

## 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:	Xiaohong Yang		
Responsible Department:	PSC2		
Project Team Members:	Carsten Huttche, SFD - Environment Specialist; Alisher Kuchiev, Team Member; 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; 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  Sep, 2024 Supervision Mission  Feb, 2025 ES Mission  Mar, 2025		

	Technical Mission
Planned Site Visits by AIIB:	May, 2025 Planned Supervision Mission
Current Red Flags Assigned:	0
Current Monitoring Regime:	Regular Monitoring
Previous Red Flags Assigned:	0
Previous Red Flags Assigned Date:	2024/09

## 2. Project Summary and Objectives

The Government of Uzbekistan 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 rehabilitates 78 km of international road A380 in and around the Bukhara 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:	47.13	Latest disbursement (amount/date):	
Undisbursed:	118.37	Disbursement Ratio (%) <sup>1</sup> :	28.47

<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.

## 5. Project Implementation Update

The implementation progress of the Project, by components, is outlined below:

### Component 1: Rehabilitation and Maintenance of 78 km Section of the International Road A380

Component 1 is the core component of the Project, covering rehabilitation and maintenance works over a 78 km stretch of the A380 highway. It consists of three lots. Civil works contracts for all three lots were signed between AvtoYolInvest Agency and the Joint Venture of China Road and Bridge Corporation – CCCC Third Highway Engineering Co. Ltd on **March 28, 2023**. The summary of contract costs and commencement dates is as follows:

- **Lot 1:** Contract amount – USD 49,213,993.80; Commencement date – July 1, 2023
- **Lot 2:** Contract amount – USD 25,793,630.01; Commencement date – July 1, 2023
- **Lot 3:** Contract amount – USD 47,250,328.56; Commencement date – July 10, 2023

**Total Contract Amount:** USD 122,257,952.37 (excluding VAT)

The progress of civil works had been affected by several challenges, including delays in obtaining environmental clearance for tree removal, discrepancies between the Bill of Quantities (BoQ) and construction drawings, design changes in Lot 3, difficulties in identifying suitable borrow pits, and inadequate mobilization of the contractor's equipment and manpower.

The environmental clearance for tree removal was obtained only in March 2024. Adjustments to the BoQ are currently at the finalization stage, and the design changes for Lot 3 are under the state technical expertise's review and approval. The proposed design changes for Lot 3 include one newly proposed interchange for A380 and M37 highways, revision of pedestrian underpasses, and changing the pavement material from cement concrete to asphalt, based on requests from the cities of Bukhara and Kagan and endorsed by the Cabinet of Ministers' Decision No. 216 dated December 4, 2023.

These factors have led to delays in the physical progress of works, especially to Lot 3. As of the reporting period, the physical progress against the planned schedule is summarized below:

- **Lot 1 (km 150 – km 188, length 38 km):**
  - Planned Progress: 35.89%
  - Actual Progress: 29.57%
  - Project Slippage: 6.32%
- **Lot 2 (km 188 – km 208, length 20 km):**
  - Planned Progress: 60.00%
  - Actual Progress: 59.90%
  - Project Slippage: 0.10%
- **Lot 3 (km 208 – km 288, length 20 km):**
  - Planned Progress: 63.21%
  - Actual Progress: 8.82%
  - Project Slippage: 54.39%

In response to these delays, the contractor submitted a revised work program for Lot 1 and Lot 2, in accordance with Sub-Clause 8.3 of the General Conditions of Contract. This revised program was approved by the Engineer in December 2024. According to the revised work plan, the contractor aims to complete

construction works for Lot 1 and Lot 2 within the original contract period by June 30, 2025. To achieve this target, the contractor has mobilized additional equipment and plans to implement a two-shift working schedule.

As of the reporting period, the contractor's mobilization of key staff and equipment is summarized as follows:

- **Lot 1 (km 150 – km 188, length 38 km):**
  - Key Staff: 29 international staff and 101 national staff
  - Equipment: 68 units
- **Lot 2 (km 188 – km 208, length 20 km):**
  - Key Staff: 27 international staff and 107 national staff
  - Equipment: 57 units
- **Lot 3 (km 208 – km 288, length 20 km):**
  - Key Staff: 24 international staff and 93 national staff
  - Equipment: 39 units

Since the approval process for the design changes in Lot 3 is still ongoing, no revised work program for Lot 3 has been prepared. Progress of works under Lot 3 remains limited to sections unaffected by the design modifications.

## **Component 2: Construction Supervision and Technical Audit Consultancy**

In January 2023, the Avtoyulinvest Agency engaged Sheladia Associates, Inc. as the Construction Supervision Consultant (CSC) for the Project. The notice to commence was issued to Sheladia on January 20, 2023. Subsequently, Sheladia engaged Rhythm Plus LLC, Uzbekistan, as its sub-consultant. Key activities undertaken by the CSC include:

- **Design Review:** The CSC conducted and completed a comprehensive review of the detailed design (DD) to assess its suitability for implementation and to recommend improvements where necessary. The review was carried out by mobilized key staff, including the Team Leader, Environmental and Social (E&S) Specialist, Road Design Engineer, and Bridges Engineer.
  - **Support to Civil Works Procurement:** The CSC supported the PIU in the procurement of the Civil Works Contractor (CWC), including reviewing the received bids, assisting in the preparation of the Bid Evaluation Report, and providing recommendations for contract award.
  - **Contract Drafting:** Following the negotiation process between the Employer and the selected Contractor, the CSC supported the drafting of the civil works contracts.
  - **Construction Supervision:** The CSC commenced daily supervision of civil works. As of the reporting period, the CSC has mobilized four international key experts and 18 national non-key experts at the project site.
  - **Reporting and Compliance:** The CSC has been performing its contractual obligations satisfactorily, delivering key reports on schedule. These include the Inception Report, the Design Review Report, Monthly Progress Reports, Quarterly Progress Reports, and Environmental and Social Monitoring Reports.
  - **Road Safety Assessment:** One of the Project's key objectives is to improve road safety performance along the corridor, measured using the International Road Assessment Programme (iRAP) methodology. The Project targets a meaningful improvement in star ratings, which reflect the level of safety provided to road users. To support this, the Bank has provided its no-objection to a contract amendment under the CSC package to engage an iRAP Consultant. Following this, the Consultant has submitted the Inception Report and the iRAP Assessment Report to the Employer.
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- **Technical Audit Consultant Procurement:** The selection of the Technical Audit Consultant is currently in the final stage of procurement. The Bank gave no-objection to the Technical Evaluation Report on February 26, 2025. The PIU is finalizing the Combined Evaluation Report (CER). It is expected that the negotiated contract will be submitted to the Bank for review and no-objection by April 2025.

### **Component 3: Phase 2 Project Preparation**

The Project Team is actively working with the Road Committee and Avtoyulinvest Agency to prepare Phase 2 of the Project. The Phase 2 scope will include: (i) the reconstruction of approximately 516 km of local roads classified as Category III to Category V in the Karakalpakstan and Khorezm regions (KK Project); and (ii) rehabilitation of the international road M37, approximately 160 km (M37 Project).

Under the KK Project, several national experts have been engaged to support project preparation activities. These include a National Project Preparation Coordinator, an Environmental and Social (E&S) Specialist, and a Procurement Specialist. These experts are currently supporting the timely and quality delivery of preparatory activities. Additionally, a consulting firm (Rhythm Plus LLC, Uzbekistan) was engaged to develop key environmental and social safeguard instruments required for project readiness. The firm's scope of work included the preparation of an Environmental and Social Management Planning Framework (ESMPF), which incorporates a Resettlement Planning Framework (RPF), a Stakeholder Engagement Plan (SEP), and a Climate Resilience Assessment Report. As of the reporting date, the consulting firm has completed and submitted all the required deliverables to the Employer. KK Project passed AIIB's Appraisal Review on October 10, 2024.

For the M37 project, a Project Preparation Consultant has been engaged to support project preparation activities. Furthermore, the Bank's mission conducted a high-level initial Environmental and Social (E&S) impact screening of the proposed M37 road project design. A detailed E&S due diligence will be conducted later in 2025 during the pre-Appraisal and Appraisal missions, in close coordination with the appointed Environmental and Social Impact Assessment (ESIA) consultant.

### **Component 4: Institutional Strengthening, Capacity Building, and Costs of the Project Implementation Unit (PIU)**

Under this component, RC requested the Bank's support for the development of regulatory documents for asphalt pavement. The selection process for the consultancy services is currently underway. The Bank gave no-objection to the Technical Evaluation Report on February 26, 2025. The PIU is in the process of finalizing the Combined Evaluation Report (CER) and is expected to submit the negotiated contract to the Bank for review and no-objection in April 2025.

### **Component 5: Procurement of Equipment for Quality and Quantity Measurements to Support Innovative Contracting Methodologies**

Under this component, the Project Implementation Unit (PIU) has prepared a detailed list of equipment to be procured to support quality and quantity measurements in line with innovative contracting methodologies for

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road works. However, the initial bidding process was unsuccessful due to the absence of responsive bidders, which resulted in the cancellation of the tender.

In response, the PIU is revising the Terms of Reference (ToR) and the procurement documents to enhance their clarity and attractiveness, with the objective of broadening market outreach and encouraging greater bidder participation. The revised tender process is expected to be re-launched in the second quarter of 2025. This adjustment is anticipated to facilitate a successful procurement.

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, primarily due to initial challenges related to design changes, land acquisition, and permitting issues.	A Site-Specific Environmental and Social Management Plan (SSEMP) has been prepared and cleared by the Supervision Engineer and is currently under implementation. An E&S-focused mission was conducted in February 2025, followed by meetings with the PIU. Key findings include: (i) An OHS specialist has been mobilized; however, some OHS risks were observed on Lot 3. The contractor was instructed to take immediate corrective measures. (ii) The long-pending issue of tree replantation permits has been resolved following close coordination with the Ministry of Environment.	Procurement completed.
Component 2: Construction supervision and technical audit consultancy	The Consultant has been performing and submitting deliverables in accordance with the contract.	The Construction Supervision Consultant (CSC) is delivering the required services but needs to further enhance its capacity. An OHS Specialist has recently been appointed following AIIB's no-objection. The International Social Safeguard Specialist has also been replaced with AIIB's no-objection. Replacement of the International Bridge and Structural Engineer and the Deputy Team Leader/Road Engineer is ongoing, with AIIB's no-objection already obtained.	CSC procurement is completed.  Procurement of the Technical Audit consultancy is ongoing and in finalization.
Component 3:	Ongoing. The Project	Not applicable at this stage.	Procurement of preparatory

Phase 2 project preparation	Team is actively supporting the preparation of Phase 2 of the Project.		consultancy services is ongoing.
Component 4: Institutional strengthening, capacity building, and PIU costs	Ongoing.	Not applicable.	Procurement for the development of regulatory documents for asphalt pavement is ongoing and in finalization.
Component 5: Procurement of Equipment for Quality and Quantity Measurements to Support Innovative Contracting Methodologies	Ongoing. The PIU is revising procurement documents to improve market outreach following an unsuccessful initial tender.	Not applicable.	Procurement process is ongoing and expected to be relaunched in Q2 2025.

**Financial Management:**

The Project has experienced delays in implementation, adversely impacting financial progress and disbursement timelines. Notably, delays occurred in recruiting the Financial Management (FM) Specialist and in the timely submission of the Project's audit report, although these issues have now been resolved.

Moving forward, the Project needs to prioritize the timely preparation and submission of Interim Unaudited Financial Reports (IUFRs). To date, all four quarterly IUFRs for FY2024 have been submitted, albeit with some delays. The next Project audit report, covering FY2024, is due by June 30, 2025.

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

The GRM is fully operational and follows a multi-tier structure to ensure effective grievance handling and resolution. The structure operates as follows:

- Tier 1: Field-Level Grievance Redress Committee (GRC): At this level, the Construction Supervision Consultant (CSC) and the Civil Works Contractor are required to appoint Grievance Focal Persons (GFPs), who serve as members of the Tier 1 GRC.
- Tier 2: Second-Level GRC: The PIU's appointed Environmental and Social (E&S) Specialist also acts as the GRM Coordinator and GFP at Tier 2.

The GRM operates under established principles, including the requirement for the contractor to maintain a separate GRM for their workers, including subcontractors, and to report accordingly. Additionally, the CSC and the Contractor's E&S team have established a dedicated Telegram group (the most popular social media platform in the region) to enable representatives of local Makhallas to relay grievances received from community residents.

During the reporting period (January 2024 to March 25, 2025), six minor complaints were received from local residents and enterprises. All complaints were resolved promptly by the CSC and the Contractor's E&S teams, with oversight and timely intervention from the PIU. As of the reporting date, there are no outstanding or unresolved cases under the GRM.

## 7. Results Monitoring

The Bank is reviewing the first iRAP assessment. Results will be reported in the next PIMR.

**Project Objective:** To improve cross-border and intercity connectivity and enhance accessibility to selected tourist and employment centers of Bukhara Region.

### Project Objective Indicators

Monitoring end year : 2027

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
Road condition- Reduction in vehicle operating costs on the project road	%	0			0	15
Increase in average IRAP star rating of the project road	Number	0			1	3
Climate resilience - Kilometers of road upgraded with climate-resilient measures	Km	0			45	78

Comments:

### Intermediate Result Indicators

Monitoring end year : 2027

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
Component 1: Road Improvement and Maintenance - Reduction in average International Roughness Index (IRI) for finished sections	Number	4			3	2
Component 1: Road Improvement and	Km	0			35	60

Maintenance - Kilometers of road rehabilitated / improved of 4 lanes, with climate resilient measures						
Component 1: Road Improvement and Maintenance - Kilometers of road constructed / upgraded to 6 lanes, with climate resilient measures	Km	0			10	18
Component 2: Construction Supervision - Construction supervision regularly conducted	Yes/No	Yes			Yes	Yes
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.	Yes/No	No			NA	NA
Component 4 : Technical Assistance - Grievances registered related to delivery of the project addressed, with disaggregated data by gender	%	0			100	100
Component 4 : Technical Assistance - Total number of RC staff received training on OPBRC and related topics	Number	0			45	70
Component 5: Equipment Purchase - Purchase of OPBRC/DBMOT-related equipment and technology completed	Yes/No	No			No	Yes

Comments:

**Remarks:**

The Bank is reviewing the first iRAP assessment. Results will be reported in the next PIMR.

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