

## FRAMEWORK FINANCING AGREEMENT

### (UZB: SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM)

<b>Parties</b>	This Framework Financing Agreement (“FFA”) dated 04 July 2011 is between the Republic of Uzbekistan (“Uzbekistan”) and the Asian Development Bank (“ADB”).
<b>MFF Investment Program</b>	<p>Second CAREC Corridor 2 Road Investment Program (“Investment Program”) is an integral part of the Accelerated Development Program (2011–2015) for Infrastructure, Transport and Communications (“<i>Accelerated Development Program</i>”),<sup>1</sup> which updates and incorporates the previous National Road Development Program for 2009–2014, as approved by the resolution of the President of the Republic of Uzbekistan PP-1103 dated 22 April 2009. The Accelerated Development Program sets out a roadmap for the entire road development in Uzbekistan (the “Roadmap”). Uzbekistan is committed to and will implement the Roadmap and the Investment Program. Both the Roadmap and the Investment Program are described in Schedule 1 hereto.</p> <p>The Investment Program is an extension of the ongoing CAREC Corridor 2 Road Investment Program<sup>2</sup> (investment program I). The Investment Program targets the Uzbekistan sections of CAREC Corridor 2—one section of A380, one section of A373, and one section of A373/4R112, highways which connect Uzbekistan to Afghanistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Turkmenistan.</p> <p>The total cost of the Investment Program over the period 2011 to 2017 is expected to be \$600 million equivalent. The total cost of the Roadmap over the period 2011 to 2015 is estimated at \$3 billion equivalent, of which the costs of the government's investments in the A380 is estimated as \$1.6 billion, and in the A373 and A373/4R112 highways is estimated at \$350 million.</p>
<b>Multitranche Financing Facility</b>	<p>The Multitranche Financing Facility (“Facility”) is intended to finance projects under the Investment Program, provided that the selection criteria and approval procedure set out in Schedule 4 hereto, and that the understandings set out in this FFA, are complied with.</p> <p>The Investment Program will cover about 236 kilometers (km) of road sections of the A373, A373/4R112, and A380 highways in Tashkent, Fergana, Namangan, and Bukhara provinces of Uzbekistan. It is anticipated the Facility will comprise 3 tranches to finance projects under the Investment Program. The Investment Program comprises 2 components: (a) the road development component; and (b) the road sector sustainability component, including improvement in road sector management, road safety, and road asset management. Specifically:</p>

<sup>1</sup> Republic of Uzbekistan, 21 December 2010, *Resolution of the President of the Republic of Uzbekistan No. 1446 on “Accelerated Development of Infrastructure, and Construction in Transport and Communications”* (2011–2015).

<sup>2</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the Republic of Uzbekistan for the Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program*. Manila.

	<p>(i) Project 1 will comprise: (a) the road development component for reconstruction of about 74 km reconstructed section of the A373 highway (between Km116 and Km190), which will upgrade the existing four-lane road section with an international design; and (b) road sector sustainability component the outputs of which will be road safety management improvement, which will include: include (i) developed national road infrastructure safety strategy and road safety checklist, guidelines, and measures improving road safety management; (ii) developed road safety action plan for all the road sections under the investment programs I and II; (iii) installed solar road signs for A373 Kamchik Pass section; and (iv) implemented road safety capacity development program and public education programs.</p> <p>(ii) Project 2 will comprise: (a) the road development component targeting reconstruction of about 87 km section of the A380 highway (between Km228 and 315); and (b) the road sector sustainability component targeted at strengthening capacity of the Road Fund for road asset management, and implementation of road safety actions plans for projects 1 and 2.</p> <p>(iii) Project 3 will comprise: (a) the road development component for reconstruction of about 75 km section of the A373/4R112 highway (between Km 0 and 75); (b) the road sector sustainability component for road asset management improvement, implementation of road safety action plan for project 3. Improvement of cross-border facilities for shortening the processing time at Osh, Kyrgyzstan border is covered under the Japan Bank for International Cooperation funding.</p>
<b>Financing Framework Agreement</b>	<p>This FFA does not constitute a legal obligation on the part of ADB to commit any financing. At its sole discretion, exercised reasonably, ADB has the right to deny any financing request made by Uzbekistan, cancel the uncommitted portion of the Facility, and withdraw Uzbekistan's right to request any financing tranche under the Facility. Financing tranches may be made available by ADB provided matters continue to be in accordance with the general understandings and expectations on which the Facility is based and which are laid out in this FFA.</p> <p>This FFA does not constitute a legal obligation on the part of Uzbekistan to request any financing. Uzbekistan has the right not to request any financing under the Facility. Uzbekistan also has the right at any time to cancel any uncommitted portion of the Facility.</p> <p>Uzbekistan and ADB may exercise their respective rights to cancel the Facility or any uncommitted portion thereof, and ADB may exercise its right to refuse a financing request, by giving written notice to such effect to the other party. The written notice will provide an explanation for the cancellation or refusal and, in the case of a cancellation, specify the date on which the cancellation takes effect.</p>
<b>Financing Plan</b>	<p>Out of \$1.6 billion investment need for the A380 and \$380 million for A373 and A373/4R112 highways, ADB has provided \$10 million for civil works under Loan 2403 and two approved tranches (Loan 2635-SF, Loan 2746-</p>

	<p>UZB) of \$355 million under the MFF for investment program I. The Government is financing the balance.</p> <p>The financing plan for the Investment Program is summarized below.</p> <table><tr><th rowspan="2">Financing Source</th><th colspan="3">MFF (\$ million)</th><th rowspan="2">Total</th></tr><tr><th>Tranche 1<sup>a</sup></th><th>Tranche 2<sup>b</sup></th><th>Tranche 3<sup>a</sup></th></tr><tr><td>ADB</td><td>130</td><td>180</td><td>190</td><td>500</td></tr><tr><td>Government</td><td>30</td><td>40</td><td>30</td><td>100</td></tr><tr><td><b>Total</b></td><td><b>160</b></td><td><b>220</b></td><td><b>220</b></td><td><b>600</b></td></tr></table> <p>ADB = Asian Development Bank; MFF = multitranche financing facility.</p> <p><sup>a</sup> Source of ADB financing: Ordinary Capital Resources.</p> <p><sup>b</sup> Source of ADB financing: Asian Development Fund resources.</p> <p>Source: Asian Development Bank estimates.</p>	Financing Source	MFF (\$ million)			Total	Tranche 1 <sup>a</sup>	Tranche 2 <sup>b</sup>	Tranche 3 <sup>a</sup>	ADB	130	180	190	500	Government	30	40	30	100	<b>Total</b>	<b>160</b>	<b>220</b>	<b>220</b>	<b>600</b>
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Financing Terms	<p>ADB will provide loans to finance projects under the Investment Program, as and when the projects are ready for financing, provided, Uzbekistan is in compliance with the understandings hereunder, and the projects are in line with those same understandings. Each loan will constitute a tranche.</p> <p>Each tranche may be financed under terms different from the financing terms of previous or subsequent tranches. The choice of financing terms will depend on the project, capital market conditions, and ADB's financing policies, all prevailing at the time the tranche is documented in a loan agreement.</p> <p>Tranches may be provided in sequence or simultaneously, and some may overlap in time with each other. There is no maximum or minimum size for a tranche.</p> <p>Commitment charges are not payable on the Facility. They are payable only on financing actually committed by ADB as a loan. ADB rules on commitment charges, which are in effect when a tranche is provided, will apply with respect to such ADB-financed tranche.</p> <p><b>Amount</b></p> <p>The maximum financing amount available under the Facility is \$500 million equivalent, comprising \$320 million loans 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 a part of the investment program. Financing will be provided in individual tranches.</p> <p><b>Availability Period</b></p> <p>The last date on which any disbursement under any tranche may be made will be 31 December 2017. The last financing tranche is expected to be executed (approved and signed) no later than 30 June 2015.</p> <p><b>Terms and Conditions</b></p> <p>Uzbekistan will cause the proceeds of each tranche to be applied to the</p>																							

	financing of expenditures of the projects under the Investment Program, in accordance with conditions set forth in this FFA and the loan agreements for each tranche.
<b>Execution</b>	The Executing Agency for the Investment Program will be the Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan ("Road Fund"). The Road Fund will implement the Investment Program in accordance with the principles set forth in Schedule 1 to this Agreement, and as supplemented in the loan agreements for each tranche.
<b>Periodic Financing Request</b>	<p>Uzbekistan may request, and ADB may agree, to provide loans under the Facility to finance the Investment Program and its related projects upon the submission of a Periodic Financing Request (PFR). Each PFR should be submitted by Uzbekistan. Uzbekistan will make available to the Road Fund, the proceeds of the tranche in accordance with the related PFR, and the loan agreements for the tranche. ADB will review the PFRs and, if found satisfactory, prepare the related loan agreements.</p> <p>The projects for which financing is requested under the PFR will be subject to the selection criteria and approval process set out in Schedule 4 hereto, satisfactory due diligence, and preparation of relevant safeguards and fiduciary frameworks and other documents.</p> <p>Until notice is otherwise given by Uzbekistan, the Ministry of Finance will be Uzbekistan's authorized representative for purposes of executing PFRs.</p>
<b>General Implementation Framework</b>	The Facility will be implemented in accordance with the general framework set out in Schedule 3 hereto. ADB and Uzbekistan will agree on a Facility Administration Manual (FAM) during loan negotiations for the first tranche. The schedules for initiating projects under the Investment Program will be agreed between ADB and Uzbekistan prior to the effective date of the respective loan agreements.
<b>Procedures</b>	<p>Tranches to be provided under the Facility will be subject to the following procedures and undertakings:</p> <ul style="list-style-type: none"> <li>(i) Uzbekistan will have notified ADB of a forthcoming PFR at least 15 days in advance of the submission of the PFR.</li> <li>(ii) Uzbekistan will have submitted a PFR in the format agreed with ADB.</li> <li>(iii) ADB may, at its sole discretion, decline to authorize the negotiation and execution of any loan agreement for a tranche.</li> <li>(iv) If ADB confirms acceptance of the PFR, the loan agreements will be negotiated and executed by the parties.</li> </ul>
<b>PFR Information</b>	<p>The PFR will substantially be in the form attached hereto, and will contain the following details:</p> <ul style="list-style-type: none"> <li>(i) Loan amount;</li> <li>(ii) Description of the project to be financed;</li> <li>(iii) Cost estimates and financing plan;</li> <li>(iv) Implementation arrangements specific to the project;</li> <li>(v) Confirmation of the continuing validity of and adherence to the understanding in this FFA;</li> <li>(vi) Confirmation of compliance with the provisions under previous loan agreement(s), as appropriate; and</li> </ul>

	(vii) Other information as may be required under the FAM, or reasonably requested by ADB.
<b>Safeguards</b>	Attached as Schedule 5 are references to the safeguards frameworks that will be complied with during the implementation of the Facility.  ADB Safeguard Policies in effect at the time ADB approves the provision of a financing tranche will be applied with respect to the project financed under such tranche.
<b>Procurement</b>	All goods and services to be financed under the Facility will be procured in accordance with ADB's Procurement Guidelines (2010, as amended from time to time).
<b>Consulting Services</b>	All consulting services to be financed under the Facility will be procured in accordance with the Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (2010, as amended from time to time).
<b>Advance Contracting and Retroactive Financing</b>	Under each tranche, ADB may, subject to its policies and procedures, allow on request (a) advance contracting and (b) retroactive financing of eligible expenditures such as for works, goods, and consulting services; 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.
<b>Disbursements</b>	Disbursements will be made in accordance with ADB's Loan Disbursement Handbook (2007, as amended from time to time).
<b>Monitoring, Evaluation and Reporting Arrangements</b>	The Road Fund will carry out benefit monitoring and evaluation of the Investment Program. It will establish a project performance monitoring system within 6 months from the project commencement and collect baseline data for performance monitoring. The key indicators and assumptions are outlined in the design and monitoring framework for the Facility set out in Schedule 2 hereto, against which the implementation effectiveness will be evaluated.
<b>Undertakings</b>	Attached as Schedule 6 are the undertakings provided by Uzbekistan.

THE REPUBLIC OF UZBEKISTAN

ASIAN DEVELOPMENT BANK

By: Yorkin Tursunov  
Deputy Minister of Finance  
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## SCHEDULE 1

### ROADMAP, STRATEGIC CONTEXT, POLICY FRAMEWORK, AND INVESTMENT PROGRAM

#### A. Road Sector Road Map

##### 1. Strategic Objective

1. The government's long-term vision for the road sector development is to foster economic growth through (i) extending access to regional and world markets; (ii) improving exports with expansion of marketing outlets for sale of national products; (iii) increasing transit transportation; and (iv) ensuring the sustainability of the road sector. The objective of the proposed multitranche financing facility for the Central Asia Regional Economic Cooperation (CAREC) Corridor 2 Road Investment Program II is to improve connectivity, road safety, and consequently boost domestic and international trade, together with policy and institutional measures to achieve long-term sustainability on investments.

2. The strategic objective of the Accelerated Development Program (ADP) (Footnote 1) is aligned with the above vision. Uzbekistan is a double land-locked country, which depends largely on efficient transport system for imports and exports. In addition to physical investments, the ADP aims at creating sound road asset management and efficient resource allocation. It will provide capacity building to (i) create an enabling environment for more objective decisions with respect to maintenance and investment regimes, and (ii) determine sources of financing that will be better aligned with road user charges principles and expand the road construction and maintenance sources.

##### 2. Reform Progress

3. The road sector reforms have progressed significantly since 2003, and the sector has transformed into a more functional and rational sector, and improved in areas of competence and responsibilities. Reforms include (i) sector unbundling by separating road transport operations and road construction, and creation of the Road Fund; (ii) restructuring of the old Uzavavtodor, a sole road agency, and converting it to a state joint stock company Uzavtoyul<sup>3</sup> ("Uzavtoyul") with clear performance and accountability targets; (iii) promoting competitive bidding for all road construction works, and (iv) establishing an independent quality control mechanism. The Law of the Republic of Uzbekistan on Automobile Roads enacted in 2007 now allows private sector financing for highway construction. The ADB has also promoted private road contracting industries with access to road equipment provided by the state-owned road equipment pool company created under the loan for CAREC Regional Road Project.<sup>4</sup> The government has succeeded in ensuring a steady flow of maintenance funds. However, the road maintenance budget for primary roads needs to be increased to meet the requirements. The government has made a coordinated effort for improving road safety. A Road Safety Commission has been set up under the Cabinet of Ministers and a road safety plan is being implemented. However, it needs national road sector strategy with time-bound actions for effective road safety plan implementation.

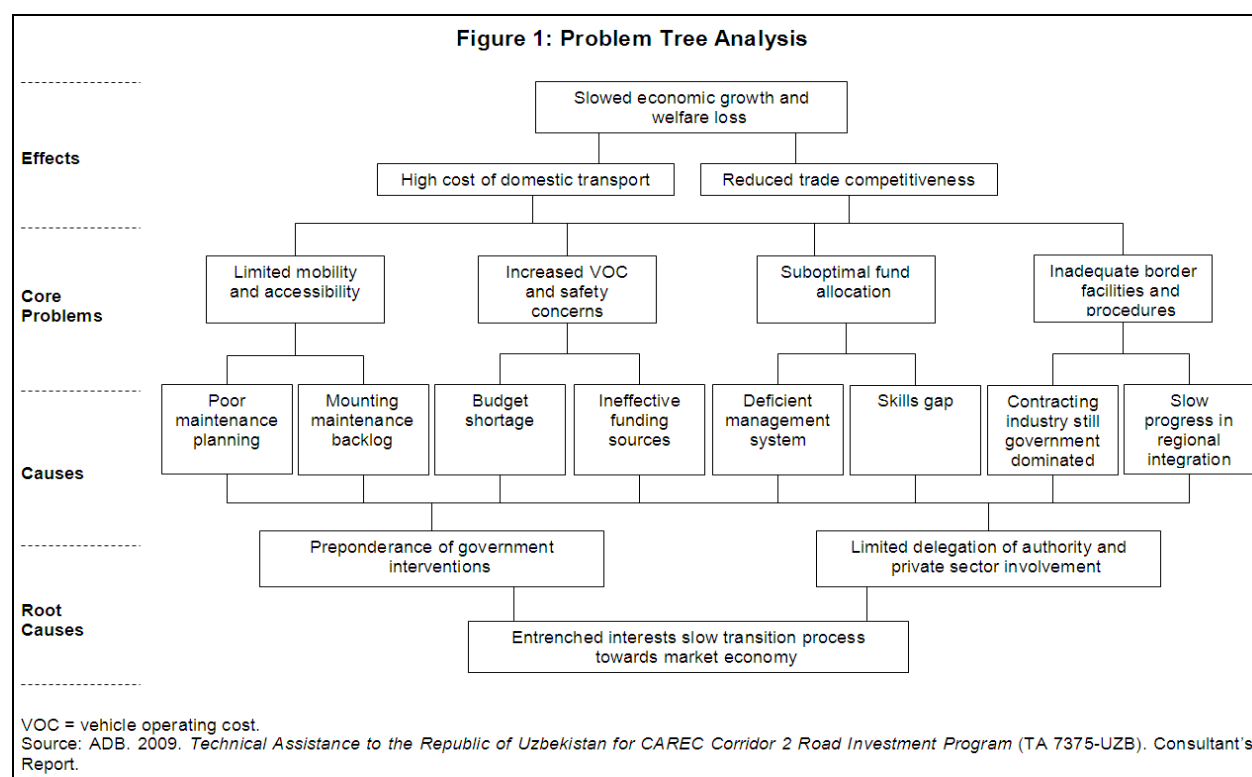
<sup>3</sup> Decree of the President of the Republic of Uzbekistan UP-3292 dated 19 August 2003 on improvement of the management system for construction and operation of common use roads.

<sup>4</sup> ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for the CAREC Regional Road Project*. Manila. (Loan 2403-UZB, approved on 19 December 2007, for \$75.3 million).

### 3. Key Problems and Challenges

4. Separation of the Road Fund from Uzavtoyul, has led to avoidance of conflict of interest, and the Road Fund has achieved a corporate entity with an appropriate organizational structure. It has attained a quasi-autonomous status, which may be the first stage towards the evolution of a full-fledged road asset management system. The Road Fund, however, needs a sustainable source of income commensurate with the needs for road construction and maintenance.

5. Uzbekistan's spending of 1%<sup>5</sup> of its gross domestic product on the road sector is low by international standards.<sup>6</sup> The Road Fund<sup>7</sup> is responsible for financing about 25% of the entire network. Despite the increasing income of 23% annually in the last 5 years, the budget remains inadequate to meet the reconstruction and maintenance requirements of the network. This has resulted in about 60% of public roads having cracks more than 10% and 10 potholes per kilometer (km). However, currently, the revenues of the Road Fund are sufficient to maintain all roads to a good quality level. If the current resources of Road Fund will be used for development of the network, there is a risk of insufficient funding for routine maintenance. The Road Fund needs to tap the potential of public-private partnerships, restructure the revenue system, and introduce road user charges. The flow of resource allocation to the Road Fund should also reflect traffic and better pricing principles. A part of the tax on fuel is earmarked to finance rural and urban roads.



<sup>5</sup> The figure of 1% is an estimate based on the average expenditure per kilometer for the network under the purview of the Road Fund.

<sup>6</sup> The corresponding shares are Viet Nam 2.5% (2008); People's Republic of China 2.3% (2006); Thailand 1.8% (2006); and the Philippines (2008) below 1%, lower than the share of Uzbekistan.

<sup>7</sup> The Republican Road Fund is a quasi-independent agency under the auspices of the Ministry of Finance responsible for programming, planning, and budgeting of the international and national roads. It also executes construction and reconstruction of international and national roads.

6. Despite significant improvements in recent years, trade facilitation and the cross-border regime remain complex and time-consuming. Transit traffic is constrained by poorly maintained infrastructure and traffic safety concerns. The government has finalized cross border agreements with all its neighbors but the facilities are yet to be developed. All future projects linking the borders are mandated to strengthened logistics by improving cross-border facilities and shortening the cross-border processing time.

7. The road contracting industry is still in its infancy. Contract for periodic maintenance of international and national roads is largely a captive market for Uzavtoyul and its subsidiaries. However, some improvements are taking place and recently some private contractors were awarded construction and repair works by the Road Fund based on competitive bidding.

8. Road safety has become a growing concern with the rapid increase in the fleet of motorized vehicles. Road accidents are a leading cause of death in Uzbekistan. In terms of fatalities, traffic accidents averaged two fatalities for every 10 accidents. Uzbekistan has recorded 1,430 fatalities per million vehicles, which is alarming by international standards.<sup>8</sup> Poor road conditions with inadequate infrastructure, and weak speed control are major causes for high fatal accident rate in the country.

#### 4. Accelerated Development Program (2011–2015)

9. The length of the network by type of road and by category is in Table 1. Common use roads or primary roads are constructed/rehabilitated by the Road Fund but maintained by Uzavtoyul enterprises. Responsibility for other roads is split between regional and city authorities, and state and other enterprises.

**Table 1: Summary Road Network**

Road Classification	Length (kilometer)	Proportion (%)
A. Common Use	42,530	23.1
B. Rural and Urban Roads	141,194	76.9
<b>Total</b>	<b>183,724</b>	

Source: Road Fund.

10. The ADP focuses on the development of the strategic corridors (Table 2). These include CAREC corridors which are important for international trade and regional connectivity. A total of 1,625 km of these corridors will be reconstructed and improved under the upgraded investment program. The total cost of the ADP is estimated at \$3 billion of which \$1.6 billion will be invested for the reconstruction of Uzbek National Highway Beynau–Kungrad–Bukhara–Navoi–Samarkand–Tashkent–Andijan that includes both A380 and A373 highways.

**Table 2: Accelerated Development Program**

Road Sections	Length(kilometer)	Upgrading Costs(\$ million)
Beynau–Kungrad–Bukhara–Navoi–Samarkand–Tashkent–Andijan*	1,008	1,484
Bukhara–Karshi–Guzar–Termez	190	382
Samarkand–Guzar	73	83,5
Mountain Pass Kamchik (A373)	100	263,6
Section of Tashkent bypass	22	37,4
Amudarya bridge (680 meters)		26,65
Section between A-380 up to new Amudarya bridge	16	25,6
Upgrading road sections with axle load limit 10 ton to 13 ton	896	636.9
<b>Total</b>	<b>1,625</b>	<b>2,940</b>

Note: An additional road section of 75 km of A373/4R112 was approved for inclusion in Investment Program 2 on 27 June 2011 by the Cabinet of Ministers. A separate Presidential Resolution to update the Accelerated Development Program is planned to be issued by end of 2011.

Source: President of Uzbekistan Resolution PP 1446 (21 December 2010).

<sup>8</sup> The indicator for other Asian countries is as follows: Indonesia 261, Malaysia 373, Philippines 215, Singapore 250, Thailand 488, and Viet Nam 558.



## B. Strategic Context

11. Uzbekistan, strategically located in Central Asia, is a key transport link in the growing trade within Asian and between Asia and Europe. Improving the key roads in the country will enable traffic to flow smoothly and help in boosting domestic and international trade, and promoting regional cooperation between Uzbekistan, Kazakhstan, the Russian Federation, and the rest of Europe. The CAREC Transport and Trade Facilitation Strategy and Action Plan provide for reliable and integrated transport operations and infrastructure within the CAREC region and beyond.<sup>9</sup>

12. The Investment Program is an extension of the ongoing investment program<sup>10</sup> (investment program I). The Investment Program reconstructs the selected sections of CAREC Corridor 2 A380, A373 highways. In Uzbekistan, CAREC Corridor 2 is part of the A380 and A373 highways and also part of the Asian and European highways. It connects Europe and East Asian countries through the Caspian Sea and links Azerbaijan, Kazakhstan, Uzbekistan, and Turkmenistan. Another ongoing highway investment in Kazakhstan (supported by the Asian Development Bank [ADB]) will connect Beyneu (a town on Uzbekistan's border) with Uzbekistan's A380 highway and the port of Aktau in the Caspian Sea. All these highways, when completed, will provide Uzbekistan and other Central Asian countries direct access to the Caspian Sea, and thereafter to South Asia and the Black Sea (via road corridors being built in Armenia, Azerbaijan, and Georgia). The Investment Program links with CAREC Corridor 6, which reaches the so-called Ring Road in Afghanistan and thereafter Pakistan's main ports.

13. The proposed investment program fits with ADB's Strategy 2020,<sup>11</sup> is included in the country operations business plan (2011–2013), and is aligned to the UN Decade of Action for Road Safety 2011–2020.<sup>12</sup> The proposal is in line to the proposed Uzbekistan Transport Sector Strategy (2006–2020)<sup>13</sup> and road map, as well as the CAREC Transport and Trade Facilitation Strategy and Action Plan (footnote 10)—aiming at completing six strategic corridors by 2018. This Investment Program will continue ADB's assistance under the ongoing loan (footnote 11) and support the government's effort to improve the road sector. This road map will also apply to the remaining projects to be financed under Investment Program 1.

## C. Policy Framework

14. The government's transport sector reform actions and plans are summarized in Table 3. The investment programs I and II support the selected key actions to ensure sustainability of the road sector.

<sup>9</sup> ADB. 2008. *CAREC Transport and Trade Facilitation Strategy and Action Plan*. Manila.

<sup>10</sup> 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.

<sup>11</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>12</sup> UN. 2011. *Decade of Action for Road Safety 2011–2020*.

<sup>13</sup> ADB. 2006. *Technical Assistance to the Republic of Uzbekistan for Transport Sector Strategy (2006–2020)* (TA 4659-UZB, consultant's final report).

**Table 3: Road Sector Policy Framework**

<b>Reform</b>	<b>Action</b>	<b>Status</b>	<b>Planned</b>
Good governance and accountability	Streamline gradually the main functions of road sector management to delineate road ownership, road administration, and commercial contracting industry	<p>Management of roads shared by Road Fund and Uzavtoyul</p> <p>Responsibility for managing local primary roads falls under district or regional <i>hokimiyats</i> (governments)</p> <p>Uzavtoyul and 13 provincially-based core subsidiaries have government-like functions, such as road data collection and programming and Road Fund concentrates on road development</p> <p>Seven international and national roads subsidiaries and 161 provincially-based ancillary subsidiaries mainly operate as business entities</p> <p>Department for transportation and construction industry under the Cabinet of Ministers has been mandated to review the road sector institutions' structure and recommend further reforms in the road sector</p>	<p>Gradual road sector institutional restructuring</p> <p>Road Fund to concentrate on institutional, financial, and policy matters. Uzavtoyul focuses on road network maintenance.</p> <p>Some of Uzavtoyul enterprises are corporatized and converted from state unitary enterprises to limited liabilities corporations</p> <p>Recommendations of Road Sector Planning and Management under ADB Loan 2403-UZB: CAREC Regional Road Project are gradually implemented</p>
	Improve outsourcing and competition in roadworks and transport service provision	<p>Outsourcing for reconstruction and repair works is being executed by Road Fund through competition</p> <p>Presidential Decree on optimization of state procurement in the road sector was approved on 7 February 2011</p> <p>The Government of Uzbekistan through its PPP task force and other state agencies introduced the PPP legislative framework in the road sector.</p> <p>The Road Fund was exposed to ICB under the ADB loan for CAREC Regional Road Project and CAREC Corridor 2 Road Investment Program</p> <p>Routine maintenance carried out by Uzavtoyul enterprises through performance based contracts</p> <p>Road equipment procured under CAREC Regional Road Project paves the way for strengthening the private sector and road construction enterprises</p>	<p>Road Fund continues to adopt ICB for Tranche 2 Project and subsequent tranche for large contracts with post-qualification</p> <p>Public Road Equipment Pool Company (REPC) continues to provide road construction equipment to contractors.</p> <p>Improve routine road maintenance contracts to ensure accountability and sustainability of financing.</p>
	Adopt quality control procedure in roadworks	Independent quality control mechanism for all civil work contracts established at Road Fund.	External quality control mechanism for all civil work contracts continues to remain in place
	Enhance accountability with respect to road sector programming	<p>Uzavtoyul holds and maintains a comprehensive computerized balance sheet for Uzbekistan's public road network asset management.</p> <p>Introduction of computerized road asset management system</p> <p>Development of road database</p>	<p>Institutionalized computer technologies to enable better decisions to be made on investment and maintenance</p> <p>Systematic condition survey and life cycle cost assessments and develop road database</p>

Reform	Action	Status	Planned
Sustainable road sector	Develop a stable, secure, and sustainable source of financing for the road network	President Resolution #1103 "On Measure for development and reconstruction of Uzbek National Highway in 2010–2014" was approved on April 2009  The Road Fund acts as a depository of road user revenues and financial manager	Adopt rational maintenance and management strategies that seek to minimize costs over the life cycle of a road
	Introduce better financing system for road funding to improve economic efficiency and equity between different categories of road users.	Revenue collection is carried out on behalf of the RF by the Tax Committee (taxes), the Custom Committee (transit fees) and the Ministry of Internal Affairs (vehicle registration fees regardless the road users)	Select sources of financing suitable for generating income consistent with traffic development  Facilitate development of private sector in the road construction, operation, and maintenance framework
Road safety	Reduce accident and fatality rates by expanding the use of intelligent transport system for traffic surveillance	Law on Road Traffic Safety enacted in 1999  Road safety plan developed and Road Safety Commission set up under the cabinet of ministers  Accident data is collected and analyzed but is not publicly disclosed  Intelligent transport system piloted in selected areas, especially urban areas  Selected emergency stations established for traffic accident along the national highways coordinated by Ministry of Public Health, Ministry of Internal Affairs, and Ministry of Emergency Situations	Approval of a comprehensive national road infrastructure safety strategy  Development of road safety action plan for all the roads  Implementation of road safety capacity development and public awareness programs  Publish accident data in the official statistical newsletters
Seamless transport logistics	Develop a seamless, intermodal network to ensure high-quality, efficient logistics chains and unimpeded flows of goods and people	Law on transit of cargoes through Uzbekistan is under approval by the Parliament  A new logistic terminal "Angren" was established to ensure smooth transportation of goods through Kamchik pass to and from Fergana Valley  Preparatory works toward joining the agreement on transportation of hazardous cargoes convention are ongoing	Improve cross-border facilities  Implement transborder transit agreements  Introduction of a single transport document to facilitate multimodal transport  Rationalize transit fees

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation.

Sources: Customs Committee, Ministry of Interior, Road Fund, Uzavtoyul, Uzbek Agency for River and Road Transport.

#### **D. Corridor Development and Financing Plan**

15. The investment programs I and II are part of the overall. Uzbekistan National Highway reconstruction program. Out of the \$1.6 billion investment need, ADB has provided \$10 million for civil works under the ADB loan for the CAREC Regional Road Project (footnote 4) and will provide \$600 million under the already approved investment program I (footnote 11) and up to \$500 million under this Investment Program. The government is financing the balance amount. The government has approved the Accelerated Development Program 2011–2015 (footnote 1) to be executed by the Road Fund.

**Table 4: Summary Financing Plan of the Investment Program (\$ million)**

<b>Financing Source</b>	<b>MFF (\$ million)</b>			<b>Total</b>
	<b>Tranche 1<sup>a</sup></b>	<b>Tranche 2<sup>b</sup></b>	<b>Tranche 3<sup>a</sup></b>	
Asian Development Bank	130	180	190	500
Government	30	40	30	100
<b>Total</b>	<b>160</b>	<b>220</b>	<b>220</b>	<b>600</b>

MFF = multitranche financing facility.

<sup>a</sup> Source of ADB financing: Ordinary Capital Resources.

<sup>b</sup> Source of ADB financing: Asian Development Fund resources.

Source: Asian Development Bank estimates.

## SCHEDULE 2

### DESIGN AND MONITORING FRAMEWORK FOR THE INVESTMENT PROGRAM

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Increased domestic and international trade	<b>By 2020:</b> Annual domestic trade with Farghana 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 Kyrgyzstan Republic increased to \$300 million (2010 baseline: \$177million), 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 Central Statistics Office)  Statistical data of the Ministry for Foreign Economic Relations, Investment and Trade	<b>Assumption</b> Government sustains policies conducive to economic growth and remains committed to enhanced policy reforms and regional integration.  <b>Risk</b> Internal slow decision making delays impetus for policy reforms
<b>Outcome</b> Improved road connectivity, safety, and effective Road Fund management for the Uzbekistan sections of CAREC Corridor 2 Road	<b>By 2017:</b> Increased average total long-haul traffic volume on A373 and A373/4R112 highways in Ferghana province to 20,000 vpd (2011 baseline: 10,000 vpd), and on A380 highway in Bukhara region to 2500 vpd (2011 baseline: 12,00 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 A373 and A373/4R112 reduced to 120 per year (2009 baseline: 250 accidents per year), and on A380 to 75 accidents per year. (2009 baseline: 150 accidents per year),  Road asset management system and road safety plans approved by the government and implemented in accordance with international standards	Periodic classified traffic reports by Uzavtoyul  Periodic classified traffic reports by Uzavtoyul  Periodic classified traffic reports by Uzavtoyul  Road Funds biannual asset management reports and Road Safety Commission's periodic reports	<b>Assumptions</b> Increased availability and quality of road transport services (freight and passengers) following improvement of the investment program roads  The Road Fund continues constructing the remaining sections of the A380 and A373 as scheduled at the same quality as the investment program  <b>Risk</b> Inadequate financial resources for road maintenance
<b>Outputs</b> 1. Selected road sections of CAREC Corridor 2 Road	<b>By 2017:</b> With pavement international roughness index of less than 4m/km:	Road Fund website and periodic road condition reports by Road Fund and	<b>Assumption</b> Timely provision of counterpart resources and

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
reconstructed by the Road Fund	<p>(a) 74 km of A373 highway (between Km116 and Km190) reconstructed under project 1; (b) 87 km of A380 highway (between Km 228 and 315) reconstructed under project 2; and (c) 75 km of A373/4R112 highway (between Km 0 and 75) reconstructed under project 3</p> <p>Roads with cracks more than 10% and 10 potholes per kilometer reduced to 50% (2009 baseline: 60%)</p>	Uzavtoyul	support for the MFF
2. Road sector sustainability plans implemented by the Road Fund	<p><b>Sector-wide</b> The independent quality control unit established at Road Fund by March 2012 that reports to the MOF biannually on the 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 roads maintenance budget is increased by no less than the annual inflation rate</p> <p><b>Investment Program-Wide</b> 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 the Road Fund and Uzavtoyul trained under road safety capacity development program under projects 2 and 3</p> <p>Road Asset Management System updated quarterly by the Road Fund and reported to MOF</p>	<p>Periodic road condition reports by Road Fund and Uzavtoyul</p> <p>Biannual road condition reports by independent quality control unit and periodic Uzavtoyul reports</p> <p>Periodic reports of "Norma" (a private company maintaining government legislations database)</p> <p>Road Safety Commission's periodic reports</p> <p>Annual budget reports of the Road Fund and Uzavtoyul</p> <p>Road Safety Commission's periodic reports</p> <p>Road Safety Commission's periodic reports</p> <p>Road Fund quarterly road asset management reports</p>	<p><b>Risks</b> 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> <p><b>Assumptions</b> 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><b>Risk</b> Delays in the approval of the national road infrastructure safety strategy</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
3. MFF tranches completed as targeted and budgeted	<p>Road user charges piloted on reconstructed Kamchik road section in 2014 under project 2</p> <p>Specific gender action plan implemented under each tranche</p> <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>Periodic reports of "Norma"</p> <p>Road Fund website and quarterly communication reports</p> <p>Annual Statistical Review of Uzbekistan</p> <p>Annual Statistical Review of Uzbekistan</p>	

Activities with Key Milestones	Inputs
<p><b>1. Selected sections of CAREC Corridor 2 reconstructed by RRF</b></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><b>2. Road subsector sustainability plans implemented by RRF</b></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><b>3. Projects completed as targeted and budgeted</b></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>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; ADF = Asian Development Fund; ICB = international competitive bidding; km = kilometer; OCR = ordinary capital resources; MFF = multitranchise financing facility; MOF = Ministry of Finance; PFR = Periodic financing request; PPTA = project preparatory technical assistance; TASF = technical assistance special fund; vpd = vehicles per day

## **SCHEDULE 3**

### **IMPLEMENTATION FRAMEWORK**

#### **Management of the Investment Program**

1. The Road Fund will be the executing agency for the Investment Program. 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. The PMU is currently structured with a specific mandate—technical; legal; procurement; monitoring, reporting, and evaluations; safeguards, and gender development. For implementing the Investment Program, 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).
2. 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.

#### **Financial Accounting and Auditing**

3. 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.

#### **Project Reporting and Review**

4. 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.
5. 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.
6. 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.

## SCHEDULE 4

### SELECTION CRITERIA AND APPROVAL PROCESS FOR PROJECTS

#### A. Selection Criteria

1. The following are the requirements for each road section under the Investment Program:
  - (i) The projects will be technically sound and a feasibility study and preliminary design will have been prepared. The Road Fund will ensure that the detailed design reports of the respective packages are prepared within the overall time frame agreed for the Investment Program.
  - (ii) The projects will be economically feasible and financially sustainable, and their estimated economic internal rate of return equal to or higher than 12%, based on the economic analysis to be conducted in accordance with ADB's *Guidelines for the Economic Analysis of Projects* (1997).
  - (iii) The projects will also be environmentally and socially sound and include measures to mitigate any possible environment and social impacts in accordance with the safeguards frameworks prepared. For each project, a poverty and social analysis will be conducted in accordance with ADB's guidelines on poverty and social assessment.
  - (iv) All necessary government approval will be obtained.
  - (v) Sufficient government counterpart funding will be allocated to implement the projects.

#### B. Approval Process

2. Each periodic financing request will be prepared and processed in accordance the following procedures:
  - (i) Detailed design for projects will be conducted by consultants engaged and financed by the Road Fund. The Road Fund with the assistance of the project appraisal team will fill out checklists for initial poverty and social assessment, involuntary resettlement, and environmental screening. These documents will be sent for review to ADB, which may require revisions.
  - (ii) Upon completion of the detailed design, the Road Fund will prepare and submit to ADB a summary appraisal report for each project, together with the required attachments, including land acquisition and resettlement plans (LARPs), ethnic minority development plans (EMDPs) (if required), environmental assessment, and summary poverty reduction and social analysis.
  - (iii) If required, LARPs and EMDPs for each civil works package will be prepared in accordance with ADB's *Safeguard Policy Statement* (SPS) (2009), the land acquisition and resettlement framework (LARF), and the ethnic minority planning framework (EMPF).

- (iv) The Road Fund will translate into the local language each project LARP and EMDP and disclose them to the affected people before submitting them to ADB. The Road Fund will revise the LARP and EMDP if required, based on comments from the affected people and ADB.
- (v) Environmental screening in accordance with the SPS and ADB's *Environmental Assessment Guidelines*<sup>14</sup> will be conducted for all civil work packages. For each tranche, an initial environmental examination or environment impact assessment (EIA) report will be prepared, including an environmental management plan, in accordance with the environmental assessment and review framework. Public consultation on environmental assessment will be undertaken and environmental safeguard documents will be available in the local language.
- (vi) If an EIA is required, the Road Fund will disclose the EIA report to the public 120 days before submitting it to ADB.
- (vii) The Road Fund will appraise the projects, while ADB will advise the Road Fund on compliance with the selection criteria and approval process and applicable ADB policies. The Road Fund will review and examine all technical reports, including feasibility studies, preliminary design reports, environmental assessment reports, LARPs, EMDPs, and detailed design reports, to ensure that government and ADB requirements are fully met.
- (viii) ADB will review the summary appraisal reports, together with the required attachments. If it finds that the project does not satisfy the selection criteria and approval process, or does not comply with ADB's policies, ADB may advise the Road Fund to modify the projects. The Road Fund will prepare and submit the periodic financing request along with the appraisal reports to ADB.
- (ix) Based on ADB's approval, and subject to any modification and remedial measures required by ADB, the Road Fund will implement the projects. The Road Fund will ensure that ADB has access to all documents related to the project proposals and approval process. These documents should be kept for 5 years after approval.

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<sup>14</sup> ADB. 2003. *Environmental Assessment Guidelines*. Manila.

## SCHEDULE 5

### SAFEGUARDS REQUIREMENTS AND SOCIAL DEVELOPMENT POLICIES

1. 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.

2. 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.

3. 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.

4. 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.

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

#### **Environment**

6. 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.

### **Land Acquisition and Resettlement and Ethnic Minority**

7. 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.

8. 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:

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

9. 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.

10. 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 and 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.

11. 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.

## **Human and Financial Resources to Implement Safeguards Requirements**

12. 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.

## **Safeguards – Related Provisions in Bidding Documents and Works Contracts**

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

- (a) 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;
- (b) make available a budget for all such environmental and social measures;
- (c) 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;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction;

## **Safeguards Monitoring and Reporting**

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

- (a) 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;
- (b) 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
- (c) 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.

## **Prohibited List of Investments**

15. 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.

**Labor, Gender, Health, and Social Protection**

16. 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.

17. Uzbekistan will implement GAPs for individual projects.

## **SCHEDULE 6**

### **UNDERTAKINGS**

1. Uzbekistan will, through the Road Fund will ensure: (i) timely implementation of the Investment Program, including executing the implementation arrangement set out in Schedule 3 to this FFA and monitoring and evaluating implementation based on the Design and Monitoring Framework set out in Schedule 2 to this FFA; (ii) that all projects financed under the Facility are selected and approved in accordance with the criteria and procedure set out in Schedule 4 to this FFA; (iii) that all projects financed under the Facility are developed, implemented and maintained in accordance with the safeguards requirements set out in Schedule 5 to this FFA.

#### **Counterpart Funds and Budget Allocations**

2. Uzbekistan, through the Road Fund, will make available all counterpart funds required for timely and effective implementation of the Investment Program through providing annual budget allocations to the Road Fund and releasing applicable funds in a timely manner. Uzbekistan will, through the Road Fund, include the updated funding requirements for implementation of the Investment Program in its annual development program.

3. Uzbekistan will, through the Road Fund, allocate routine maintenance budget in accordance with the Accelerated Development Program for all existing roads and new road sections to be constructed following the expiry of their defects liability period. For each fiscal year thereafter, such budget will be increased by no less than the annual inflation rate. For implementation of the Accelerated Development Program, the Road Fund will allocate and make available, on a timely basis, sufficient funds and ensure that the road sections covered by the Accelerated Development Program are maintained in accordance with applicable standards and best international practices.

#### **Policy Framework and Dialogue**

4. 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.

5. 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.

#### **Construction Quality**

6. 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.



## **Road Safety**

7. 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.

## **Governance and Anti-Corruption**

8. 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.

9. Uzbekistan, through the Road Fund: (a) acknowledges that ADB consistent with its commitment to good governance, accountability and transparency under the ADB *Anti-Corruption Policy* (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.

## **Procurement Issues**

10. Uzbekistan will ensure that all ADB-financed project works, goods, and services will follow, at all times without exception, all ADB procedures, rules, and guidelines.

**PERIODIC FINANCING REQUEST—TRANCHE 1**

Date: 04 July 2011

To: Asian Development Bank  
6 ADB Avenue  
Mandaluyong City, Metro Manila

ATTENTION: Director General  
Central and West Asia Department  
Fax No. +632 636 6318

Sir:

**RE: UZB: Second CAREC Corridor 2 Road Investment Program: Periodic Financing Request #1**

Please refer to the Framework Financing Agreement (FFA) for the Second CAREC Corridor 2 Road Investment Program dated 04 July 2011 between Asian Development Bank (ADB) and the Republic of Uzbekistan. Expressions defined in the FFA shall have the same meanings herein. Pursuant to the provisions of the FFA, the Republic of Uzbekistan requests ADB to process this Periodic Financing Request (PFR) for a tranche, in the form of a loan from its ordinary capital resources. The proposed financing amounts, terms, conditions, and financing plan are specified in Attachment A hereto. Descriptions of the project for which financing is hereby requested are set out in Attachments B to D.

By: Mr. Yorkin Tursunov  
Deputy Minister of Finance  
Ministry of Finance  
Republic of Uzbekistan

**Project  
Description**

The components proposed for financing under the requested periodic financing request 1 (PFR 1) are:

- (i) **Road development.** The output will be about 74 km of the reconstructed section of A373 highway (between Km116 and Km190). The investment will upgrade the existing four-lane section with an international design within the existing right-of-way. The cost includes civil works and specialized consulting services, including experts to help with construction supervision and due diligence for subsequent tranches.
- (ii) **Road sector sustainability.** The outputs will be improved road safety management, which include (i) developed national road infrastructure safety strategy and road safety checklist, guidelines, and measures improving road safety management; (ii) developed road safety action plan for all the road sections under the investment programs I and II; (iii) installed solar road signs for A373 Kamchik Pass section; and (iv) developed and implemented road safety capacity development program for the Road Fund and Uzavtoyul, and public awareness programs.

The Design and Monitoring Framework for this tranche is in Attachment B.

**Cost  
Estimates and  
Financing Plan**

The total cost of project 1 is estimated at \$160 million equivalent, inclusive of taxes, duties, physical and price contingencies, interest and other charges on the loan during construction. The summary of the investment plan is in Table 1 and the proposed financing plan is summarized in Table 2. The detailed cost estimates by financing sources and financing plan for Project 1 are in Attachment C.

**Table 1: Summary Investment Plan for Project 1<sup>a</sup>**  
(\$ million)

<b>Item</b>	<b>Total</b>
<b>Road Development</b>	
Civil works	107.4
Consulting services	3.0
<b>Road Sustainability</b>	
Road safety equipment	0.5
Road safety consultancy services	1.8
Recurrent costs <sup>b</sup>	0.3
Taxes and duties	25.8
<b>Total Base Cost</b>	<b>138.8</b>
Physical and price contingencies <sup>c</sup>	17.0
Financing charges during implementation <sup>d</sup>	4.2
<b>Total</b>	<b>160.0</b>

<sup>a</sup> In late-2010 prices.

<sup>b</sup> Program Management Unit (PMU) expenses related to the PMU staff salary, operational expenses, travel, training, and other eligible expenditures.

<sup>c</sup> Physical contingency is estimated at about 10% of the total base cost. Price contingency, estimated at about 5%, includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges.

Source: Asian Development Bank estimates.

**Table 2: Summary Financing Plan for Project 1**  
(\$ million)

<b>Financing Source</b>	<b>Amount</b>
Asian Development Bank	130.0
Government	30.0
<b>Total</b>	<b>160.0</b>

Source: Asian Development Bank estimates.

<b>Loan Amount and Terms</b>	The request is for a loan of \$130 million from ordinary capital resources (OCR) of the Asian Development Bank (ADB) with a 24-year term, including a grace period of 4 years, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year (the interest and other charges during construction shall not be capitalized in the loan), and such other terms and conditions as agreed in the FFA, and further supplemented under the loan agreement.
<b>Period of Loan Utilization</b>	The Project is expected to be completed by 30 September 2013. No disbursements from the loan account will be requested or made later than 31 March 2014.
<b>Advance Contracting</b>	Advance contracting is requested for procurement of works, goods, and consulting services.
<b>Retroactive Financing</b>	Retroactive financing is requested for civil works contract package (less than 20% of the loan amount), incurred before loan effectiveness but not earlier than 12 months before the signing of the loan agreement.

## **Implementation Arrangements**

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 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, results monitoring specialist, procurement specialist, and accountant).

## **Procurement and Consulting Services**

All procurement of works and goods will be undertaken in accordance with ADB's *Procurement Guidelines* (2010, as amended from time to time). All consulting services to be financed under the project 1 will be procured in accordance with ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time). The procurement plan (including civil works, goods, and services) is in Attachment D.

## **Confirmation of Continuing Validity of and Adherence to Provisions of FFA, Previous Agreements, and the Design and Monitoring Framework**

Uzbekistan confirms that the understandings set out in the FFA have been adhered, and remain true to date.

## **Readiness of the Project for Implementation**

- The detailed design for project 1 has been completed, tender documents approved by ADB, and bids for the major ICB civil works contract already invited.
- Preparation of bidding documents for goods is in process.
- Consultants selection recruitment notice for supervision consultants published and shortlisting underway.
- Counterpart funding is available.

## **Safeguards**

Project 1 does not have any major environmental impacts. In line with ADB's Safeguard Policy Statement, 2009, project 1 has been classified environment category B. The Road Fund has prepared an initial environmental examination for project 1 and an environment assessment and review framework for the investment program.

Civil works under project 1 do not involve land acquisition, involuntary resettlement, or affect ethnic minority groups in all forms as describe in the ADB's definition of indigenous peoples under ADB's Safeguard Policy Statement. Project 1 is classified category C for the purposes of social safeguards. The Road Fund has prepared a land acquisition and resettlement framework and an ethnic minority planning framework for the investment program.

The safeguard document have been prepared in consultation with affected people and information contained therein disclosed to affected people in accordance with the requirements of ADB's Safeguard Policy Statement and has been posted on the Road Fund website following ADB clearance.

## DESIGN AND MONITORING FRAMEWORK FOR PROJECT 1

Design Summary	Performance Targets and Indicators with Baseline	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b>  Improved road connectivity, safety, and effective Road Fund management for the Uzbekistan sections of CAREC Corridor 2 Road	<b>By 2017:</b>  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	<b>Assumptions</b> 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  <b>Risk</b> Inadequate financial resources for road maintenance
<b>Outcome</b>  Reconstructed A373 highway section with increased traffic volume is safe and effectively operated and maintained	<b>By 2017</b>  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	<b>Assumptions</b> Government is committed to timely completion of the project 1 with focused road safety interventions  <b>Risk</b> Inadequate asset management and road maintenance
<b>Outputs</b>  1. Selected section of A373 highway	<b>By 2014:</b>  74 km of A373 highway (between Km116 and Km190)	Road Fund website and periodic road	<b>Assumptions</b> Timely provision of counterpart resources and support for the MFF

<b>Design Summary</b>	<b>Performance Targets and Indicators with Baseline</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
reconstructed by the Road Fund	<p>reconstructed with pavement international roughness index 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>condition reports by Road Fund and Uzavtoyul</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><b>Risks</b></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 (IQCUI) 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>Biannual road condition reports by IQCUI 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><b>Assumptions</b></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><b>Risk:</b></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 Baseline	Data Sources and Reporting Mechanisms	Assumptions and Risks
3. Project 1 completed as targeted and budgeted	<p>Gender action plan implemented under project 1</p> <p>Project 1 completed by 30 September 2013 with no cost overrun</p> <p>Due diligence for projects 2 and 3 completed by project 1 consultants</p>	<p>Annual budget reports of the Road Fund and Uzavtoyul</p> <p>Road Fund website and quarterly communication reports</p> <p>Statistical Review of Uzbekistan (annual publication by Central Statistics Office)</p> <p>Quarterly implementation progress report of Project 1</p>	
<p><b>Activities with Key Milestones</b></p> <p><b>Output 1</b></p> <ul style="list-style-type: none"> <li>74 km of A373 highway reconstructed by 31 March 2014; and</li> <li>868 units of road safety signs installed on A373 by 30 June 2014</li> </ul> <p><b>Output 2:</b></p> <ul style="list-style-type: none"> <li>National road infrastructure safety strategy, road safety checklist, guidelines, and measures that will improve road safety management, developed by September 2012;</li> <li>Specific road safety program developed for the road sections of the investment programs by June 2013;</li> <li>Road asset management system updated quarterly by the Road Fund effective January 2012;</li> <li>4 outreach trainings of entrepreneurial skills development conducted for at least 100 women; and</li> <li>4 HIV/AIDS prevention and traffic safety trainings conducted for both men and women in the project area</li> </ul> <p><b>Output 3:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>			<p><b>Inputs</b></p> <p>ADB: \$130 million (OCR)</p> <p>Government: \$30 million</p> <p>Total: \$160 million</p>

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

# DETAILED COST ESTIMATES BY FINANCING SOURCES FOR PROJECT 1<sup>a</sup>

(\$ million)

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 equipment	0.5	0.0	0.5
Road safety consulting services	1.8		1.8
Recurrent costs <sup>b</sup>	0.3	0.0	0.3
Taxes and duties	0.0	25.8	25.8
<b>Total Base Cost</b>	<b>113.0</b>	<b>25.8</b>	<b>138.8</b>
Physical and price contingencies <sup>c</sup>	17.0	0.0	17.0
Financing charges during implementation <sup>d</sup>	0.0	4.2	4.2
<b>Total</b>	<b>130.0</b>	<b>30.0</b>	<b>160.0</b>

ADB = Asian Development Bank.

<sup>a</sup> In late-2010 prices.

<sup>b</sup> Program Management Unit (PMU) expenses related to the PMU staff salary, operational expenses, travel, training, and other eligible expenditures.

<sup>c</sup> Physical contingency is estimated at about 10% of the total base cost. Price contingency, estimated at about 5%, includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges.

Source: Asian Development Bank estimates

## PROCUREMENT PLAN FOR PROJECT 1

### Basic Data

<b>Project Name:</b> CAREC Corridor 2 Road Investment Program II – Tranche 1	
<b>Country:</b> Republic of Uzbekistan	<b>Executing Agency:</b> Road Fund, Ministry of Finance
<b>Loan Amount:</b> \$130 million	<b>Loan Number:</b> TBD
<b>Date of First Procurement Plan:</b> 14 February 2011	<b>Date of this Procurement Plan:</b> 30 June 2011

### A. Process Thresholds, Review and 18-Month Procurement Plan

#### 1. Project Procurement Thresholds

1. 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

#### 2. ADB Prior or Post Review

2. 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
<b>Procurement of Goods and Works</b>		
ICB Works	Prior	
ICB Goods	Prior	
<b>Recruitment of Consulting Firms</b>		
Quality- and Cost-Based Selection (QCBS)	Prior	

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

3. 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

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

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

<b>General Description</b>	<b>Contract Value</b>	<b>Recruitment Method<sup>1</sup></b>	<b>Advertisement Date</b>	<b>International or National Assignment</b>	<b>Comments</b>
Engineering and construction supervision	\$3.0 million	QCBS	Q1 2011	International	
Road Safety consultancy services	\$1.8 million	QCBS	Q2 2011	International	
Quality: cost ratio 90:10					

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

5. 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.

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

#### **B. Indicative List of Packages Required Under the Project**

6. 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.

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

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

#### **C. Review of Contract Modifications**

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