

Uzbekistan : Bukhara-Miskin-Urgench-Khiva Railway Electrification Project

1. Project Information

Project ID:	P000341	Instrument ID:	L0341A
Member:	Uzbekistan	Region:	Central Asia
Sector:	Transport	Sub-sector:	Rail transport
Instrument type:	<input checked="" type="checkbox"/> Loan:108.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	Asian Development Bank
ES category:	B	Borrowing Entity:	Ministry of Economy and Finance, Uzbekistan
Implementing Entity:	Uzbekistan Railways		
Project Team Leader:	Manuel Benard		
Responsible DG:	Xiaohong Yang		
Responsible Department:	PSC2		
Project Team Members:	Yogesh Malla, SFD - Financial Management Specialist; Rizal Rivai, SFD - Procurement Specialist; Drona Ghimire, SFD - Environment Specialist; Liu Yang, Project Counsel; Carlo Gambare, SFD - Social Development Specialist; Alisher Kuchiev, Team Member; Hanting Qi, Project admin		
Completed Site Visits by AIIB:	Jun, 2022 Joint ADB-AIIB Loan Review Mission Nov, 2022 Short Project Discussion Visit to Uzbekistan Railways (UTY) HQ Mar, 2023 Joint ADB-AIIB Loan Review Mission Oct, 2025 Joint ADB-AIIB Loan Review Mission		
Planned Site Visits by AIIB:	Jan, 2026 Joint ADB-AIIB Loan Review Mission		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2024/09		
Brief justifications for assigned red flags:	FM non-compliances (“UTY will remain non-compliant with financial reporting requirements” including the timely submission of the Audited Entity Financial Statements		

(AEFS)” and some pending E&S issues: “Several ES Corrective Action Plan (CAP) items remain open, including compensation payments, stakeholder engagement, and documentation gaps. Compensation has been paid to nearly all affected persons, except for one outstanding case linked to administrative delays, such as closed bank accounts or missing documentation.

2. Project Summary and Objectives

The project objective is to improve railway services for passengers and freight and support tourism development in Western Uzbekistan by electrifying the existing railway line linking Bukhara, Miskin, Urgench and Khiva (BMUK).

The project will upgrade the current railway along Bukhara – Miskin – Urgench – Khiva line, by adding electrification, signaling and telecommunication, and traction power management systems to the recently built 465 km railway line. The line is designed to support train speed of up to 250 km per hour and is connected to the electrified high-speed railway line between the country’s capital Tashkent, and cities of Samarkand and Bukhara. High-speed trains will reduce travel times between Bukhara and Khiva to 3.0 hours, compared to the current 5.2 hours. The total journey from Tashkent to Khiva will take approximately 7.0 hours.

3. Key Dates

Approval:	Jan. 26, 2022	Signing:	Mar. 25, 2022
Effective:	Feb. 23, 2023	Restructured (if any):	
Orig. Closing:	Dec. 31, 2026	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	51.73	Latest disbursement (amount/date):	3.62/Sep. 18, 2025
Undisbursed:	56.27	Disbursement Ratio (%) ¹ :	47.90

5. Project Implementation Update

Implementation Monitoring

The Quarterly Project Progress Report (QPR) for the period of April – June 2025 was submitted by the Client. During the second quarter of 2025, implementation of the Bukhara–Miskin–Urgench–Khiva Railway Electrification Project continued to progress, with notable developments in procurement, construction, and consultant mobilization activities. The project is currently in the full implementation stage, with key contracts either under execution or in the final stages of procurement.

Procurement

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

The procurement for the project is mostly complete, and there are no significant procurement risks. All procurement within the Project scope will be completed by mid-2026. The following notes reflect the procurement progress under the Project:

a. The tender for Package BX-02 (Plant (Design, Supply, Installation) for data transmission infrastructure, SCADA) was terminated, and this Package was merged and retendered as Package BX-07 (SCADA System), and the contract was already awarded in April 2025

b. Ref Package BX-09 (Track Superstructure Materials), the award of contract is expected to be completed by Q2/2026.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1. Development of railway infrastructure along and adjacent the Bukhara – Miskin – Urgench – Khiva line.	On track	<p>The project is classified as Category B under the ADB Safeguard Policy Statement (2009, SPS). The Project Implementation Unit (PIU) is supported by a comprehensive E&S team, including national and international environmental and social consultants, as well as an independent resettlement monitoring consultant.</p> <ul style="list-style-type: none"> - ESMPs implemented; each contractor prepares a site-specific SSEMP. - No significant E&S incidents reported. - Monthly H&S trainings conducted; emergency preparedness and response arrangements in place. No material incidents or accidents have occurred to date. UTY maintains system-wide incident recording. - As of the time of the September 2025 mission the situation was the following: i) Several E&S CAP items remain open (compensation payments, stakeholder engagement, documentation gaps), ii) Compensation paid to nearly all affected persons; one case outstanding due to administrative delays (such as closed bank accounts or missing documentation), iii) UTY finalizing 	On track

		CAPs for all TSS and affected areas; submission to ADB planned by end-October 2025. - As of November 2025, all actions under original scope have been confirmed to be completed and an external resettlement monitoring report expected by mid-December 2025 to validate CAP completion.	
Component 2. Development of tourism economic corridor Bukhara–Miskin–Urgench–Khiva.	On track	N/A	On track

Financial Management:
Financial Management

The UTY has yet to provide, except for the financial year 2021, Audited Entity Financial Statements (AEFS), which were overdue for several years. In March 2024, UTY requested that ADB accept AEFS for 2021 and 2022, prepared under National Accounting Standards (NAS), and sought a deferral for the 2023 and 2024 AEFS prepared under International Financial Reporting Standards (IFRS), until the third quarter of 2025. ADB informed UTY that NAS-based AEFS could not be accepted due to material discrepancies with IFRS, which prevent a proper assessment of UTY's financial position. At the same time, the mission acknowledged the difficulties UTY faced in transitioning from NAS to IFRS. The 2021 AEFS has been completed and is now available. The 2022 AEFS is expected to be released by the end of October. Tenders for the 2023 and 2024 AEFS have already been announced and are expected to be signed by the end of the year. The selected bidder will carry out the work for both years in parallel, with completion of the 2023 and 2024 AEFSs anticipated by the end of 2026. UTY will remain non-compliant with financial reporting requirements. This ongoing gap in entity-level reporting was identified as a priority issue, with resolution necessary to restore full compliance and ensure sound financial management practices under the project. This compliance matter is currently under discussion with the stakeholders concerned to resolve the issue.

6. Status of the Grievance Redress Mechanism (GRM)

A grievance redress mechanism to handle both environmental and social safeguard issues has been established by Uzbekistan Railways (UTY) with support of Engineering and Works Supervision Consultant. UTY ensures that grievances and complaints on any aspect of environment, land acquisition, compensation and resettlement are addressed in a timely and satisfactory manner through the GRM. UTY through the hired Engineering and Works Supervision Consultant ensures that meaningful consultations are carried out with the Affected Peoples throughout the project cycle with particular attention to the needs of the vulnerable and the disadvantaged groups. The project level grievance mechanism shall not impede an aggrieved person's access to the country's judicial or administrative remedies. The aggrieved persons can approach a court of law at any time and independent of the project level

grievance redress process. UTY keeps records of complaints received for its use and monitoring as well as for review by ADB.

The GRM was presented to the communities during the Project preparation stage. All the relevant information on the GRM has been disseminated via the LARP information leaflet/brochure that has been distributed to affected persons. The project information has been disseminated through the disclosure of the IEE, the LARP, the social due diligence report and regular safeguards monitoring reports on the ADB and UTY websites. LARP related information leaflets/ brochures in local language have been distributed to the affected persons. All relevant information in local language (Russian and Uzbek) was also made available at the district level.

The PIU is responsible for serving as the secretary of the GRM to ensure that the GRM operates to effectively address the environmental and social concerns of project-affected persons. Each contractor has also established a mechanism to receive, register and document complaints at construction sites. Both types of complaints from workers and surrounding communities in any form (anonymous or signed) has been considered. The Contractor is required to report complaints received and actions taken to address them to the PIU.

No GRM cases have been raised to date.

7. Results Monitoring

Summary of the project results is provided as below:

Project Objective: To electrify the existing railway line linking Bukhara, Miskin, Urgench, and Khiva.

Project Objective Indicators

Monitoring end year : 2023

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
1. Travel time reduction for passengers between Bukhara to Khiva	hours	5.2	-			3.0
2. Travel time reduction for freight trains between Bukhara to Urgench	hours	13.0	-			8.0
3. Annual freight traffic increase on the Bukhara to Khiva line	tons	9.2	-			11.8
4. Annual passenger traffic increase on the Bukhara to Khiva line	passengers	280,000	-			1,080,000
5. GHG emission reduction, tons of CO2 equivalent per year	tons/year	N/A	-			81,000

Comments:

Intermediate Result Indicators
Monitoring end year : 2023

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
1.1. Railway line between Bukhara – Khiva electrified	km	0	0			465
1.2. Traction substations constructed	units	0	0			8
1.3. Existing traction substations upgraded	units	0	0			12
1.4. Signaling, communications and power traction control facilities installed on 465 km of track	N/A	0	-			Implemented
1.5. External power supply facilities constructed	km	0	0			370
2.1. Number of train station workers trained to apply knowledge and skills on tourism promotion and marketing	staff	0	0			75, incl. 38 women
2.2. Concept for international railway industry-compliant electronic ticketing system prepared and adopted	N/A	0	-			Implemented
2.3. Guidelines on sound urban development around stations, including access and safety features for the elderly, women, children, and people with mobility impairments, prepared and adopted	N/A	0	-			Implemented

Comments:

Remarks:

According to RMF, all Project Objective Indicators will be measured after the first year of railway operation upon the completion of the electrification.

Intermediate Results Indicators for two project components are measured annually, with the exception of Indicators 2.2 and 2.3, which will be assessed following the inaugural year of operation. It is the second year of project implementation, and hence there is not much data to be reported on Intermediate Results Indicators
