

## Project Implementation Monitoring Report (#5)

Reporting Period From 2024/01 To 2024/09

## Uzbekistan : Bukhara Road Network Improvement Project (Phase 1)

## 1. Project Information

Project ID:	P000313	Instrument ID:	L0313A
Member:	Uzbekistan	Region:	Central Asia
Sector:	Transport	Sub-sector:	Roads
Instrument type:	<input checked="" type="checkbox"/> Loan:165.50 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	B	Borrowing Entity:	Ministry of Economy and Finance, Uzbekistan
Implementing Entity:	Committee for Roads under the Ministry of Transport of the Republic of Uzbekistan		
Project Team Leader:	Runze Yu		
Responsible DG:	Konstantin Limitovski		
Responsible Department:	PSC2		
Project Team Members:	Odil Akbarov, SFD - Social Development Specialist; Christopher Damandl, Project Counsel; Luiz Eduardo Rodrigues, Alternate Counsel; Yogesh Malla, SFD - Financial Management Specialist; Chitambala Sikazwe, SFD - Procurement Specialist; Muzaffar Ahmad, SFD - Environment Specialist; Hayoung Kim, Team Member; Yanyang Shi, Project admin		
Completed Site Visits by AIIB:	May, 2022 Nov, 2022 Jun, 2023 Kick-Start Supervision Mission to Tashkent and Bukhara Region Oct, 2023 Supervision Mission Feb, 2024 ES Mission Jun, 2024 Supervision Mission		
Planned Site Visits by AIIB:	Nov, 2024 Supervision Mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/12		

## 2. Project Summary and Objectives

The Government of Uzbekistan has requested AIIB to finance a comprehensive investment program in the road sector across the Bukhara region, Khorezm region, and the Republic of Karakalpakstan. The Bukhara Road Network Improvement Project (BRNIP) Phase 1 will rehabilitate 78 km of international road A380 in and around the Bukhara

## Project Implementation Monitoring Report (#5)

Reporting Period From 2024/01 To 2024/09

City. The Project objective is to improve road efficiency, safety, and climate-resilience of major international cross-border roads in Bukhara and road networks in Karakalpakstan and Khorezm regions.

The Project has the following components:

Component 1: Rehabilitation and maintenance of 78km section of the international road A380;

Component 2: Construction supervision and technical audit consultancy;

Component 3: Phase 2 project preparation;

Component 4: Institutional strengthening, capacity building, and costs of the Project Implementation Unit (PIU);

Component 5: Purchase of equipment related to quality and quantity measurements for innovative contracting methodologies for roads.

### 3. Key Dates

Approval:	Jun. 22, 2020	Signing:	Dec. 15, 2021
Effective:	Feb. 14, 2022	Restructured (if any):	
Orig. Closing:	Jun. 30, 2026	Rev. Closing (if any):	

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	25.06	Latest disbursement (amount/date):	0.17/Sep. 09, 2024
Undisbursed:	140.44	Disbursement Ratio (%) <sup>1</sup> :	15.14

### 5. Project Implementation Update

The Project Implementation Update per components is as follows:

#### Component 1: Rehabilitation and maintenance of 78km section of the international road A380

Component 1 constitutes a significant portion of the Project and consists of three lots. Civil works contracts for all three lots were signed between AvtoY'ollinvest Agency and China Road and Bridge Corporation – CCC Third Highway Engineering Co. Ltd Joint Venture on March 28, 2023. Summary of the contract costs and Commencement of Works is provided below:

- Lot 1: awarded contract price: USD49,213,993.80; commencement: July 1, 2023
- Lot 2: awarded contract price: USD25,793,630.01; commencement: July 1, 2023
- Lot 3: awarded contract price: USD47,250,328.56; commencement: July 10, 2023

Total: USD122,257,952.37 excluding VAT

The progress of the works was affected by lengthy process in obtaining environmental clearance for tree removal, discrepancy between Bill of Quantities and construction drawings, design changes in Lot 3, difficulties in identifying suitable borrow pits, and inadequate mobilization of contractor's equipment and manpower.

The environmental permit for tree removal was obtained only in March 2024, adjustments of the Bill of Quantities are in the final stage, and the approval of the design changes in Lot 3 undergoes presently

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

**Project Implementation Monitoring Report (#5)**

Reporting Period From 2024/01 To 2024/09

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technical expertise and approval. Design changes in Lot 3 include relocation of interchanges, pedestrian underpasses and the change of the pavement type from concrete to asphalt pavement. The design changes are requested by the cities of Bukhara and Kagan and supported by the decision of the Cabinet of Ministers No. 2016 of November 30, 2023.

Due to these obstructions, the works progress is behind the original scheduled program. As of end of July 2024, the physical progress for each of the three lots is as follows:

- Lot 1 (km 150 – km 188, length 38 km):
  - Planned: 58.73%
  - Achieved: 13.95%
  - Project Slippage: 44.78%
- Lot 2 (km 188 – km 208, length 20 km):
  - Planned: 59.31%
  - Achieved: 33.93%
  - Project Slippage: 25.38%
- Lot 3 (km 208 – km 288, length 20 km):
  - Planned: 44.73%
  - Achieved: 5.34%
  - Project Slippage: 39.39%

As the works progress has fallen behind the works program, the Contractor submitted a revised Work Program for Lot 1 and Lot 2 in compliance with the requirements outlined in Sub-Clause 8.3 of the General Conditions of Contract. This revised program was approved by the Engineer from the Road Committee in September 2024.

In accordance with the revised work program, the Contractor envisages to complete construction works for Lot 1 and Lot 2 within the original contract period by 30 June 2025. To achieve this target, the contractor will mobilize additional equipment and plan to work in two shifts.

The Contractor has presently following number of key staff and equipment on site:

- Lot 1 (km 150 – km 188, length 38 km):
  - Key staff: 29 international staff and 101 national staff
  - Equipment: 68
- Lot 2 (km 188 – km 208, length 20 km):
  - Key staff: 30 international staff and 109 national staff
  - Equipment: 77
- Lot 3 (km 208 – km 288, length 20 km):
  - Key staff: 24 international staff and 93 national staff
  - Equipment: 39

Since the approval process of the design changes for Lot 3 is still ongoing, no revised work program for Lot 3 has been issued and works progress is limited to sections not subject to changes.

**Component 2: Construction supervision and technical audit consultancy**

In January 2023, Sheladia Association, Inc. was appointed by AvtoY'ollInvest Agency to provide construction supervision services. The PIU issued the notice to commence to Sheladia on January 20, 2023. Sheladia subsequently engaged Rhythm Plus LLC, Uzbekistan, as its Sub-Consultant.

## Project Implementation Monitoring Report (#5)

Reporting Period From 2024/01 To 2024/09

- The Construction Supervision Consultant (CSC) has undertaken a design review of the detailed design, which aimed to assess if the DD is fit to be used in the civil works and to make recommendations for improvements, if deemed necessary. Key staff like Team Leader, Environmental and Social Specialist, Road Design and Bridges Engineer are mobilized to conduct the Design Review.
- The CSC supported PIU to procure Civil Works Contractor(CWC), which included the review of received Bids for the civil works and maintenance; support in preparing Bids Evaluation Report for recommendation of contract award.
- Drafting of the civil works contract after negotiations between the Employer and the selected Contractor;
- CSC commenced day-to-day construction supervision activities. As of end of July 2024, there are 8 international key experts and 19 national non-key experts on site.
- CSC is delivering its first deliverables as per the contract: Inception Report, Design Review Report, Monthly Progress Reports.
- One of the anticipated outcomes of the Project is an enhanced road safety performance, gauged by an elevated star rating of the **International Road Assessment Programme (iRAP)**. The Bank has given no-objection to a Contract Amendment for the procurement of the iRAP Consultant under the construction supervision consultancy.
- Selection of the technical audit consultant is under preparation.

**Component 3: Phase 2 project preparation**

The Project team is working with the Road Committee and AvtoYo'linvest Agency for preparation of the Phase-2 of the Project. Phase 2 project will comprise of (i) reconstruction of local roads in Karakalpakstan and Khorezm regions of up to 516 km of Category III to Category V roads, (ii) institutional strengthening and capacity building, and (iii) development of a digital geospatial platform and woman and youth empowerment program.

To facilitate project preparation, under this Component, a national Project Preparation Coordinator, E&S Specialist and Procurement Specialist were engaged and working.

**Component 4: Institutional strengthening, capacity building, and costs of the Project Implementation Unit (PIU)**

PIU is working on submitting a general plan for capacity building activities and will propose specific actions for the Bank's concurrence.

**Component 5: Purchase of equipment related to quality and quantity measurements for innovative contracting methodologies for roads**

List of equipment to be purchased is under preparation by PIU.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Rehabilitation and maintenance of 78km section of the international road A380	Construction activities are ongoing with some delays	Site Specific Environmental and Social Management Plan (SSEMP) has been prepared and cleared by the supervision engineer which is currently under implementation.	Procurement concluded

## Project Implementation Monitoring Report (#5)

Reporting Period From 2024/01 To 2024/09

		<p>The Project Team conducted a standalone ES focused site visit to the Project in Feb 2024 and follow up meetings with the PIU. Key E&amp;S findings and highlights:</p> <ul style="list-style-type: none"> <li>Staffing arrangements on OHS and ES have been improved, following AIIB's mission in Feb 2024.</li> <li>The longstanding outstanding issue of tree replantation permits is now resolved following close coordination with the ministry of environment.</li> </ul>	
Component 2: Construction and technical audit consultancy	Deliverables are being submitted as per the contract	The Construction Supervision Consultant (CSC) needs to enhance its capacity. OHS Specialists has recently been appointed after obtaining no objection from AIIB. The replacement candidates for International Environment and Social Specialist are proposed by the supervision consultant and still in process of selection on a no objection basis.	Procurement concluded
Component 3: Phase 2 project preparation	Ongoing	Not applicable.	Ongoing
Component 4: Institutional strengthening, capacity building, and costs of the Project Implementation Unit (PIU)	Ongoing	Not applicable.	Under preparation
Component 5: Purchase of equipment related to quality and quantity measurements for innovative contracting methodologies for roads	Under preparation	Not applicable.	Under preparation

**Financial Management:**

As noted during the last mission, the implementation has been delayed and has impacted financial progress/disbursements. There were some delays in hiring of FM Specialist and submission of the project audit report, but both have been complied with. The Project needs to give due attention to the timely submission of IUFRs. To date, the Project has not been able to submit any IUFRs. The Project needs to submit IUFRs of Q1 and Q2 FY24. Last week, the Project submitted draft Q1 IUFR and the Bank has reviewed and provided comments.

**Project Implementation Monitoring Report (#5)**

Reporting Period From 2024/01 To 2024/09

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**6. Status of the Grievance Redress Mechanism (GRM)**

GRM is operational and includes a multi-tier structure. There was no complaint registered during the reporting period. Multi-tier structure operate as follows: Tier 1: Field level Grievance Redress Committee (GRC). For Tier 1, CSC and Civil Works Contractor are requested to assign Grievance Focal Person (GFP) who will be members of GRC 1. Tier 2: Second level GRC. The GRM coordinator is the appointed Environmental and Social Specialist of the PIU who will also act as a GFP at the Tier 2 level. The GRM operating principles include a separate GRM for the contractors and subcontractors' workers maintained and reported by the contractor. In addition, the CSC and Civil Contractor's E&S team established the telegram group (the most popular social media platform) for representatives of Makhallas to receive complaints from their residents. So far, there is no unresolved case under GRM.

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**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

Monitoring of the Results will start as soon as the iRAP specialist concludes the first assessment. The specialist has been appointed. Results will be reported in the next PIMR.

**Remarks:**

As the Roads Committee is still finalizing the Lot 3 design change, results will be reported in the next PIMR when work programs for all 3 lots are finalized and approved.

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Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments								
			Baseline		2022		2023		2024		2025		2026		2027		End Target											
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual						
Road condition-Reduction in vehicle operating costs on the project road	Project	%	2022	0	0			0		0			10			13			15			2027	15			Semiannually	Client (PIU)	
Road safety - Increase in average IRAP star rating of the project road	Project	Number	2022	0	0			1		1			3			3			3			2027	3			Semiannually	Client (PIU)	
Climate resilience - Kilometers of road upgraded with climate-resilient measures	Project	Km	2022	0	0			15		45			78			78			78			2027	78			Annually	Client (PIU)	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments								
			Baseline		2022		2023		2024		2025		2026		2027		End Target											
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual						
Component 1: Road Improvement and Maintenance - Reduction in average International Roughness Index (IRI) for finished sections	Project	Number	2022	4	4			4		3			3			2			2			2027	2			Annually	Client (PIU)	
Component 1: Road Improvement and Maintenance - Kilometers of road rehabilitated / improved of 4 lanes, with climate resilient measures	Project	Km	2022	0	0			15		35			60			60			60			2027	60			Annually	Client (PIU)	
Component 1: Road Improvement and Maintenance -	Project	Km	2022	0	0			0		10			18			18			18			2027	18			Annually	Client (PIU)	

Kilometers of road constructed / upgraded to 6 lanes, with climate resilient measures																					
Component 2: Construction Supervision - Construction supervision regularly conducted	Project	Yes/No	2022	Yes	Yes		Yes		Yes		Yes		Yes		2027	Yes		Annually	Client (PIU)		
Component 3: Preparation for Phase 2 -Detailed designs prepared for: o 78 km of the southern section of M37; o 80 km of the north segment of M37, and o 647 km of road sections in Karakalpakstan and Khorezm regions using traditional input type of contracting.	Project	Yes/No	2022	No	No		Yes		NA		NA		NA		2027	NA		Annually	Client (PIU)		
Component 4 : Technical Assistance - Grievances registered related to delivery of the project addressed, with disaggregated data by gender	Project	%	2022	0	0		100		100		100		100		2027	100		Annually	Client (PIU)		
Component 4 : Technical Assistance - Total number of RC staff receive training on OPBRC and related topics	Project	Number	2022	0	0		20		45		65		70		2027	70		Annually	Client (PIU)		
Component 5: Equipment Purchase - Purchase of OPBRC/DBMOT-related equipment and technology completed	Project	Yes/No	2022	No	No		No		No		Yes		Yes		2027	Yes		Annually	Client (PIU)		

Intermediate Result Indicators mpp