

SUMMARY OF PROJECT PERFORMANCE

A. Background

1. The Government of Tajikistan has requested Asian Development Bank (ADB) assistance to progressively upgrade the 82-kilometer (km) Dushanbe–Kurgonteppa road, for which ADB has programmed two projects: one in 2016 (current project) and one in 2018 (proposed additional financing).¹ The road is a strategic north–south link, and one of the most heavily traveled roads in the country, as well as the confluence of Central Asia Regional Economic Cooperation (CAREC) corridors 2, 5, and 6. The project road passes through terrain that varies from flat to mountainous. A further 90 km beyond Kurgonteppa connects Dushanbe to Afghanistan.

2. **Current project.** The current project is improving 33 km of the road from Dushanbe to Chashmasoron. ADB approved the current project on 31 October 2016,² with a combined loan and grant of \$65.2 million equivalent from its Special Funds resources, and administration by ADB of the grant of \$2.0 million provided by the Clean Energy Fund under the Clean Energy Financing Partnership Facility.³ The loan and grants were signed on 15 November 2017 and declared effective on 26 May 2017, with a closing date of 30 September 2021. In addition, the Organization of the Petroleum Exporting Countries Fund for International Development provided a \$12 million loan to help finance the project’s civil works; this loan is effective and also has a closing date of 30 September 2021.

3. **Proposed additional financing.** The proposed additional financing will scale up the project by improving a contiguous 40 km road section (Chashmasoron–Kurgonteppa) to the current project’s 33 km road section. It is expected that the Japan International Cooperation Agency will help finance, through collaborative parallel financing, the remaining 9 km section in Kurgonteppa to complete the project road improvement. The additional financing will also support the program of the Ministry of Transport (MOT) to improve the road safety situation on priority sections of the national highway network, which may include existing tunnels, intersections, black spots, and failed lengths of pavement. The proposed additional financing will continue strengthening the MOT’s capacity on financial management, road safety, and road asset management.

B. Performance of the Project

4. The current project is assessed in the following aspects:

(i) **Delivery of expected outputs.** The current project is rated *on track* to deliver its expected outputs and meet its intended outcome. Implementation of project’s activities has been progressing satisfactorily, as described below.

(a) **Output 1: Improved road conditions, facilities, and safety along, and in the vicinity of, the project road.** The works commenced in November 2017 and are expected to be completed by October 2020. Road safety

¹ ADB. 2017. *Country Operations Business Plan: Tajikistan, 2018–2020*. Manila.

² ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Administration of Grant to the Republic of Tajikistan for the CAREC Corridors 2, 5, and 6 (Dushanbe–Kurgonteppa Road Project)*. Manila.

³ Financing partners: the governments of Australia, Norway, Spain, and Sweden.

measures identified in the road safety audit of the project road were reflected in the engineering design to meet internationally accepted road safety standards and practices. Two individual consultants will be recruited by June 2018 to help design and procure solar-based power backup solutions to be installed in the vicinity of the project road.

- (b) **Output 2: Strengthened institutional capacity of the MOT regarding financial management, road safety, and road asset management.** The MOT has initiated, with support from the European Bank for Reconstruction and Development, the development of guidelines on the design of safe arterial roads. This work will be continued with ADB's support so that these guidelines can be institutionalized and effectively utilized by the MOT and the traffic police when designing and auditing national highways. The World Bank is supporting the MOT to incrementally develop a road asset management system building on previous ADB efforts and assessments.⁴ Regarding financial management, the project management and contract supervision consultant (PMCS) and project implementation unit for roads rehabilitation (PIURR) agreed upon an action plan to address deficiencies in the PIURR's financial monitoring and reporting systems and procedures. The implementation of the action plan will be monitored during ADB's review missions.
- (c) **Output 3: Completed procurement readiness for the Chashmasoron–Kurgonteppa road section.** The PIURR has completed, with the PMCS's support, the preparation of bidding documents for the civil works package on improvement of the Chashmasoron–Kurgonteppa road section. The invitation for bids was advertised in January 2018. The PMCS will continue supporting the PIURR as appropriate to procure contracts and recruit consultants for the proposed additional financing. These implementation arrangements have substantially contributed to enhance the design and procurement readiness of the proposed additional financing.
- (ii) **Satisfactory implementation progress.** The PMCS contract was awarded on 28 June 2017 and the civil works contract was awarded on 28 September 2017. The PMCS was mobilized in August 2017 and the civil works contractor was mobilized in October 2017. Cumulative contract awards amounted to \$42.3 million (61% of total loan and grants financing) and cumulative disbursements amounted to \$6.3 million (9%) against an elapsed time of 26% as of 13 February 2018. Disbursements will increase by the end of 2018, as high-value pavement works will have commenced by that time. Loan savings of approximately \$10 million under the current project—the result of effective competition among international bidders for the civil works contract, which resulted in a lower-than-estimated contract award—will be utilized to cover small civil works and contingencies in relation to the proposed additional financing.
- (iii) **Satisfactory compliance with safeguard policy requirements.** There are no major issues related to the implementation of the resettlement plan and

⁴ World Bank. 2015. *Project Appraisal Document for the Second Phase of the Central Asia Roads Links Program*. Washington, DC.

environmental management plan (EMP). The government has been tracking grievances, and there are currently no unresolved grievances. Semiannual safeguards monitoring reports will be prepared by the PMCSC and the MOT and made publicly available on ADB's website.

- (a) **Environment.** An initial environmental examination was prepared in July 2016 and updated in October 2017; both versions were disclosed on ADB's website. The State Committee on Environment granted final approval of the initial environmental examination, and relevant provisions from the EMP were incorporated into the civil works contract in accordance with provisions of the financing agreement. The civil works contractor is in the process of preparing the site-specific EMP.
 - (b) **Involuntary resettlement.** A resettlement plan was prepared in July 2016 and updated in July 2017; both versions were disclosed on ADB's website. An addendum to the resettlement plan, a result of a realignment of a 9.5 km road section realignment, was uploaded to ADB's website in August 2017. The optimization of the road section alignment led to overall reduced resettlement impacts, and affected households were informed, consulted, and compensated accordingly. The resettlement plan and its addendum have been fully implemented, covering 72 affected households with 595 members. Compensation and other entitlements have been provided to affected people in accordance with the resettlement plan.
- (iv) **Successful management of risks.** Risks identified as medium to substantial at appraisal are being effectively managed and mitigated with the PMCSC's support, as described below. As such, the successful implementation of the project is not threatened by major risks.
- (a) **Inadequate financial monitoring and reporting systems.** The PMCSC team for the current project includes an international financial management specialist and a national financial management specialist who are both supporting the PIURR in reviewing and strengthening its financial reporting and monitoring system.
 - (b) **Insufficient allocation of funds to maintain the project road and facilities.** A road asset management system is being developed with World Bank assistance to assist the MOT in prioritizing its maintenance and financing programs (footnote 4).
 - (c) **Inadequate attention given to road safety on the project road.** The PMCSC team includes an international road safety specialist who will assist the PIURR in monitoring the adequate implementation of the road safety provisions included in the civil works contract. Guidelines on safe arterial roads are also being developed to foster progressive design practices and enable replication in future road projects.
- (v) **On track rating.** The project has been rated *on track* in the project performance rating since it was declared effective in May 2017.

C. Conclusion

5. The current project is performing well, since it is meeting all required standards, as follows: (i) the project is on track to deliver its expected outputs and meet its intended outcome, (ii) contract awards and disbursements are progressing as planned, (iii) all due and applicable safeguard policy requirements are being complied with, (iv) the successful implementation of the project is not threatened by major risks, and (v) the project is rated *on track* in the project performance rating.

6. The proposed additional financing meets the eligibility criteria, as the project is (i) technically feasible, economically viable, and financially sound based on the due diligence carried out; (ii) accorded high priority by the government as reflected by its inclusion in the National Development Strategy;⁵ (iii) consistent with the transport development objectives of the current project, as it will enhance the outcome and outputs of the current project; and (iv) consistent with the country partnership strategy, 2016–2020 for Tajikistan, which aims to enhance transport connectivity and regional integration.⁶

7. Given the strong links with the original project in terms of design and implementation arrangements, the additional financing will offer substantial efficiency gains in project processing and help meet the project outcome in a timely manner. The current project, through the PMCSC's support, has contributed to substantially improving the additional financing readiness, which will help synchronize the award of the PMCSC and main civil works contracts with the effectiveness of proposed ADB-provided financing.

⁵ Government of Tajikistan. 2017. *National Development Strategy of the Republic of Tajikistan for the Period up to 2030*. Dushanbe.

⁶ ADB. 2016. *Country Partnership Strategy: Tajikistan, 2016–2020*. Manila.