Road Research Institute under Uzavtoyul	<ul style="list-style-type: none"> • Close cooperation in developing Road Safety Strategy and relevant manuals in planning and designing roads
➤ Uzbek Agency for Road and River Transport	<ul style="list-style-type: none"> • Close cooperation in developing Road Safety Strategy and relevant manuals in planning and designing roads
➤ Ministry of Foreign Economic Relations, Investments, and Trade	<ul style="list-style-type: none"> • Appraisal and registration of contracts for imported goods and international services under MFF.

B. Key Persons Involved in Implementation

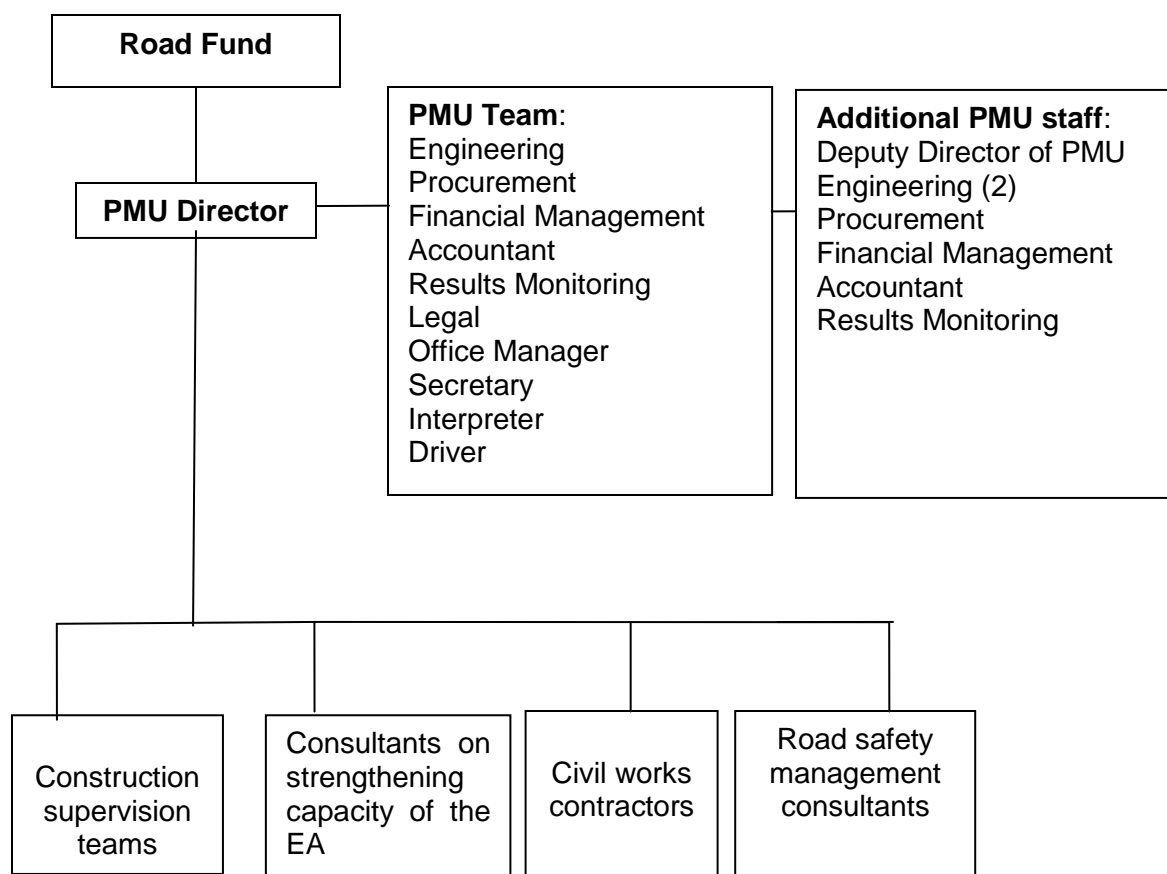
Executing Agency	
The Road Fund	<p>Jamol Shukurov Executive Director +998-71-239-46-79 mff-pmu-uz@inbox.ru 29, Istikbol str. 100017 Tashkent Republic of Uzbekistan</p>
Program Management Unit	<p>Sherzod Yakubov Director, Program Management Unit +998-71-239-46-79 mff-pmu-uz@inbox.ru 29, Istikbol str. 100017 Tashkent Republic of Uzbekistan</p>
Asian Development Bank	
Division Director	<p>Hong Wang Director, Transport and Communications Division Central and West Asia Department (CWRD) Telephone No: +63-2-632-6765 Email address: hongwang@adb.org 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines</p>
Mission Leader	<p>Shakeel Khan Principal Portfolio Management Specialist, CWRD Telephone No: +63-2-632-6767 Email address: sakhan@adb.org 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines</p>

C. Program Organization Structure

13. The Road Fund will be the executing agency. It has already established a program management unit (PMU) and appointed a director and a team of 9 professional and support staff for the implementation of investment program 1. The PMU is currently structured with a specific mandate—technical; legal; procurement; monitoring, reporting, and evaluations; safeguards, and gender development. For implementing investment program II, the Road Fund will expand the PMU with additional 7 professionals (deputy project director, 2 road engineers, financial management specialist, results monitoring specialist, procurement specialist, and accountant).

14. Under the Road Safety component, the PMU and Road Fund will coordinate with Uzavtoyul and Uzbek Agency for Road and River transport in developing the road safety strategy and other safety manuals.

Figure 3.1: Program Organization Structure



IV. COSTS AND FINANCING

A. Detailed Cost Estimates by Expenditure Category

15. The total cost of the Investment Program is estimated at \$600 million equivalent including taxes and duties, physical and price contingencies, interest, and other charges. The total cost of Tranche 1 including taxes, duties, physical and price contingencies, interest, and other charges is estimated at \$160 million equivalent. The summary of cost estimates for the Investment Program is in Table 4.1.

Table 4.1: Cost Estimate for Investment Program II (\$ Million)^a

Item	Tranche			Total Cost
	1 (OCR)	2 (ADF)	3 (OCR)	
Road Development Component				
Civil Works	107.4	150.9	160.3	418.6
Design and Construction Supervision Consultants	3.0	3.0	2.5	8.5
Road Sustainability Component				
Road Asset Management Support	0.0	0.0	1.5	1.5
Capacity Strengthening	0.0	3.2	0.0	3.2
Road safety consultancy services	1.8	0.0	0.0	1.8
Road safety equipment	0.5	0.0	0.0	0.5
Community Development Program	0.0	0.0	0.5	0.5
Recurrent costs	0.3	0.4	0.4	1.1
Taxes and duties	25.8	38.0	24.9	88.7
Total Base Cost	138.8	195.9	190.5	525.2
Physical and price contingencies	17.0	22.1	24.4	63.5
Financing charges during implementation	4.2	2.0	5.1	11.3
Total	160.0	220.0	220.0	600.0

^a In mid-2010 prices.

^b Program Management Unit (PMU) expenses related to the Investment Program including: PMU staff salary, operational expenses, travel, training, and other eligible expenditures; excluding single social payment.

^c Physical is estimated at about 10% of the total base cost. Price contingencies estimated at about 5% include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges assuming tranche 1 and 3 are funded by OCR and tranche 2 by ADF sources.

Source: Asian Development Bank estimates.

16. The maximum financing amount available under the Facility is \$500 million comprising \$320 million from ADB's ordinary capital resources (OCR) for tranche 1 and 3 and \$180 million equivalent from ADB's Special Funds resources (i.e. from the Asian Development Fund ADF) for tranche 2 to help finance part of the investment program II.

Table 4.2: ADB Financing by Expenditure Category
(\$ million)

ADB Expenditure Category	Tranche 1	Tranche 2	Tranche 3	Total
Civil works	107.4	150.9	160.3	418.6
Goods	0.5	0.0	0.0	0.5
Consultant services	4.8	6.6	4.9	16.3
Recurrent expenditures	0.3	0.4	0.4	1.1
Unallocated	17.0	22.1	24.4	63.5
Total	130.0	180.0	190.0	500.0

Source: Asian Development Bank estimates.

B. Allocation and Withdrawal of Loan Proceeds

17. Table 4.3 shows allocation and withdrawal of funds under all the categories Project 1 scope.

Table 4.3: Allocation and Withdrawal of Loan Proceeds

Number	Item	Category		ADB Financing Basis
		Total Amount Allocated for ADB Financing		Percentage of ADB Financing from the Loan Account
		Category	Subcategory	
1	Civil Works	107,400,000		100 percent of total expenditure claimed*
2	Consulting Services	4,800,000		100 percent of total expenditure claimed*
3	Equipment	500,000		100 percent of total expenditure claimed*
4	Recurrent expenditures	300,000		100 percent of total expenditure claimed
5	Unallocated	17,000,000		100 percent of total expenditure claimed*
Total		130,000,000		

* Exclusive of local taxes and duties imposed within the territory of the Borrower.

C. Expenditure Accounts by Financiers

Table 4.4: Summary Financing Plan—Investment Program
(\$ million)

Financier	Tranche 1	Tranche 2	Tranche 3	Total
Asian Development Bank ^a	130.0	180.0	190.0	500.0
Government	30.0	40.0	30.0	100.0
Total	160.0	220.0	220.0	600.0

^a Tranche 1 and 3 are funded from ordinary capital resources and tranche 2 from the Asian Development Fund.

Source: Asian Development Bank estimates.

D. Expenditure Accounts by Outputs/Components

Table 4.5: Detailed Cost Estimates by Financiers—Project 1
(\$ million)^a

Item	ADB	Government	Total
Road Development			
Civil works	107.4	0.0	107.4
Consulting services	3.0	0.0	3.0
Road Sustainability			
Road safety Management	0.5	0.0	0.5
Road safety consulting services	1.8	0.0	1.8
Recurrent costs ^b	0.3	0.0	0.3
Taxes and duties	0.0	25.8	25.8
Total Base Cost	113.0	25.8	138.8
Physical and price contingencies ^c	17.0	0.0	17.0
Financing charges during implementation ^d	0.0	4.2	4.2
Total	130.0	30.0	160.0

^a In mid-2010 prices.

^b Program Management Unit (PMU) expenses related to the Investment Program including: PMU staff salary, operational expenses, travel, training, and other eligible expenditures; excluding single social payment.

^c Physical and price contingencies. Price contingencies include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges assuming tranche 1 is funded by OCR recouces.

Source: Asian Development Bank estimates.

E. Detailed Cost Estimates by Year

**Table 4.6: Detailed Cost Estimates by Year for the Investment Program
(\$ million)^a**

Item	Year						Total
	2011	2012	2013	2014	2015	2016	
Road Development							
Civil Works	21.5	73.1	138.9	107.8	35.6	0.0	377.0
Consulting Services							
Procurement and Safeguard Support	0.1	0.3	0.5	0.3	0.1	0.0	1.3
Construction Supervision	0.5	2.3	1.8	1.7	1.3	0.5	8.0
Road Asset Management Support, Capacity Strengthening, Road Safety Management	0.5	1.6	2.6	1.9	0.5	0.0	7.0
Community Development		0.0	0.2	0.2	0.2	0.0	0.5
Recurrent costs	0.2	0.2	0.2	0.2	0.2	0.2	1.1
Taxes and duties	4.6	17.2	34.5	27.0	9.8	0.2	93.3
Total Base Cost	27.3	94.7	178.7	139.1	47.6	0.8	488.2
Physical and price contingencies	3.5	11.4	23.8	19.5	27.9	10.0	96.1
Financing charges during implementation	0.3	1.5	3.9	3.0	3.0	3.9	15.7
Total	31.0	107.5	206.4	161.7	78.6	14.7	600.0

^a In mid-2010 prices.

^b Program Management Unit (PMU) expenses related to the Investment Program including: PMU staff salary, operational expenses, travel, training, and other eligible expenditures; excluding single social payment.

^c Physical is estimated at about 10% of the total base cost. Price contingencies estimated at about 5% include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges assuming tranche 1 and 3 are funded by OCR and tranche 2 by ADF sources.

Source: Asian Development Bank estimates.

Table 4.7: Detailed Cost estimates by Year for the Project 1 (\$ million)^a

Item	Year						Total
	2011	2012	2013	2014	2015	2016	
Road Development							
Civil Works	21.5	43.0	43.0	0.0	0.0	0.0	107.4
Consulting Services	0.6	1.7	0.7				3.0
Road Sustainability							
Road Safety Management and Solar signs	0.5	0.9	0.9				2.3
Community Development							0.0
Recurrent costs	0.2	0.2					0.3
Taxes and duties	4.6	9.9	11.0	0.0	0.0	0.0	25.5
Total Base Cost	27.3	55.7	55.6	0.0	0.0	0.0	138.6
Physical and price contingencies	3.5	6.9	6.9	0.0	0.0	0.0	17.3
Financing charges during implementation	0.2	1.2	2.8	0.0	0.0	0.0	4.2
Total	30.9	63.8	65.3	0.0	0.0	0.0	160.0

^a In mid-2010 prices.

^b Program Management Unit (PMU) expenses related to the Investment Program including: PMU staff salary, operational expenses, travel, training, and other eligible expenditures; excluding single social payment.

^c Physical is estimated at about 10% of the total base cost. Price contingencies estimated at about 5% include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges assuming tranche 1 is funded by OCR funds.

Source: Asian Development Bank estimates.

F. Contract Award and Disbursement S-curves

18. Figure 4.1 and 4.2 show the estimated contract awards and disbursement progress over the implementation period of the Tranche 1 Project. This will help to assess disbursement performance at any time during the project implementation. In case of delays and poor disbursements, this will help as an early warning system for taking timely remedial measures.

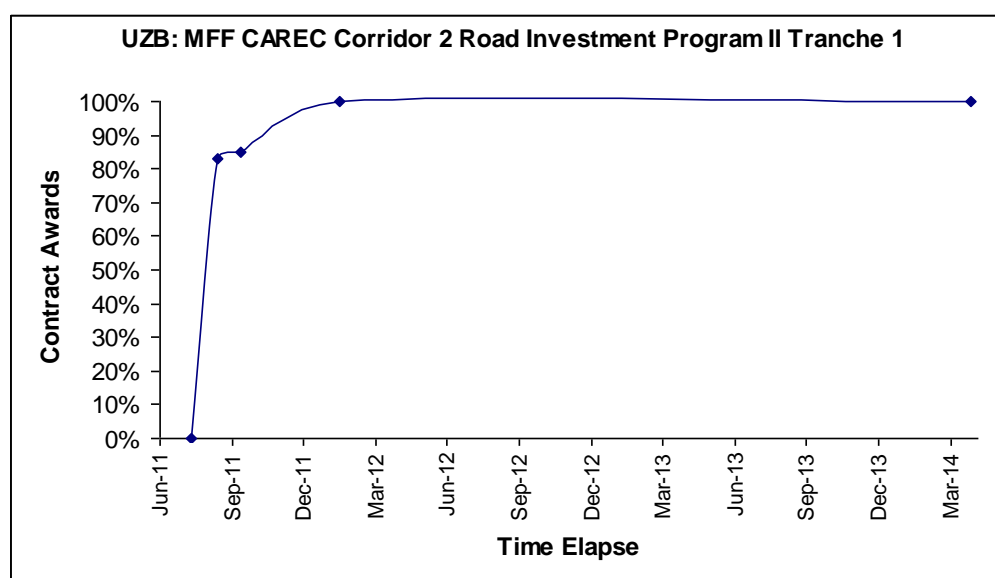
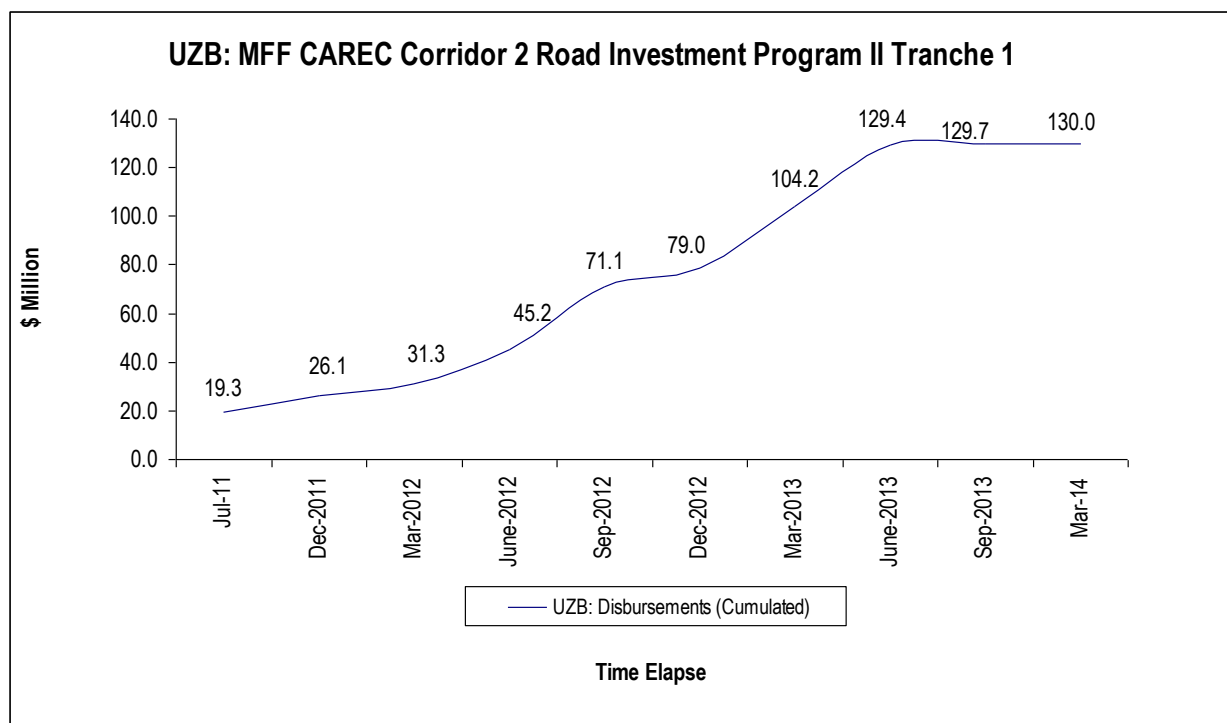
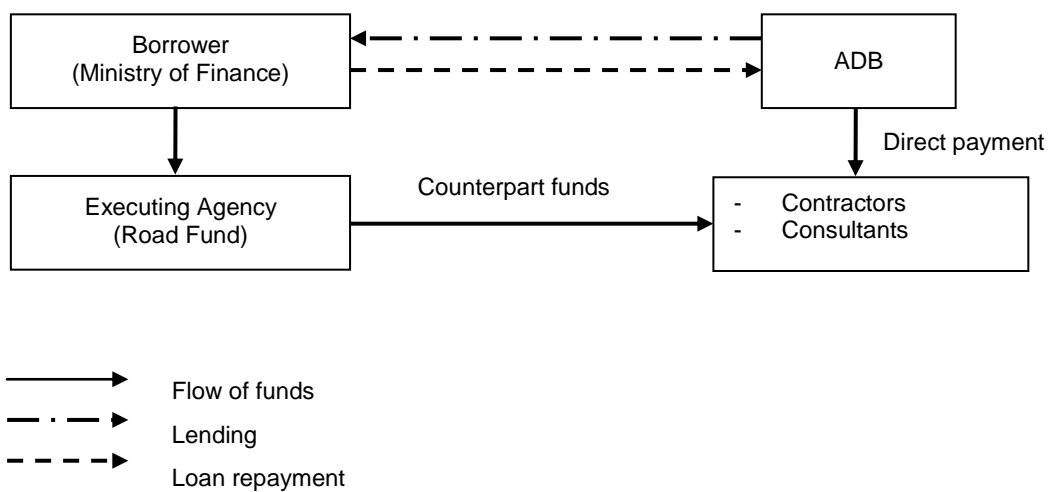
Figure 4.1: Estimated Contract Awards for Tranche 1 Project

Figure 4.2: Estimated Disbursements for Tranche 1 Project**G. Fund Flow Diagram**

19. Fund flow diagram, as illustrated in Figure 4.3, shows how the funds will flow from ADB, and the Government to implement project 1.

Figure 4.3: Fund Flow Diagram

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

20. Key findings of the financial management assessment undertaken for the Road Fund during the investment program preparation are as follows:

Table 5.1: Summary of the Financial Management Assessment

Particulars	Conclusions
A. Funds Flow Arrangements	Funds flow arrangements are reliable, predictable and secure. Road Fund has enough capability to smoothly work under both the ongoing project ² and the proposed investment program II.
B. Staffing	Road Fund is staffed with experienced financial specialists. Within the Road Fund, a project management unit (PMU) has been established to implement the MFF. The PMU, headed by the program director, is fully staffed. PMU specialists and Road Fund's financial staff are being trained by project 1 consultants of investment program 1 on ADB financial management procedures.
C. Accounting Policies and Procedures	The Road Fund's accounting policy is based on the Uzbekistan National Accounting Standards and Financial Reporting Regulations for State Budget Financed Organizations. Uzbekistan National Accounting Standards are progressively being modernized in accordance with International Accounting Standards. A separate accounting policy and financial management manual for the PMU is being established in accordance with MOF and ADB requirements.
D. Internal and External Audits	There is no internal audit unit within the Road Fund. The Control Revision Unit (CRU) of MOF (equivalent to an internal audit unit) carries out internal audit of state entities. The PMU is audited by independent external auditors on an annual basis in accordance with the International Standards on Auditing (ISA), which complies with the requirements of ADB.
E. Reporting and Monitoring	The Road Fund reports comply with the reporting requirements of the MOF, the Ministry of Economy (MOE), the State Tax Committee, and other government bodies. Current PMU's quarterly progress reports are being regularly submitted to ADB.
F. Information Systems	The Road Fund and PMU operate accounting system called "1S Accounting", which suits well with the project requirements and produces acceptable reports.

Source: PPTA consultants.

21. Actions required to be taken by the Road Fund and/or the Ministry of Finance are as follows:

- (i) Road Fund need offer incentives to the PMU staff in order to avoid frequent staff turnover and adverse impacts on implementation of the ongoing project and the investment program. Introduction of project allowance is one of the major actions needed to be taken;
- (ii) PMU specialists and Road Fund financial staff must undergo trainings on ADB financial management procedures to further strengthen its capacity and enable the Road Fund to undertake itself the internal audit;

² Loan 2403-UZB: CAREC Regional Road Project, and ongoing investment program I projects

- (iii) A separate accounting policy and financial management manual for the existing PMU should be established in accordance with MOF and ADB requirements without any further delays; and
- (iv) Road Fund should maintain separate accounts for each of the projects under the investment program and have such accounts audited annually, in accordance with appropriate auditing standards consistently applied by independent auditors whose qualifications, experience, and terms of reference are acceptable to ADB.

22. **Risk Analysis:** During the implementation phase, the PMU might face some risks that can generally be divided in two main categories: (i) country level; and (ii) organization/project level. Unavailability or delay in the release of counterpart funds can be attributed as major country specific risk for the investment program. Further, all the contracts with foreign suppliers/consultants financed out of loan funds are subject to approval by the Ministry for Foreign Economic Relations, Investments and Trade of Uzbekistan, which takes considerable time and eventually negatively affect the project implementation. This, together with project-specific risks and activities to mitigate them, are summarized as follows. Financial management risks shall need to be considered and updated throughout the life of the investment program. Risk mitigation measures shall also be updated accordingly.

Table 5.2: Risk Assessment and Mitigation Measures

Risk	Risk Assessment*	Risk-Mitigation Measures
<i>Inherent Risk</i>		
1. Country-specific Risks	M	MOF and Road Fund shall ensure the timely release of counterpart funds, as per loan covenants Extensive training of PMU staff on ADB procedures shall be carried out.
2. Entity-specific Risks	M	
3. Project-specific Risks	N	
Overall Inherent Risk	M	
<i>Control Risk</i>		
1. Implementing Entity	M	Organizational capacity augmentation with the induction of experienced PMU staff will support the existing organizational structure.
2. Funds Flow	M	Timely availability of counterpart funds will be ensured by implementing the proposed funds flow arrangements
3. Staffing	M	Project management consultants shall assist the Road Fund to determine training needs of the PMU and Road Fund staff. It shall assist them to design and implement the training program especially for ADB financial reporting requirements and their integration into overall national financial reporting requirements as per NAS and other statutes.
4. Accounting Policies and Procedures	N	Government's Accounting Policy drafted for ADB-assisted projects takes into account the national accounting standards and ADB requirements.

Risk	Risk Assessment*	Risk-Mitigation Measures
5. Internal Audit	M	The Control Revision Unit (CRU) of MOF (equivalent to an internal audit unit) carries out internal audit of state entities once in a 2-year period. The unit inspects the compliance of the entities with budget rules and regulations. Other oversight agencies also conduct sporadic control over the EA/PMU that distracts the EA/PMU staff from project implementation activities. The Government assures carrying out planned internal control by only CRU.
6. External Audit	M	Audit of the project accounts shall be done in accordance with the International Standards on Auditing, by the Auditor acceptable to ADB.
7. Reporting and Monitoring	M	PMU shall regularly report in accordance with ADB requirements on inherent adequate control mechanisms
8. Information Systems	M	The accounting system "1S-Accounting" shall be installed at PMU for efficient information system and reporting.
Overall Control Risk		M

* H – High, S – Substantial, M – Moderate, N – Negligible or Low.

Source: PPTA consultants.

B. Disbursement

23. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time).³

24. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),⁴ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. ADB will ensure that the investment program is in compliance with applicable national laws and regulations and will apply the prohibited investment activities list to projects/subprojects financed by ADB.

25. Only direct payment procedures will be used for all works and goods contracts, which are designed as large, and also for consulting services. Since there are no expenditures envisaged other than work and goods contracts and consulting services, as shown in detailed cost estimates, no imprest account will be established.

26. Road Fund will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. Before the submission of the first withdrawal application, the government shall submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The Road Fund is to consolidate claims to meet this limit for payments. Withdrawal applications and supporting documents will demonstrate, among other things that the works, goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

³ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf.

⁴ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

27. All disbursements under government financing will be carried out in accordance with regulations of the Republic of Uzbekistan relevant to co-financing of the projects financed by the Multilateral Financing Organizations. The Road Fund shall open and maintain the separate imprest account for government co-financing funds.

C. Financial Accounting and Auditing

28. The Road Fund will (i) maintain separate accounts for each of the projects under the Investment Program; (ii) have such accounts audited annually, in accordance with appropriate auditing standards consistently applied by independent auditors whose qualifications, experience, and terms of reference are acceptable to ADB; (iii) furnish to ADB as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited project accounts and the report of the auditors relating thereto (including the auditors' separate opinions on the use of the loan proceeds and compliance with the financial covenants of the loan agreement; and (iv) furnish to ADB such other information concerning such accounts and the audit thereof as ADB shall from time to time reasonably request. The independent auditors will be engaged and financed under the MFF.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

29. Under each tranche, ADB may, subject to its policies and procedures, allow on request (a) advance contracting and (b) retroactive financing of eligible expenditures for up to 20% of the proposed individual loan, incurred prior to loan effectiveness but not earlier than 12 months before the date of signing of the related legal agreement. Uzbekistan acknowledges that any approval of advance contracting and/or retroactive financing will not constitute a commitment by ADB to finance the related project.

30. In line with the above, the Government requested for the Project 1 (i) advance action for procuring civil works and consulting services, and (ii) retroactive financing for only civil works up to 20% of the loan amount provided that expenditures are in accordance with agreed procedures and were incurred during the 12 months before the signing of the Loan Agreement. Advance contracting will be for works and consulting services; and the steps to be concluded in advance are (i) tendering, and bid evaluation for civil works packages; and (ii) recruitment of consultants.

31. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (2010, as amended from time to time)⁵ and ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time).⁶ The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval.

B. Procurement of Goods, Works, and Consulting Services

32. Procurement of goods, civil works, and related services financed from the ADB loans will be done in accordance with ADB's *Procurement Guidelines* (2010, as amended from time to time) and the procurement plans for the projects. To ensure competitive bidding, international competitive bidding (ICB) contract packages will be adopted. ICB will be used for civil works over \$2 million and goods over \$500,000. National competitive bidding (NCB) for civil works could be conducted for contracts not exceeding \$2 million. Civil works contracts will be procured through ICB using post-qualification. ADB's prior review procedures will be followed. The Road Fund agreed to include the relevant sections of ADB's *Anticorruption Policy* (1998) in all bidding and contractual documents.

C. Procurement Plan

33. The procurement plan for Project 1 is in Figure 6.1 and the procurement milestones for civil work contracts and supervision consultants are shown in Table 6.1 and Table 6.2, respectively. Procurement plans for the subsequent projects will be developed during its preparation.

⁵ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

⁶ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

Figure 6.1: Procurement Plan and Tentative Contract Packages

Basic Data	
Project Name: CAREC Corridor 2 Road Investment Program II – Tranche 1	
Country: Republic of Uzbekistan	Executing Agency: Road Fund, Ministry of Finance
Loan Amount: \$130 million	Loan Number: TBD
Date of First Procurement Plan: 14 February 2011	Date of this Procurement Plan: 04 July 2011

1. Process Thresholds, Review and 18-Month Procurement Plan

a. Project Procurement Thresholds

34. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
International Competitive Bidding (ICB) for Works	≥\$2,000,000
International Competitive Bidding for Goods	≥\$500,000

b. ADB Prior or Post Review

35. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
ICB Works	Prior	
ICB Goods	Prior	
Recruitment of Consulting Firms		
Quality- and Cost-Based Selection (QCBS)	Prior	

c. Goods and Works Contracts Estimated to Cost More Than \$1 Million

36. The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$million)	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)
Civil works Reconstruction of A373 Tashkent – Andijan Road Section from km 116 to km 190 (74km)	107.4	ICB	N	Q1 2011

d. Consulting Services Contracts Estimated to Cost More Than \$100,000

37. The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value	Recruitment Method¹	Advertisement Date	International or National Assignment	Comments
Construction supervision	\$3.0 million	QCBS	Q1 2011	International	
Road Safety Impact Assessment	\$1.8 million	QCBS	Q2 2011	International	

Quality: cost ratio 90:10

e. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

38. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement / Recruitment Method	Comments
Goods Supply of Solar Road signs	\$500,000	One	ICB	Q3 2011

2. Indicative List of Packages Required Under the Project

39. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Goods	\$500,000	1	ICB	Y	
Works	\$107.4 million	1	ICB	Y	

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Type of Proposal	Comments
Consulting Services	\$4.8 million	2	QCBS	Full Technical	

3. Review of Contract Modifications

40. ADB will review contract modifications in accordance with the procedures set forth in the loan agreement between the government and ADB.

4. ADB's Review of Procurement Decisions

41. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

42. The Borrower shall seek ADB's approval before it:

- (i) grants any extension of the stipulated time for completion of a contract for Goods or Works; or
- (ii) agrees to any modification or waiver of the conditions of a contract for Goods or Works, including any change order that falls under (c) or (d) of this paragraph; or
- (iii) issues any change order under a contract for Goods or Works which would in aggregate increase the original contract price (for the avoidance of doubt, such aggregate shall take into account any previous or simultaneous change order or orders under such contract); or
- (iv) issues any change order under a contract for Goods or Works that would affect more than 15% of the original contract price (either through increase or decrease), even if the net effect of such change order would not in aggregate increase the original contract price. For the avoidance of doubt, such aggregate shall take into account any previous or simultaneous change order or orders under such contract.

43. ADB undertakes to respond to each request for approval under paragraph 9 above within 10 business days (in Manila) of ADB's receipt of such request. Such response will indicate that the request is (i) approved, (ii) declined, (iii) pending receipt of additional information or documentation or (iv) pending consideration by ADB's Procurement Committee, in each case as determined by ADB. If ADB fails to respond within 10 business days (in Manila) of ADB's receipt of such request, the request shall be deemed to have been approved by ADB. In the case of (iii), the Borrower shall promptly provide the requested information or documentation to ADB and ADB undertakes to respond to the relevant request within 10 business days (in Manila) upon receipt of such requested information or documentation satisfactory to ADB. In the case of (iv), ADB shall notify the Borrower of the decision by ADB's Procurement Committee within 10 business days (in Manila) of such decision by the Procurement Committee.

44. The government will ensure that the Project Executing Agency will:

- (i) provide a copy of all time extensions, modifications or waivers to the contracts (including change orders) requiring ADB's approval in accordance with paragraph 9 above to ADB for its record promptly after signing; and
- (ii) maintain an accurate record of all change orders under all contracts for Goods or Works which do not require ADB's prior approval under paragraph 9 above and submit such record for ADB's review every 6 months.

Table 6.1: Indicative Contract Packaging for Tranche 2

Ref	Contract Description	Unit	Estimated Costs (\$ million) ^a	Mode of Procurement	Duration (months)	ADB No Objection	Contract Starting	Contract Completion	Responsible Agency
A.	Civil Works	Length (km)							
1	CWP 2	87	150.9	ICB	30	1 Jan. 2013	15 Feb. 2013	31 Jul. 2015	Road Fund
B.	Consulting Services	Person-month (total)							

Ref	Contract Description	Unit	Estimated Costs (\$ million) ^a	Mode of Procurement	Duration (months)	ADB No Objection	Contract Starting	Contract Completion	Responsible Agency
1	CSP-1: Construction supervision and capacity development	380	6.2	QCBS	33	1 Jan. 2013	15 Feb. 2013	31 Oct. 2015	Road Fund

Quality: cost ratio 90:10

ADB = Asian Development Bank, CSP = consulting service package, CWP = civil works package, ICB = international competitive bidding, km = kilometer, LARP = land acquisition and resettlement package, QCBS = quality- and cost-based selection.

^a Cost estimates for civil works do not include taxes, physical, and price contingencies.

Source: Road Fund and ADB estimates.

Table 6.2: Indicative Contract Packaging for Tranche 3

Ref	Contract Description	Unit	Estimated Costs (\$ million) ^a	Mode of Procurement	Duration (months)	ADB No Objection	Contract Starting	Contract Completion	Responsible Agency
A.	Civil Works	Length (km)							
1	CWP 3	75	160.3	ICB	24	31 Aug. 2014	15 Oct 2014	15 Oct 2016	Road Fund
B.	Consulting Services	Person-month (total)							
2	CSP-1: Construction supervision and asset management	260	4.0	QCBS	30	31 May 2014	15 Jul. 2014	15 Jan 2017	Road Fund

Quality: cost ratio 90:10

ADB = Asian Development Bank, CSP = consulting service package, CWP = civil works package, ICB = international competitive bidding, km = kilometer, LARP = land acquisition and resettlement package, QCBS = quality- and cost-based selection.

^a Cost estimates for civil works do not include taxes, physical, and price contingencies.

Source: Road Fund and ADB estimates.

45. The procurement plan of Project 1 covers the first 18 months of procurement activity. Within one year after the date of loan effectiveness, the Road Fund shall submit a revised procurement plan to ADB for approval that captures all ongoing procurement and that planned for the following 18 months. The plan shall be updated annually (or as required after every loan review mission or after award of each major ICB contract), on the same basis for the duration of the project.

46. When a need arises during project implementation to change procurement arrangements (threshold, review requirements, method of procurement, contract packaging), the Road Fund, in consultation with the ADB Project Officer, will prepare a letter justifying the change submitted together with an updated procurement plan, and present it for ADB approval.

47. **Consulting Services.** All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time). The terms of reference for all consulting services are detailed in Section D.

48. An estimated 398 person-months (106 international, 298 national) of consulting services are required as detailed in the following:

- (i) **Construction Supervision** – Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality:cost ratio of 90:10. A total of 60 person-months of international consultant inputs and 216 person-months of national consultants will be required. Consulting services are expected to take place over 26 months (actual duration of service shall be in line with civil works schedule). The Consultant team will administer the construction contracts and ensure that the contractual clauses for both quality and specifications of work are complied with, and the works are constructed in accordance with the provisions of the construction contracts.
- (ii) **Road Safety Management Support** - The consultation services, which will be rendered by consulting firms, will require a total input of about 33 person-months of international consultants and the 65 person-months of national consultants. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a quality:cost ratio of 90:10. The consultation service will be carried out over a 10-month period to help address concerns related to the Road safety management improvement with outputs (i) road safety checklist, guidelines, and measures that will improve road safety management; (ii) national road infrastructure safety strategy; (iii) a specific phased road safety program to be implemented for all the road sections under the investment program I and II.

D. Consultant's Terms of Reference for Construction Supervision and Management Consultants

1. Objectives

49. The civil works will be carried out under Project 1 (MFF-2) as one contract. The reconstruction includes clearing, sub base, base, cement concrete pavement, shoulder, guardrails, road marking and signing, bus stops.

Contract	Km Length	Bridges	Type of Pavement	Number of Lane	Treatment
MFF2/CWP1 A373 Tashkent-Osh Road Section from km 116 to km 190	74	None	Cement Concrete	4	80% Pavement Works

50. Civil works will be carried out based on the International Federation of Consulting Engineers (FIDIC) contract MDB (Version 2006). A consultant team (the Consultant) will be engaged under Contract Construction Supervision to act as the Engineer. The Consultant will administer the construction contracts and ensure that the contractual clauses for both quality and specifications of work are complied with, and the works are constructed in accordance with the provisions of the construction contracts. The Engineer's Representative will be a full-time professional resident engineer for the contract package, in accordance with the provisions of the construction contracts.

51. The Consultant, while supervising construction works, will make all necessary arrangements for implementation of quality assurance and quality control plans following industry standards and best practices. The Consultant in consultation with the Road Fund will make all engineering decisions required for the successful and timely completion of the construction contracts, and will have all the powers defined as those of the Engineer.

52. The Consultant will carry out a critical review of the detailed design prior to the commencement of works. This review will be carried out immediately after the services commence and will be completed within 4 weeks. Upon completion of the review, the Consultant will prepare a report, setting out all findings and recommendations for correcting any major defects, omissions, or any changes that may have been taken place.

53. The Consultant shall use a project scheduling software for administration of the construction contracts.

54. The consultant will also undertake project appraisal of subsequent Tranches of the Investment Program.

a. Scope of Services

55. The Consultant will be responsible for the construction supervision of the civil works Project 1 with the following scope of works:

b. Review design

- (i) Review the geometry, pavement, bridge, and other structural designs, drawings specifications, construction method etc, prepared by the employer. Recommend to revise or update the design for achieving greater economy, safety, reliability, and/or durability.

c. Supervision and project administration actions

- (i) Supervise the contractors work and certify the constructors' work in accordance with contract conditions. Ensure that the construction methods proposed by the contractor for carrying out the works are satisfactory.
- (ii) Develop quality assurance system and quality control plan, especially concentrating on provisions of cement concrete pavement.
- (iii) Inspection of Contractor's construction equipment, results of material and soil tests, safety of the works, property and personnel. Inspect and test all materials and works to ensure compliance with specifications and giving immediate notice to the Contractor to remedy in the event that such materials and works fail to comply with the specifications.
- (iv) Recommend the EA of the rates for any unscheduled items of work that may arise.
- (v) Certify work volume and process interim and final payments of the Contractors.
- (vi) Establish efficient procedures for verifying Contractor performance and reporting progress and problems in a timely manner, including quality control reports, quantity survey records, requests for variation or change orders, requests for time extension, and Contractor's claims and invoices.

- (vii) Ensure project financial management procedures are in place and are strictly followed, specifically relating to payments, financial accounting, financial reporting and record keeping.
- (viii) Check “as built” drawing prepared by the Contractors. Keep and record a complete set of as built drawings in paper and electronic formats for archiving in the Employers repository.
- (ix) Ensure that road safety design requirements are implemented in accordance with the contract documents and specifications.
- (x) Assist the EA for provisional and final hand over by the contractors. Prepare a project completion report.

d. Safeguard compliance monitoring

- (i) Monitor Contractors’ conformity with environmental and social impact controls.
- (ii) If land acquisition and resettlement is necessary, prepare and supervise the implementation of the land acquisition and resettlement plan.
- (iii) Monitor Contractors’ conformity with traffic control and road safety action plan during construction.
- (iv) Carry out the following duties related to environmental mitigation: (a) ensure that all the environmental mitigation measures required to be implemented are incorporated in the contract documents; (b) supervise and monitor the implementation of environmental management plan (EMP); and (c) in the event of occurrence of any unexpected environmental impacts, coordinate with the PMU to recommend necessary mitigation measures to the EA and ADB for implementation..
- (v) Monitor Contractors’ compliance with and performance of required actions regarding HIV/AIDS, human trafficking, and labor core standards in accordance with the contract documents, such as awareness and education of laborers and workers.
- (vi) If required, collect baseline data to prepare a LARP and the other impacts assessments carried out in accordance with ADB’s Safeguard Policy Statement (2009) and relevant laws and regulations in Uzbekistan.

2. Project Appraisal of Tranches 2 and 3

- (i) Due-diligence Report Preparation
- (ii) The consultants shall compile all due-diligence works completed under previous tranches.
- (iii) Update project cost and the economic analysis. Prepare project implementation schedule and reflect it in the procurement plan. Prepare the project disbursement schedule and identify critical project preparation activities.
- (iv) Review the investment program compliance to the framework financing agreement (FFA) and loan agreements.
- (v) Draft periodic financing requests in accordance with a format agreed with the EA and ADB

- (vi) Prepare an environment impact assessment (EIA) report in accordance with the Safeguard Policy Statement (SPS) (2009) and relevant laws and regulations in Uzbekistan. In the review of potential environmental impacts, temporary and permanent damage to the environment, particularly forests, wildlife reservations, areas with archaeological value, and potential risks from toxic and hazardous chemicals should be included. An environmental management and monitoring plan should be included in the EIA report. The consultation with affected people will also be carried out during the preparation of EIA.
- (vii) The consultant will (a) determine costs of the proposed environmental measures, (b) appraise the level of cost against expected environmental benefits, (c) incorporate appropriate mitigating measures into the designs of all subprojects under the investment program, and (d) prepare contractor specifications for environmental management and monitoring.
- (viii) Public consultation with stakeholders and affected peoples will be carried out in accordance with SPS. Complete records of public consultation, including lists of participants, will be maintained and submitted as part of the report.
- (ix) In conjunction with the feasibility study, the consultant shall determine any possible need for temporary and permanent land acquisition and compensation/resettlement arrangements; and prepare a land acquisition and resettlement plan (LARP) as required, according to the format and scope required by the ADB.
- (x) Assess the investment program impacts and benefits: (i) livelihood improvement of local populations; (ii) core-labor standards issues; (iii) gender impacts (if any); (iv) civil works and road operations impacts; (v) communicable diseases/sexually transmitted infections (STI), and; (vi) human or drug trafficking. Reflect the results of the above and update the poverty and social assessment (PSA) prepared under the previous tranches.
- (xi) The updated PSA will include the socioeconomic and poverty status of the project areas of influence, including the nature, extent, and determinants of poverty in these areas; identify and estimate the likely socioeconomic and poverty reduction impacts of the project; and prepare proposals for monitoring and evaluating the benefits and impacts before and after implementing the projects under the investment program. Prepare a consultation and participation plan.
- (xii) Update the gender action plan prepared under the previous tranches. If necessary, conduct additional gender analysis and identify elements in the MFF design that have the potential to address gender equity. Identify existing gender issues in the transport and communication (roads) sector and assess the conditions of roads in terms of comfortable short and long distances traveling, from a gender perspective.
- (xiii) Conduct generalized analysis and desk study based on available gender-related information and gender-sensitive indicators in transport sector (such as access to roads and transport, activity patterns, time use, income-generating effects, migration, etc). Conduct small-scale social survey and consultations with the main stakeholders to identify gender issues in the project area.
- (xiv) The consultant shall 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 DMF.

3. Reporting

- (i) Monitor the record-keeping and instruct the Contractor to keep further contemporary records including any statutory requirements concerning the Contractor's reporting of dangerous occurrences or accidents to government or other public authorities.
- (ii) Reporting and updating the works implementation schedule, highlighting any foreseen delays, and timely proposing corrective measures. Ensure that prior consultation with Road Fund is required for any adjustment of the works implementation schedule.
- (iii) Collect baseline data based on the indicators agreed in the project's design and monitoring framework; and measure the indicators over time during the assignment period. Undertake project performance monitoring and evaluation in accordance with the project framework and ADB's *Project Performance Management System Handbook*, including the baseline data survey and the following annual survey and reporting up to project completion. Design a simple MS Excel or similar system for recording the baseline and periodic data.
- (iv) Prepare the following reports, in a format and content acceptable to the employer and as per the guidelines in the Facility Administration Manual.
- (v) Maintain up to date financial and other records for review, if and when needed, by ADB.

56. If so required by the EA, the Consultant will provide any of the following as additional services: (i) prepare reports, including technical appraisals, additional contract documentation, and/or review and comment on the Contractor's proposals, as may be required for the successful completion of the Project; and (ii) provide any other specialist services as may be required from time to time.

57. The EA will authorize any additional service, other than minor extras that do not materially affect the scope of the supervision work, at the rates established in the construction supervision Contract, or at the rates mutually agreed upon when the services require the use of specialists not listed in the contract.

4. Inputs

58. The services will be carried out by international firms in association with national consultants, to be selected by the EA in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). A total of 60 person-months of international consultant inputs and 216 person-months of national consultants will be required.

59. Consulting services are expected to take place about 20 months. The team leader will be a graduate civil engineer with sufficient experience in cement concrete pavement, road construction, and project management. The other experts should also have relevant qualifications and experience. All experts, international and national, must be proficient in both written and spoken English.

Proposed Key Staffing for Supervision

Position	No.	Person-Month	Position	No.	Person-Month
Chief Resident Engineer/Team Leader	1	18	Deputy Resident Engineer/Highway Engineer	1	20
Material Engineer	1	16	Design Engineer	1	12
Cement Concrete Pavement Expert/Drainage Engineer	1	16	Material Engineer	2	34
Procurement/Contract Specialist	1	10	Site Inspector (4 persons)	4	68
			Environmental Safeguard Specialist	1	10
			Social Safeguard Specialist	1	9
			Quantity Surveyor (2 persons)	2	34
			Cement Concrete Specialist	1	12
			Drainage/Culvert Engineer	1	8
			Gender Development Specialist	1	9
International Consultants	5	60	National Consultants	15	216

All input shall be in field, except the Contract Specialist who may provide his/her service from home office.

60. Qualification descriptions of each expert are as follows:

- (i) **Chief Resident Engineer/Team Leader [International, 18 Person-months]:** He/she shall be leading the team and be responsible for the overall tasks. He/she shall hold a bachelor degree in civil engineering and preferably a master degree holder in road engineering. He/she will coordinate and supervise the road construction works in the field. The chief resident engineer, with minimum 15 years experience in major road construction, will (i) maintain records and advise the EA with the day-to-day coordination and supervision of Project 1 and its components, including the preparation of regular progress reports, (ii) coordinate and review updated designs and cost estimates prepared by the design consultants, (iii) coordinate and supervise the work of field teams in supervising and certifying construction in accordance with contract conditions. He/she shall be familiar with various international standards for design and construction (FIDIC) including stage of works and method of construction such as temporary works, construction plans, schedules, construction method, assignments of equipment and personnel, testing and trials, and drawings.
- (ii) **Material Engineer [International, 16 Person-months]:** The material engineer shall have a bachelor degree in civil engineering with minimum 12 years experience in major road construction works especially in material testing, will (i) advise the CRE on the contractors' compliance to material specifications and testing, (ii) provide input to the design team, and (iii) coordinate and supervise the work of field teams in supervising and certifying construction in accordance with contract conditions including acceptance standards of materials, approval of source supply, and material testing methods.
- (iii) **Cement Concrete Pavement Expert/Drainage Engineer [International, 16 Person-months]:** The Cement Concrete Pavement Expert/Drainage Engineer should have minimum 12 years experience in pavement design, drainage, and supervision, especially in cement concrete design and construction for roads. He/she will review the concrete pavement design, advise the CRE on the material quality and specifications, concrete mixing methodology, concrete

additives, safety protection, laboratory and-field material tests for quality control, field equipment, and cement concrete placing and calibration of equipment. He/she will advise the field teams in the using of cement concrete and certifying construction in accordance with contract conditions. He/she will also (i) maintain records and assist the EA with the day-to-day coordination and supervision of Project 1, (ii) coordinate and review updated designs and cost estimates prepared by the design consultants, and (iii) coordinate and supervise the work of field teams in supervising and certifying construction in accordance with contract conditions.

- (iv) **Contract Specialist [International, 4 Person-months]:** Contract Specialist, an economist/lawyer with minimum 15 years experience in road works contract administration including FIDIC contract administration will (i) evaluate and settle variations and standard format of claims and (ii) asses contract amendments and updated particular conditions of contract.
- (v) **Deputy Resident Engineer/Highway Engineer [National, 20 Person-months]:** He/she will assist CRE on coordination and supervision the road construction works in the field including coordination and liaison with Employer. The Assistant Resident Engineer shall have a bachelor degree in civil engineering with minimum 12 years experience in road construction. He/she will assist CRE in day-to-day construction supervision, monitoring schedule, preparing monthly certificates, reviewing and approving shop drawings and as-built-drawings.
- (vi) **Design Engineer [National, 12 Person-months]:** He/she will assist CRE in ensuring that the design complies with technical and safety standards. The road design engineer shall have a bachelor degree in civil engineering with minimum 10 years experience in road design and construction. He/she will update designs and cost estimates prepared by the design consultants.
- (vii) **Material Eng (2 persons) [National, 34 Person-months]:** The material engineer shall have a bachelor degree in civil engineering with minimum 8 years experience in major road construction works especially in material testing. Under the guidance of the international material engineer, he/she will undertake day-to-day supervision of compliance to material specifications and testing, supervise the contractors work, and certify the construction in accordance with contract conditions including acceptance standards of materials, approval of source supply, and material testing methods.
- (viii) **Site Inspector (4 persons) [National, 68 Person-months]:** The site inspectors shall have bachelor degree in civil engineering with minimum 8 years experience in major road construction works especially in workmanship and construction method. Under the guidance of the international highway engineer, they will undertake day-to-day supervision for roads and small structures, monitor contractors' work and certify the construction in accordance with contract conditions.
- (ix) **Environmental Safeguard Specialist [National, 10 Person-months]:** The safeguard specialist shall have a bachelor degree in environment sciences preferably with minimum 8 years experience in civil works. He/she will (i) review all documents and reports regarding the integration of environmental including contractor's environmental action plan, (ii) supervise the contractors' compliance to EMP, and (iii) prepare compliance reports.

- (x) **Social Safeguard Specialist [National, 6 Person-months]:** The social safeguard specialist, a social related university graduate, with 8 years experience in supervising civil works contracts, will assess the contractors' compliance to contract provisions specifically on social safeguards. He/she will check the implementation of land acquisition and resettlement (if relevant), compliance to contractors' obligation in addressing communicable diseases/sexually transmitted infections (STI), compliance to core labor standards.
- (xi) **Quantity Surveyor (2 persons) [National, 34 Person-months]:** The quantity surveyor, a civil engineer with minimum 10 years experience in supervision of major road projects, will assist Highway Engineer in daily supervision, check the quantity, variations, justification and verify the monthly certificates.
- (xii) **Cement Concrete Specialist [National, 12 Person-months]:** The cement concrete specialist, a civil engineer with minimum 8 years experience in cement concrete pavement design and technology will assist the international highway engineer in undertaking day-to-day supervision of the cement concrete pavement construction.
- (xiii) **Drainage/Culvert Engineer [National, 8 Person-months]:** The Drainage/Culvert Engineer shall have bachelor degree in civil engineering with minimum 8 years experience in major road construction works especially in workmanship and construction method. Under the guidance of the international highway engineer, they will undertake day-to-day supervision for roads and culvert structures, monitor contractors' work and certify the construction in accordance with contract conditions.
- (xiv) **Gender Development Specialist [National, 8 Person-months]:** The consultant will have a university degree in social sciences with additional training in gender and development, and experience in gender mainstreaming of development projects. He/she will have excellent Russian and Uzbek language skills (oral and written). English language skills are an advantage but not a requirement. The consultant will (a) develop a workplan for the timely implementation of the Gender Action Plan (in line with project implementation); (b) coordinate parallel construction of road side development⁷ of local khokimiyat with Highway construction; (c) initiate restoration and maintenance of basic sanitary facilities for men and women and develop a commercial scheme to run the maintenance by women of road side communities. Work closely with women of National Women's Committee at Makhalla level on this; (d) work with PMU and communities (National Women Committee members of Makhalla's on road safety (establishment of safety signs, lightening and road crossing point for communities); (e) conduct outreach/information dissemination activities on training opportunities; (f) assist National Women's Committee to implement capacity development pilot project (training and skills building of local women entrepreneurs); (g) conduct outreach/information dissemination activities about the project among women committees of mahallas; (h) conduct of gender awareness training for the Road Fund and for the project affected staff of the khokimiyats; (i) conduct training on traffic safety and HIV/AIDS prevention for communities along tranche 1 of the investment program; (j) inform National Women's Committee on implementation status of GAP; (k) contribute social and

⁷ Cabinet of Ministries Degree for Measure on Development of Road Site Infrastructure and Services of Uzbek National Highway No. 277, 22, Oct 2009

gender related inputs to PMU's progress reports; (l) facilitate the collection and monitoring of sex-disaggregated indicators related to road investments; (m) report GAP implementation issues to ADB's national gender specialist at URM and report every 3 months on implementation status; and (n) attend roundtables of all gender specialist recruited under ADB investments in UZB (roundtable held by URM gender specialist).

5. Other Requirements

i. Deliverables

61. The Consultant will prepare reports including monthly reports on the project progress in a format and level of detail agreed with the EA and ADB. The Consultant will maintain records documenting information supplied by the field teams, decisions made at meetings, progress on civil works, certified achievements and milestones, financial records, and any deviations from or changes to the contract plans. The Consultant will assist PMU in preparing quarterly progress reports, safeguard compliance reports, a project completion report, and monitoring and evaluation reports as required under the Financing Framework Agreement and Loan Agreement for Project 1.

ii. Reports

62. The Consultant will submit the reports in hardcopy and softcopy as follows:

Type of Reports	Format	Recipient		Submission Date
		Road Fund (English & Russian)	ADB (English)	
Inception Report	ADB's Standard Formats	3+4	3	Within 2 (two) month after commencement
Monthly Progress Report		3+4	3	10 th of each following month
Quarterly Progress Report		3+4	3	14 th of each following quarter
Project Completion Report		3+4	3	Maximum one month after Contract completed

63. Minimum contents of the reports:

- (i) Inception Report: initial findings and the work program for the balance of the assignment.
- (ii) Monthly Progress Report: brief details of the works carried out during the previous month, the problems encountered or anticipated, together with the steps taken or recommendations for their correction, and financial and physical progress to date.
- (iii) Quarterly Report: detailed description of the achieved progress of works, difficulties and delays encountered or anticipated, and remedial actions taken or suggested, the overall progress of the Project as monitored against the PPMS indicators.
- (iv) Project Completion Report: detailed description of all the works by items of technical and non-technical matters, financial and disbursement data, analyses, difficulties and delays encountered or anticipated, and remedial actions taken or suggested, the overall progress of the Project as monitored against the PPMS indicators, including recommendations to EA and ADB.

64. Project appraisal Consultant will submit the reports in hardcopy and softcopy as follows.

Type of Reports	Format and Contents	Recipient		Submission Date
		Road Fund (English & Russian)	ADB (English)	
Inception Report	<i>Acceptable by Client & ADB</i>	3+4	3	Within 4 weeks after commencement
Interim Report		3+4	3	8 weeks after commencement
Draft Final Report		3+4	3	15 weeks after commencement
Final Report		3+4	3	Within one month after submission of Draft Final Report

65. Minimum contents of the reports.

- (i) Inception Report: work plan, early working paper, review and data requirement for due diligent of tranche 3, and methodology and strategy to reach the project objective.
- (ii) Interim Report: detailed description of the achieved progress of works and preliminary findings.
- (iii) Draft Final Report: full due-diligence reports for tranche 3 including economic analysis, EIA, LARP, PSA, environment compliance and FFA compliance reports Detailed description of all the works by items of technical and non-technical matters, implementation schedule for tranche 3 and other related documents.
- (iv) Final Report: improvement of the draft final report incorporating the EA and ADB comments.

iii. Facilities provided by the Client

66. The Client will provide:

- (i) Visa supporting letters and registrations in Uzbekistan Immigration Office;
- (ii) Relevant project data and reports.

67. Furnished air-conditioned office spaces with support facilities in the construction site will be provided by the Contractor.

E. Consultant's Terms of Reference for Road Safety Consultancy Services

1. Background

68. Responsibilities for road safety are defined in the Law On Road Safety No.818-I of 19 August 1999. They are split between agencies: UARRT (Uzbek Agency for Road and River Transport) and SJC Uzavtoyul have joint responsibility for enhancing road safety, the former through its vehicle certification and regulatory activities and the latter through its road design policies. The Ministry of Internal Affairs is responsible through GAI (State Traffic Police) for the development of safety standards, rules and regulations and for their observance, for vehicle inspection, and the recording of road accidents and offences.

69. The main responsibilities of SJC Uzavtoyul are: installation and maintenance of road signs and signals, road rehabilitation and maintenance, activity planning and safety audit of road design; coordination of road safety issues in connection with road construction and law

enforcement by the road police; participation in the planning of road network development, collection of traffic volume data and road accident follow up/analyzing; quality control of road maintenance, rehabilitation and construction activities; development of design standards for junctions in cooperation with municipal authorities; annual activity plans are based on the recorded road surface conditions and completed road design.

70. The major problems, which the Uzavtoyul is facing, are related to

- (i) institutional transition
- (ii) insufficient training and lack of specialists
- (iii) lack of know-how and means for addressing road safety issues in connection with design
- (iv) lack of up-to-date winter road maintenance and pavement rehabilitation/patching equipment
- (v) lack of communication equipment
- (vi) poor availability of road signs
- (vii) Road safety and emergency response in the case of fuels or hazardous chemical spills

71. The responsibilities of the GAI (State Traffic Police) are: road safety enforcement in general covering all ministries, administrations, enterprises, cooperatives and private companies; enforcement of road safety regulations in connection with road-, street-, junction- or any other construction work; control of installation and utilization of road side furniture and equipment used for traffic regulation; control of vehicle utilization, design and manufacturing; control of road surface condition and condition of road side furniture in relation to road safety; traffic regulation; vehicle registration; driver training, testing and licensing; road accident registration and analyzing of data; road safety promotion through mass media; development and control of road sign manufacturing; traffic surveillance and law enforcement;

72. The main problems encountered by the Road Police are:

- (i) poor availability of equipment needed for law enforcement on the road
- (ii) lack of facilities and equipment for performing case diagnosis (stationary/mobile)
- (iii) poor availability of other up-to-date technical equipment and materials needed for road safety purpose
- (iv) lack of rescue equipment in case of accidents
- (v) insufficient training of staff

2. Study Scope

73. Scope of this consulting study will include three components:

- (i) Development of a comprehensive national road safety strategy that will address all above mentioned problems with a comprehensive system of road infrastructure safety management, plus a long-term national strategy to curve down fatalities linked to the road infrastructure pillar.
- (ii) Development of safety impact assessment tool and manuals to be applied in design of road construction and reconstruction in designing and planning roads financed by Road Fund under Ministry of Finance of the Republic of Uzbekistan.
- (iii) Development phased safety program on all sections of investment program II starting A-373 Kamchik Pass section as top priority.

3. Inputs

74. In the component for developing **comprehensive road safety strategy**, the consultants will carry out all necessary reviews and analyses, that should at least comprise:

- (i) a ranking of high-accident-concentration sections and a network safety ranking;
- (ii) the elaboration of national guidelines for the integration of road infrastructure safety into road planning, design, construction and operation;
- (iii) the design of training courses and their corresponding certificates for the benefit of road safety auditors;
- (iv) legal and institutional recommendations for the implementation of the above;
- (v) a detailed schedule of investment programs and budgets

75. In the component for developing **safety impact assessment tool and manual**, the consultants will carry out all necessary reviews and analyses, including the following to create ultimate manual:

a. Elements of a road safety impact assessment:

- (i) problem definition;
- (ii) current situation and "do nothing" scenario;
- (iii) road safety objectives;
- (iv) analysis of impacts on road safety of the proposed alternatives;
- (v) comparison of the alternatives, including cost-benefit analysis;
- (vi) presentation of the range of possible solutions; and
- (vii) emergency response and hazardous chemical clean-up capacities.

b. Elements to be taken into account:

- (i) fatalities and accidents, reduction targets against "do nothing" scenario;
- (ii) route choice and traffic patterns;
- (iii) possible effects on the existing networks (e.g. exits, intersections, level crossings);
- (iv) road users, including vulnerable users (e.g. pedestrians, cyclists, motorcyclists);
- (v) traffic (e.g. traffic volume, traffic categorization by type);
- (vi) seasonal and climatic conditions;
- (vii) presence of a sufficient number of safe parking areas;
- (viii) seismic activity.

76. In the component *developing phased safety program on investment program section and particularly on A373 Kamchik Pass section* Consultants shall define a program to improve traffic safety on *A373 Kamchik Pass* through signing, road markings and installation of appropriate traffic safety features to solve following safety issues on the Kamchik pass section of the A373:

- (i) brake failure on the long, steep descents is extremely dangerous. Although turnouts are provided at intervals, these need to be better signposting (with distance to next turnout indicated every 500m) and possibly need to be supplemented;
- (ii) excessive speeds by light vehicles on descent should be controlled (by speed cameras etc.);

- (iii) avalanche and rock fall hazards should be further mitigated;
- (iv) snow clearing and de-icing equipment should be continuously upgraded;
- (v) sharp curves should be indicated and at some stage over-road gantries should be placed every 1-2km on the descents, camera equipped, indicating maximum speeds for each lane in the prevailing conditions, monitored by a control centre. All accidents should be logged by location, cause and severity to assist in designing preventive measures. Although accidents are unavoidable on the mountainous section, it needs to be made sufficiently safe for specially maintained buses to operate, at least for most of the year.

77. Estimate the costs of the proposed traffic safety program and suggest include the budget of subsequent Tranche of MFF.

4. Study Coordination

78. The consultants will be report to the Program Management Unit established by Road Fund. They will regularly coordinate their work with Road Design Insitutes, GAI, Uzavtoyul, UAART, municipal agencies (especially Kamchik area) and other government or private organizations concerned with traffic safety. In this, the consultants should aim to (i) obtain all relevant information on the current traffic safety environment, and (ii) achieve agreement on the recommended safety action program with key decision-makers.

5. Staffing

79. The services will be carried out by international firms in association with national consultants, to be selected by the EA in accordance with ADB's Guidelines on the Use of Consultants (2007, as amended from time to time). A total of 40 person-months of international consultant inputs and 58 person-months of national consultants will be required.

80. Consulting services are expected to take place about 10 months. Members of the Consultancy team, is expected to provide inputs towards establishing road impact assessment tool and manual, training counterpart staff and in monitoring/fine tuning of the application of the Road Safety Impact Assessment manual to ensure that development objectives are met. The study will also take EA and involved road safety staff to other countries for exchange of experience.

Proposed Key Staffing

Position	No.	Person-Month	Position	No.	Person-Month
Road Safety Management Specialist/Team Leader	1	8	Road Safety Management Specialist/Deputy Team Leader	2	20
Traffic Engineer	1	3	Traffic Engineer	2	8
Institutional Development Expert	1	6	Institutional Development Expert	2	10
IT specialist	1	6	IT specialist	4	10
Legal Expert	1	2	Legal Expert	1	4
Communication Specialist	1	3	Communication Specialists	3	9

Road Design Specialist	1	3	Road Design Specialist	1	4
International Consultants	6	33	National Consultants	10	65

6. Reports and Time Schedule

81. The consultant shall prepare an Inception, an Interim and a Final Reports, in addition to working papers to be listed in the Inception Report. The submission of the key reports would be as follows:

- (i) Inception Report: within 4 weeks of commencement of the study, the consultants should submit a report outlining the preliminary findings, proposed methodology and schedule for the remainder of the assignment. Formal government comments are to be provided to the consultants within 4 weeks from receipt of the report.
- (ii) Interim Report: within 13 weeks from the commencement of the study, the consultants should submit a report outlining the proposed table of content of the road safety impact assessment manual and its application program. Formal government comments are to be provided to the consultants within 6 weeks from receipt of the report.
- (iii) Draft Final Report: within 28 weeks from the commencement of the study, the consultants should submit their draft final report, documenting the findings of the entire study. It would include draft road safety impact assessment, taking account of the comments received from key decision makers on the content (TOC) of manual. Formal government comments are to be provided to the consultants within 6 weeks from receipt of the report.
- (iv) Final Report: within 4 weeks after receiving government comments on the Draft Final Report. Comments on the Draft Final Report will be submitted within 3 weeks. Along with the Final Report will be proposed terms of reference for technical assistance required to further implement the recommendations of the study.

VII. SAFEGUARDS

82. Uzbekistan will ensure that all the requirements prescribed in this Schedule, and the following frameworks, assessments and plans that have been prepared with respect to the Facility and the first tranche and of which ADB has been provided full copies, and which are deemed incorporated herein by reference, are complied with during the processing and implementation of the projects under the Facility:

- (i) environmental assessment and review framework ("EARF") dated April 2011;
- (ii) land acquisition and resettlement framework ("LARF") dated April 2011;
- (iii) ethnic minority planning framework ("EMPF") May 2011;
- (iv) initial environmental examination ("IEE") and environmental management plan ("EMP") dated April 2011 for the first tranche; and/or
- (v) gender action plan ("GAP") for the first tranche dated 30 June 2011.

83. The safeguard frameworks cover the Facility specific information and requirements in accordance with ADB's Safeguard Policies (2009) (SPS): (i) the general anticipated impacts of the projects likely to be financed under the Facility on the environment, involuntary resettlement, and indigenous peoples; (ii) the safeguard criteria that are to be used in selecting projects; (iii) the requirements and procedure that will be followed for screening and categorization, impact assessments, development of management plans, public consultation and information disclosure (including the 120-day disclosure rule, if required), and monitoring and reporting; (iv) the institutional arrangements (including budget and capacity requirements) and Uzbekistan's and ADB's responsibilities and authorities for the preparation, review and clearance of safeguard documents.

84. Prior to the preparation of each PFR, the applicability and relevance of each safeguard framework for environmental assessment, involuntary resettlement, and ethnic minority will be reviewed and updated by the Road Fund to ensure relevance and consistency with applicable laws and regulations in Uzbekistan and ADB's safeguard policies, as amended from time to time. In the event that there is a discrepancy between the laws and regulations of Uzbekistan and ADB safeguard policies, the ADB safeguard policies will prevail. The entitlement standards set in the original LARF as well as standards stipulated in other frameworks cannot be lowered during updates.

85. In all cases, for each new PFR preparation, Uzbekistan will review ongoing projects to check on the status of compliance with the safeguards plans and frameworks, and submit the review reports to ADB, together with other required safeguard documents relevant to the project included in the tranche being processed. In any case, if major noncompliance is discovered in the course of the review of ongoing projects, a corrective action plan will be prepared and submitted to ADB.

86. The following safeguards assurances will be incorporated into related loan agreements for projects under individual tranches of the Facility, as appropriate.

A. Environment

87. Uzbekistan through the Road Fund will ensure that the preparation, design, construction, implementation, operation and decommissioning of the facilities under Investment Program and each project under the Facility are carried out in accordance with (a) applicable laws and regulations in Uzbekistan relating to environment, health, and safety; (b) the environmental

safeguards under ADB's Safeguard Policy Statement (2009) (SPS); (c) the EARF, and respective IEEs or EIAs; and (d) all measures and requirements set forth in the respective [IEE/EIA] and EMP, and any corrective or preventative actions set forth in safeguards monitoring reports. Uzbekistan through the Road Fund will ensure that potential adverse environmental impacts arising from the Investment Program are minimized by implementing all mitigation and monitoring measures as presented in the environment management plan (EMP) included in the IEEs or EIAs.

B. Land Acquisition and Resettlement and Ethnic Minority

88. Uzbekistan through the Road Fund will ensure that all land and all rights-of-way required by the projects under the Facility are made available to the Works contractors in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of Uzbekistan relating to land acquisition and involuntary resettlement; (b) the involuntary resettlement safeguards under the SPS; (c) the LARF; and (d) all measures and requirements set forth in the respective LARP, and any corrective or preventative actions set forth in safeguards monitoring reports.

89. Without limiting the application of the involuntary resettlement safeguards under the SPS, the LARF or LARPs, Uzbekistan through the Road Fund will ensure that no physical or economic displacement takes place in connection with any project under the Facility until:

- (i) compensation and other entitlements have been provided to affected people in accordance with the respective LARP; and
- (ii) a comprehensive income and livelihood restoration program has been established in accordance with the respective LARP.

90. Uzbekistan through the Road Fund will ensure that the preparation, design, construction, implementation and operation of the projects under the Facility comply with (a) all applicable laws and regulations of Uzbekistan relating to ethnic minorities; (b) the indigenous peoples safeguards under the SPS; (c) the EMPF; and (d) all measures and requirements set forth in the respective EMDP, and any corrective or preventative actions set forth in safeguards monitoring reports.

91. Uzbekistan through the Road Fund will ensure that Project 1 will neither involve land acquisition involuntary resettlement or impact on ethnic minority within the meaning of the SPS. However, if based on detailed design additional land is required triggering any land acquisition, resettlement (LAR) and/or impact on ethnic minority, the Road Fund will prepare, disclose, and implement a land acquisition and resettlement plan (LARP) and/or an ethnic minority development plan (EMDP) in accordance with SPS, the LARF, and the EMPF.

92. For the subsequent projects of the Investment Program that will involve LAR and/or ethnic minorities, Uzbekistan through the Road Fund will ensure that no civil works contract is awarded until a respective LARP and EMDP (as required), has been prepared and agreed with ADB. The LARP and EMDP must be prepared and disclosed to the affected people before submission of the relevant PFRs to ADB for review and approval.

C. Human and Financial Resources to Implement Safeguards Requirements

93. Uzbekistan will make available or cause the Road Fund to make available necessary budgetary and human resources to fully implement the EMPs, the LARPs and the EMDPs, as applicable.

D. Safeguards – Related Provisions in Bidding Documents and Works Contracts

94. Uzbekistan through the Road Fund will ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (i) comply with the measures and requirements relevant to the contractor set forth in the respective IEE/EIA, the EMP, the LARP and the EMDP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in safeguards monitoring reports;
- (ii) make available a budget for all such environmental and social measures;
- (iii) provide the Road Fund with a written notice of any unanticipated risks or impacts related to environment, resettlement or ethnic minorities that arise during construction, implementation or operation of the Project that were not considered in the respective IEE/EIAs, the EMPs, the LARPs or the EMDPs;
- (iv) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (v) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction

E. Safeguards Monitoring and Reporting

95. Uzbekistan through the Road Fund will do the following:

- (i) submit to ADB safeguards monitoring reports at time intervals specified in the respective EMPs, LARPs and EMDPs and disclose relevant information from such reports to affected persons promptly upon submission;
- (ii) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the projects that were not considered in the respective EIA/IEE, the EMP, the LARP or the EMDP], promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (iii) report any actual or potential breach of compliance with the measures and requirements set forth in the respective EMPs, LARPs or EMDPs promptly after becoming aware of the breach.

F. Prohibited List of Investments

96. Uzbekistan will ensure that no proceeds of loans under the Facility are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

G. Labor, Gender, Health, and Social Protection

97. Uzbekistan will include a specific provision in the bidding documents to ensure that civil works contractors: (i) comply with core labor standards, applicable laws and regulations in

Uzbekistan and incorporate applicable workplace occupational safety norms; (ii) do not differentiate payment between men and women for work of equal value; (iii) do not employ child labor in the construction and maintenance activities; (iv) eliminate forced or compulsory labor; (v) eliminate employment discrimination; (vi) allow for freedom of association; and (vii) to the extent possible, maximize employment of local people for project construction purposes, provided that the requirements for job and efficiency are adequately met. Uzbekistan will ensure that appropriate entities (such as nongovernment organizations) disseminate information on the risks of sexually transmitted infections, including HIV/AIDS, to the employees of civil works contractors engaged under the Investment Program and to members of the local communities surrounding the sections of the A380 and A373 highways under the Investment Program, particularly females.

98. Uzbekistan will implement the GAPs for individual projects.

VIII. GENDER AND SOCIAL DIMENSIONS

99. Poverty and social analysis undertaken as part of the due diligence process demonstrate the women-men unemployment ratio as 6.5:2.5. Poverty rate of women-headed households is 1.5 times higher than those headed by men. Highway construction and the development of long-term transit routes may increase the risk of sexually transmitted infections. The government takes this risk seriously and has agreed to a mitigation plan with ADB.

100. To enhance a positive gender impact and minimize project-related risks for women and children a Gender Action Plan (GAP) has been prepared for PFR1. The GAP serves as an initiative for gender activities to provide the following:

- (i) Improved market and sanitary facilities (commercially operated by women) for women traders and travelers along the road sites
- (ii) Improve road safety, road crossing points and lightening
- (iii) Improved gender awareness in the Road Fund
- (iv) Improved women's entrepreneurial skills and access to finance and training
- (v) Improved women's awareness about HIV/AIDs/STD risks and prevention methods and traffic safety.

101. The GAP will be implemented in close coordination with the women committees and Road Fund. Regular monitoring of activities will be undertaken during the implementation phase in order to ensure that GAP is successfully executed and the initiative taken under PFR1 could be replicated in subsequent tranches and other road projects in Uzbekistan.

102. The government, through the Road Fund, will ensure that appropriate entities, e.g., PMU gender specialist and/or NGOs disseminate information on the risks of sexually transmitted infections, including HIV, to the employees of civil works contractors engaged under the investment program and to members of the local communities surrounding the project road, particularly females.

GENDER ACTION PLAN FOR PROJECT 1

Objective	Activity	Indicator	Target group	Responsibility
Output 1: Selected sections of CAREC Corridor 2 Road reconstructed by the Road Fund				
1. Improved market and sanitary facilities for women traders and travelers in two selected locations in Akhangaran and Pop districts	<p>Coordinate parallel construction of road side development of local khokimyat with Highway construction</p> <p>Maintain basic sanitary facilities for men and women on commercial basis</p>	<p>Two facilities for road side market places constructed/maintained</p> <p>Two sanitary facilities for women and men (2 for each) maintained and operated on commercial basis</p>	Women entrepreneurs and travelers along the highway	<p>Local khokimyat, Road Fund</p> <p>Local communities' women</p>
Output 2: Road sector sustainability plans implemented by the Road Fund				
1. Women are aware of training opportunities to scale up their basic entrepreneurial skills	<p>Conduct outreach/information dissemination activities on training opportunities</p> <p>Conduct training to upgrade women entrepreneurs' business development skills and improved access to finance</p>	<p>Four outreach activities conducted by NGO for at least 100 women by PMU gender specialist</p> <p>100 women trained in business development and access to finance</p>	Women entrepreneurs (at least 100 women) along the highway	Road Fund
2. Women in project area are informed about project benefits	Conduct outreach/information dissemination activities in women committees of mahallas	Four outreach activities conducted in the rural communities	Women in project area	Women Committees, Akhangaran and Pop districts, Road Fund
3. Improve implementation of EGM activities for the project and increase gender analysis skills of Road Fund staff and relevant agencies	Conduct gender awareness training for the Road Fund and for the project staff of the hokimiyats	Two gender and development awareness training conducted	Road Fund	Road Fund in close coordination with URM Gender Specialist
4. Women and men in project area are informed about HIV/AIDS risks and prevention methods and traffic safety	Conduct training on traffic safety and HIV/AIDS prevention	Four outreach activities and four HIV/AIDS prevention and traffic safety trainings conducted	Women and men in project area	Women Committees, Akhangaran and Pop districts, and Road Fund

EGM = effective gender mainstreaming; PMU = Program management unit; URM = Uzbekistan Resident Mission of the Asian Development Bank.

Source: Asian Development Bank estimates.

A. Gender Strategy for Project 1

103. The social and gender analysis has identified the following issues, related to the investment program.

- (i) The education level of women, especially in higher and vocational education is lower compare is that of men
- (ii) Low representation of women in formal employment;
- (iii) High proportion of women entrepreneurs in informal labor market
- (iv) Unsafe road, lack of lightening especially in winter and lack of road crossing points impacts on girl's school attendance.
- (v) Lack of sanitary facilities, bus stops, road side market places impact on communities benefits of the road, in particular women travelers

104. Women in the communities in the project area of tranche 1 (Tashkent, Namangan region) have lower educational attainments than men. 23.5% of male household heads and only 9.1% of female headed households have higher education. This creates considerable disadvantage in the labor market perspectives and level of income. The poverty rate for women headed households is 1.5 times higher than for households headed by men. At the same time the number of entrepreneurs is twice higher among women (16.84%) than among men (8.95%).

105. Women entrepreneurs in the region are mostly involved in trading agricultural products, thus improving their access to markets, decreasing travel time will improve their productivity. Women use the road mostly in micro-vans as passenger and most women don't drive themselves. Thus women depend more on public transportation, public facilities along the road such as bus stops, toilets, road crossing points and road side markets places than men. The gender analysis surfaced that the lack of road crossing points, adequate lightening and road safety signs impact on girl's school attendance in winter. Thus including adequate road safety measures in the project are essential to improve benefits for local communities, especially women and girls.

106. The gender action plan will facilitate coordination of the road construction with road side infrastructure development of the Khomiyats.⁸ The GAP will assure that road side sanitary facilities for men and women will be restored, and commercially maintained by women of the road side communities. This will create small incomes and will allow women travelers to use adequate facilities. The GAP will also assure the construction of road crossing points in villages which are divided by the road and in front of colleges. Bus stops and small market places will be constructed by the Khomiyats based on communities' needs. The GAP will include a pilot project on capacity development for women entrepreneurs along the road. This pilot will be implemented by the National Women Committee and financed under RETA 7563.⁹ 100 women will receive training (in business development, accessing to finance etc.) under this pilot project. The trainings will be provided by the NGO "Women's Business Association". This NGO has long-standing experience in training women in entrepreneurship and creating a network for women entrepreneurs, which will support them to access information, receive support and learn how to apply for micro-credits.

107. A national gender specialist (9 person months, intermittently) will be recruited to help implementing and monitoring the GAP. The consultant will be financed under the consultant supervision package.

⁸ Cabinet of Ministries Degree for Measure on Development of Road Site Infrastructure and Services of Uzbek National Highway No. 277, 22, Oct 2009

⁹ RETA 7563 "Promoting Women Entrepreneurship in Central and West Asia DMCs" financed pilot projects which are geographically or thematically related to ADB investments.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

108. Design and Monitoring Framework (DMF) for the investment program in general and project 1 in particular is in Tables 9.1 and 9.2 respectively.

Table 9.1: Design and Monitoring Framework for the Investment Program

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Increased domestic and international trade	By 2020: Annual domestic trade with Fergana valley increased to \$3.360 billion (2010 baseline: \$2.285 billion), and with Bukhara province to \$1.134 billion (2010 baseline: \$0.772 billion) Annual external trade with the Kyrgyz Republic increased to \$300 million (2010 baseline: \$177 million), with Tajikistan to \$50 million (2010 baseline: \$12.6 million), and with Kazakhstan to \$1,600 million (2010 baseline: \$956 million)	Statistical Review of Uzbekistan (annual publication by the Central Statistics Office) Statistical data of the Ministry for Foreign Economic Relations, Investment and Trade	Assumption The government sustains policies conducive to economic growth and remains committed to enhanced policy reforms and regional integration. Risk Internal slow decision making delays impetus for policy reforms.
Outcome Improved road connectivity, safety, and effective RRF management of the Uzbekistan sections of CAREC Corridor 2	By 2017: Increased average total long-haul traffic volume on the A373 and A373/4R112 highways in Fergana province to 20,000 vpd (2011 baseline: 10,000 vpd), and on the A380 in Bukhara region to 2,500 vpd (2011 baseline: 1,200 vpd) Travel time from Dautata to Bukhara reduced to 8 hours (2011 baseline: 12 hours), and from Tashkent to Osh border reduced to 5 hours (2011 baseline: 7 hours) Accidents on the A373 and A373/4R112 reduced to 120 per year (2009 baseline: 250 accidents/year), and on the A380 to 75 accidents/year. (2009 baseline: 150 accidents/year) Road asset management system and road safety plans approved by the government and implemented in accordance with international standards	Periodic classified traffic reports of Uzavtoyul Periodic classified traffic reports of Uzavtoyul Periodic classified traffic reports of Uzavtoyul RRF biannual asset management reports and Road Safety Commission's periodic reports	Assumptions Increased availability and quality of road transport services (freight and passengers) follows improvement of the investment program roads. RRF continues construction of the remaining sections of the A380 and A373 as scheduled at the same quality as the investment program. Risk Inadequate financial resources are available for road maintenance.
Outputs 1. Selected road sections of CAREC Corridor 2 reconstructed by RRF	By 2017: With pavement international roughness index of less than 4 meters per km: (i) 74 km of the A373 (between Km 116 and Km 190) reconstructed under project 1; (ii) 87 km of the A380 (between	RRF website and periodic road condition reports by RRF and Uzavtoyul	Assumption Provision of counterpart resources is timely and support for the investment program continues.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>2. Road subsector sustainability plans implemented by RRF</p>	<p>Km 228 and Km 315) reconstructed under project 2; and (iii) 75 km of the A373/4R112 (between Km 0 and Km 75) reconstructed under project 3</p> <p>Roads with cracks more than 10% and 10 potholes per km reduced to 50% (2009 baseline: 60%)</p> <p>Sector The independent quality control unit reporting to MOF biannually on road construction and maintenance works</p> <p>Public–private partnership framework in place</p> <p>National road infrastructure safety strategy approved by the government by March 2013</p> <p>Routine annual road maintenance budget is increased by an amount equal to or greater than the annual inflation rate</p> <p>Investment program Road safety action plan for the investment program approved by the government by May 2013 and implemented under projects 2 and 3</p> <p>150 staff of RRF and Uzavtoyul trained under the road safety capacity development program under projects 2 and 3</p> <p>Road asset management system updated quarterly by RRF and reported to MOF</p>	<p>Periodic road condition reports by RRF and Uzavtoyul</p> <p>Biannual road condition reports by the independent quality control unit and periodic Uzavtoyul reports</p> <p>Periodic reports of “Norma” (a private company maintaining a government legislation database)</p> <p>Road Safety Commission’s periodic reports</p> <p>Annual budget reports of RRF and Uzavtoyul</p> <p>Road Safety Commission’s periodic reports</p> <p>Periodic Road Safety Commission’s periodic reports</p> <p>RRF quarterly road asset management reports</p>	<p>Risks High turnover of program management unit mid-level staff disrupts program implementation progress.</p> <p>Internal delays are experienced in the approval of contracts for works, goods, and consultants</p> <p>Assumptions The government is committed to further reform the road subsector.</p> <p>RRF and Uzavtoyul are committed to continue improving their institutional structures and capacity.</p> <p>Risk Delays are experienced in the approval of the national road infrastructure safety strategy</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>Road user charges piloted on reconstructed Kamchik road section in 2014 under project 2</p> <p>Specific gender action plan implemented under each project</p>	<p>Periodic reports of "Norma"</p> <p>RRF website and quarterly communication reports</p>	
3. Projects completed as targeted and budgeted	<p>Project 1 completed by 30 September 2013 with no cost overrun</p> <p>Projects 2 and 3 completed as targeted and budgeted</p>	<p>Annual statistical review of Uzbekistan</p> <p>Annual statistical review of Uzbekistan</p>	
<p>Activities with Key Milestones</p> <p>1. Selected sections of CAREC Corridor 2 reconstructed by RRF</p> <p>1.1 74 km of the A373 reconstructed under project 1 by 31 March 2014</p> <p>1.2 87 km of the A380 reconstructed under project 2 by 30 September 2015</p> <p>1.3 75 km of the A373/4R112 reconstructed under project 3 by 31 March 2017</p> <p>2. Road subsector sustainability plans implemented by RRF</p> <p>2.1 National road infrastructure safety strategy, road safety checklist, guidelines, and measures that will improve road safety management, developed by September 2012 under project 1 and approved by March 2013</p> <p>2.2 Specific road safety program for the road sections of the investment program developed by December 2012 under project 1, approved by March 2013, and implemented under projects 2 and 3</p> <p>2.3 Road safety awareness campaign to selected communities and training for 150 staff of RRF and Uzavtoyul conducted under project 2 as part of the overall road safety and capacity development program</p> <p>2.4 Road asset management system updated quarterly by RRF effective January 2012</p> <p>2.5 Under each project, outreach training of entrepreneurial skills development conducted for selected number of women, and HIV/AIDS prevention and traffic safety training conducted for both men and women</p> <p>3. Projects completed as targeted and budgeted</p> <p>3.1 For project 1, construction supervision consultants recruited by 30 September 2011, civil works contract awarded by 15 October 2011 and completed by 30 September 2013 with no cost overrun</p> <p>3.2 Due diligence for projects 2 and 3 completed by December 2012, focusing on effective road management and road safety in planning, design, construction, and operation</p>			<p>Inputs</p> <p>1. ADB MFF not exceeding \$500 million, comprising up to \$180 million ADF, and balance OCR</p> <p>2. Government counterpart budget: \$100 million</p>

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, km = kilometer, OCR = ordinary capital resources, MFF = multitranché financing facility, MOF = Ministry of Finance, RRF = Republican Road Fund, vpd = vehicles per day.

Source: Asian Development Bank.

Table 9.2: Design and Monitoring Framework for Project 1

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Improved road connectivity, safety, and effective Road Fund management for the Uzbekistan sections of CAREC Corridor 2 Road	By 2017: Increased average total long-haul traffic volume on A373 highway in Fergana province to 20,000 vpd (2011 baseline: 10,000 vpd), Travel time from Tashkent to Osh border reduced to 5 hours (2011 baseline: 7 hours) Accidents on A373 highway reduced to 120 per year (2009 baseline: 250 accidents per year) Road asset management system and road safety plans implemented in accordance with international standards	Periodic classified traffic reports of Uzavtoyul Periodic classified traffic reports of Uzavtoyul Periodic classified traffic reports of Uzavtoyul Road Funds biannual asset management reports and Road Safety Commission's periodic reports	Assumptions Increased availability and quality of road transportation services (freight and passengers) following improvement of the investment program roads The Road Fund continues constructing the remaining sections of the A373 as scheduled at the same quality as the investment program Risk Inadequate financial resources for road maintenance
Outcome Reconstructed A373 highway section with increased traffic volume is safe and effectively operated and maintained	By 2017 National road infrastructure safety strategy and specific road safety program for the road sections of the investment program approved by the government Road safety training provided to 150 staff of the Road Fund and Uzavtoyul for sustained implementation of road sector safety program Routine annual roads maintenance budget is increased by no less than the annual inflation rate	Statistical Review of Uzbekistan (annual publication by Central Statistics Office, Center for Economic Research) Periodic Road Safety Commission's reports Annual budget reports of the Road Fund and Uzavtoyul	Assumptions Government is committed to timely completion of the Project 1 with focused on road safety interventions Risk Inadequate asset management and road maintenance
Outputs 1. Selected section of A373 highway reconstructed by	By 2014: 74 km of A373 highway (between Km116 and Km190) reconstructed with pavement international roughness index	Road Fund website and periodic road condition reports by Road Fund and Uzavtoyul	Assumptions Timely provision of counterpart resources and support for the MFF

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
the Road Fund	<p>of less than 4m/km</p> <p>Roads with cracks more than 10% and 10 potholes per kilometer reduced to 50% (2009 baseline: 60%)</p> <p>868 units of road safety signs installed on A373 according to international standards</p> <p>2 road side market places for women and 2 sanitary facilities for men and women constructed and maintained</p>	<p>Periodic road condition reports by Road Fund and Uzavtoyul</p> <p>Road Funds biannual asset management and road safety reports</p> <p>Road Fund website and quarterly communication reports</p>	<p>Risks</p> <p>High turnover of PMU middle level staff disrupts program implementation progress</p> <p>Internal delays in the approval of contracts for works, goods, and consultants</p>
2. Road sector sustainability plans implemented by the Road Fund	<p>The independent quality control unit (IQCUC) established at Road Fund by March 2012 that reports to the MOF biannually on the road construction and maintenance works</p> <p>National road infrastructure safety strategy approved by the government by March 2013</p> <p>Specific safety program for the road sections of the investment program I and II approved by the government by May 2013 for implementation under projects 2 and 3 with capacity development program</p> <p>Road Asset Management System updated quarterly by the Road Fund and reported to MOF</p> <p>Routine annual roads maintenance budget is increased by no less than the annual inflation rate</p> <p>Gender action plan implemented under project 1</p>	<p>Biannual road condition reports by IQCUC and periodic Uzavtoyul reports</p> <p>Road Safety Commission's reports</p> <p>Periodic Road Safety Commission's reports</p> <p>Road Fund quarterly road asset management reports</p> <p>Annual budget reports of the Road Fund and Uzavtoyul</p> <p>Road Fund website and quarterly communication reports</p>	<p>Assumptions</p> <p>Government is committed to further reform the road sector</p> <p>Road Fund and Uzavtoyul are committed to continue improving their institutional structures and capacities</p> <p>Risk:</p> <p>Internal slow decision making delays impetus for policy reforms and approval of the national road infrastructure safety strategy</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
3. Project 1 completed as targeted and budgeted	Project 1 completed by 30 September 2013 with no cost overrun Due diligence for projects 2 and 3 completed by project 1 consultants	Statistical Review of Uzbekistan (annual publication by Central Statistics Office) Quarterly implementation progress report of Project 1	
Activities with Key Milestones Output 1 <ul style="list-style-type: none"> 74 km of A373 highway reconstructed by 31 March 2014; and 868 units of road safety signs installed on A373 by 30 June 2014 Output 2: <ul style="list-style-type: none"> National road infrastructure safety strategy, road safety checklist, guidelines, and measures that will improve road safety management, developed by September 2012; Specific road safety program developed for the road sections of the investment programs by June 2013; Road asset management system updated quarterly by the Road Fund effective January 2012; 4 outreach trainings of entrepreneurial skills development conducted for at least 100 women; and 4 HIV/AIDS prevention and traffic safety trainings conducted for both men and women in the project area Output 3: <ul style="list-style-type: none"> For project 1, construction supervision consultants recruited by 30 September 2011, civil works contract awarded by 15 October 2011 and completed by 30 September 2013 with no cost overrun Due diligence for projects 2 and 3 completed by June 2012 focusing on effective road management and road safety in planning, design, construction and operation 			Inputs ADB: \$130 million (OCR) Government: \$30 million Total: \$160 million

ADB = Asian Development Bank; ICB = international competitive bidding; km = kilometer; MFERIT = Ministry of Foreign Economic Relations, Investment and Trade; MFF = multitranché financing facility; OCR = ordinary capital resources; vpd = vehicles per day.

B. Monitoring

1. Project Performance Monitoring

109. The PMU through the project performance monitoring system (PPMS), and ADB through the project performance reporting (PPR) system will rigorously monitor the overall performance of each project under the investment program. The PMU will establish a PPMS within 6 months from project commencement and collect and update baseline data for performance monitoring. The key indicators and targets, assumptions, and risks outlined at the impact, outcome, and output levels in the Investment Program's design and monitoring framework together with all the covenants monitoring will be the primary data required for analysis. For this purpose, ADB inception mission will provide to Road Fund a checklist of the above data in a word file, which will be updated in track changes and reported quarterly through the Road Fund's quarterly progress reports and after each ADB review mission. These quarterly reports will provide information to regularly update ADB's project performance reporting system.¹⁰

110. Road Fund will involve the beneficiaries in the collection of data on impacts and outcomes. During review missions, the updated project performance will be shared with the interested representatives of project beneficiaries, when appropriate.

2. Accelerating and Monitoring Contract Awards and Disbursement

111. Road Fund will continue taking advance detailed design and tendering during the future PFRs processing. However, to further accelerate the process, rigorous monitoring will be exercised for timely contract awards and disbursement. In this respect, actions will include:

- (i) To avoid the usual delays in bid evaluation as a result of contractors' submission of incomplete bids, a checklist of all the supporting documents, forms, and guarantees (**Table 9.3**) will be attached with the bids for future tendering. This will be further discussed during pre-bid meetings;
- (ii) Monitoring of agreed time-bound activities from preparation of bid evaluation report (BER) to the contract award will be carried out using a checklist (Table 8.5) for each action with the given timeframe;
- (iii) ADB's implementation of eStar uploading of withdrawal application at URM will save about 2-3 weeks of processing time; and
- (iv) For ADB monitoring, consultants shall copy to ADB project officer the interim payment certificates (IPCs), which will help intensify ADB's monitoring, expedite WA processing and payments to contractors, and consequently improve the project implementation progress.

¹⁰ ADB's project performance reporting system is available at: <http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>.

Table 9.3: Checklist of Documents for Bidders at Purchase of Tender Documents

ITB Sub-clause 11.1 Requirements	Specific Instructions and Supporting Documents
(a) Letter of Bid	<ul style="list-style-type: none"> • Total bid price (excluding discount); • Discount (if any); • Bid validity of 150 days • Signed by an authorized person (see. Item e, below)
(b) Completed schedules as required, including priced Bill of Quantities, in accordance with ITB 12 and 14	<ul style="list-style-type: none"> • Accomplished Schedule of Payment Currencies , if wished to be paid in foreign currency according to ITB sub-clause 15.2; • Accomplished Tables of Adjustment Data; • Accomplished Bill of Quantities
(c) Bid Security, in accordance with ITB 19	<p>Bidders may utilize their existing bid security, with no revision to the expiry date, provided it meets the following:</p> <ul style="list-style-type: none"> • Format in accordance with the Form of Bid Security, or any format acceptable to the Employer; other forms like cashier's or manager's check is also acceptable; • Each lot (if in lots) is covered by a bid security (either one bid security per lot or one bid security covering multiple lots - <i>EA should check if these are the same amounts indicated in the Bidding Documents</i>); • Validity of bid security is 28 days beyond the validity of the bid; • For Joint Ventures (JV), the bid security is <u>in the name of the JV or names of all future partners</u> of the JV, if not yet constituted.
(d) Alternative bids, if permissible, in accordance with ITB 13	Alternative bid is not permitted. Any alternative bid will not be considered.
(e) Written confirmation authorizing the signatory of the Bid to commit the Bidder, in accordance with ITB 20.2	<ul style="list-style-type: none"> • Notarized Power of Attorney demonstrating the authority of the signatory of the bid.
(f) Documentary evidence in accordance with ITB 17 establishing the Bidder's qualifications to perform the contract if its Bid is accepted	<ul style="list-style-type: none"> • Accomplished Current Contract Commitments / Works in Progress form; • Accomplished Financial Resources form with supporting documents; • Accomplished Bidder Information Sheet (Form ELI-1), JV Information Sheet (Form ELI-2), Pending Litigation (Form LIT-1) • Accomplished Financial Situation (Form FIN-1) with supporting documents, and Average Annual Construction Turnover (Form FIN-2)
(g) Technical Proposal in accordance with ITB 16	<ul style="list-style-type: none"> • Accomplished Personnel Forms • Accomplished Equipment form • Site Organization • Method Statement • Mobilization Schedule • Construction Schedule (work program or overall implementation schedule under ITB 11.1(h))
ITB Sub-clause 11.2 Requirement	<ul style="list-style-type: none"> • In case of JV, a copy of the Joint Venture Agreement, or a Letter of Intent to execute a JV in the event of a successful bid together with a copy of the proposed JV agreement

Table 9.4: Time-bound Action Plan for Preparation and approval of Bid Evaluation Reports

Activity	No. of Days	Responsible Agency/Department
Evaluation of Bids and preparation of bid evaluation report (BER)	10–15 days	EA
CWTC's receipt and review of BER and preparation of PC paper	4 days	CWTC
COSO and OGC review and comment of PC paper	5 days	COSO and OGC
EA's incorporation of ADB comments in BER, if any	2 days	EA
CWTC's receipt of revised BER and finalization of PC paper	2 days	CWTC
COSO and OGC review of final PC paper and approval by Procurement Committee	5 days	COSO and OGC and PC
Transmittal of ADB's no-objection of recommendation of award	1 day	CWTC
Notification of award to winning bidder(s)	2 days	EA
Contract signing	30 days	EA and Contractor

3. FFA Undertakings and Loan Covenants Compliance Monitoring

112. Compliance for all the FFA undertakings and loan covenants—road sector reforms, social and environmental safeguards, financial, economic, and others—will be jointly monitored by Road Fund and ADB through monthly updates provided by the PMU. In this respect, the PMU will submit to ADB a status report on the covenants summary (Table 9.5) with the explanation and time-bound actions on partly or non-complied covenants. As part of the joint venture efforts, ADB's resident mission will hold quarterly review meetings with the Road Fund to ensure the full compliance of all the loan covenants.

Table 9.5: Undertakings under Investment Program and Loan Covenants for Project 1

Project-specific covenants	Date	Date Complied	Delays (mo.)	Status of Compliance	Rating (S,PS,U)	Remarks/Issues
1. Policy Framework and Dialogue (FFA, Schedule 6) Uzbekistan will, through the Road Fund, (i) ensure compliance with the Roadmap which identifies the institutional development actions as set out in Schedule 1 to this FFA; (ii) use the loan proceeds from Facility effectively and efficiently to implement the Investment Program and achieve its objectives; and (iii) implement the financing plan agreed for the Investment Program. Uzbekistan will, through the Road Fund, keep ADB informed in a timely manner of any changes to and progress in implementing the Roadmap, the Investment Program and the financing plan. Uzbekistan will, through the Road Fund, consult with ADB and other donors involved in road sector in a policy dialogue affecting any of these elements and keep them regularly informed of the progress in implementing the road sector reforms.						
2. Road Safety (FFA, Schedule 6) Uzbekistan will, through the Road Fund, ensure that civil works contracts will include the contractors' obligation to comply with road safety measures. The Road Fund will provide to ADB the accident rate and traffic volume during the implementation of the Investment Program Road.						
3. Environmental (FFA, Schedule 5) Uzbekistan will ensure that the design, construction, and operation and maintenance of the facilities under Investment Program are carried out in accordance with ADB's Safeguard Policy Statement (2009) (SPS), applicable laws and regulations in Uzbekistan, the EARF, and respective IEEs or EIAs. Uzbekistan through the Road Fund will ensure that potential adverse environmental impacts arising from the Investment Program are minimized by implementing all mitigation and monitoring measures as presented in the environment management plan (EMP) included in the IEEs or EIAs. Uzbekistan through the Road Fund will ensure that: <ul style="list-style-type: none"> (i) EMPs are updated prior to implementation of civil works. (ii) The Road Fund has sufficient resources to implement and record the implementation of the EMPs prepared for the Investment Program. (iii) Starting from project commencement, the PMU will submit semi-annual environmental reports prepared by the environment safeguard specialist to ADB, within 3 months of the close of each half of the calendar year during implementation of each individual project under the Investment Program. The report will include, among other things, a review of progress made on environmental measures detailed in the IEEs or EIAs and EMPs, and monitoring thereof; and problems encountered and remedial measures taken. (iv) Detailed engineering designs, civil works and other contracts for the Investment Program facilities incorporate applicable environmental measures identified in the IEEs or EIAs and EMPs. (v) Civil works contractors are supervised to ensure compliance with the requirements of the IEEs or EIAs and EMPs. (vi) If an EIA is required, it has to be disclosed to the public 120 days before the approval of the associated tranche by ADB Management. 						

Project-specific covenants	Date	Date Complied	Delays (mo.)	Status of Compliance	Rating (S,PS,U)	Remarks/Issues
Others						
1. Management of the Investment Program (FFA, Schedule 3)						
<p>The Road Fund will be the executing agency for investment program II. It has already established a program management unit (PMU) and appointed a director and a team of 9 professional and support staff for implementing investment program I and taking advance contracting for tranche I of the investment program II. The PMU is currently structured with a specific mandate—technical; legal; procurement; monitoring, reporting, and evaluations; safeguards, and gender development. For implementing investment program II, the Road Fund will expand the PMU with additional 7 professionals (deputy project director, 2 road engineers, financial management specialist, and results monitoring specialist, procurement specialist, and accountant). Uzbekistan will ensure that the appointed PMU staff are not transferred during the investment program implementation, and in particular the PMU director will not be changed without consultation with ADB.</p> <p>Under the road sustainability component in Project 1 of the Investment Program, the Road Fund will develop Road Safety Strategy and implement phased road safety programs on sections of both investment programs in close cooperation with Uzbek Agency for Road and River Transport, Uzavtoyul and Department of Traffic Police (GAI) under Ministry of Internal Affairs.</p> <p>Uzbekistan shall ensure that all ADB-financed and administered projects are exempt from the requirements for examination of tender results and price verification of contracts awarded on the basis of competitive bidding, including international competitive bidding (Clause 62 of the Regulations on Conducting Tenders for Procurement approved by Cabinet of Ministers Resolution No. 456, as amended). Uzbekistan shall ensure that a Resolution on the implementation of the investment program shall include clear provisions to that effect.</p> <p>The Road Fund will ensure that the Investment Program is implemented in accordance with the detailed arrangements set forth in the Facility Administration Manual (FAM). Any update to the FAM will become effective only after approval of such change by Uzbekistan and ADB. In the event of any discrepancy between the FAM and the FFA and the loan agreements, the provisions of the FFA and the loan agreements will prevail.</p>						
2. Construction Quality (FFA, Schedule 6)						
<p>Uzbekistan will, through the Road Fund, ensure that each project under the Investment Program is carried out in accordance with the agreed technical specifications and design and that the construction supervision, quality control and project management of each project are performed in accordance with applicable standards and best international practices.</p>						

Project-specific covenants	Date	Date Complied	Delays (mo.)	Status of Compliance	Rating (S,PS,U)	Remarks/Issues
<p>3. Project Reporting and Review (FFA, Schedule 3)</p> <p>The PMU will prepare quarterly progress reports and will submit them to ADB within 2 weeks from the end of the related quarter. Overall progress and compliance with conditions of the loan agreement will be monitored regularly and reviewed by ADB, consistent with existing project implementation requirements. Reports will include evaluation of issues and will recommend remedial actions.</p> <p>The PMU will establish a project performance monitoring system within 6 months from loan effectiveness and collect baseline data for performance monitoring. The key indicators and assumptions outlined at the impact and outcome levels in the Investment Program's design and monitoring framework will be the primary data required for analysis.</p> <p>ADB will field an inception mission within 3 months after signing of the FFA and the loan agreement for Project 1. Review missions will be carried out on a semiannual basis jointly by representatives of ADB, Borrower, and the Road Fund. The review missions will assess the status of the project implementation including procurement, civil works, financing, compliance to environmental and social safeguards, and the road sector sustainability. Site visit will be conducted during review missions to verify the social and environmental safeguard compliance. A mid-term review mission will be carried out 2 years after each loan becomes effective. Each mid-term review will evaluate compliance with the terms, conditions, and undertakings set out in the FFA, (including the environmental and social safeguards requirements), and loan covenants set out in the loan agreements. The review will allow for any necessary midcourse corrections to ensure successful implementation and the achievement of the project objectives. A project completion report will be submitted by the Road Fund within 3 months of the completion of each project.</p>						
<p>2. Governance and Anti-Corruption (FFA, Schedule 6)</p> <p>Uzbekistan will, through the Road Fund, ensure that updated information on the RDP will be provided in the Road Fund webpage within the MOF website. Such information will reflect the performance of the RDP (with clear performance indicators), Uzbekistan's policy on roads construction and reconstruction, a 5-year investment plan, business opportunities, bidding process and guidelines, outcome of biddings, and summary progress reports of the ongoing projects.</p> <p>Uzbekistan, through the Road Fund: (a) acknowledges that ADB consistent with its commitment to good governance, accountability and transparency under the ADB <i>Anti-Corruption Policy</i> (1998, as amended to date), reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Investment Program; and (b) agrees to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, for the satisfactory completion of any such investigation. In addition, Uzbekistan, through the Road Fund, will (a) conduct periodic inspections of the contractor's activities relating to fund withdrawals and settlements; (b) ensure that all contracts financed by ADB in connection with the Investment Program include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants, and other service providers as they relate to the Investment Program; and (c) the construction supervision consultant will unify the contractor's invoices in accordance with working drawings and contract specifications.</p>						

4. Land Acquisition and Resettlement Activities Monitoring

113. LAR tasks will be monitored internally and externally. Internal monitoring (IM) will be carried out by the PMU. For project with significant LAR impacts external monitoring (EM) will be assigned to an Independent Monitoring Agency (IMA) hired by RRF and approved by ADB from among local consultants or NGOs. The IMA will be mobilized prior to LARP implementation.

114. Resettlement monitoring activity has three main objectives; (1) to verify that resettlement activities have been effectively completed including quantity, quality, and timeliness and comply with the LARF and the LARP; (2) to assess whether APs have been able to restore, or improve, their livelihoods to their pre-project status; and (3) to identify the necessary corrective actions, when required.

115. **Internal Monitoring:** Internal monitoring (IM) will be carried out by the PMU. IM indicators will relate to process outputs and results, will be collected directly from the field, and will be reported quarterly to the PMU to assess the LARP implementation progress and adjust the work plan if necessary. These reports will be consolidated in the semiannual supervision reports for ADB. Specific IM benchmarks will be:

- (i) Information campaign and consultation with APs;
- (ii) Status of land acquisition and payments on land compensation;
- (iii) Compensation for affected structures and other assets;
- (iv) Relocation of APs;
- (v) Payments for loss of income;
- (vi) Selection and distribution of replacement land areas;
- (vii) Income restoration activities; and
- (viii) Ensure the gender mitigation measures G are adhered to during the internal monitoring and reporting process.

116. The above information will be collected by the PMU which will monitor the day-to-day resettlement activities of the project through the following instruments:

- (i) review of census information for all APs;
- (ii) consultation and informal interviews with APs;
- (iii) key informant interviews; and
- (iv) community public meetings

117. **External Monitoring Agency (EMA).** For project with significant¹¹ LAR impacts an external monitoring (EM) will be carried out by an independent agency on an ongoing basis, and its results communicated to the PMU and ADB by quarterly, semi-annual or annual reports whichever more efficient and practical. Indicators for EM tasks include:

- (i) Review and verify internal monitoring reports prepared by PMU,
- (ii) Review of the socio-economic and census and inventory of losses baseline information of pre-displaced persons;
- (iii) Identification and selection of impact indicators;
- (iv) Impact assessment through formal and informal surveys with the affected

¹¹ The Involuntary resettlement impacts of ADB-supported project are considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). (ADB OM section F1/OP, January 2010).

- persons;
- (v) Consult APs, officials, community leaders for preparing review report;
- (vi) Assess the resettlement efficiency, effectiveness, impact and sustainability, drawing lessons for future resettlement policy formulation and planning;
- (vii) Ensure the gender mitigation measures are implemented

118. The External Monitoring Agency (EMA) will also assess the situation of affected vulnerable groups such as female-headed households, disabled/elderly, the landless and families below the poverty line. The following will be considered as the basic indicators in monitoring and evaluating the project.

- (i) Socio-economic conditions of APs in the post-resettlement period;
- (ii) Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- (iii) Changes in housing and income levels;
- (iv) Rehabilitation of squatters, severely affected people, and different vulnerable groups;
- (v) Valuation of property;
- (vi) Ability to replace lost assets;
- (vii) Disbursement of compensation and other entitlements;
- (viii) Level of satisfaction of APs in the post resettlement period;
- (ix) Quality and frequency of consultation and disclosure; and
- (x) Conduct of grievance procedures

119. Internal and external monitoring and reporting will continue until all LAR activities have been completed. External monitoring reports will be disclosed on the Project/ADB website.

5. Environmental Safeguards Monitoring

120. Monitoring is required during all three stages of a project, i.e. planning, construction and operation to record the mitigative actions taken and the resulting effects designed to either avoid or reduce predicted impacts. The preparation and oversight of any monitoring work is the responsibility of the Executing Agency and its consultant.

121. Monitoring during the planning stage usually takes place twice once to incorporate mitigative measures in the planning process and then at the end of that stage to monitor compliance. Construction monitoring takes place at regular intervals throughout the construction period, usually quarterly, with bi-annual monitoring reports.

122. Operating period monitoring is dependent on the types and duration of impacts identified during the environmental assessment, but usually are completed annually for the first three years, for a variable time period.

123. Some of the monitoring during both the construction and operating periods will require sample collection as well as field measurements.

6. Ethnic Minority Plan Monitoring

124. The Road Fund will establish a monitoring system involving Road Fund staff, Councils of Rural Communities, makhalla committees, and EM groups, to ensure participatory monitoring arrangements. A set of monitoring indicators will be determined during Ethnic Minority Plan

(EMP) implementation. Project supervision and monitoring consultants will carry out external monitoring. Appropriate monitoring formats will be prepared for internal and external monitoring and reporting requirements.

125. For project with significant adverse impacts on ethnic minorities, a qualified and experienced external experts or qualified NGO will be engaged by the Road Fund to verify monitoring information of the EMP. The external experts will advise on compliance issues and if any significant issues are found, the Road Fund will prepare a corrective action plan or an update to the approved EMP. The Road Fund requires implementing the corrective actions and following up these actions to ensure their effectiveness.

7. Poverty and Social Action Plans

126. The Project will involve civil works of a major highway, using mostly machinery and skilled labor. Only a limited amount of unskilled labor will be needed during construction. No specific pro-poor activities are planned in this Project. The social and gender analyses conducted under the Investment Program produced a Gender Action Plan (GAP) showing that the following needs should be addressed: (i) capacity building on social and gender issues at Road Fund and Saramaya; (ii) development of social infrastructure and business skills in Saramaya; (iii) improved access to health care in Saramaya. To monitor and report these activities, a monitoring and reporting tool will be developed by a community and gender development specialist no later than the second quarter of 2011, and monitoring reports will be produced quarterly throughout the plan.

C. Evaluation

127. ADB will field an inception mission within 3 months after signing of the FFA and the loan agreement for Project 1. Review missions will be carried out on a semiannual basis jointly by representatives of ADB, Borrower, and the Road Fund. The review missions will assess the status of the project implementation including procurement, civil works, financing, compliance to environmental and social safeguards, and the road sector sustainability. Site visits are required for all projects with environment or social impacts. A mid-term review mission will be carried out 2 years after each loan becomes effective. Each mid-term review will evaluate compliance with the terms, conditions, and undertakings set out in the FFA, environmental and social safeguards, and loan covenants set out in the loan agreements. The review will allow for any necessary midcourse corrections to ensure successful implementation and the achievement of the project objectives. Within 3 months of physical completion of each Project, the Road Fund will submit a project completion report to ADB.¹²

D. Reporting

128. The PMU will prepare quarterly progress reports and will submit them to ADB within 2 weeks from the end of the related quarter. Overall progress and compliance with conditions of the loan agreement will be monitored regularly and reviewed by ADB, consistent with existing project implementation requirements. Reports will include evaluation of issues and will recommend remedial actions.

¹² Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

129. The PMU will establish a project performance monitoring system within 6 months from loan effectiveness and collect baseline data for performance monitoring. The key indicators and assumptions outlined at the impact and outcome levels in the Investment Program's design and monitoring framework will be the primary data required for analysis.

E. Stakeholder Communication Strategy

Project Documents	Means of Communication	Responsible Party	Frequency	Audience(s)
Project Information Document (PID)	ADB's website	ADB	initial PID no later than 30 calendar days of approval of the concept paper; quarterly afterwards	General Public
Design and Monitoring Framework (DMF)	ADB's website	ADB	draft DMF after post fact-finding mission	Project-affected people
Environmental Impact Assessments	ADB's website	ADB	at least 120 days before Board consideration	General Public, project-affected people in particular
Resettlement Planning Documents	ADB's website	ADB	post fact-finding mission	General Public, project-affected people in particular
Ethnic Minority Planning Documents	ADB's website	ADB	post fact-finding mission	General Public, project-affected people in particular
Reports and Recommendations of the President	ADB's website	ADB	within 2 weeks of Board approval of the loan	General Public
Legal Agreements	ADB's website	ADB	no later than 14 days of Board approval of the project	General Public
Initial Poverty and Social Assessment	ADB's website	ADB	within 2 weeks of completion	General Public, project-affected people in particular
Documents Produced under Technical Assistance	ADB's website	ADB	within 2 weeks of completion	General Public
Facility Administration Memorandum	ADB's website	ADB	After loan negotiations	General Public
Social and Environmental Monitoring Reports	ADB's website	ADB	routinely disclosed, no specific requirements	General Public, project-affected people in particular
Major Change in Scope	ADB's website	ADB	within 2 weeks of approval of the change	General Public
Completion Reports	ADB's website	ADB	within 2 weeks of circulation to the Board for information	General Public
Evaluation Reports	ADB's website	ADB	routinely disclosed, no specific requirements	General Public
Performance of the investment program with clearly defined information requirements and indicators, policy on roads construction and reconstruction, 5-year investment plan, business opportunities, bidding process and guidelines, results of bidding process, and summary progress reports of the ongoing projects.	The borrower's Website	The borrower (Executive Agency)	per project progress, no longer than monthly	General Public

X. ANTICORRUPTION MEASURES

130. The Government will comply with, and will ensure that the Road Fund complies with, ADB's Anticorruption Policy (1998, as amended to date). The Government, consistent with its commitment to good governance, accountability and transparency, agrees (a) that ADB has the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Investment Program and (b) to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In addition, the Government will (a) conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; (b) ensure that all contracts financed by ADB in connection with the Investment Program include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants, and other service providers as they relate to the Investment Program; and (c) the construction supervision consultant shall verify the contractors' invoices in accordance with working drawings and contract specifications.

XI. ACCOUNTABILITY MECHANISM

131. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.¹³

¹³ For further information see: <http://compliance.adb.org/>.

XII. RECORD OF FAM CHANGES

132. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the FAM.¹⁴

Table 12.1: Sample Table for Recording FAM Changes

FAM Version	Created Date	Revision Date	Reasons of Change	Main Contents of Change
V1.0	28 April 2011	NA	Initial	NA
V2.0		04 July 2011	Loan Negotiations	Procurement Plan updated

¹⁴ The Road Fund and ADB shall ensure that changes to the FAM during Investment Program implementation must be consistent with the FFA and applicable loan agreements.