



Report and Recommendation of the President to the Board of Directors

INTERNAL

Project Number: 54005-003
October 2022

Proposed Grant for Additional Financing Republic of Tajikistan: Road Network Sustainability Project

Distribution of this document is limited until it has been approved by the Board of Directors. Following such approval, this document will be reclassified as *public* and disclosed in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 29 September 2022)

Currency unit	–	somoni (TJS)
TJS1.00	=	\$0.09738
\$1.00	=	TJS10.269

ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
km	–	kilometer
m	–	meter
MOT	–	Ministry of Transport
PAM	–	project administration manual
RAMS	–	road asset management system

NOTE

In this report, "\$" refers to United States dollars.

Vice-President	Shixin Chen, Operations 1
Director General	Eugene Zhukov, Central and West Asia Department (CWRD)
Deputy Director General	Nianshan Zhang, CWRD
Directors	Hideaki Iwasaki, Transport and Communications Division (CWTC), CWRD Shanny Campbell, Country Director, Tajikistan Resident Mission (TJRM), CWRD
Team leader	Rika Idei, Transport Specialist, CWTC, CWRD
Team members	Michael Anyala, Senior Road Asset Management Specialist, Transport Sector Group, Sustainable Development and Climate Change Department Kathleen Anne Coballes; Climate Change Officer; Environment, Natural Resources, and Agriculture Division; CWRD Gladys P. Franco; Senior Social Development Officer (Gender); Portfolio, Results, Safeguards, and Gender Unit (CWOD-PSG); CWRD Didier Guynet; Principal Procurement Specialist; Procurement Division 1; Procurement, Portfolio, and Financial Management Department Mufara Hamidova, Senior Project Assistant, TJRM, CWRD Pawan Karki, Principal Transport Specialist, CWTC, CWRD Hansung Kim, Finance Specialist (Transport), CWTC, CWRD Marianne Macabingkil, Senior Operations Assistant, CWTC, CWRD Hugh McGregor, Counsel, Office of the General Counsel Wendy Montealto, Senior Operations Assistant, CWTC, CWRD Farrukh Nuriddinov, Senior Project Officer, TJRM, CWRD Ezzatullah Oriakhail, Associate Financial Management Officer, Afghanistan Resident Mission (AFRM), CWRD Siddiqullah Salari, Associate Project Officer (Transport), AFRM, CWRD Yukihiro Shibuya, Senior Social Development Specialist (Safeguards), CWOD-PSG, CWRD Kyoko Uematsu, Senior Environment Specialist, CWOD-PSG, CWRD Maria Cecilia Villanueva, Project Analyst, CWTC, CWRD
Peer reviewer	Kanzo Nakai, Principal Transport Specialist, Transport and Communications Division, South Asia Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

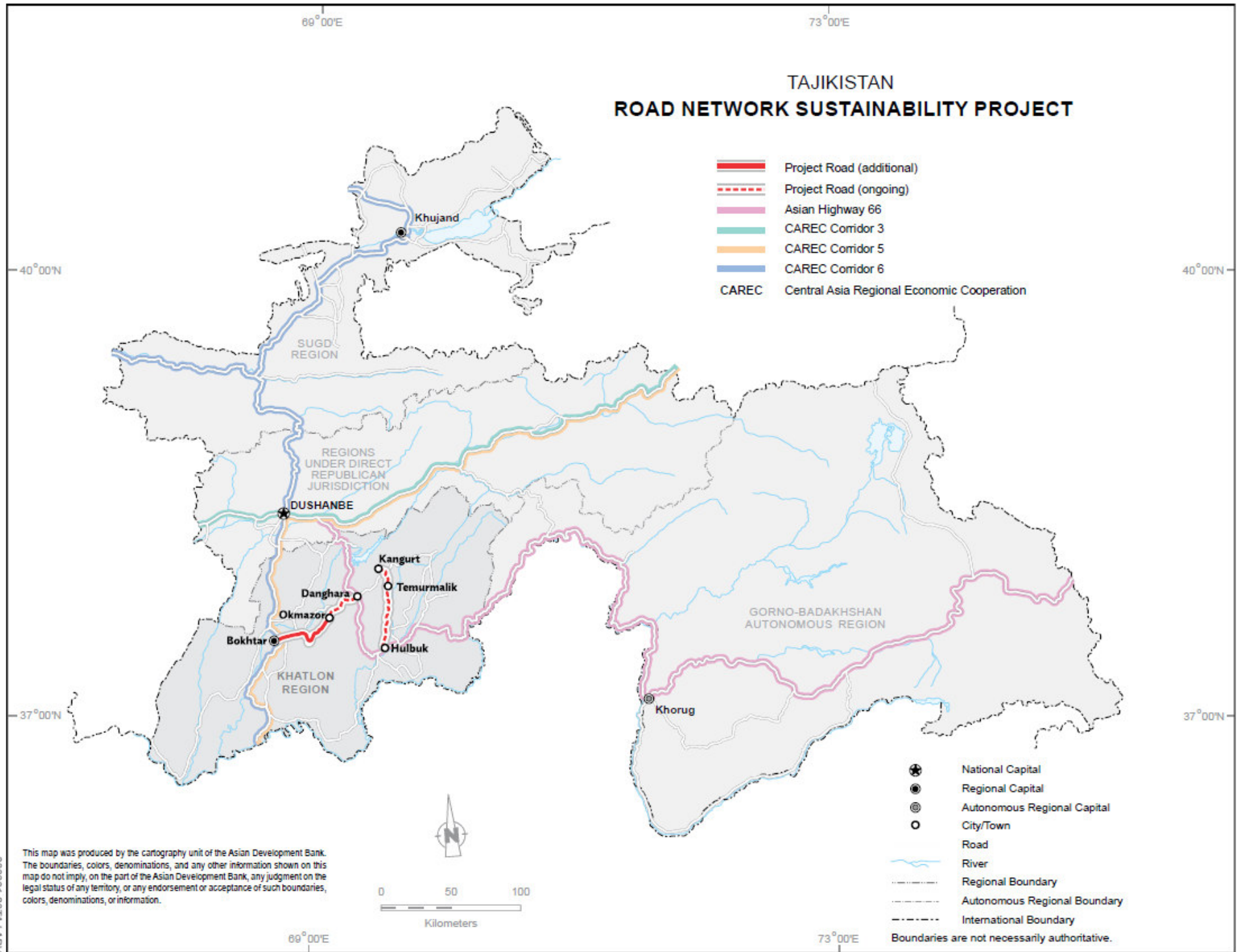
	Page
PROJECT AT A GLANCE	
MAP	
I. THE PROPOSAL	1
II. THE PROJECT	1
A. Rationale	1
B. Project Description	2
C. Value Added by ADB	3
D. Summary Cost Estimates and Financing Plan	3
E. Implementation Arrangements	4
III. DUE DILIGENCE	4
A. Summary Due Diligence Results	4
B. Summary of Risks and Mitigating Measures	7
IV. ASSURANCES	7
V. RECOMMENDATION	7
APPENDIXES	
1. Revised Design and Monitoring Framework	8
2. List of Linked Documents	12

PROJECT AT A GLANCE

1. Basic Data		Project Number: 54005-003	
Project Name	Road Network Sustainability Project (Additional Financing)	Department/Division	CWRD/CWTC
Country Recipient	Tajikistan Republic of Tajikistan	Executing Agency	Ministry of Transport
Country Economic Indicators Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=54005-003-CEI https://www.adb.org/Documents/LinkedDocs/?id=54005-003-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Transport	Road transport (non-urban)		43.20
		Total	43.20
3. Operational Priorities		Climate Change Information	
✓ OP2: Accelerating progress in gender equality		GHG reductions (tons per annum)	3,288.440
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		Climate Change impact on the Project	Medium
✓ OP6: Strengthening governance and institutional capacity			
✓ OP7: Fostering regional cooperation and integration			
		ADB Financing	
		Adaptation (\$ million)	1.72
		Mitigation (\$ million)	0.56
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4		Effective gender mainstreaming (EGM)	✓
SDG 3.6			
SDG 5.5			
SDG 9.1			
SDG 13.a			
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Risk Categorization:	Low		
5. Safeguard Categorization	Environment: B Involuntary Resettlement: B Indigenous Peoples: C		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		43.20	
Sovereign Project grant: Asian Development Fund		43.20	
Cofinancing		0.00	
None		0.00	
Counterpart		9.27	
Government		9.27	
Total		52.47	
Currency of ADB Financing: US Dollar			

TAJIKISTAN

ROAD NETWORK SUSTAINABILITY PROJECT



This map was produced by the cartography unit of the Asian Development Bank. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of the Asian Development Bank, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information.

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed grant to the Republic of Tajikistan for the additional financing of the Road Network Sustainability Project.

2. The additional financing will finance the scaled-up scope of the Road Network Sustainability Project, which was approved by the Asian Development Bank (ADB) Board of Directors for the grant amount of \$67.49 million from the Asian Development Fund on 19 November 2020.¹ The expected project impacts are as follows: (i) economic growth promoted,² and (ii) safe and competitive connectivity established across the region covered by the Central Asia Regional Economic Cooperation (CAREC) program.³ The outcome is as follows: safety and reliability of road network improved in southern Tajikistan. The project consists of four outputs: (i) roads in southern Tajikistan improved (rehabilitation of two road sections: Hulbuk–Kangurt and Dangara–Okmazor), (ii) road asset management system database developed, (iii) women’s access to socioeconomic opportunities enhanced, and (iv) procurement readiness for the road section to be financed under the additional financing enhanced.⁴ The report and recommendation of the President for the ongoing project is accessible from the list of linked documents in Appendix 2.

II. THE PROJECT

A. Rationale

3. The proposed project meets the eligibility criteria for additional financing. The ongoing project remains technically feasible, economically viable, and financially sound. As of 5 September 2022, the project met the performance criteria to be rated as *performing well*, as detailed below.

- (i) **Performance rating.** As of 5 September 2022, contract awards are at \$51.4 million (76.2% of the grant amount), and disbursement is at \$15.1 million (22.4% of the grant amount). Ongoing project performance is rated *on track*.
- (ii) **Delivery of expected project outputs.** For road rehabilitation (output 1), the contractors and a construction supervision consultant have been mobilized, and civil works are underway, with financial progress of 31.2%. The consultants responsible for supporting the RAMS database development (output 2) commenced their assignment in August 2022, the consultant to support the enhancement of women’s socioeconomic opportunities (output 3) in December 2021, and the consultant to support the implementation agency’s procurement for the additional financing (output 4) in May 2022, respectively. Overall, the delivery of expected project outputs is rated *successful*.
- (iii) **Compliance with safeguards policy requirements.** Safeguard implementation is assessed to be *on track*. Each safeguard covenant item of the ongoing project is *complied with or is being complied with*.
- (iv) **Management of risks.** The ongoing project incorporated actions to mitigate risks to ensure the government’s proper implementation. The construction supervision consultant has been engaged to support the Project Implementation Unit for Roads

¹ ADB. 2020. [Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Republic of Tajikistan for the Road Network Sustainability Project](#). Manila.

² Government of Tajikistan. 2017. *National Development Strategy of the Republic of Tajikistan for the Period up to 2030*. Dushanbe.

³ ADB. 2020. [CAREC Transport Strategy 2030](#). Manila.

⁴ Output 4 was included through a change in the project scope on 23 November 2021.

Rehabilitation in supervising civil works and ensuring compliance with safeguards requirements. Management of risks is rated *successful*.

4. **Scale-up of the ongoing project's scope.** The additional financing is to scale up the ongoing project's scope by (i) expanding the regional scope of outputs 1 and 3 by including the Okmazor–Bokhtar section, and (ii) enhancing the completeness of the road data to be collected and analyzed under output 2 to fit the RAMS database of the Ministry of Transport (MOT), which is under development. With this scale-up, the government will be able to complete the major road network in southern Tajikistan, expedite the completion of the road dataset for operationalizing the RAMS, and engage more local women in socioeconomic opportunities in the region. These will strengthen the regional economic platform and sustain the quality of the country's roads.

5. **Consistency with national development objectives.** The overall project will remain aligned with the government's development strategy (footnote 2) and will contribute to the State Program on Transport Sector Development, 2010–2025.⁵ It is further considered to be aligned with the country's nationally determined contributions,⁶ in which increasing climate resilience of transport infrastructure, including roads, is considered to bring about adaptation and mitigation benefits.⁷ The overall project is thus considered to be aligned with the nationally determined contributions.

6. **Strategic fit.** The overall project will be aligned with ADB's Strategy 2030, particularly with the following four operational priorities: (i) accelerating progress in gender equality; (ii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; (iii) strengthening governance and institutional capacity; and (iv) fostering regional cooperation and integration.⁸ It will also be in line with ADB's country partnership strategy for Tajikistan, 2021–2025,⁹ and the CAREC Transport Strategy 2030 (footnote 3) and the other CAREC strategies.¹⁰

B. Project Description

7. **Impacts and outcome.** The additional financing is aligned with the same impacts as the ongoing project: (i) economic growth promoted (National Development Strategy, 2016–2030) (footnote 2), and (ii) safe and competitive connectivity established across the CAREC region (CAREC Transport Strategy 2030) (footnote 3). The outcome will also be the same as that of the ongoing project: safety and reliability of road network improved in southern Tajikistan.¹¹

8. **Output 1: Roads in southern Tajikistan improved.** The rehabilitation of the 40-kilometer (km) Okmazor–Bokhtar section along their existing right-of-way will be a new inclusion. The section consists of the two-lane Okmazor–Levakant subsection (30.3 km) and the four-lane Levakant–Bokhtar subsection (9.7 km). The Okmazor–Levakant subsection is classed as

⁵ Government of Tajikistan. 2011. *State Program on Transport Sector Development, 2010–2025*. Dushanbe.

⁶ United Nations Climate Change. 2021. *The Updated NDC of the Republic of Tajikistan*. Bonn.

⁷ The project roads are equipped with climate adaption features to ensure their all-year operation against extreme climate conditions and subsequent events. Improved surface conditions will contribute to the reduction in fuel consumption and, subsequently, a reduction of greenhouse gas emissions which will be complemented by tree planting.

⁸ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

⁹ ADB. 2021. *Country Partnership Strategy: Tajikistan, 2021–2025—Improving the Quality of Growth*. Manila.

¹⁰ ADB. 2017. *CAREC 2030: Connecting the Region for Shared and Sustainable Development*. Manila; ADB. 2021. *CAREC Gender Strategy 2030: Inclusion, Empowerment, and Resilience for All*. Manila.

¹¹ The revised design and monitoring framework is in Appendix 1.

category III (road width of 3.5 meters [m] for each lane and 2.5 m paved shoulders), while the Levakant–Bokhtar subsection is category I (road width of 3.75 m for each lane and 3.75 m paved shoulders).

9. **Output 2: Road asset management system database developed.** The output supports the MOT in collecting and analyzing the data of roads under the MOT’s jurisdiction. Once the RAMS database architecture is fully developed, the dataset on roads will be enhanced. The implementation support consultant of the output will review the database’s requirements and identify items to be added.

10. **Output 3: Women’s access to socioeconomic opportunities enhanced.** The output helps promote women’s participation in economic activities. With the additional financing, the Okmazor–Bokhtar section will be included in the output’s regional scope.

11. **Output 4: Procurement readiness for the road section to be financed under the additional financing enhanced.** A consultant recruited under the ongoing project assists the MOT in procurement under the additional financing. No additional input is required.

C. Value Added by ADB

12. ADB has provided comprehensive assistance to the country’s road sector in improving key international and domestic corridors, integrating road safety and climate-resilient features in the engineering design, and developing the RAMS. ADB’s assistance has been designed in response to the government’s needs to ensure that the assistance is timely and aligned with the country’s development directions. Such assistance has been implemented in coordination with other development partners to promote synergetic effects among interventions, particularly the ongoing RAMS development and road safety.¹² Moreover, since 2011, ADB has assisted in improving the livelihoods of women living along or in the vicinity of the project roads by providing a set of knowledge and skills on business start-ups. This assistance has supplemented benefits from the improvement of the country’s key corridors and contributed to strengthening the country’s economic platform.

D. Summary Cost Estimates and Financing Plan

13. The overall project is estimated to cost \$125.40 million (Table 1). Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).¹³

Table 1: Summary Cost Estimates
(\$ million)

Item	Current Amount ^a	Additional Financing ^b	Total
A. Base Cost^c			
1. Output 1: Roads in southern Tajikistan improved	62.57	45.64	108.21
2. Output 2: Road asset management system database developed	0.72	0.37	1.09
3. Output 3: Women’s access to socioeconomic opportunities enhanced	0.38	0.15	0.53
4. Output 4: Procurement readiness for the road section to be financed under the additional financing enhanced	0.11	0.00	0.11
Subtotal (A)	63.78	46.16	109.94

¹² Sector Assessment (Summary): Transport (Road Transport [Nonurban]) (accessible from the list of linked documents in Appendix 2).

¹³ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

B. Contingencies^d	9.15	6.31	15.46
Total (A+B)	72.93	52.47	125.40

^a Refers to the original amount.

^b Includes taxes and duties of \$6.51 million. Such an amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$6.51 million through exemption.

^c In mid-2022 prices as of May 2022.

^d Physical and price contingencies, and a provision for exchange rate fluctuation are included.

Source: Asian Development Bank estimates.

14. The government has requested a grant not exceeding \$43.20 million from ADB's Special Funds resources (Asian Development Fund) to help finance the project.

15. The summary financing plan is in Table 2. ADB will finance the expenditures in relation to civil works and consulting services. The government will contribute \$9.27 million, which covers taxes and duties and land acquisition and resettlement and incremental administrative costs.

Table 2: Summary Financing Plan

Source	Current ^a		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank						
Special Funds resources (Asian Development Fund grant)	67.49	92.5	43.20	82.3	110.69	88.3
Government of Tajikistan	5.44	7.5	9.27	17.7	14.71	11.7
Total	72.93	100.0	52.47	100.0	125.40	100.0

^a Refers to the original amount.

Source: Asian Development Bank estimates.

16. For the additional financing, climate mitigation is estimated to cost \$0.66 million and climate adaptation is estimated to cost \$2.03 million. ADB will finance 85% of mitigation costs and 85% of adaptation costs. Details are in the PAM (footnote 13).

E. Implementation Arrangements

17. The grant closing date will be extended from 31 December 2024 to 31 December 2025 to complete all outputs under the overall project. Except for the extension, there are no changes in the implementation arrangements. All contracts will be procured in accordance with the ADB Procurement Policy (2017, as amended from time to time), Procurement Regulations for ADB Borrowers (2017, as amended from time to time), and their associated staff instructions. Advance contracting and retroactive financing will be pursued for civil works contracts, and the invitation for bid was published on 24 June 2022. The consultant services for outputs 1, 2, and 3 will be procured through contract variations with the incumbent consultants under the ongoing project. The implementation arrangements are described in detail in the PAM (footnote 13).

III. DUE DILIGENCE

A. Summary Due Diligence Results

18. A summary of the due diligence assessments for the additional financing is presented in Table 3.¹⁴

¹⁴ The full due diligence assessments are in the (i) Climate Change Assessment, (ii) Economic and Financial Analysis, and (iii) Gender Action Plan (accessible from the list of linked documents in Appendix 2).

Table 3: Summary of Due Diligence Assessments

Area of Assessment	Summary of Assessment
Technical	<p>The engineering design of the road to be rehabilitated under the project follows the one for the Dangara–Okmazor section being rehabilitated under the ongoing project to ensure continuation. The section is vulnerable to extreme precipitation and mudflows,^a which is addressed in the design by incorporating climate-resilient features in the capacity of retaining walls, drainages, and ditches to protect the road and associated roadside facilities. In addition, to enhance the reduction of greenhouse gas emissions, trees will be planted along the road. Roadside facilities to be equipped will include shoulders, sidewalks, and hydro-powered traffic lights and streetlights. These facilities are expected to contribute to the improvement of road users' safety and comfortable use. The detailed design was developed by the project preparation consultant^b and was approved by the government in 2021.</p>
Economic and financial viability	<p>Economic viability. The economic evaluation of the project has been undertaken using the highway development and management model, following ADB guidelines.^c The project preparation consultant conducted traffic counts in November 2021 at three points along the Bokhtar–Okmazor section. The reductions in vehicle operating costs, travel time and emissions are compared with the capital costs and changes in operation and maintenance costs over a 25-year appraisal period, comprising 2 years for civil works and 23 years for operations. All project benefits were expressed in 2020 economic prices, in United States dollars, using the world price numeraire. The results confirm the economic viability of the added road section, with an economic internal rate of return of 10.0%, a benefit-cost ratio of 1.1, and a net present value of \$3.47 million. The overall project's economic viability was also confirmed with an economic internal rate of return of 13.9%.^d There are no activity-generating revenues in the overall project. Thus, the financial analysis was conducted focusing on financial sustainability with consideration of incremental recurrent cost analysis.</p>
Sustainability	<p>The financial incremental recurrent cost analysis shows the substantive shortfall in the maintenance funds despite increases in the planned maintenance budget for 2022–2024. Further, considering the macroeconomic situation, it is uncertain whether maintenance budgets will increase to the required level. The financial sustainability risk is found to be <i>substantial</i>. The government has been making efforts to tackle the chronic maintenance budget shortfall. For instance, it is developing a RAMS that will allow it to assess the overall maintenance needs and prioritize them within available resources. It also aims to establish a road maintenance fund by 2024. For the sustainable operation of the fund, the interministerial discussion on the sources for the fund is ongoing to arrive at a mutual consensus. Under the Central Asia Regional Economic Cooperation Corridors 2, 3, and 5 (Obigarm–Nurobod) Road Project,^e a toll specialist has been mobilized to assist the MOT in developing tolling options in coordination with the government. Under output 2 of the ongoing project, assistance is provided to the MOT in collecting and analyzing the data of roads under the MOT's jurisdiction. The data will be stored in the RAMS database and will be used to identify each road's maintenance needs, estimate annual maintenance budgets, and prioritize among the roads for optimal resource allocation. By the time the overall project is completed, the RAMS database and the road maintenance fund will have become operational, and the maintenance budget is expected to be secured for sustaining the roads' quality.</p>
Governance	<p>Financial management. The financial management assessment was conducted in June 2020 as part of the due diligence of the ongoing project; it was updated in June 2022. The pre-mitigation financial management risk is assessed to be <i>moderate</i>, considering that the PIURR has implemented the financial management action plan, such as updating the relevant information technology software, implementing specialized external financial management training for the PIURR's staff for foreign exchange management, cleaning audit opinions for the past years, including the PIURR in the Ministry of Finance's internal audit work plan on its risk-based analysis, and maximizing the use of direct payment and reimbursement procedures without using an advance account for handling the inherent risk of country financial systems. The PIURR's efforts for improvement are expected during implementation, which may be supplemented by ADB's online training programs.^f The status will be continuously monitored. Meanwhile, annual project financial statement audits will be reviewed.</p> <p>Procurement. The project procurement risk assessment conducted for the ongoing project was reviewed when preparing the additional financing in 2021. No significant change was deemed to have occurred concerning the procurement environment or the procurement capability of the recipient since 2020. A procurement support consultant has been mobilized under the ongoing project, who assists the MOT in procurement. The procurement risk that was assessed as <i>moderate</i> for the ongoing project has thus been confirmed as such for the additional financing. The strategic procurement planning for the additional project was conducted in November 2021–May 2022, and it was concluded that the civil works would be procured through a one-contract package with two lots (the Okmazor–Levakant and Levakant–Bokhtar subsections). The consultancy services for each output will be procured through</p>

Area of Assessment	Summary of Assessment
	variations to the contracts with the incumbent consultants under the ongoing project, to enhance the implementation efficiency and ensure consistency in implementation approaches for the overall project.
Poverty, social, and gender	<p>The project area is in the poorest <i>oblast</i> (province) in the country, with a high population density.⁹ Most of the population along the project roads is engaged in the informal economy, mainly farming activities and/or selling agricultural commodities or handmade products at markets or stalls along or near the roads. The absence of established and accessible markets makes the population's economic capacity vulnerable to external shocks. In addition, the road's poor condition requires longer travel time and constrains mobility. The overall project is expected to contribute to promoting the movement of people and goods and, subsequently, the diversification of economic opportunities.</p> <p>The project is categorized <i>effective gender mainstreaming</i>. Group discussions focused on local women were held while preparing the ongoing project in 2020, confirming their concerns about limited opportunities to participate in the local economy and acquire knowledge on business start-ups as well as on inadequate road safety measures on the project roads. The consultant for output 3 under the ongoing project reconfirmed such concerns during consultations in January 2022. With the additional financing, the output's regional scope will be expanded, and more women are expected to participate in the activities summarized in the gender action plan.^h This will help to promote local women's exposure to the regional economy. To ensure women's safe use of the roads, gender-responsive features are included in the design of the project roads and roadside facilities.</p>
Safeguards	<p>Environmental safeguards. The project is categorized B under ADB's Safeguard Policy Statement (2009).ⁱ The environmental impacts are expected to be localized and not significant after the implementation of mitigation measures throughout the project's construction and operation stages. The PIURR prepared an IEE report that includes an EMP. The IEE was cleared by ADB and was disclosed on ADB's website in July 2022, and the cleared IEE in Russian was also disclosed with a summary in the Tajik language on the MOT's website. The EMP and other safeguard requirements were included in bidding documents and will be included in civil works contracts. The contractors will be required to prepare a site-specific EMP for each section and will not be allowed to commence works without the approval of the site-specific EMP by the construction supervision consultant and the PIURR. During implementation, semiannual environmental safeguards monitoring reports will be prepared.</p> <p>Social safeguards. The project is categorized B under the Safeguard Policy Statement for involuntary resettlement impacts. The PIURR prepared a draft LARP. In July 2022, the draft LARP was cleared by ADB. It was subsequently disclosed on the ADB website while the Russian version was disclosed on the MOT's website. The project will affect (i) 37,119.07 square meters of land owned by 3 entities and 78 households, (ii) 23 businesses, (iii) 55 residential structures owned by 60 affected households, (iv) 189 commercial structures, (v) 4,024 affected trees, and (vi) 12,564.90 square meters of land planted with crops. In total, 209 households and 23 enterprises will be affected. Of those, 30 affected households with 181 household members were found to be severely affected, while 39 vulnerable households with 332 household members were identified. Public consultations were conducted with 158 participants in November 2021–April 2022. During implementation, consultations with local stakeholders will be continued and will be documented in semiannual social safeguards monitoring reports. The project is categorized C for indigenous peoples because there are no indigenous peoples' communities or settlements in the project area as defined under the Safeguard Policy Statement.</p>

ADB = Asian Development Bank, EMP = environmental management plan, IEE = initial environmental examination, LARP = land acquisition and resettlement plan, MOT = Ministry of Transport, PIURR = Project Implementation Unit for Roads Rehabilitation, RAMS = road asset management system.

^a Climate Change Assessment (accessible from the list of linked documents in Appendix 2).

^b The incumbent construction supervision consultant under the ongoing 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 Central Asia Regional Economic Cooperation Corridors 2, 5, and 6 \(Dushanbe–Kurgonteppa\) Road Project](#). Manila assisted the MOT in preparing the project.

^c ADB. 2017. [Guidelines for the Economic Analysis of Projects](#). Manila.

^d Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

^e ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Republic of Tajikistan for the Central Asia Regional Economic Cooperation Corridors 2, 3, and 5 \(Obigarm–Nurobod\) Road Project](#). Manila.

^f ADB. [ADB eLearn](#).

^g Global Data Lab. [GDL Area Database \(v4.1\)](#). (accessed 7 June 2022).

^h Gender Action Plan (accessible from the list of linked documents in Appendix 2).

ⁱ ADB. 2009. [Safeguard Policy Statement](#). Manila.

Source: Asian Development Bank.

B. Summary of Risks and Mitigating Measures

19. Significant risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.¹⁵

Table 4: Summary of Risks and Mitigating Measures

Risks	Mitigating Measures
Insufficient allocation of funds to maintain the project road sections and facilities	The MOT has been developing the RAMS database with assistance from development partners, including ADB, while preparing for the establishment of the road maintenance fund. The intergovernmental discussion on sources to be earmarked for the fund is ongoing to make the fund functional after its establishment. The following additional assurance will be sought in the grant agreement: after completion, the project roads are included in the RAMS and adequate funds for maintenance are provided to sustain their quality.
Continuous inflation of prices of civil works materials	Because of various factors, including residual impacts of the COVID-19 pandemic since 2020, there has been inflation in the prices of civil works materials. The project cost estimates include contingencies to mitigate potential cost increases during implementation. To date, there are unused contingencies of \$9.15 million under the ongoing project, in addition to which contingencies (5% of the base cost) are allocated under the additional financing. These contingencies are considered to be a sufficient buffer to address the inflation risks.
Resurgence of COVID-19 pandemic	As part of the site-specific environmental management plan, the civil works contractors will develop and implement a COVID-19 health and safety management plan, and an emergency response plan. The MOT and PIURR will devise and implement a risk mitigation plan that will detail a strategy to account for any time lost because of COVID-19.

ADB = Asian Development Bank, COVID-19 = coronavirus disease, MOT = Ministry of Transport, PIURR = Project Implementation Unit for Roads Rehabilitation, RAMS = road asset management system.

Source: Asian Development Bank.

IV. ASSURANCES

20. The government and the MOT have assured ADB that project implementation shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement, as described in detail in the PAM (footnote 13) and grant documents.

21. The government and the MOT have agreed with ADB on certain covenants for the project, which are set forth in the draft grant agreement.

V. RECOMMENDATION

22. I am satisfied that the proposed grant would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the grant not exceeding \$43,200,000 to the Republic of Tajikistan from ADB's Special Funds resources (Asian Development Fund) for the additional financing of the Road Network Sustainability Project, on terms and conditions that are substantially in accordance with those set forth in the draft grant agreement presented to the Board.

Masatsugu Asakawa
President

3 October 2022

¹⁵ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

REVISED DESIGN AND MONITORING FRAMEWORK

The revised design and monitoring framework strikes out content for deletion and underlines content to be added.

Impacts the Project is Aligned with			
(i) Economic growth promoted (Tajikistan National Development Strategy) ^a			
(ii) Safe and competitive connectivity established across the CAREC region (CAREC Transport Strategy 2030) ^b			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Safety and reliability of road network improved in southern Tajikistan	By 2025 <u>2026</u> : a. Travel time between Dangara and Okmazor <u>Bokhtar</u> reduced to 0.4 <u>1.0</u> hours (2021 baseline: 0.5-1.2 hours) (OP 2.4.1) b. Travel time between Hulbuk and Kangurt reduced to 0.8 hours (2020 baseline: 1.0 hours) (OP 2.4.1) c. Average daily vehicle-km reached 250,000 <u>357,000</u> in the first full year of operation of the project roads <u>Dangara–Bokhtar section^c</u> (2020 ¹ baseline: 195,000 <u>248,000</u>) (<u>OP 7.1.1</u>) d. Average daily vehicle-km reached <u>96,000</u> in the first full year of operation of the <u>Hulbuk–Kangurt section^c</u> (2020 baseline: 75,200) (<u>OP 7.1.1</u>) e. The road maintenance fund becomes <u>became</u> operational from <u>2025</u> (2020 baseline: None) (OP 6.2.2, OP 7.1.1) f. Gross regional product of the Khatlon <i>oblast</i> (<u>province</u>) increased by 5% (2019 baseline: TJS19.7 billion) (<u>OP 7.2</u>) g. Annual number of traffic accidents on the project roads <u>Dangara–Bokhtar section</u> reduced by 15% (2020 baseline: 43 <u>32</u>)	a.–h. PCR from MOT <u>MOT's monthly, quarterly, and annual progress and completion reports</u> <u>Annual statistics from the Agency on Statistics under President of the Republic of Tajikistan and the MOT</u>	<u>R: Adverse impacts of the COVID-19 pandemic on the country's economy will continue during implementation.</u> <u>A: Insufficient Sufficient allocation of funds to maintain the project roads and facilities utilizing the road maintenance fund.</u>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p><u>(OP 7.1.1)</u></p> <p><u>h. Annual number of traffic accidents on the Hulbuk–Kangurt section reduced by 15% (2020 baseline: 11)</u> <u>(OP 7.1.1)</u></p>		
<p>Outputs</p> <p>1. Roads in southern Tajikistan improved</p> <p>2. Road asset management system database developed</p> <p>3. Women’s access to socioeconomic opportunities enhanced</p>	<p>By 2024 2025:</p> <p>1a. 28.7 <u>68.7</u> km from Dangara–Okmazor <u>to Bokhtar</u> improved with international roughness index no higher than 2.0 m/km, and including at least three gender-sensitive features^d (2020 baseline: 7.5 m/km) (OP 1.3.1, OP 2.4.1, OP 3.2.5, OP 7.1.1)</p> <p>1b. 59.5 km from Hulbuk to Kangurt improved with international roughness index no higher than 2.0 m/km, and including at least five gender-sensitive features^d (2020 baseline: 7.5 m/km) (OP 1.3.1, OP 2.4.1, OP 3.2.5, OP 7.1.1)</p> <p>1c. At least 70% of the population along the project roads (50% of whom are women) attended road safety awareness campaigns (2020 baseline: None) <u>(OP 7.1.1)</u></p> <p>1d. Road safety facilities installed in the project sections^e (2020 baseline: None) <u>(OP 7.1.1)</u></p> <p>2a. Data inventory for selected arterial highways completed (2020 baseline: None) (OP 6.2.2, OP 7.1.1)</p> <p>3a. Blended knowledge distribution program for women on entrepreneurship and household financial</p>	<p>1a.–d. Project <u>MOT’s monthly, quarterly, and annual progress and PCR from MOT completion reports</u></p> <p>2a. <u>MOT’s final and progress reports from RAMS consultant</u></p> <p>3a.–c. Project <u>MOT’s progress reports and PCR completion reports from MOT and the</u></p>	<p>R: Resurgence of COVID-19 pandemic in the country adversely affects and/or delays project implementation.</p> <p>R: Delays in establishment of RAMS database or insufficient budget allocation relating to the operation of RAMS affect timely implementation.</p> <p>R: Candidates continuously experience travel restrictions because of the COVID-19 pandemic.</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
4. Procurement readiness for the road section to be financed under the additional financing enhanced ^h	<p>management designed and implemented^f (2020 baseline: None) (OP 2.1.1)</p> <p>3b. At least 500 <u>600</u> women gained knowledge and skills on business development and household financial management^g (2020 baseline: None) (OP 2.1.1)</p> <p>3c. At least 10 <u>13</u> women from the project area received grants for entrepreneurship (2020 baseline: None) (OP 2.1.1)</p> <p>By 2022 4a. Contracts for civil works <u>for the road section to be financed under the additional financing</u> awarded (2021 baseline: None) (OP 6.2.2)</p>	<p>implementation support consultant</p> <p>4a. MOT's bid evaluation reports</p>	
Key Activities with Milestones			
<p>1. Roads in southern Tajikistan improved</p> <p>1.1 Issue request for proposals for construction supervision consultant recruitment and invite bids for civil works contracts in Q3/Q4 2020 <u>under the original project in Q3 2020–Q1 2021 (completed)</u>.</p> <p>1.2 Award construction supervision consultant contract and civil works contracts by Q1 2021 <u>under the original project by April 2022 (completed)</u>.</p> <p>1.3 <u>Award civil works contracts under the additional financing by January 2023 (the invitation for bids was published on 24 June 2022)</u>.</p> <p>1.4 <u>Complete civil works by Q4 2023 under the ongoing and additional financing projects by Q1 2025</u>.</p> <p>1.5 Complete road safety-awareness campaigns in roadside villages by <u>Q1 2024 2025</u>.</p> <p>2. RAMS database developed</p> <p>2.1 Recruit and mobilize RAMS consultant by <u>Q3 2021 2022 (completed)</u>.</p> <p>2.2 Complete road inventory works by <u>Q1 Q2 2024</u>.</p> <p>3. Women's access to socioeconomic opportunities enhanced</p> <p>3.1 Recruit and mobilize implementation support consultant by <u>Q2 Q4 2021 (completed)</u>.</p> <p>3.2 Develop knowledge distribution package by <u>Q4 2021 2022</u>.</p> <p>3.3 Train women along the project roads on business development and household financial management by <u>Q1 Q4 2024</u>.</p> <p>4. Procurement readiness for the road section to be financed under the additional financing enhanced</p> <p>4.1 Recruit and mobilize procurement support consultant by <u>Q2 2022 (completed)</u>.</p>			
Inputs			
Asian Development Bank			
Special Funds resources (Asian Development Fund)			
\$67.49 million (ongoing)			
\$43.20 million (additional)			
\$110.69 million (overall)			
Government of Tajikistan			
Counterpart financing			
\$5.44 million (ongoing)			

\$9.27 million (additional)	
\$14.71 million (overall)	
Total	
\$72.93 million (ongoing)	
\$52.47 million (additional)	
\$125.40 million (overall)	

A = assumption, CAREC = Central Asia Regional Economic Cooperation, COVID-19 = coronavirus disease, km = kilometer, m = meter, MOT = Ministry of Transport, OP = operational priority, Q = quarter, R = risk, RAMS = road asset management system.

- ^a Government of Tajikistan. 2017. *National Development Strategy of the Republic of Tajikistan for the Period up to 2030*. Dushanbe.
- ^b Asian Development Bank. 2020. *CAREC Transport Strategy 2030*. Manila.
- ^c The baseline value for the indicator is calculated by using the section's distance and annual average daily traffic, based on traffic counts carried out during project preparation, while the target value is estimated by using the traffic forecasts.
- ^d Gender-sensitive features include gender-segregated rest spaces with diaper-changing facilities and toilets to provide comfort for female travelers and their accompanying children. These features will be built along the project roads.
- ^e Road safety facilities include geometric improvements, safety and crash barriers, improved drainage, pedestrian walkways, crossing markings, and safety signage and marks.
- ^f The blended knowledge distribution program is to be offered through two information-sharing mechanisms: (i) a mobile phone application or short message service to be developed under the project, and (ii) regular workshops to recap and supplement knowledge to be distributed using mobile phones.
- ^g A 1.5% share of the total number of women residing along the project roads is counted in the target beneficiary number, considering (i) the total number of women along the project roads, (ii) the ages of potential participants, (iii) the share of potential beneficiaries owning mobile phones, and (iv) the interest level of local women in the activities.
- ^h The output was included through a change in the project scope on 23 November 2021.

Contribution to Strategy 2030 Operational Priorities:

The expected values and methodological details for all OP indicators to which this operation will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=54005-003-2>

1. Grant Agreement
2. Report and Recommendation of the President to the Board of Directors: Road Network Sustainability Project (Tajikistan)
3. Sector Assessment (Summary): Transport (Road Transport [Nonurban])
4. Project Administration Manual
5. Economic and Financial Analysis
6. Summary Poverty Reduction and Social Strategy
7. Risk Assessment and Risk Management Plan
8. Climate Change Assessment
9. Gender Action Plan
10. Initial Environmental Examination
11. Land Acquisition and Resettlement Plan
12. Contribution to Strategy 2030 Operational Priorities