

Project Administration Manual

Project Number: 50063-001

Loan Number: LXXXX

October 2016

Uzbekistan: Kashkadarya Regional Road Project

ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
CSC	–	construction supervision consultants
DMF	–	design and monitoring framework
EA	–	executing agency
EMP	–	environmental management plan
GDP	–	gross domestic product
ICB	–	international competitive bidding
IEE	–	initial environmental examination
km	–	kilometer
LARP	–	land acquisition and resettlement plan
LIBOR	–	London interbank offered rate
MFF	–	multitranches financing facility
MOF	–	Ministry of Finance
NGO	–	nongovernment organization
PAM	–	project administration manual
PMU	–	project management unit
PPTA	–	project preparatory technical assistance
QCBS	–	quality- and cost based selection
RRF	–	Republican Road Fund
RRP	–	report and recommendation of the President
SOE	–	statement of expenditure
SPS	–	Safeguard Policy Statement
SPRSS	–	summary poverty reduction and social strategy
TOR	–	terms of reference

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Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Republican Road Fund (RRF) and the project management unit (PMU) are wholly responsible for the implementation of ADB-financed road projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by RRF and PMU of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

I. PROJECT DESCRIPTION

1. The project aims to upgrade/widen the existing highway in Kashkadarya region from Karshi via Shahrisabz to Kitab cities with total length of about 77 kilometers (km).¹ The project is part of the Central Asia Regional Economic Cooperation (CAREC) 6a and will also include an institutional development component to develop the capacity of the Republican Road Fund (RRF) and design institutes in relation to modern design and construction standards and project management.²

2. The project impact will be aligned with increased international trade and tourism along the CAREC Corridor in Uzbekistan. The outcome will be improved efficiency of road subsector in Uzbekistan.

3. The outputs will be (i) two sections (M-39 Road from Km1144 to Km1173 (29 km), and 4P-79 Road from Km 28 to Km 64 and 4K319 Road from Km 18 to Km 30 (48 km)), approximately 77 km in length, of the existing highway in the Kashkadarya region between Karshi and Kitab cities upgraded into a 4-lane concrete pavement incorporating road safety and climate change adaption features; and (ii) capacity of the RRF and design institutes developed in relation to modern design and construction standards and project management.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	Year / Month												Responsible Party	
	2016						2017							
	3	4	5	5	7	8	9	10	11	12	Q1	Q2		
Advance contracting actions							x							PMU, ADB
Establish project implementation arrangements	x													RRF
ADB Board approval										x				ADB
Loan signing												x		Govt, ADB
Government legal opinion provided													x	Govt
Government budget inclusion													x	Govt
Loan effectiveness													x	Govt, ADB

ADB = Asian Development Bank, Govt = government, PMU = project management unit, Q = quarter, RRF = Republican Road Fund.

Sources: Asian Development Bank estimates.

¹ The project is included in Asian Development Bank (ADB). 2015. *Country Operations Business Plan: Uzbekistan, 2016–2018*. Manila

² ADB provided a project preparatory technical assistance for this project which was included in the Third CAREC Corridor Road Investment Program (TA 8950-UZB) as Tranche 1.

B. Overall Project Implementation Plan

4. The overall project implementation plan records outputs with key implementation activities. This is updated annually and submitted to ADB with contract and disbursement projections for the following year.³

Indicative Activities	2016				2017				2018				2019				2020				2021				2022				2023			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A. DMF																																
Output 1 A section, approximately 77 km in length, of the existing highway in the Kashkadarya region between Karshi and Kitab cities upgraded into a 4-lane concrete pavement incorporating road safety and climate change adaption features																																
Output 2 Capacity of the RRF and design institutes developed in relation to modern design and construction standards and project management																																
B. Management Activities																																
Procurement plan key activities to procure contract packages																																
Consultant selection procedures																																
Environment management plan key activities																																
Communication strategy key activities																																
Annual and/or midterm review																																
Project completion report																																

DMF = design and monitoring framework, km = kilometer, RRF = Republican Road Fund.
Sources: Asian Development Bank and RRF.

³ Gantt chart available in e-handbook on project implementation at <http://www.adb.org/documents/handbooks/project-implementation/>

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
RRF(executing agency) to be supported by PMU in implementing the project	<ul style="list-style-type: none"> • Coordinate project implementation • Hire additional staff for PMU with the required expertise • Recruit consultants • Procure works and goods • Update procurement plan annually and as needed to reflect changes agreed with ADB (implement only after ADB approval) • Monitor procurement activities and key milestones and submit the status to ADB with the quarterly progress report • Manage contracts • Ensure timely provision of agreed counterpart funds for project activities • Establish and maintain imprest account • Submit withdrawal applications to ADB • Maintain project financial statements • Ensure project financial audits are conducted and recommendations are implemented within the agreed timeframe • Disclose project documents • Involve beneficiaries and civil society representatives in all stages of project design and implementation • Monitoring and evaluate project activities and outputs, and prepare review reports reflecting issues and time-bound actions taken or to be taken • Prepare quarterly progress reports and a project completion report, and ensure timely submission of reports to ADB • Ensure compliance with all loan covenants • Ensure project's sustainability during post implementation stage and report to ADB on the assessed development impacts
ADB	<ul style="list-style-type: none"> • Assist RRF/PMU in providing timely guidance at each stage of the project for smooth implementation in accordance the agreed implementation arrangements • Review all documents that require ADB approval • Conduct periodic loan review, mid-term review, and completion review missions • Supervise compliance with all loan covenants • Timely process withdrawal applications and release eligible funds • Supervise the compliance with financial audit recommendations • Regularly update the project performance review reports with the assistance of RRF/PMU • Regularly post on ADB web the updated project data sheet and updated project documents including the PAM, procurement plan, APFS, and safeguards documents
MOF	<ul style="list-style-type: none"> • Sign the loan agreement • Monitor project implementation and provide respective coordination and facilitation • Allocate and release counterpart funds • Endorse to ADB the authorized staff with approved signatures for processing of withdrawal applications • Process and submit to ADB any request, when required, for reallocating loan proceeds
MFERIT	<ul style="list-style-type: none"> • Appraise and register contracts for imported goods and international services

ADB = Asian Development Bank, APFS = audited project financial statement, MFERIT = Ministry of Foreign Economic Relations, Investments and Trade, MOF = Ministry of Finance, PAM = project administration manual, PMU = project management unit, RRF = Republican Road Fund.

Source: ADB.

B. Key Persons Involved in Implementation

Executing Agency

Republican Road Fund

Officer's Name: Murodbek Allabergenov
 Position: Deputy Director
 Telephone: +998 71 239 1112, +998 71 239 1479
 Email address: mff-pmu-uz@bk.ru
 Office Address: 29 Istiqlol St., 100017, Tashkent, Uzbekistan

Asian Development Bank

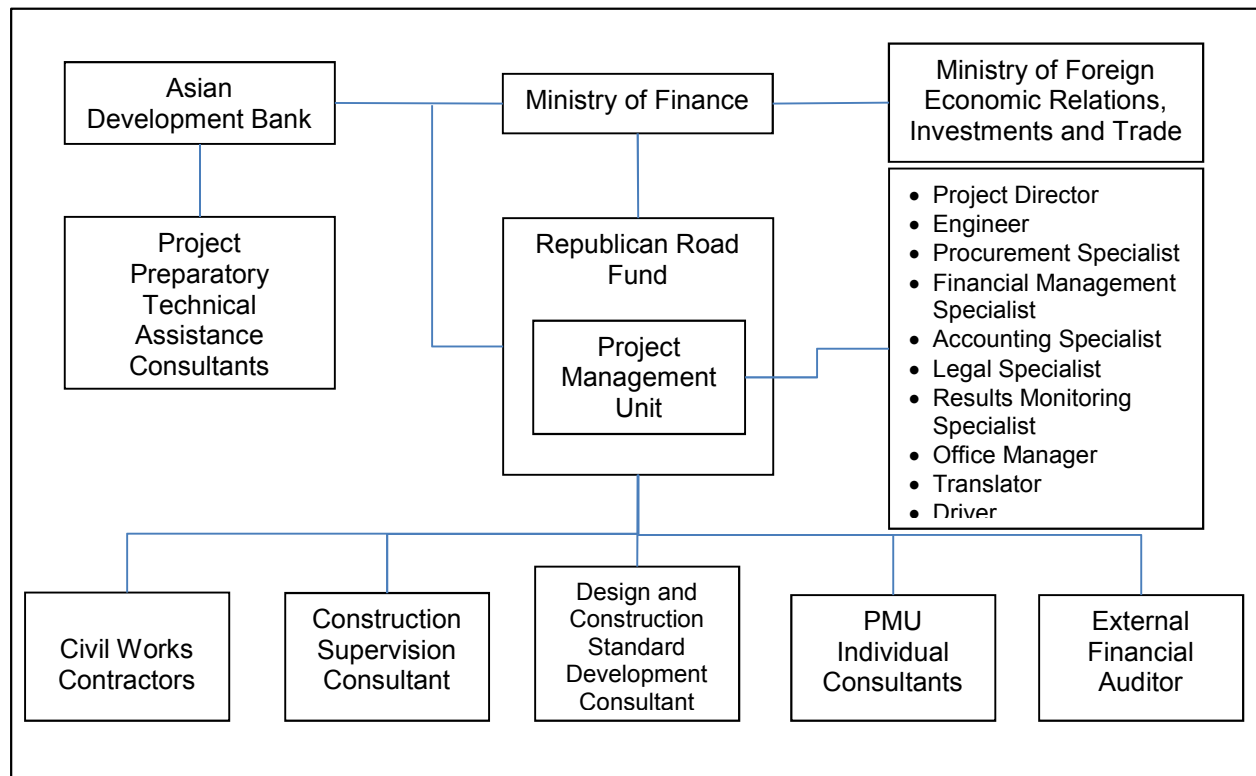
Transport and Communications Division

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Mission Leader

Staff Name: Jiangbo Ning
 Position: Principal Transport Specialist
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C. Project Organization Structure



IV. COSTS AND FINANCING

5. The total cost of the project is estimated at \$266.2 million. ADB will finance \$198 million or 74% while the government will finance the remaining \$68.2 million or 26% of the project cost. ADB financing will cover (i) civil works for rehabilitation and upgrading of 77 km of Kashkadarya regional road, (ii) consulting services (construction supervision consultant, institutional development consultant, PMU environment consultants, and external financial auditor), (iii) project management, and iv) physical and price contingencies. The government financing will include (i) consulting services (feasibility study and detailed design consultant), (ii) taxes and duties, and (iii) interest during construction on ADB loan. Detailed component-wise tabulations are given in subsequent tables in this Project Administration Manual (PAM).

A. Cost Estimates Preparation and Revisions

6. Cost estimates were initially prepared by the Tashkent Design Institute for the whole 127 km long project road. After the re-sectioning of the 77 km under ADB financing, the estimates were revised to separate the subsections into 48 km and 29 km. The basic cost data for the project is based in a "Schedule of Rates for Roads and Bridges" published periodically by the Government of Uzbekistan. In conjunction with the current division into subsections, the cost estimate was updated taking into account current rates for needed resources as per 2016. The cost estimates will be updated annually during implementation based on the actual contract awards and disbursements under the project.

B. Key Assumptions

7. The following key assumptions underlay the cost estimates and financing plan:

- (i) Exchange rate: SUM2,989.81 = \$1.00 (as of 31 August 2016).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Escalation Rates for Price Contingency Calculation

Item	2016	2017	2018	2019	2020	Average
Foreign rate of price inflation	1.5%	1.4%	1.5%	1.5%	1.5%	1.5%
Domestic rate of price inflation	10.0%	11.0%	9.7%	10.0%	10.0%	10.1%

Sources: Asian Development Bank and World Bank.

C. Detailed Cost Estimates by Expenditure Category

Item	Foreign Exchange (\$ million)	Local Currency (\$ million)	Total Cost (\$ million)	% of Total Base Cost
A. Investment Costs				
1. Works	160.70	0.00	160.70	92.7%
2. Consulting Services	4.20	6.95	11.15	6.4%
a. Feasibility Study and Detailed Design	0.00	6.95	6.95	4.0%
b. Construction Supervision	3.50	0.00	3.50	2.0%
c. Institutional development	0.50	0	0.50	0.9%
d. PMU Environment and Procurement	0.20	0.00	0.20	0.1%
Subtotal (A)	164.90	6.95	171.85	99.1%
B. Project Management^a	1.50	0.00	1.50	0.9%
Total Base Cost (A+B)	166.40	6.95	173.35	100%
C. Taxes and Duties	0.00	54.08	54.08	31.2%
D. Contingencies				
1. Physical ^b	16.07	0.00	16.07	9.3%
2. Price ^c	15.52	0.00	15.52	9.0%
Subtotal (D)	31.59	0.00	31.59	18.2%
E. Financial Charges During Implementation	7.16	0.00	7.16	4.1%
Total Project Cost (A+B+C+D+E)	205.45	61.03	266.18	153.6%

Note: Numbers may not sum precisely because of rounding.

^a Including estimated audit fees for the audit of the annual project financial statements for the period 2017–2022 to be financed from ADB loan resources.

^b Physical contingencies computed at 10% for civil works.

^c Price contingencies computed at 1.5% on foreign exchange costs and 10% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Sources: Asian Development Bank and Republican Road Fund estimates.

D. Allocation and Withdrawal of Loan Proceeds

Category		ADB Financing	
No.	Item	Total Amount Allocated for ADB Financing \$ Category	Percentage and Basis for Withdrawal from the Loan Account ^a
1	Works and Consulting Services	180,583,150	100 percent of total expenditure claimed ^a
2	Incremental Administrative Cost	1,500,000	100 percent of total expenditure claimed inclusive of taxes and duties ^a
3	Unallocated	15,516,850	
	Total	198,000,000	

^a Exclusive of taxes and duties imposed within the territory of the Borrower.

E. Detailed Cost Estimates by Financier

Item	ADB (\$ million)	% of Cost Category	Govt (\$ million)	% of Cost Category	Total Cost (\$ million)
A. Investment Costs					
1. Works	160.70	100%	0.00	0%	160.70
2. Consulting Services	4.20	38%	6.95	62%	11.15
a. Feasibility Study and Detailed Design	0.00	0%	6.95	100%	6.95
b. Construction Supervision	3.50	100%	0.00	0%	3.50
c. Institutional development	0.50	100%	0.00	0%	0.50
d. PMU Environment and Procurement	0.20	100%	0.00	0%	0.20
Subtotal (A)	164.40	96%	6.95	4%	171.85
B. Project Management	1.50	100%	0.00	0%	1.50
Total Base Cost (A+B)	166.40	96%	6.95	4%	173.35
C. Taxes and Duties	0.00	0%	54.08	100%	54.08
D. Contingencies					
1. Physical	16.07	100%	0.00	0%	16.07
2. Price	15.52	100%	0.00	0%	15.52
Subtotal (D)	31.59	100%	0.00	0%	31.59
E. Financial Charges During Implementation	0.00	0%	7.16	100%	7.16
Total Project Cost (A+B+C+D+E)	198.00	74%	68.19	26%	266.19

ADB = Asian Development Bank, Govt = government.

Note: Numbers may not sum precisely because of rounding.

Sources: Asian Development Bank and Republican Road Fund estimates.

F. Detailed Cost Estimates by Year

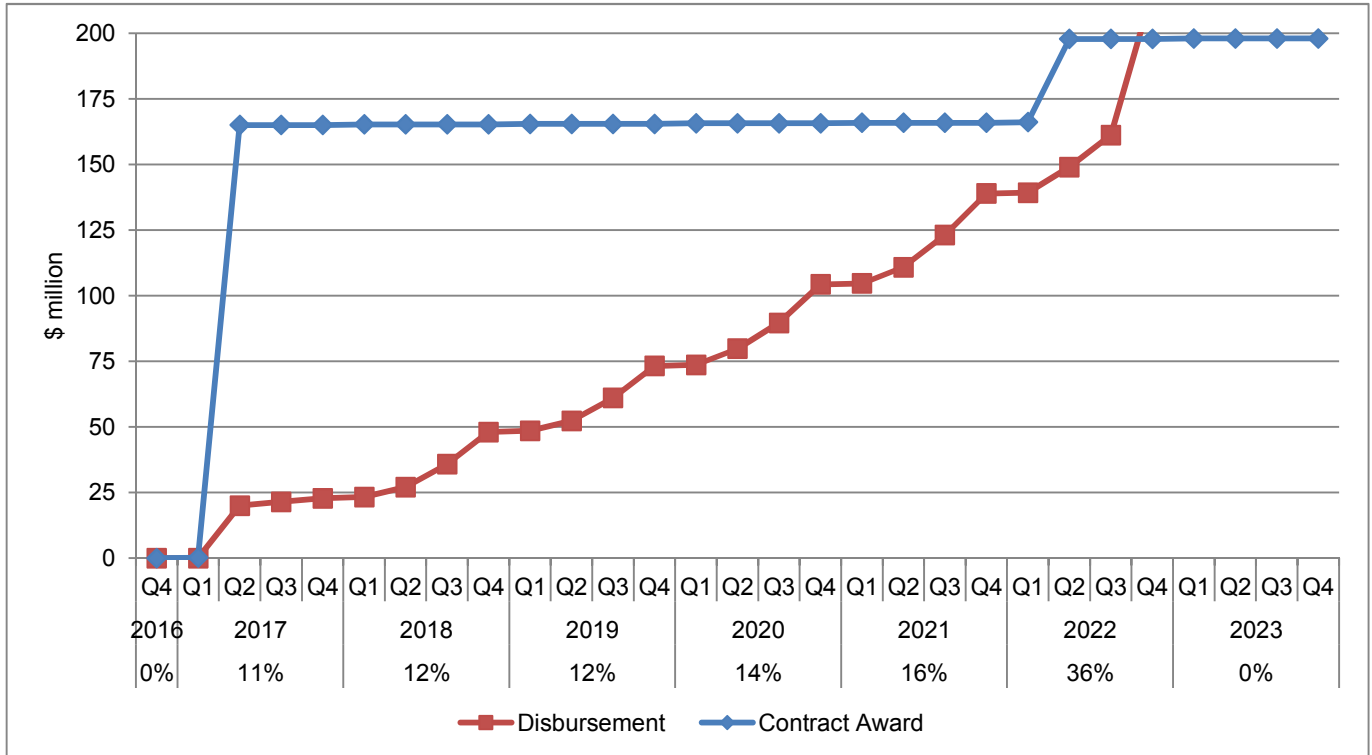
Item	Total Cost (\$ million)	2017	2018	2019	2020	2021	2022
A. Investment Costs							
1. Works	152.10	18.07	20.00	20.00	25.00	28.00	41.03
2. Consulting Services	11.15	3.29	3.33	2.78	0.63	0.60	0.51
a. Feasibility Study and Detailed Design	6.95	2.50	2.50	1.95	0.00	0.00	0.00
b. Construction Supervision	3.50	0.65	0.60	0.60	0.60	0.57	0.48
c. Institutional development	0.50	0.10	0.20	0.20	0.00	0.00	0.00
d. Safeguards	0.20	0.04	0.03	0.03	0.03	0.03	0.03
Subtotal (A)	171.86	21.36	23.33	22.78	25.63	28.60	50.15
B. Project Management	1.50	0.20	0.22	0.22	0.22	0.22	0.42
Total Base Cost (A+B)	181.31	21.56	23.55	23.00	25.85	28.82	58.52
C. Taxes and Duties	54.08	6.42	7.11	7.11	8.89	9.96	17.44
D. Contingencies							
1. Physical	16.07	1.91	2.11	2.11	2.64	2.96	5.18
2. Price	15.52	1.84	2.04	2.04	2.55	2.86	5.83
Subtotal (D)	31.59	3.75	4.15	4.15	5.19	5.82	12.68
E. Financial Charges During Implementation	7.16	0.85	0.76	0.94	0.94	1.30	2.69
Total Project Cost (A+B+C+D+E)	266.19	32.59	35.57	35.20	40.87	45.89	96.89

Note: Numbers may not sum precisely because of rounding.

Sources: Asian Development Bank and Republican Road Fund estimates.

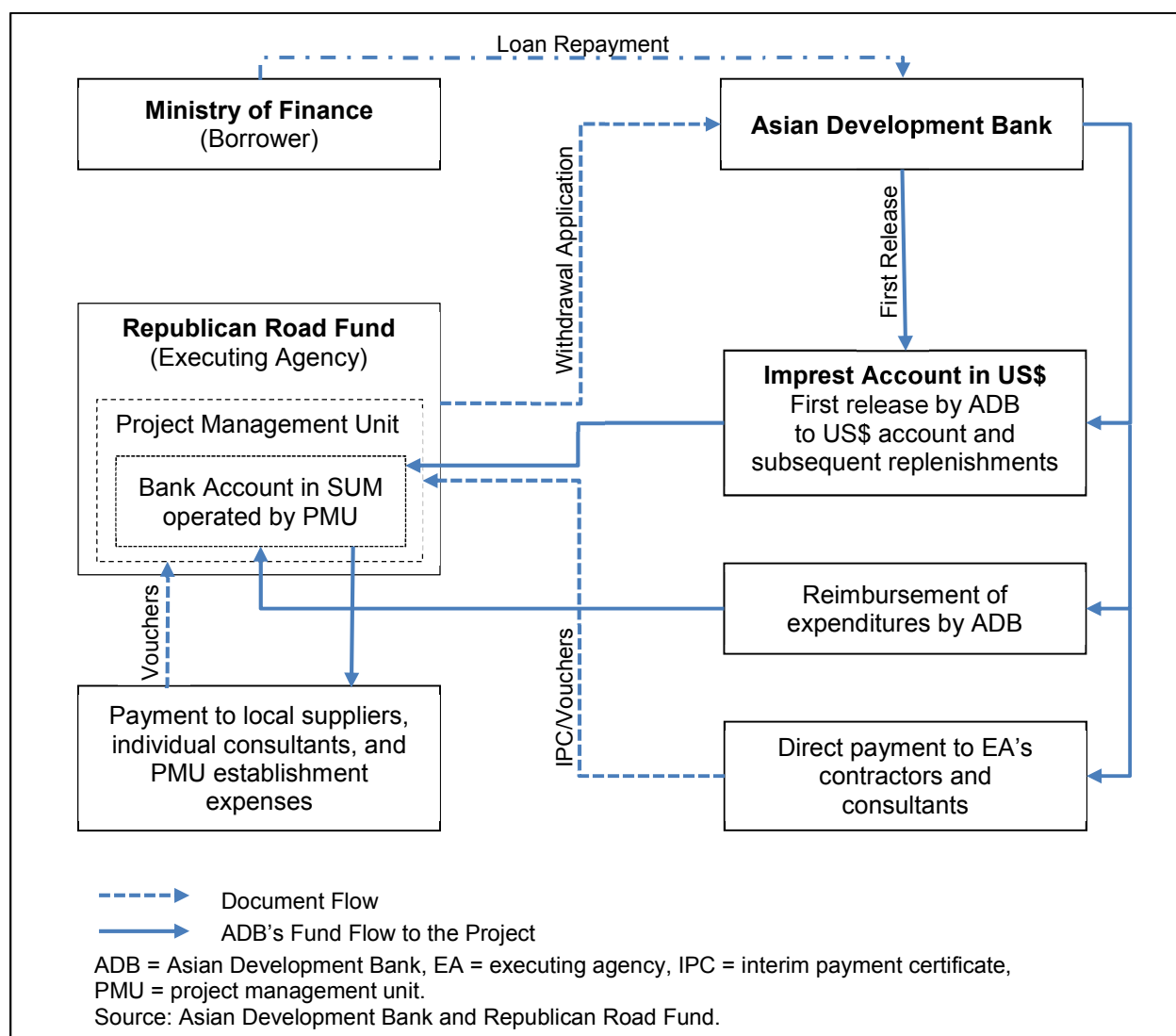
G. Contract and Disbursement S-Curve

8. The S-curve is only for ADB financing, which will be recorded in ADB’s systems and reported through e-Ops. The projection for contract awards includes contingencies and unallocated amounts, but excludes front-end fees, service charges, and interest during construction. The cumulative disbursements at project completion is equal to the full loan amount, with project completion defined as up to 4 months after loan closing.



Year	Contract Awards (\$ million)					Disbursements (\$ million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2017	0.20	164.80	0.00	0.00	165.00	0.00	19.84	1.36	1.36	22.56
2018	0.20	0.00	0.00	0.00	0.20	0.38	3.76	8.56	12.15	24.85
2019	0.20	0.00	0.00	0.00	0.20	0.38	3.76	8.56	12.15	24.85
2020	0.20	0.00	0.00	0.00	0.20	0.38	6.16	9.76	14.55	30.85
2021	0.20	0.00	0.00	0.00	0.20	0.38	6.15	12.14	15.74	34.41
2022	0.20	31.70	0.00	0.00	32.10	10.92	19.40	12.08	18.08	60.48
2023	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total: 198.00					Total: 198.00				

H. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

9. The financial management assessment (FMA) was conducted in June 2016 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects⁴ and the Financial Due Diligence: A Methodology Note.⁵ The FMA considered the capacity of RRF and PMU, including fund flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements.

⁴ ADB. 2005. *Financial Management and Analysis of Projects*. Manila. Available: <http://www.adb.org/Documents/Guidelines/Financial/default.asp>

⁵ ADB. 2009. *Financial Due Diligence: A Methodology Note*. Manila. Available: <http://www.adb.org/documents/financial-due-diligence-methodology-note>

10. RRF and PMU have satisfactory financial management capability to (i) record the required financial transactions, (ii) provide regular and reliable financial statements, (iii) provide reliable monitoring reports, and (iv) safeguard the financial assets. RRF also has the capacity to handle the proposed project with its vast experience in executing several ADB projects. The minimum required policies and procedures are in place and the software 1C are widely used in the PMU implementing the project. External audits of all existing projects are done by external agencies acceptable to ADB and no major issues reported on these audit reports. RRF and PMU are currently meeting ADB's minimum financial management requirements for EAs. A summary of the findings is given below:

Summary of the Financial Management Assessment

Particulars	Conclusions
A Executing and Implementing Agency	RRF is a separate entity under MOF. It is the EA of the project. PMU has been established under RRF to implement the project. RRF has been implementing a number of ADB projects and there is no major concern raised by ADB as well as external auditors.
B Fund Flow Arrangements	RRF has enough capacity and capability to work under the proposed fund flow arrangements acceptable to ADB. The fund flow arrangements adopted in the first and second MFFs has been found reliable, hence will be applied in this project.
C Staffing	RRF already established a PMU for implementing the project on its behalf. PMU is headed by a Project Director and supported by Financial Specialist, Accountant, Highway Engineer, Procurement Specialist, Monitoring and Evaluation Specialist, Lawyer, Secretary (Vacant), Translator, and Driver (Vacant). The current staff is also managing the projects under the first MFF.
D Accounting Policies and Procedures	RRF follows Uzbekistan Government Accounting System for preparing entity financial statements for submission to tax committee and project financial statements for submission to state statistics committee. It is an accrual basis of accounting system and Uzbekistan NAS are followed. The NAS has been developed based on International Accounting Standards and the national accounting guidelines of MOF. The existing Uzbekistan Accounting Legislation, Finance Regulations, Tax Code, Budget Code and Civil Code are ensuring staff accountability. Only Government is authorized to make changes in the policy and procedures. MOF is having separate departments to handle such cases. RRF follows the cash-based International Public Sector Accounting Standard promulgated by the International Federation of Accountants for preparing project financial statements for submission to ADB.
E Internal Audit	There is no internal audit unit within the structure of RRF. The CRU of MOF performs monthly review of RRF activities. The CRU is mainly concerned with inspecting the compliance of the entities with budget rules and regulations but does not conduct value-for-money analysis and also gap in internal control system. Full time ongoing accounting support and outsourcing of the

Particulars	Conclusions
	internal audit function in PMU is recommended. Until such an arrangement is in place, a thorough pre-audit of vouchers may be done by a trained financial expert at PMU before making payment.
F External Audit	Audit of the project financial statements should be done in accordance with the International Standards on Auditing and by the independent auditor acceptable to ADB.
G Reporting and Monitoring	PMU reports comply with the reporting requirements of the MOF, MOE, the Tax Committee and other government body. Currently, PMU prepares quarterly progress reports to ADB in addition to governmental reporting. It is suggested to include supplementary financial and disbursement reports also along with the quarterly project progress report. Financial Reports 1. Sources and Uses of Fund Statement 2. Uses of Fund by Project Activity Disbursement Reports 3. Loan Disbursement Details 4. Project Account and Reconciliation Statement
Information Systems	Software such as 1C, Bank Client and other software packages are widely used in PMU. Spread sheet is used to prepare more financial report that cannot be generated through the existing software. All governmental reports are generated from the system. Customization of the software, with details required for ADB reporting requirements, should be considered and implemented.

ADB = Asian Development Bank, CRU = sub control and revision unit, EA = executing agency, MFF = multitranche financing facility, MOE = Ministry of Economy, MOF = Ministry of Finance, NAS = national accounting standards, PMU = project management unit, RRF = Republican Road Fund.

Source: ADB. 2015. *Technical Assistance to the Republic of Uzbekistan for the Third CAREC Corridor Road Investment Program*. Manila (TA 8950-UZB), for \$1,500,000, approved on 7 September.

11. The financial management action plan is provided below:

Financial Management Action Plan			
Key Risk	Action Plan	Responsibility	Timing
Increased work load of PMU staff, thus the recruitment of new staff	ADB to conduct and PMU finance and account staff to attend training on ADB financial management procedures	ADB, PMU	Before and during project implementation, as necessary
Limited capacity of information systems/software packages used by RRF/PMU	RRF/PMU to consider using fully integrated financial management software that can generate customized reports	RRF, PMU	Before project implementation

12. **Risk Analysis:** During the implementation phase, RRF and PMU might face some risks that can generally be divided in two main categories: (i) country level, and (ii) organization/project level. Financial management risks shall need to be considered and updated throughout the life of the project and risk mitigation measures shall also be updated accordingly.

Risk Assessment and Mitigation Measures

Risk	Risk Assessment	Risk Description	Mitigation Measures or Action Plans
Inherent Risk			
1. Country-specific Risks	M	(i) Unavailability or delay in the release of counterpart funds may result in project delay.	(i) Written guarantee is required at MOF and RRF level to ensure the timely disbursement of counterpart part funding.
2. Entity-specific Risks	M	Experience of the newly formed PMU as implementing agency for implementing the project	The project will be implemented by RRF through PMU. RRF has experience in implementing several ADB financed projects and shall continue to maintain its support to PMU during project implementation.
3. Project-specific Risks	L	There are no project specific risks in this project	Not applicable.
Overall Inherent Risk	M		
Control Risk			
1. Implementing Entity	M	PMU who is proposed to manage and implement the proposed project.	Finance and Accounts wing is having one Finance Specialist and one Accounts Specialist from the existing CAREC 1 team. They can handle the existing work load. Capacity augmentation with new staff may be considered to the existing organization structure to have more internal control and internal system.
2. Fund Flow	L	Timely release of counterpart fund to the project	RRF shall ensure timely release of funds including counterpart funds to the project as per loan covenant. Timely availability of counterpart funds will be ensured by implementing the proposed fund flow arrangements. No systematic problems related to funds have been reported in the current projects handled by RRF. For ADB disbursement, direct payment method to civil works and consulting services, replenishment for the imprest account payments, and reimbursement for the retroactive financing are proposed.
3. Staffing	M	Dedicated finance and accounting staff for the PMU	Dedicated finance and accounting staff are now at PMU on contract basis. The trained staff to be retained till end of the project. All other vacant position should be filled before start of the project.
4. Accounting Policies and Procedures	L	Updating the accounting policies and procedures	Accounting policies and procedures to be updated and to include role and responsibility of the staff working in PMU.
5. Internal Audit	M	Internal Audit Function is generally weak	CRU performs monthly review of RRF activities is not so effective. Full time ongoing accounting support and outsourcing of the internal audit function in PMU is recommended. Until such an arrangement is in place, a thorough pre-audit of vouchers may be done by a trained financial expert at PMU before making payment.

Risk	Risk Assessment	Risk Description	Mitigation Measures or Action Plans
6. External Audit	M	The audit of the project financial statements should be done in accordance with the International Standards on Auditing and by the independent auditor acceptable to ADB.	Audit of the project financial statements should be done in accordance with the International Standards on Auditing and by the independent auditor acceptable to ADB.
7. Reporting and Monitoring	M	Financial Reports are not form part of quarterly progress report	PMU will be required to report in accordance with the ADB requirements with inherent adequate control mechanisms.
8. Information Systems	M	Optimal use of technology in the finance and accounts wing for the preparation of accounts and reporting requirements should be explored.	The present software 1C may be fine-tuned to get maximum details required including the accounting of direct payment by ADB.
Overall Control Risk	M		

ADB = Asian Development Bank, CRU = sub control and revision unit, L = low, M = moderate, MFF = multitranche financing facility, MOF = Ministry of Finance, NAS = national accounting standards, PMU = project management unit, RRF = Republican Road Fund.

Source: ADB. 2015. *Technical Assistance to the Republic of Uzbekistan for the Third CAREC Corridor Road Investment Program*. Manila (TA 8950-UZB), for \$1,500,000, approved on 7 September.

B. Disbursement

1. Disbursement Arrangements for ADB Funds

13. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.⁶ Project staff are encouraged to avail themselves of this training to help ensure efficient disbursement and fiduciary control.

14. **Imprest fund procedure.** RRF/PMU will establish and administer an imprest account at a commercial bank acceptable to ADB. The currency of the imprest account is the US dollar. The imprest account is to be used exclusively for ADB's share of eligible expenditures. RRF/PMU who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account.

15. The total outstanding advance to the imprest account should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming 6 months. RRF/PMU may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet⁷ setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by RRF/PMU in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) when liquidating or replenishing the imprest account.

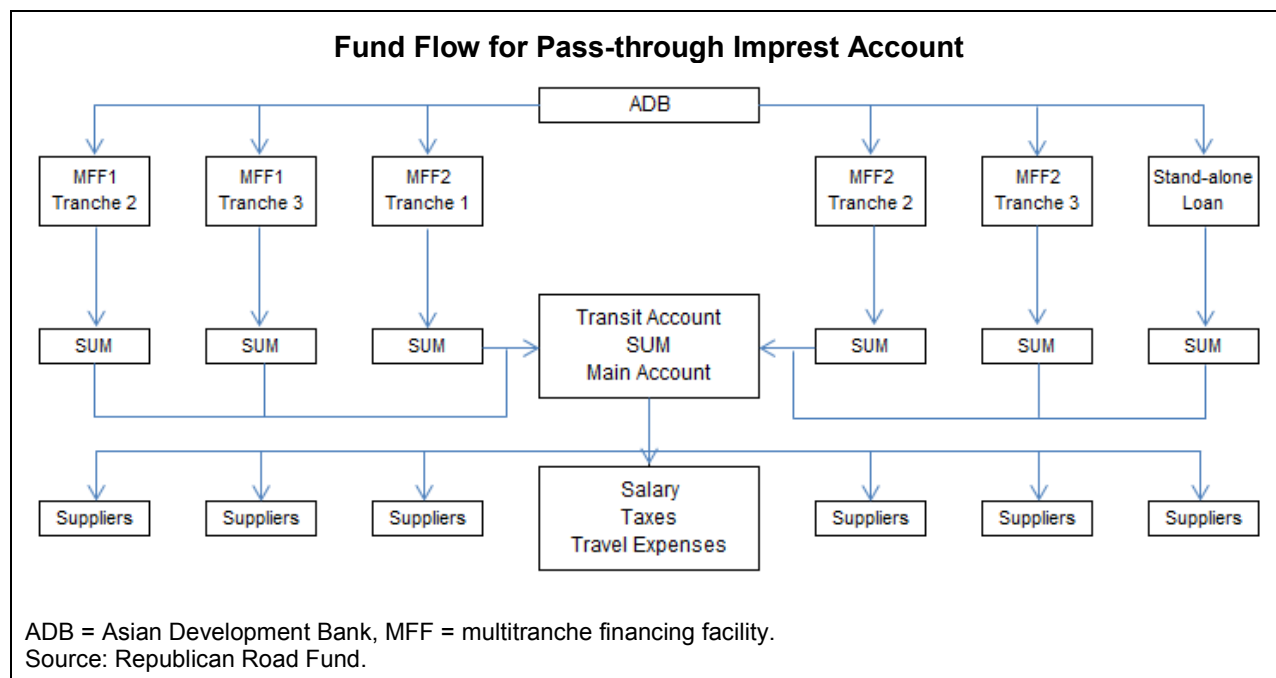
16. For incremental administrative cost related to PMU employees' salaries and travel, expenses in local currency (SUM) will go through one pass-through account. According to

⁶ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

⁷ ADB. 2015. *Loan Disbursement Handbook*. 10B.

instruction from Central Bank of Uzbekistan (CBU) dated 16 March 2009 and registered by the Ministry of Justice on 27 April 2009, any registered legal entity in the country can have only one pass-through account. PMU under RRF was established and registered as one legal entity to implement road MFF and standalone projects funded by ADB. This means that all payments of salaries, and travel expenses in SUM should be made from one pass-through account. USD imprest account is still opened and maintained separately for each tranche/project.

17. PMU accountant will reconcile the pass-through account monthly. This will help PMU to monitor any unpaid fund in the account, fully aware of the source of the payment which project the payment came from, and take appropriate actions to clear it.⁸



18. **Statement of expenditure procedure.**⁹ The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the imprest account. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

19. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is set in accordance with the ADB's Loan Disbursement Handbook. Individual payments below this amount should be paid (i) by the executing agency and/or implementing agency and subsequently claimed to

⁸ Imprest account arrangement for Uzbek Sum was discussed and agreed with Controllers' Department in April 2014 for the projects under MFF.

⁹ SOE forms are available in Appendix 9B and 9C of ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

ADB through reimbursement, or (ii) through the imprest fund procedure, unless otherwise accepted by ADB.

2. Disbursement Arrangements for Counterpart Fund

20. All disbursements under the government financing will be carried out in accordance with regulations of the Government of Uzbekistan. RRF is using own funds as counterpart fund for the project. In case of any short fall in its funding source the RRF will seek governments' funding requirement through budget allocation to the RRF. Written guarantee is required at MOF and RRF level to ensure the timely disbursement of counterpart part funding.

C. Accounting

21. RRF will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following the cash-based International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC).

D. Auditing and Public Disclosure

22. The RRF will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the RRF.

23. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purposes of the project; and (iii) whether the borrower or EA was in compliance with the financial covenants contained in the loan agreement (where applicable).

24. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

25. The government, RRF and PMU have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.¹⁰ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

¹⁰ ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of

26. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.¹¹ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.¹²

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

27. All advance contracting and retroactive financing will be undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, RRF and PMU have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

28. **Advance contracting.** The government has requested ADB's approval for advance contracting of two civil works and one consulting services for construction supervision. Advance procurement of civil works and recruitment of consulting firm will keep the momentum for bidding and consultant selection activities. The steps to be concluded in advance are (i) tendering, and bid evaluation for civil works packages; and (ii) recruitment of consultants.

29. **Retroactive financing.** The maximum amount of eligible expenditures for retroactive financing will be up to \$39.6 million, the equivalent of 20% of the total ADB loan, incurred before loan effectiveness, but not more than 12 months before the signing of the loan agreement.

B. Procurement of Goods, Works, and Consulting Services

30. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). International competitive bidding procedures will be used for civil works contracts estimated to cost \$5 million or more.

31. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

32. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).¹³ The terms of reference for all consulting services are detailed in Section D.

imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.

(iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

¹¹ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

¹² This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

¹³ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

33. An estimated 502 person-months of consulting services (key and non-key experts) are required for construction supervision. An output based contract will be procured for institutional development. The consulting firms for (i) construction supervision, and (ii) design and construction standard development will be engaged using the quality- and cost-based selection method with a standard quality–cost ratio of 90:10. Individual consultants to support the PMU (national environment specialist) will be engaged using the individual consultant selection method. A national audit firm will be engaged using the least cost selection method.

C. Procurement Plan

34. The procurement plan is in Attachment 1.

D. Consultants' Terms of Reference

35. The consultants' terms of reference are in Attachment 2.

VII. SAFEGUARDS

A. Environmental Safeguards

36. Based on the ADB's Safeguard Policy Statement (SPS) of 2009, the project is classified as category B for environment. Mitigation measures to address all construction and operational impacts have been included in the environmental management plan (EMP) prepared as part of the initial environmental examination (IEE). The IEE will be disclosed on the ADB website on 15 August 2016. Impacts from the Project are expected to be limited in time and scope, and will be mostly related to construction work that can be mitigated. The identified impacts include (i) noise, dust, vehicle emission, and vibration, which is especially of high significance within the settlements alongside the Project road; (ii) impacts on water rivers due to bridge rehabilitation and construction works; (iii) impacts from material transportation from borrow sites; (iv) impacts of tree cutting alongside the Project road due to site clearance activities; (v) impacts from asphalt and concrete mixing plant and aggregate crushers; and (vi) impacts from contractor's working camps.

37. The PMU at RRF will be responsible for implementation of the environment management plan (EMP) to comply with ADB's safeguards requirements and environmental national regulations. For this, PMU will be required to designate a qualified full-time safeguard professional who will be assisted by the environment specialists of the supervision consultant in overseeing the implementation of EMP. The cost for implementing EMP will be financed by the Project, specifically, the costs of mitigation measures and environmental monitoring will be included in the civil works contracts and the cost for environmental supervision will be included in the consulting service contract of the construction supervision consultant. A grievance redress mechanism to handle both environmental and social safeguard issues will be established. PMU will submit semi-annual environmental monitoring reports for ADB-financed section to ADB and relevant government authorities, and these reports will be disclosed to the public on the RRF (in Uzbek or Russian) and ADB (in English) websites.

B. Social Safeguards

38. **Resettlement.** The project is classified as involuntary resettlement safeguard category B. In April 2016, the RRF informed ADB that land acquisition was accomplished for the project.

So, ADB instituted a resettlement due diligence study instead of preparing a resettlement plan. The purpose of the due diligence study was to establish if (i) land acquisition was accomplished in anticipation of ADB support, and (ii) due process was followed for land acquisition. The due diligence exercise confirmed that land acquisition was done as per the country's legislation, information was disclosed, appropriate consultations were carried out with the project affected persons and a grievance redress mechanism was in place by law to allow any complaints to be addressed within 15 days and up to one month, depending on the adequacy of supporting documents. In addition, a resettlement framework has been prepared according to ADB's SPS to address any unanticipated impacts during the project construction.

39. There are 168 households that are affected by the project, of which 17 households are in Kamashi district, 129 households in Yakkabog district and 22 households in Shakhrisabz district. All 9 residential households in Kamashi and 8 residential households in Yakkabog have been fully paid compensation, physically displaced and relocated. The resettlement legislation requires full compensation for the house and other constructions. All 19 residential households in Shakhrisabz and 100 households in Yakkabog have been paid initial 50% compensation payment for housing and given land for replacement. The balance 50% is paid immediately after the demolition of the structures. There is no agricultural affected household. Those who used the road right of way for agricultural purposes have been allowed to harvest their produce.

40. Despite the 50% of compensation is not the legal requirement of the state, it was done to ensure that affected households will discharge their households for the project implementation, and they are supported by law in accordance with the Resolution No. 97, considering the 2 year of assistance in rent. Affected households will receive remaining 50% immediately after their houses will be demolished. This facility supports SPS requirements on safeguard of affected households, and this is win-win situation for government and affected households.

41. However, the practice of 50% compensation for households instead of 100% doesn't corresponds ADB safeguard requirements, that require full compensation before demolition. The identified gap of incomplete compensation payment will be filled by completing the compensation payment for all the remaining 143 project affected households before the project construction works begin. The RRF has made adequate budget provision for this. The ADB project team will monitor the progress of the full compensation payment.

42. Any unforeseen impact during the project construction due to possible design change or any other contingency that results in land acquisition will require preparing a resettlement plan and compensation to be paid according to the provisions of the resettlement framework. The resettlement plan including an entitlement matrix was endorsed by the RRF and posted on the ADB website, and relevant information from it will be disclosed to the affected persons. The RRF will make adequate budget provision for implementing the resettlement plan and will transfer funds to the respective district khokimiyats, and the latter will make the compensation payment, as is the practice in the country.

C. Indigenous Peoples

43. The country does not have indigenous peoples communities as defined in the SPS for operational purposes. As such, the project is classified as C for indigenous peoples safeguard and no further action is required.

D. Grievance Redress Mechanism

44. A project specific grievance redress mechanism (GRM) will be established by co-opting the country legal requirements to receive and facilitate the resolution of project affected persons' concerns, complaints and grievances about the social and environmental performance at the project level. The GRM will aim to provide a time bound and transparent mechanism to voice and resolve social and environmental concerns linked with the project. The project specific GRM is not intended to bypass the government's own redress process, rather it is intended to address project affected people's concerns and complaints promptly, making it readily accessible to all segments of affected persons and is scaled to the risks and impacts of the project. Hence, depending on the nature and significance of the grievances or complaints, the GRM will comprise procedures to address grievances at the local level (through the Khokimyat, the Contractor, the Engineer or the PMU). More serious complaints which cannot be addressed at the local level will be forwarded to the central level. The affected households and communities will be made aware of the Project grievance redress mechanism they can follow to seek redress, including, if necessary resort to the courts through the Government's grievance mechanism. The affected households and communities are free to refer their complaints to the courts at any time during the GRM process. All costs involved in resolving the complaints (meetings, consultations, communication and reporting/information dissemination) will be borne by the Project.

VIII. GENDER AND SOCIAL DIMENSIONS

45. Assessment of social impacts and analysis of key stakeholders' perceptions and concerns about the project have been conducted with positive feedback. The project site is located in the Kashkadarya region in the southern part of the country and traverses six districts: Karshi, Guzar, Kamashi, Yakkabag, Shakhrisabz and Kitab. A socioeconomic survey carried out along the project road section indicated an average household size of five persons. Males and females constitute nearly equal portions of the affected population, with 51% of men and 49% of women found to be educated. Apart from business (small businesses and enterprises) and government employment, agriculture is a key source of income for the affected households. The majority of the households have access to potable water, toilets, bathrooms, electricity, and means of communications such as mobile phones. The program will not directly reduce household poverty or provide specific services that address the geographic determinants of poverty. Since no specific gender intervention is planned, the project is classified as 'no gender elements. Indirect benefits of increased tourism arrivals may accrue to women working in this sector. Highway construction and the development of long-term transit routes may increase the risk of sexually transmitted infections. The government takes this risk seriously and has agreed to a mitigation plan with ADB

46. The project will help the region to transform to a tourist and leisure destination. The potential beneficiaries are local communities and regional vehicle passengers and transporters of goods and services. The proposed project will provide them with safer and faster access to cities and market, and will reduce their transportation costs.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is Aligned With			
International trade and tourism increased along Central Asia Regional Economic Cooperation corridors in Uzbekistan, safer roads, and greater economy and efficiency in road planning and construction (Statistical Review of Uzbekistan) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Efficiency of the road sector improved	a. Annual average daily traffic on the Karshi–Kitab road in Kashkadarya increased to about 14,000 by 2022 (2015 baseline: 9,408) b. Travel time between Karshi and Kitab decreased to 97 minutes by 2022 (2015 baseline: 119 minutes)	a. Periodic classified traffic counts (collected by Uzavtoyul) b. RRF completion report	Challenging economic environment results in lower-than-expected growth in traffic
Outputs 1. Upgrading of approximately 77 km of highway in the Kashkadarya province 2. Capacity of the RRF and national design institutes strengthened	1a. By 2021, two sections approximately 77 km in length between Karshi, Shakhrisabz, and Kitab in the Kashkadarya province will be upgraded to a four-lane, concrete-paved highway incorporating road safety and climate change adaption features (2015 baseline: not applicable) 1b. By 2021, a pavement international roughness index of less than 3 m/km will be achieved on the project road (2015 baseline: 7.0 m/km) 2a. An appropriate government decree or other similar or equivalent act to approve the application and use the updated design and construction standards, developed under the project, is issued by 2021 (2015 baseline: 0) 2b. More than 50 staff from the design institute and RRF will be trained in the new design and	1a–b. RRF completion report 2a–b. Progress report	Multiple layers of review and approving authorities, as well as lengthy procedure to register contracts may delay procurement and implementation

	construction standards by 2021 (2015 baseline: 0)		
Key Activities with Milestones			
<p>1. Upgrading of approximately 77 km of highway in the Kashkadarya province</p> <p>1.1 Recruit construction supervision consultants by 31 March 2017.</p> <p>1.2 Award civil works contracts by 31 March 2017.</p> <p>1.3 Complete project by 31 December 2021.</p> <p>2. Capacity of the RRF and design institutes strengthened</p> <p>2.1 Award consultant contract (update standards and design review) by 30 June 2017.</p> <p>2.2 Complete review and update design and construction standards by 31 December 2021.</p> <p>2.3 Complete training on updated design and construction standards by 31 December 2021.</p>			
Inputs			
<p>ADB: \$198 million (ordinary capital resources)</p> <p>Government of Uzbekistan: \$68.2 million</p>			
Assumptions for Partner Financing			
Not applicable			

ADB = Asian Development Bank, km = kilometer, m/km = meter per kilometer, RRF = Republican Road Fund.

^a Government State Committee of the Republic of Uzbekistan on Statistics. 2013. *Statistical Review of Uzbekistan*. Tashkent.

Source: Asian Development Bank.

B. Monitoring

47. **Project performance monitoring.** The achievement of the project performance targets will be assessed based on the DMF. The PMU will, within 3 months of the loan signing, develop a systematic project performance monitoring system, in form and substance acceptable to ADB, for use throughout the life of the project. PMU will also establish, within 3 months of loan effectiveness, a baseline for performance indicators to be used for monitoring implementation of each road subproject. Disaggregated baseline data for output and outcome indicators gathered during project processing will also be updated and reported quarterly through RRF's quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.¹⁴ PMU will conduct annual evaluation surveys for each road subproject, in accordance with the project performance monitoring system, to evaluate the scope, implementation arrangements, progress, and achievement of the project objectives.

48. **Compliance monitoring.** Compliance with covenants will be monitored through ADB's project administration missions including project inception mission to discuss and confirm the timetable for compliance with the loan covenants; project review missions to review the borrower's compliance with particular loan covenants and, where there is any noncompliance or delay, discuss proposed remedial measures with the government; and mid-term review mission if necessary to review covenants and assess whether they are still relevant or need to be changed, or waived due to changing circumstances.

¹⁴ ADB's project performance reporting system is available at <http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

49. **Environment safeguard monitoring.** The Contractor(s) environment officer is responsible for the preparation of weekly environmental checklists and environmental section in monthly progress reports that shall be submitted to the Engineer for review. Based on site inspection and Contractors' reports, the Engineer shall be responsible for preparing an environmental section of detailed Quarterly progress Reports to submit to PIU. The Engineer is also responsible for assisting the PIU in preparing semi-annual Environmental Monitoring Reports (EMRs) and final EMR including post-construction environmental audits. If there are any changes in the design or alignment or if there are any unanticipated impacts, the IEE/EMP will be updated to account for any additional or new environmental impacts and relevant corrective actions. In January and July every year, the PMU will submit to ADB and relevant government authorities semi-annual environmental monitoring reports for the ADB-financed section, and these reports will be disclosed to the public on the RRF (in Uzbek or Russian) and ADB (in English) websites.

50. **Social safeguard monitoring.** The Environment and Social Specialist of PMU will be responsible for overall internal monitoring and evaluation of the project progress for social safeguard. If there is involuntary resettlement, the internal monitor will monitor and verify RP implementation to determine whether resettlement goals have been achieved, livelihood and living standards have been restored, and provide recommendations for improvement. Monitoring will also ensure recording of displaced persons' (DP's) views on resettlement issues such as; DP's understanding of entitlement policies, options, and alternatives; site conditions; compensation valuation and disbursement; grievance redress procedures; and staff competencies. The internal monitor will also evaluate the performance of the NGOs (if required). The monitoring reports will be sent to ADB twice a year. For subprojects that have significant adverse safeguard impacts, the resettlement specialist of the CSC will be the external monitor. An important function of the external monitoring expert is to advise PMU on safeguard compliance issues. If significant non-compliance issues are identified, PMU is required to prepare a corrective action plan to address such issues. The PMU will document monitoring results, identify the necessary corrective actions, and reflect them in a corrective action plan. PMU, in each quarter, will study the compliance with the action plan developed in the previous quarter. Compliance with loan covenants will be screened by the PMU.

51. **Gender and social dimensions monitoring.** The construction supervision consultant will monitor number of women employed during construction. Sex-disaggregated data will be collected and reported on a semi-annual basis.

C. Evaluation

52. The project inception mission will be fielded soon after the loan agreement for the project is declared effective; thereafter, regular reviews will follow at least annually. As necessary, special loan administration missions and a midterm review mission will be fielded, under which any changes in scope or implementation arrangement may be required to ensure achievement of project objectives. The PMU will monitor project implementation in accordance with the schedule and time-bound milestones, and keep ADB informed of any significant deviations that may result in the milestones not being met. A project completion report will be submitted by PMU within 3 months of physical completion of the project, providing detailed evaluation of the progress of implementation, costs, consultant performance, social and economic impact, and other details as requested by ADB.¹⁵

¹⁵ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

D. Reporting

53. PMU will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system to be submitted to ADB within 2 weeks from the end of the related quarter; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that the project will continue to be both viable and sustainable, project accounts together with the associated auditor's report should be adequately reviewed.

E. Stakeholder Communication Strategy

Project Documents	Means of Communication	Responsible Party	Audience	Frequency
PDS	ADB's website	ADB	General Public	Initial PDS upon approval of the concept paper; subsequent PDS at least bi-annually or as necessary
IPSA	ADB's website	ADB	General Public, project-affected people in particular	Upon approval of the concept paper
IEE	ADB's website	ADB	General Public	Upon receipt by ADB
DDR	ADB's website	ADB	General Public, project-affected people in particular	Upon receipt by ADB
Documents Produced under PPTA	ADB's website	ADB	General Public	Upon completion
RRP and linked documents	ADB's website	ADB	General Public	Upon approval by the Board
DMF	ADB's website	ADB	General Public	Upon approval of the RRP by the Board
PAM	ADB's website	ADB	General Public	Upon approval of the RRP by the Board; as necessary
LA	ADB's website	ADB	General Public	Upon signing
Amendments to the LA	ADB's website	ADB	General Public	Within 2 weeks of effectiveness
Social and Environmental Monitoring Reports	ADB's and RRF's website	ADB and RRF	General Public, project-affected people in particular	Semi-annually, to be disclosed upon receipt by ADB
Major Change in Scope	ADB's website	ADB	General Public	Upon approval of the change by the Board
APFS and Auditor's Opinion on the Financial Statements	ADB's website	ADB	General Public	As indicated in the loan agreement
PCR	ADB's website	ADB	General Public	Upon circulation to the Board for information
Independent Evaluation Reports	ADB's website	ADB	General Public	Upon circulation to Management and the Board, except for IED annual evaluation reports that will be posted on the ADB website upon discussion by the Board's Development Effectiveness Committee

Project Documents	Means of Communication	Responsible Party	Audience	Frequency
Performance of the project with clearly defined information requirements and indicators, policy on roads construction and reconstruction, 5-year investment plan, business opportunities, bidding process and guidelines, results of bidding process, and summary progress report of the project	RRF website	RRF	General Public	per project progress, no longer than monthly

ADB = Asian Development Bank, APFS = audited project financial statements, DDR = due diligence report, DMF = design and monitoring framework, IEE = initial environmental examination, IPSA = initial poverty and social analysis, LA = loan agreement, PAM = project administration manual, PDS = project data sheet, PCR = project completion report, RRF = Republican Road Fund.

X. ANTICORRUPTION POLICY

54. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.¹⁶ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹⁷

55. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the RRF and PMU, and all contractors, suppliers, consultants, and other service providers as they relate to the project. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contract under the Project.

56. ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. Office of Anticorruption and Integrity is responsible for all matters related to allegations of fraud and corruption. For a more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the Project may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

- by email at integrity@adb.org or anticorruption@adb.org
- by phone at +63 2 632 5004
- by fax to +6326362152
- by mail at the following address (**Please mark correspondence Strictly Confidential**):
Office of Anticorruption and Integrity

¹⁶ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁷ ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

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 Mandaluyong City 1550
 Metro Manila, Philippines

XI. ACCOUNTABILITY MECHANISM

57. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹⁸

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

Version	Date	Revisions
1: Fact-finding	15 July 2016	This is the first draft of the PAM.
2: Staff Review Meeting	31 August 2016	Revised based on the comments received during interdepartmental circulation of RRP and linked documents

¹⁸ Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

ATTACHMENT 1: PROCUREMENT PLAN

Basic Data

Project Name: Kashkadarya Regional Road Project	
Project Number: 50063-001	Approval Number:
Country: Uzbekistan	Executing Agency: Republican Road Fund
Project Procurement Classification: Category A	Implementing Agency: Program Management Unit under the Republican Road Fund
Project Procurement Risk: High	
Project Financing Amount: US\$ 266,200,000	Loan Closing Date: 30 June 2022
ADB Financing: US\$ 198,000,000	
Cofinancing (ADB Administered): Non	
Non-ADB Financing: US\$ 68,200,000	
Date of First Procurement Plan: 7 October 2016	Date of this Procurement Plan: 7 October 2016

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding for Works	US\$ 5,000,000 and Above	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Least-Cost Selection for Consulting Firm	
Quality- and Cost-Based Selection for Consulting Firm	90:10
Individual Consultants Selection for Individual Consultant	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
CW - TBD1	Reconstruction of M-39 Road from Km1144 to Km1173 (29 km)	70,135,395.00	ICB	Prior	1S2E	Q4 / 2016	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Large Works Comments: Estimated value includes contingency
CW - TBD2	Reconstruction of 4P-79 Road from Km28 to Km64 and 4K319 Road from Km18 to Km30 (48 km)	106,647,761.00	ICB	Prior	1S2E	Q4 / 2016	Prequalification of Bidders: N Domestic Preference Applicable: N

							Bidding Document: Large Works Comments: Estimated value includes contingency
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3. Consulting Services Contracts Estimated to Cost \$100,000 or More

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
CS - TBD1	Construction Supervision Consultant	3,500,000.00	QCBS	Prior	Q4 / 2016	FTP	Assignment: International Quality-Cost Ratio: 90:10 Comments: As requested and agreed with the EA
CS – TBD2	Institutional Development Consultant	500,000.00	QCBS	Prior	Q1 / 2017	FTP	Assignment: International Quality-Cost Ratio: 90:10 Comments: As requested and agreed with the EA
CS – TBD4	Environment Specialist	200,000.00	ICS	Prior	Q1 / 2017		Assignment: National Expertise: Environment
CS – TBD5	External Financial Auditor	100,000.00	LCS	Prior	Q3 / 2017	BTP	Assignment: National

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table lists smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
	Car	34,000	1	Shopping	Prior		Q2/2017	

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

B. Indicative List of Packages Required Under the Project

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments
None							

ATTACHMENT 2: OUTLINE TERMS OF REFERENCE OF CONSULTANTS

CONSTRUCTION SUPERVISION CONSULTANT

A. Background

1. The Government of the Republic of Uzbekistan (the Government) has requested the Asian Development Bank (ADB) to provide financial assistance for part of the Karshi–Shahrisabz–Kitab Regional Road Project. The Project consists of a total length of 127 km of road with rigid pavement of which the ADB financing is requested for 77 km of road in two parts, part 1 consisting of 48 km road [4R79 (36km) and 4K319 (12km)] and part 2 consisting of 29 km of M39 road.

2. The Republican Road Fund will be the executing agency (EA). The EA now wishes to engage a firm of consultants for construction supervision (under advance procurement actions) using the QCBS procedures specified in the applicable Guidelines on the Use of Consultant by Asian Development Bank and its Borrowers. The consulting services will involve, but not be limited to, review of detailed design and validation of final ‘good for construction’ drawings, supervision and certification of all the works under the civil works contract for quality and quantity, civil works contract administration, and benefit monitoring and evaluation.

B. Brief Description of the Project

3. The Karshi–Shahrisabz -Kitab Road begins on the outskirts of Karshi, the capital of Kashkadarya Region. The road broadly follows an easterly route until it reaches its destination at a checkpoint approximately 10 kilometers beyond Kitab in Kashkadarya. The road passes through the territories of Karshi, Guzar, Kamashi, Yakkabog, Shahrizabz and Kitab districts within Kashkadarya region.

4. The motor road 4R79 in the section of km 0-64 starts in Karshi city. Initial 8 km of this road have four lanes, which corresponds to the category I motor road, the rest of the road has two lanes (road category II-III). The pavement of the road is asphalt, in some areas oil-mineral, made by mixing on the road. The condition of the existing road pavement is unsatisfactory and on most sections, there are continuous cracks and potholes.

5. The motor road M-39 on section of 1184-1144 km corresponds to category I motor road. The pavement of the roadway is part concrete (17 km) and part asphalt (23 km). There are cracks and edge distortions on cement pavement. The condition of deformation joints is not satisfactory. On the road under reconstruction there are 24 existing bridges, 1 railway overpass, 220 pipe culverts of different diameters.

6. The reconstruction project includes construction of road to category I parameters with four lanes (six lanes at populated areas) and with concrete pavement. Construction of road with concrete pavement takes into account the availability of local materials, long life of pavement, ecological characteristics of concrete.

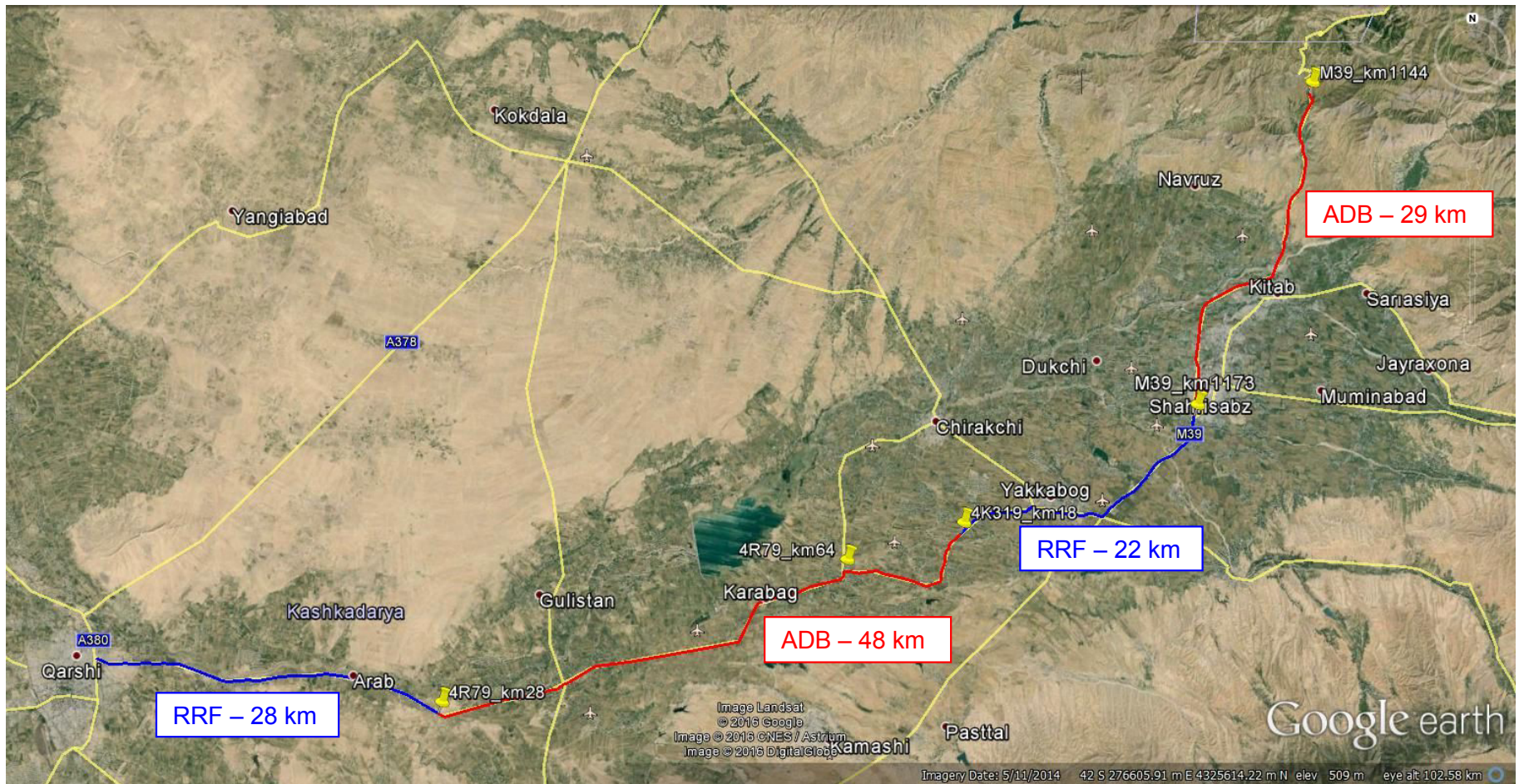


Figure 1. Karshi–Shahrisabz–Kitab Regional Road (127 km), out of which 77 km to be financed by ADB and 50 km by RRF.

C. Objectives of the Assignment

7. The primary objectives of the consulting services are:
- (i) Function as the 'Engineer' in administering the civil works contract (the Contract) in accordance with the General and Particular Conditions based on International Federation of Consulting Engineers (FIDIC) Conditions of Contract for 'Construction for Building and Engineering Works Designed by the Employer' a Multilateral Development Bank Harmonised Edition 2010.
 - (ii) Review of detailed design and approve drawings for construction of the road by the civil works contractor(the Contractor);
 - (iii) Ensure that the permanent and temporary works have been designed and are constructed in accordance with the technical specifications and standards forming part of the civil works contract with the Contractor;
 - (iv) Advise EA on all matters concerning implementation of the civil works contract including quality control, progress of work, dispute resolution, arbitration or litigation, contract amendments, termination, certification for payments;
 - (v) Ensure compliance with environmental and social safeguards, including the environmental management plans and traffic management plans;
 - (vi) Provide the staff of the EA with on-site training in contract administration and other procedures relevant to site supervision and contract administration;
 - (vii) Any other duties assigned to the Engineer under works contract.

D. Scope of Services, Tasks (Components) and Expected Deliverables

8. The EA intends to award two civil works contracts under this project, one each for part 1 and part 2 for which the procurement will be carried out in parallel and contracts are planned to be awarded at the same time.

9. The consultant shall administer and supervise the civil works contracts. In doing so, care should be taken to minimize climatic impacts and to implement green-house gas reduction measures.

10. The consultant will have all functions and responsibilities vested on the "Engineer" in the General and Particular conditions of contract.

1. Design Review and Approval

11. During the initial period, the consultant shall carry out a review of the detailed design made available by the EA. Prior to the start of construction, the consultant shall also review and approve construction drawings prepared by the Contractor. The scope of work shall include, but not be limited to, the following:

- (i) Establish the schedule, methods, and procedures for reviewing the detailed design made available by the EA and of construction drawings prepared by the Contractor.
- (ii) Review the detailed design and construction drawings in accordance with the design standards/technical specifications and the actual site requirements. The review of the detailed design shall be completed within 45 days of the commencement of services. Review of construction drawings will be completed no later than seven days from the date of submission to facilitate the commencement of works;

- (iii) Ensuring that the technical specifications have been duly accounted for in the detailed engineering design and construction drawings; and
- (iv) Provide periodic status reports to the EA and ADB on the design review, identify any problems and difficulties encountered and the proposed solutions.

2. Contract Administration and Construction Supervision:

12. General:

- (i) The civil works will be executed under the General and Particular Conditions of Contract. Accordingly, EA will be the “Employer” and the consultant will function as the “Engineer” subject to certain requirements for the Engineer to seek the approval of the Employer prior to taking action under specified clauses of the Contract.
- (ii) The consultant will administer the civil works contract and supervise the day-to-day civil works on site following construction supervision procedures based on sound international practices to: (i) ensure that the Project is constructed in accordance with the provision of the civil works contract; (ii) monitor the completion of the Project within the agreed programme and budget and to the quality standards and safeguard provisions stipulated in the Contract; (iii) monitor compliance with the safeguard requirements and ensure that adequate mitigation measures have been taken during the implementation of the Project; (iv) maintain communication with local communities and help identify and resolve emerging issues and complaints; and (v) advise the EA on matters concerning implementation of the Project.
- (iii) The consultant will report to the EA and ADB on matters concerning implementation of the project. The consultant shall also participate in ADB’s review Missions at site and with the EA and take necessary steps to resolve any issues arising.
- (iv) The consultant will be required to nominate an Engineer’s Representative who will be full-time resident in the project area.
- (v) The consultant shall operate a quality system that governs their own activities. The Quality Plan shall comply with the latest practices published by the International Standards Organisation (ISO). Within one month of the commencement of the services, the Consultant shall submit a draft Quality Plan covering their various duties to be undertaken during the design review and the supervision of the civil works contract. The consultant shall amend the draft Quality Plan to such extent as is mutually agreed with the EA. The consultant shall work throughout the duration of the commission to the procedures and requirements of the Quality Plan.

13. Construction Supervision: The consultant, as the Engineer, shall be responsible to carry out all the tasks as defined in the General and Particular Conditions of Contract. The responsibilities of the Engineer shall include, but not be limited to, the following tasks:

- (i) Ensure that the Notice to Commence is issued to the Contractor clearly stipulating the start date of the Project;
- (ii) Monitor land acquisition and resettlement activities undertaken by the Employer and provide the required support, as and when required;
- (iii) Liaise with the appropriate authorities to ensure that all the affected utility services are promptly relocated to avoid any disruption to the works;

- (iv) Ensure that the project site/right of way, free from all encumbrances, is handed over to the Contractor in accordance with the agreed schedule or otherwise advise the Contractor of possible delays in handing over of the project site;
- (v) Ensure that the Contractor has submitted all the required bank guarantees (performance securities, advance payment guarantee and guarantee for release of retention money, if any) and insurance policies required in accordance with the Contract;
- (vi) Examine the Contractor's work programme (or the revised work programme) and accord the approval to the Contractor to carry out the works. Wherever required, facilitate the reaching of agreement between the Employer and the Contractor regarding the work programme and ensure that the construction works are carried out in accordance with the agreed work programme. The Engineer will keep the Employer informed of any delay or potential delays in the work schedule of the Contract, and will take all necessary actions to prevent potential delays;
- (vii) Ensure all construction equipment is mobilized by the Contractor in accordance with the work programme/Contract and inspect the Contractor's equipment;
- (viii) Approve and/or issue working drawings/good for construction drawings and issue instructions to the Contractor as required in accordance with the Contract specification and the Contractor's quality management plan;
- (ix) Issue clarifications and supplementary drawings to the Contractor and/or approve alternate drawings, provide the Contractor with all necessary surveys and reference data to facilitate the work and to avoid any potential delays in implementation of the works;
- (x) Inspect and approve all material sources identified by the Contractor;
- (xi) Inspect the results of material and soil tests to ensure compliance with specifications and issue immediate notice to the Contractor in the event that such materials and works fail to comply with the specifications;
- (xii) Maintain records of all testing work, including cross-referencing of items of work to which each test refers and location from which any samples were obtained for testing;
- (xiii) Supervise the Contractor in all matters concerning safety of workers and the public, and the care of civil works including provision of necessary personal protective equipment, lights, guardrails, fencing and security. The consultant shall establish written procedures for monitoring and reporting on safety;
- (xiv) Regularly monitor and inspect the Contractor's quality control and assurance programme to ensure that quality of the finished works meet the Contract standards and specifications. This includes regular checking of the materials testing programme;
- (xv) Carry out regular audits of the Contractor's and subcontractors' quality systems to ascertain that the requirements of the systems and the EA's quality objectives are being met. The quality audits shall be done at least once every six months. The consultant shall report all non-conformities to the EA after each audit and explain what actions shall be taken by the contractor to rectify each non-conformity.
- (xvi) Assess and check the laboratory and field tests carried out by the contractor, and carry out independent tests;
- (xvii) Prepare the non-conformity reports and propose rectification work or solution;
- (xviii) Monitor progress of the construction works through computer-aided project management techniques;
- (xix) Convene regular site meetings with the Contractor to discuss issues and problems affecting the progress, and brief the Employer;

- (xx) Coordinate with the relevant local government authorities/agencies so as to minimize disruption to the works programme;
- (xxi) Review and comment on the monthly progress reports submitted by the Contractor detailing the work undertaken during the previous month, the progress of the work against the approved schedule, the problems and difficulties encountered by the Contractor and other issues requested by the Employer;
- (xxii) Assist the EA in processing the Contractor's application for subcontracting parts of the works, and removing ambiguities in the contract documents, if any.
- (xxiii) Measure the completed works and keep detailed records, including measurement books;
- (xxiv) Maintain permanent record which shall include, but not be limited to, site correspondences, survey data, work programme, material testing results, quality acceptance data, daily site diaries, records of plant, labour and materials used, measurement and certification, minutes of meetings, and records of all the data/reports/certificates/statements, etc., under the Contract.
- (xxv) This permanent record shall be handed over to the EA after the expiry of the consultancy contract;
- (xxvi) Prepare quarterly cashflow projections for the Employer in an acceptable format, in which cashflow should identify budget estimates for all outstanding works;
- (xxvii) Measure the work and certify the interim and final payment certificates for submission to the Employer;
- (xxviii) Assess and make necessary recommendations to the EA on the Contractor's applications for extension of time for completion, claims for additional payment, contract variations, changes in scope of work, any disputes, etc.;
- (xxix) Review all claims submitted by the Contractor and provide advice to the Employer of the validity of the claim, the effect of such claim on the construction schedule and the cost of the project;
- (xxx) Advise and assist the Employer with respect to arbitration or litigation relating to the works, whenever required;
- (xxxi) Issue taking over certificates in respect of satisfactory completion of the works in accordance with the contract provisions;
- (xxxii) At the completion of the works, verify the Contractor's "as-built drawings" as a true record of the works as constructed and ensure that the works have been executed in accordance with all the provisions contained in the Contract including those relating to the standards of workmanship, safety requirements, and compliance with safeguard requirements;
- (xxxiii) Undertake environmental monitoring including all of the requirements of the project IEE to ensure that the construction methods proposed by the Contractor for carrying out the works are satisfactory, with particular references to the technical requirements of sound environmental standards on the basis of the ADB's Safeguard Policy Statement (SPS) 2009;
- (xxxiv) Prepare with the contractor, the site specific Environmental Management Plan. This task should be completed before the start of the construction.
- (xxxv) Ensure that the construction works are undertaken based on the environmental management plans to mitigate the environmental issues as detailed in the Initial Environmental Examination (IEE). The status of the implementation of environmental management plans and the environmental monitoring reports shall be covered in the reports submitted by the Engineer to the EA and ADB;
- (xxxvi) Prepare internal monitoring reports on the land acquisition and resettlement activities (including the livelihood restoration activities and monitor job placement of members of severely affected and vulnerable households) in accordance with

- the Land Acquisition and Resettlement Plan (LARP) prepared by the EA in line with the ADB's Safeguards Policy Statement 2009;
- (xxxvii) Ensure minimum disruption to the local settlements while approving Contractor's work programme, including monitoring of the impacts of construction work on local settlements, and by reporting impact monitoring to the Employer;
 - (xxxviii) Ensure that no child labour is used for the construction works or any other activities associated with the project;
 - (xxxix) Ensure opportunities for skilled female labour are facilitated and made available;
 - (xl) Monitor the implementation of the health and safety programme at camp site including the information and education campaign on sexually-transmitted diseases and HIV/AIDS (human immunodeficiency virus/acquired immunodeficiency syndrome) which shall be dealt in a gender-sensitive manner as required under the civil works contract (e.g., contractor to provide training to its workers on HIV prevention); and
 - (xli) Provide on-the-job training for the EA's staff at site on construction supervision, contract administration, quality control and assurance, safeguards, PPMS and monitoring and evaluation and other activities.

14. Project Performance Monitoring/Benefit Monitoring and Evaluation: The consultant shall establish a system for project performance monitoring in accordance with the project framework. In doing so, the consultant will:

- (i) Identify, on the basis of the project, performance indicators and the targets to be monitored during the implementation of the project and shall establish systems for collecting data and statistics for such monitoring;
- (ii) Carry out a baseline survey on performance indicators and establish a set of baseline data based on which the project impacts will be reassessed;
- (iii) Collect required data and undertake other relevant surveys before start of construction, after the 1st and 2nd year from the commencement date, and immediately after completion of the Project;
- (iv) Assess the socioeconomic impacts and environmental sustainability of the Project;
- (v) Incorporate findings and supporting data in the project completion report; and
- (vi) Conduct training in operational social research methods and build the capacity of the EA.

15. Actions Requiring Specific Approval of the Employer: The consultant will be required to obtain prior approval of the Employer in the following matters:

- (i) Approving subletting of any part of the works;
- (ii) Certifying additional cost;
- (iii) Determining an extension of time;
- (iv) Issuing a variation having any financial implications in any manner; and
- (v) Fixing rates or prices for any item.

E. Duration of the Assignment

16. The consultancy services will be 30 calendar months for construction supervision and 12 calendar months (with reduced staff) during the defects notification period of civil works contracts. The consultancy services contract is expected to commence in April 2017.

F. Team Composition and Qualification Requirements for Key Experts

17. It is estimated that about 108 person months of international key consultants' services and about 190 person months of national key consultants' services would be required by the EA to accomplish the tasks. The requirement of various experts and the duration of their engagement are indicated below. However, the consultants may propose additional staff, within the budget, that may be required to accomplish the tasks.

No.	Expertise	Input (months)
A.	International Consultants	
1	Team Leader/Sr. Highway Engineer	26
2	Resident Engineer/Highway Engineer	24
3	Bridge Specialist/Structural Engineer	12
4	Material Engineer	22
5	Contract Specialist	4
6	Environment Specialist	3
7	Social Sector/Resettlement/Benefit Monitoring Specialist	3
9	Pavement and Quality Assurance Engineer	12
10	Road Safety Auditor	2
	Subtotal (A)	108
B.	National Consultants	
11	Deputy Resident Engineer/Highway Engineer (2)	48
12	Bridge Specialist/Structural Engineer	24
13	Materials Engineer (2)	48
14	Environment Specialist	8
15	Social Sector/Resettlement/Benefit Monitoring Specialist	8
16	Quantity Surveyor (2)	42
17	Road Safety Expert	6
18	Contract / Legal Specialist	6
	Subtotal (B)	190
C.	Non-Key Professionals	
19	Site Inspectors (6)	132
20	Land Surveyors (2)	48
21	Draughts-person (AutoCAD)	24
	Subtotal (C)	204
	TOTAL (A+B+C)	502

18. The personnel specified above shall be supplemented by the consultant with an appropriate number of translators and support staff as necessary to properly perform the services and the expenses shall be mentioned in out of pocket expenses. These personnel including the non-key professionals shall not be subject to approval.

G. Tasks and Qualification Requirements

1. International Consultants:

(a) Team Leader/Sr. Highway Engineer

19. The Team Leader/ Sr. Highway Engineer will be responsible for overall project management in performing scope of work indicated in the Terms of Reference for the Consulting Services, namely for the overall successful completion of the design review and

supervision tasks. The Team Leader/ Sr. Highway Engineer shall act on behalf of the FIDIC Engineer. (FIDIC conditions of Contract, MDB Harmonized Edition). The specific focus of the Team Leader/ Sr. Highway Engineer will be early identification of issues and proposing mitigation or preventive measures in all aspects of the scope of work. The Team Leader/ Sr. Highway Engineer shall be responsible for giving solutions to the technical issues during the design review stage, as well as addressing issues potentially leading to claims and increase of costs in the civil works contract in the supervision stage, by effective management of the both design review and construction supervision components. Special attention will be given to claim/ dispute resolution activities as well as prevention of delays during the construction supervision stage. The Team Leader/ Sr. Highway Engineer will be responsible for preparation of variation orders and their submission for the approval to EA and ADB. The Team Leader/ Sr. Highway Engineer will also have advisory role on potentially expected or actual claims. The Team Leader/ Sr. Highway Engineer shall prepare Monthly, and all required reports and all type of documents indicate in the Terms of Reference for the Consulting Services. During the construction supervision stage the Team Leader/ Sr. Highway Engineer will lead official meetings with the Contractor, such as monthly meeting with the Contractor, as well as shall be present during the official tests, such as the concrete paving official tests and other.

20. Qualification: Degree in civil engineering preferably with post graduate qualification in highway engineering. Preferably fifteen (15) years similar experience in design and construction supervision of highway projects of which ten (10) years of experience in design and construction supervision of rigid pavements, with FIDIC General Conditions of Contract including 8 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(b) Resident Engineer/Highway Engineer

21. The Resident Engineer/Highway Engineer will be responsible for overall project management in all technical aspects by performing scope of work indicated in the Terms of Reference for the Consulting Services. The Resident Engineer/ Highway Engineer will be responsible for the completion of tasks in design review stage as well as supervision stage in the framework of the FIDIC Conditions of Contract on behalf of the Engineer. In the supervision stage the Resident Engineer/ Highway Engineer shall supervise all the construction activities, be aware of daily progress of the construction as well as existing issues and suggest immediate solutions in consultation with the Team Leader. The specific focus of the Resident Engineer/ Highway Engineer will be early identification of technical issues and proposing mitigation or preventive measures in all technical aspects of the scope of work related to various project activities. The Resident Engineer/ Highway Engineer will be responsible for early identification of technical issues potentially leading to claims and increase of costs (especially in civil works contracts) by means of proper management of the construction supervision component and personal review of contracts' progress. Special attention will be given to claim/ dispute resolution activities related to price escalation, as well as prevention of delays, possibly caused by right of way issues (if any), deficiencies in designs (if any), construction specifications and others. The Resident Engineer/ Highway Engineer will be responsible for preparation of variation orders and their submission for the approval to EA. The Resident Engineer/ Highway Engineer will also have advisory role on potentially expected or actual claims. The Resident Engineer/ Highway Engineer will assist the Team Leader to prepare Monthly, and all required reports and all type of documents indicate in the Terms of Reference for the Consulting Services. During the construction supervision stage the Resident Engineer shall be present and assist the Team Leader in leading official meetings , such as monthly meetings with the Contractor, concrete paver official tests and other. The Resident Engineer/ Highway Engineer

shall be responsible for the all technical issues of whole scope indicated in this Terms of Reference for the Consulting Services.

22. Qualification: Degree in civil engineering and preferably with post graduate qualification in highway/ bridge engineering. Preferably fifteen (15) years' similar experience in design and construction supervision of highway projects of which ten (10) years in construction with rigid pavements, with FIDIC General Conditions of Contract including 6 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(c) Bridge Specialist/Structural Engineer

23. During the design review the specialist will be responsible for the review of design of the bridges and structures. During the construction supervision the specialist shall monitor the Contractors' bridge construction, rehabilitation and repair works to assess and determine the need for adjustment of the works and, as required, provide working drawings, specification details and instructions to the Contractor for any bridge within the construction site for works which are found during the construction period to require rehabilitation but are not already specifically scheduled for rehabilitation under the contract.

24. Qualification: Degree in civil or structural engineering preferably with post graduate qualification in structural engineering or relevant discipline. Preferably twelve (12) years' similar experience in design and construction supervision of interchanges, flyovers, bridges, culverts, causeways, and other structures, including 5 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(d) Materials Engineer

25. Materials Engineer will be responsible for performing scope of work indicated in the Terms of Reference for the Consulting Services. In the construction supervision stage the specialist will be responsible for supervising the setting up, organization and layout of the Contractors' field laboratories; monitoring the mobilization of the testing equipment to ensure that the laboratories are adequately equipped and capable of performing all the specified testing requirements of the Contract; and supervising the setting-up of the Contractor's rock crushers and concrete and cement mixing plants to ensure that the specified requirements for such equipment are fully met. The specialist shall review, cement and concrete plant construction and operation.

26. Qualification: Degree in civil engineering preferably with post graduate qualification in geotechnical or material engineering. Preferable ten (10) years' similar experience of establishing and managing quality assurance for the supervision of construction materials, laboratory and field testing of rigid pavement materials as per ASTM, AASHTO standards including 5 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(e) Contract Specialist

27. Contract Specialist will evaluate and settle variations and standard format of claims; (ii) assess contract amendments and updated particular conditions of contract; (iii) monitor fulfillment of contractual obligations by the Contractor and recommend proper and timely notices

to be issued in accordance with the Contract; and (iv) Assist Team Leader in determinations from contractual point of view.

28. Qualification: Degree in civil engineering, law or relevant discipline with 12 years' similar experience in the implementation of highway projects using FIDIC conditions of contract involving contract management including change in scope of work, variations under the contract, settlement of claims and disputes, etc., including 5 years' international experience.

(f) Environment Specialist

29. The Environment Specialist will take the lead role in performing the following tasks:
- Collect additional baseline environmental data and update the IEE report satisfactorily to RRF and ADB, when required eg. change in scope, alignment, technical design, or unanticipated impacts
 - Assist PIU in implementation of EMP to ensure compliance with ADB's Safeguard Policy Statement (SPS 2009);
 - Provide guidance to the contractors in implementing mitigation measures and developing site-specific EMP (SEMP) in accordance with the IEE. Endorse SEMP for PIU approval before commencing respected physical works
 - Monitor compliance with environmental mitigation and management plans, contractor health and safety plan;
 - Undertaking the environmental monitoring as outlined in the EMP;
 - Prepare a section in Project quarterly progress report on environmental safeguard compliance;
 - Assist PMU in compiling semi-annual environmental monitoring reports (EMRs) submitted to ADB and RRF within one month after each reporting period, in Jan and Jul every year;
 - Undertake post-construct environmental audit and assist PMU in developing final EMR within one month after the project physical completion;
 - Prepare related certificates or any relevant documentation as required by ADB or UZB authorities.
 - Assist PMU in conducting consultation with affected people and provide technical support to Grievance redress mechanism (GRM) in handling environmental complaints.
30. In addition, the Environment Specialist will:
- Set up a system for PMU in implementing the EMP, including track record system and reporting requirements for Environmental safeguard compliance as part of the PPMS,
 - Develop training materials and provide training on Environmental–Health–Safety–Transport management and public consultation for environment specialists of PMU, and contractors,
 - Providing technical guidance and quality assurance of the ground work and performance of the national environment specialist
 - Provide quality assurance to all reports before PMU submission to ADB and RRF
31. Qualification: Degree or diploma in environmental sciences or equivalent. Preferably eight (8) years' international experience in implementation of EMP and supervision of environmental mitigation measures, health and safety plans during implementation of projects

including highway projects funded by developing partners. Working knowledge in Russian Language and experience in CIS countries is preferred.

(g) Social Sector/Resettlement/Benefit Monitoring Specialist

32. Conduct selective household surveys and participatory research to monitor socioeconomic impacts on beneficiaries during the construction supervision. Ensure implementation of gender provisions as outlined in section IIIB of the SPRSS. Campaign HIV and human trafficking awareness. Implementation of resettlement plans, conducting socioeconomic surveys and benefit monitoring involved in implementation of the project.

33. Qualification: Degree or diploma in sociology or social sciences or equivalent. Preferably ten (10) years' experience in development and/or implementation of resettlement plans, conducting socio-economic surveys and benefit monitoring involved in implementation of projects including highway projects funded by developing partners, including 5 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(h) Pavement and Quality Assurance Engineer

34. The specialist shall prepare the Quality Assurance plan and participate in preparation of the supervision manual. During the supervision stage the specialist shall supervise the testing and evaluation of highway construction materials used in modern highway construction techniques. Review of the mix designs for the concrete pavement submitted by the Contractor. Monitor and inspect the Contractor's quality control and assurance programme to ensure that quality of the finished works meet the Contract standards and specifications. This includes regular checking of the materials testing programme; Carry out regular audits of the Contractor's and subcontractors' quality systems to ascertain that the requirements of the systems and the EA's quality objectives are being met. Assess and check the laboratory and field tests carried out by the contractor, and carry out independent tests;

35. Qualification: Degree in civil engineering and experience in QA/QC functions in road construction. Should possess professional licensing (chartered/certified) and the right to practice the profession. Preferably twelve (12) years' similar experience in all phases of pavement mix design, quality assurance process and supervision of construction works. Working knowledge in Russian Language and experience in CIS countries is preferred.

(i) Road Safety Auditor

36. The Road Safety Specialist will review designs, specifications, construction method, etc. from road safety perspective. Review traffic control plans prepared by the Contractor during construction. Verify design of temporary diversions and traffic management arrangements. Regularly inspect road safety audit work zones under traffic. Conduct a post-construction road safety audit, identify road safety issues and provide recommendations to address them. Raise the EA's capacity and awareness of the international standards of road safety.

37. Qualification: Degree in civil engineering or transport highway engineering, and preferably post graduate specialization in road safety. Should possess professional licensing or certificate as a road safety auditor. Preferably fifteen (15) years' experience in road and highways and 8 years' relevant experience in road safety audits completing all road audits for at

least 2 road projects. Working knowledge in Russian Language and experience in CIS countries is preferred.

2. National Consultants:

(a) Deputy Resident Engineer/Highway Engineer

38. He/she will assist Team Leader on coordination and supervision the road construction works in the field including coordination and liaison with Employer and will assist the Team Leader in day-to-day construction supervision, monitoring schedule, preparing monthly certificates, reviewing and approving shop drawings and as-built-drawings .

39. Qualification: Degree in civil engineering. Preferably ten (10) years' similar experience in design and construction supervision of highway projects.

(b) Bridge Specialist/Structural Engineer

40. Under the guidance of international bridge specialist, will review the bridge design submitted by the contractor. He will undertake day to day site inspection of bridge and other structural works during construction.

41. Qualification: Degree in civil engineering. Preferably ten (10) years' similar experience in design and construction of interchanges, flyovers, bridges, culverts, causeways, and other structures.

(c) Materials Engineer

42. Under the guidance of the international material engineer, he/she will undertake day-to-day supervision of compliance to material specifications and testing, supervise the contractors work, and certify the construction in accordance with contract conditions including acceptance standards of materials, approval of source supply, and material testing methods.

43. Qualification: Degree in civil engineering. Preferably five (5) years' similar experience in supervision of construction works, and laboratory and field testing for rigid pavement materials as per ASTM, AASHTO and BS standards as part of a quality assurance process;

(d) Environment Specialist

44. He/she will assist the international environment specialist in performing the tasks listed in para 29 of this TOR.

45. Qualification: Degree in environmental sciences or equivalent. Preferably five (5) years' experience in environmental monitoring and supervision during implementation of projects including highway projects funded by developing partners. Working language in English is required.

(e) Social Sector/Resettlement/Benefit Monitoring Specialist

46. Provide all the professional and logistic support to the team leader/and the international social development, resettlement and benefit monitoring specialist. Conduct regular visits to

project sites. Prepare reports to the international social development, resettlement and benefit monitoring specialist.

47. Qualification: Degree in sociology or social sciences or equivalent. Preferably five (5) years' experience in development and/or implementation of resettlement plans, conducting socio-economic surveys and benefit monitoring involved in implementation of projects including highway projects funded by developing partners.

(f) Quantity Surveyor

48. He will assist Highway Engineer in daily supervision, check the quantity, variations, justification and verify the monthly certificates.

49. Qualification: Degree in civil engineering. Preferably five (5) years' experience as a quantity surveyor in construction of highway projects executed under FIDIC conditions of contract.

(g) Road Safety Expert

50. Assist the International Road Safety Auditor in review of traffic control plans prepared by the Contractor during construction, verify design of temporary diversions and traffic management arrangements. Regularly inspect road for compliance with the road safety. Assist International Road Safety Auditor in conducting a post-construction road safety audit, identify road safety issues and provide recommendations to address them. Raise the PIU's capacity and awareness of the international standards of road safety.

51. Qualifications: Degree in civil engineering or transport highway engineering, Preferably ten (10) years' experience in road and highways and 5 years' relevant experience in road safety activities. Working knowledge in Russian Language and experience in CIS countries is preferred.

(h) Contract/ Legal Specialist

52. Assist the International Contracts Specialist in monitoring all contractual obligations, assist the team leader and contracts specialist in understanding and interpreting the local legal aspects and country legislation.

53. Qualification: Degree in law or relevant discipline with 10 years' similar experience in the implementation of highway projects using FIDIC conditions of contract

3. Non-Key Professionals

54. All the non-key professionals shall be well qualified and experienced in their functional area and meet the project requirements.

H. Reporting Requirements and Time Schedule for Deliverables

55. The consultant shall provide the EA with reports in three hard copies in both English and Uzbek. The consultant shall provide the ADB with reports in two hard copies in English. All documents shall also be provided in electronic formats agreed with the EA. As a minimum this

will require one electronic copy in an appropriate editable format and a second copy in Portable Document Format (PDF).

56. All correspondence to EA shall be in both English and Uzbek languages.
57. The consultant will prepare and submit the following reports:
 - (i) An inception report to be submitted within 1 month of commencement of services. The inception report shall include the performance indicators to be monitored during and at the end of the project, and the draft Quality Plan.
 - (ii) Report on the data-collection system and the baseline survey for the Project Performance Monitoring/Benefit Monitoring and Evaluation, to be submitted within 3 months of commencement of services;
 - (iii) A weekly one-page report on the progress of works and any issues that require immediate attention of the EA;
 - (iv) Monthly reports, to be submitted within 7 days of the end of each month, to include progress monitoring, quality assurance/quality control, schedules of contract payments and variation orders, graphical representations of progress against programme based on the approved contract schedules, charts of physical progress on major items, status of any delays, contractual claims, summary of environmental and social issues relevant photographs, details of all financial projections and details of impediments to the works and proposals for overcoming them;
 - (v) Quarterly environmental management reports based on site visits by the Engineer's International Environment Specialist.
 - (vi) Annual appraisal reports covering all aspects such as progress monitoring, quality assurance/quality control, status of any delays, contractual claims, and details of all financial projections, to be submitted within 14 days of the end of each year;
 - (vii) Draft project completion report, in ADB's format, to be submitted to EA for completion and onwards transmission to the ADB, within 3 months of completion of the civil works.

I. Client's Input and Counterpart Personnel

58. The Project Implementation staff within the EA will serve as the liaison between EA, consultants and contractors, and shall be responsible for the overall project management.

59. The EA will provide, through the provision under the civil works contract, fully furnished site offices and accommodation for the staff of the consultant, equipment including laboratory equipment, and vehicles etc. The works contractor is directly responsible for this provision. The EA shall also provide all relevant project reports, documents, etc. relating to the project and qualified counterpart personnel to work in close coordination with the consultant.

60. Equipment, Facilities and other things for the consultant: The consultant will be provided with logistical support consisting of equipment, vehicles and office accommodation to be procured as part of the Works contracts. The works contractor is directly responsible for this provision. The support will include:

- (i) Site Offices, including buildings, maintenance and insurance, utilities, furniture and air-conditioning, computers, printers, scanners and photocopies;
- (ii) Vehicles, including site vehicles appropriate to the number of supervision staff, maintenance, taxes and insurance for the vehicles;

- (iii) Equipment including survey and inspection equipment;
- (iv) Accommodation local to the Site appropriate to the number of supervision staff including maintenance, insurance and utilities;
- (v) Support staff comprising chainmen for surveying work and laboratory assistants.

61. Client will provide the following inputs, project data and reports to facilitate preparation of the Proposals:

- (i) This RFP document
- (ii) There will be a pre-proposal conference as shown in the RFP item 2.3 in the data-sheet
- (iii) Further clarifications may be requested no later than 21 days prior to the submission deadline

INTERNATIONAL INSTITUTIONAL DEVELOPMENT CONSULTANT

B. Introduction

1. The Government of Uzbekistan requested for a project preparatory technical assistance (PPTA) to carry out due diligence and prepare a comprehensive design for multitranche financing facility (MFF) – the Third CAREC Corridor 2 Road Investment Program, which would be implemented in different tranches. ADB approved the PPTA in September 2015. The design of the MFF and each tranche should be suitable for financing by ADB and where possible other cofinanciers. The PPTA will (i) develop an investment program bankable by ADB loan; (ii) conduct due diligence on technical, economic, financial, social, and environmental viability of each project under the program; (iii) assist the Executing Agency in developing required documentation for country resource allocation; (iv) assist the Executing Agency in procuring contracts and managing safeguards issues for the first tranche of the MFF; and (v) carry out capacity development activities to initiate institutional reforms and improve construction standards.

2. The PPTA will be divided into two phases: Phase 1 for conducting due diligence for the selected projects; and Phase 2 for assistance in procurement leading up to contract awards for the first tranche project and for carrying out activities to initiate institutional reforms and improve construction standards. Phase 1 will be implemented by a consulting firm. Phase 2 will be implemented by individual consultants.

3. ADB intends to recruit an International Consultant (the Consultant) for capacity development of the Design Institute - Yul Loyiha Byurosi. This task will be implemented by a consulting firm.

4. The engineering designs, Bills of Quantities (BoQ) and cost estimates for national highways in Uzbekistan are prepared by Yul Loyiha Byurosi (Design Institute). The Design Institute has broad experience in preparation of engineering designs, BoQ and cost estimates in accordance to Uzbek norms, standards and regulations. However, it has been recognized that the preparation of engineering designs differs between national norms and international practice. Amongst others, this is because of the norms, guidelines and regulations in force for road design and construction, which are based on the Former Soviet Union (FSU) Standards. Best international practice was considered very limited when these were further developed into national standards with minor improvements and adaptations to local conditions. It seems that there is not adequate capacity for research and development of road design and construction standards in the country.

5. Therefore, as a first step to enhance and develop the capacity of the Design Institute in respect to preparation of BoQ and Technical Specifications for contracts to be tendered in accordance to ADB standard contract forms, an individual consultant was assigned with the task for developing Standard Specifications for Road Construction and BoQ in close cooperation with the Design Institute. Such draft documents were submitted by the individual consultant in July 2016. During the preparation of the tender documents for the first tranche under the PPTA they were further revised and updated.

6. As part of the PPTA, amongst others, the consulting firm carried out technical due diligence activities to review the detail design, BoQ and specifications. A number of

shortcomings were noticed in the preparation of the engineering design, especially in the compilation of the detail design documentation.

C. ADB's Procurement Guidelines

7. The April 2015 Procurement Guidelines incorporate four fundamental procurement principles; typically recognized as Competition, Fairness, Transparency and Accountability, and address the eligibility of bidders to compete for ADB-financed projects, stating, in part:

- (i) Section 1.6: To foster competition ADB permits bidders from all eligible countries to offer goods, works, and services for ADB-financed projects. Any conditions for participation shall be limited to those that are essential to ensure the bidder's capability to fulfill the contract in question.
- (ii) (ii) Section 1.7: ADB does not permit a borrower to deny the participation of a bidder for reasons unrelated to its capability and resources to successfully perform the contract; nor does it permit a borrower to disqualify any bidder for such reasons.
- (iii) (iii) Section 1.8 (c): Government-owned enterprises in the borrower's country may participate as a bidder only if they can establish that they (1) are legally and financially autonomous, (2) operate under commercial law, and (3) are not dependent agencies of the borrower or sub-borrower.

D. The Design Institute

8. The Design Institute was established as the main roads, bridges and infrastructure design institute in 1999 under Uzavtoyul. It was privatized in 2005 but again bought back with majority state owned shares in 2007. Under various Resolutions of the government, by 2009, the Design Institute was mandated to be the main designer of all national highways and related infrastructure and was allowed to competitively bid for designing any road in the country. It has a staff of 170 persons spread over six branches in the regions. It occasionally collaborates with other private and public firms for design projects in other countries (Afghanistan, Russia and Kazakhstan).

9. The Institute is self-financing and gets no subsidy from government though for government jobs it gets a fixed fee of about 3.4 – 6.0 percent of the project cost. Its average annual budget is about \$6-7 million, and it pays company income tax like any other company.

10. Although it has begun to modernize its design standards by adapting EU standards to its own needs, it still relies heavily on outdated Russian and Soviet era design standards. It has increased in recent times the use of computer software for design purposes and regularly sends 1 or 2 persons abroad for training and attending short courses.

11. The critical need, however, is for training in language support; bridge and structures design expertise; and diagnosis, design and maintenance of concrete roads. Furthermore, exposure to the latest concerns in environment, such as carbon emissions and impact of climate change on pavement design; and understanding the special problems of traffic congestion and appropriate planning and designs for urban transport are key areas where the Design Institute should focus the training of their staff.

E. Objective/Scope of Work

12. **The primary objective of this consulting assignment is to** assess the organizational structure of the Design Institute, its capacity and equipment. The consultant shall prepare a roadmap to develop capacity of the Design Institute including priority actions for reforms, which will make DI eligible for participation in projects financed by international funding organizations and increase the efficiency of the design process.

13. The proposed assignment also takes forward the work of an individual consultant recently done by working on the BoQ and standard specifications. The consultant shall train and develop capacity of the Design Institute in preparation of detailed design (DD) documents, to elaborate guidelines for the compilation of DD drawings and to improve their quality. This shall be done as a case study for one selected project.

14. The Executing Agency (EA) intends to award the consultancy contract under this project to a consulting firm (the Consultant). It is expected that the Consultant's team will consist of a number of international specialists with the required qualifications.

F. Detailed Tasks and/or Expected Output

15. **Task 1: Design Review.** The Consultant will conduct but not be limited to the following tasks:

- (i) Review all documents relating to the earlier eligibility assessments, procurement guidelines;
- (ii) Review the relevant ADB's policies, guidelines, procedures, and documents, particularly those related to the eligibility of State Owned Enterprises (SOEs) for participation in ADB-financed projects including Procurement Guidelines (April 2015) and the relevant Project Administration Instructions (PAI);
- (iii) Conduct discussions with various departments in ADB to obtain the views and develop clear understanding of the requirements of ADB's Procurement Guidelines;
- (iv) Based on questionnaires and other tools, carry out detailed discussions with DI to assess the current status of the autonomy and analyze their organizational structure;
- (v) Gather and review all applicable Uzbekistan legislation and other relevant documentation including draft laws/regulations being prepared by the Government, particularly those related to SOEs who are expected to bid for road design projects, and consult with all stakeholders to acquire a full understanding of the legal framework;
- (vi) Prepare a framework for reforms of DI and discuss the framework with the management of DI, Uzavtoyul senior officials, Ministry of Justice, and other government agencies concerned with institutional reforms;
- (vii) Assess the current corporate procedures and operational practices of DI and their compliance with ADB eligibility requirements to participate in bidding for internationally financed projects;
- (viii) Conduct a detailed study for reforming DI including - possible outcomes of the reforms, realistic assessment of the acceptance of the reforms by the Government, legal and regulatory changes required to implement these reforms, time frame for

implementing the reforms, potential for Government ownership of the reforms, procedures for carrying out these reforms etc.;

- (ix) Based on the detailed study, the Consultant will prepare a detailed action plan for carrying out the reforms. This action plan will be discussed with all relevant Government agencies through workshops, one on one meetings, group consultations etc.;

16. Task 2: Case Study for one project:

- (i) Assess the various tools and equipment available to DI for use in project handling and task delivery;
- (ii) Prepare a list of additional equipment to be purchased under the assignment for DI;
- (iii) Examine the workflow of the preparation of engineering designs;
- (iv) Assess the efficiency of work sequences and the qualifications of assigned staff;
- (v) Review FS and DD documentations of recently prepared projects including BoQ, standard specifications and signing and marking;
- (vi) Provide workshops to the Design Institute to explain the identified shortcomings to them;
- (vii) Propose schedule, methods, and procedures to increase the efficiency of engineering design preparation including needed qualification measures and possible trainings abroad;
- (viii) Subject to approval of ADB, organize trips abroad for selected DI staff to undergo trainings;
- (ix) Upon approval of ADB, purchase the equipment identified under the assignment for DI;
- (x) Select in coordination with DI a suitable project for the case study, which should include design of bridges, be suitable for consideration of a concrete pavement at least in one section, and provide good opportunity for innovative design as well as mitigation of environmental impacts and climate change resilience;
- (xi) Provide on-the-job training to selected staff of DI;
- (xii) Elaborate bilingual legends and list of road design terminology for use in DD drawings;
- (xiii) Assess the use of and prepare a set of standard drawings, which are linked to the BoQ and specifications;
- (xiv) Assist DI in the compilation of and assess the completeness of the bidding documentation package;
- (xv) Develop a sound archive system and preliminary quality management system in the preparation of engineering designs, so that DI can keep all project records in proper order, acceptable to DI and the ADB;

G. Implementation Arrangements

17. This is an output based assignment. The Consultant is expected to be mobilized in the first or second quarter of 2017. The consultancy services will be 8 calendar months for both tasks, which shall be partly carried out simultaneously. The Consultant will report to the Director of PMU at RRF on a weekly basis and will work closely with concerned departments of the Design Institute.

18. The Republican Road Fund (Road Fund) will be the Executing Agency (EA) for this assignment and a contract will be signed between the Consultant and RRF. The Design Institute will assign a focal person to work with the Consultant.

19. The deliverables schedule is as following

- (i) Inception Report: to be submitted within 3 weeks after mobilization. The Inception Report will include the working approach, detailed program, and resource requirement.
- (ii) Interim Report: to be submitted within 3 months after mobilization. The Interim Report will describe the activities carried out with regard to task 1 and include a framework for reforms and a priority action plan. The Consultant shall prepare a presentation associated with task 1 to present to concerned agencies for comments. It will also contain key findings of the review of FS and DD documentations, the assessment of DI's design procedures in place and an action plan for improvements, trainings etc..
- (iii) Draft Final Report: to be submitted within 7 months after mobilization. The Draft Final Report will include the approved action plan related to task one. It will describe all activities carried out to build capacity at DI in preparation of engineering designs under task 2.
- (iv) Final Report: to be submitted within 8 months after mobilization. The Final Report shall address all comments received from various stakeholders.
- (v) The Consultant will prepare a monthly report to summarize his activities, major finding, and suggestions before 5th of following month.

H. Facilities Provided by the Client

20. The RRF and Design Institute will provide the following services and facilities for the Consultant: (i) furnished air-conditioned office space, international telephone, printing, fax, and internet facilities in Tashkent office, and (ii) support to arrange meetings with related agencies.

I. Team Composition and Qualification Requirements for Key Experts

21. It is estimated that about 16 person months of international and 18 person month of national key consultants' services would be required by the EA to accomplish the tasks. The requirement of various experts and the duration of their engagement are indicated below. The consultant in coordination with the Design Institute shall include two design engineers of the Design Institute and one translator for efficient cooperation. However, the consultants may propose additional staff, within the budget, that may be required to accomplish the tasks.

No.	Expertise	Input (months)
	International Consultants	
1	Team Leader/Institutional Specialist	6
2	Sr. Road Design Engineer having hands-on CADD expertise	3
3	Road Design Review Specialist having hands-on CADD expertise	3
4	Bridge Specialist/Structural Engineer having hands-on CADD expertise	2
5	Road Safety Specialist	1
6	CADD Expert	1
	Total International Experts	16
	National Consultants	
7	Road Design Engineer (for 2 nos. of staff)	12
8	Bridge Specialist/Structural Engineer	6
	Total National Experts	18
	Grand Total	34

22. The personnel specified above shall be supplemented by the consultant with an appropriate number of translators and support staff as necessary, including local specialists as deemed needed, to properly perform the services and the expenses shall be mentioned in out of pocket expenses. These supporting personnel including the non-key professionals shall not be subject to approval.

J. Tasks and Qualification Requirements for International Specialists

(j) Team Leader/Institutional Specialist

23. **Team Leader/Institutional Specialist** with degree in engineering or management, graduate degree/diploma, 15 years relevant experience will undertake institutional assessment of DI. The team leader will coordinate all activities with the team and with stakeholders. He/she will design the proposed DI structure and recommend institutional capacity improvements, taking into account the objective to make DI eligible to participate in internationally financed projects. He/she will consider recent developments of the re-structuring effort of the government of Uzbekistan related to the Road Research and Design Institute and identify specific interventions for building the needed capacity at the new units. An assessment report of DI's capacity will be prepared including recommendations for priority actions.

24. Qualification: Degree in engineering or management preferably with postgraduate qualification in management or relevant discipline. Preferably fifteen (15) years' similar experience in institutional assessment of similar organizations, including ten (10) years' international experience. Working knowledge in Russian Language, team leader experience and experience in CIS countries is preferred.

(k) Sr. Road Design Engineer

25. **Sr. Road Design Engineer** shall be minimum Bachelor's degree – preferably Masters in Civil Engineering/Road Construction. Proven more than 15 years international experience as design engineer on more than three highway design projects costing at least US\$ 100 million. The consultant shall be familiar with national standards of Uzbekistan and will be preferably with project experience in CIS countries. Proficiency in Russian language will be useful.

26. Qualification: Degree in civil engineering and preferably with postgraduate qualification in highway/bridge engineering. Preferably fifteen (15) years' similar experience in design and construction supervision of highway projects of which ten (10) years in preparation of road and highway designs including 6 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(l) Road Design Review Specialist

27. **Road Design Review Specialist** will be a certified civil engineer with graduate degree in roads/highways and 15 years of relevant experience. He/she will have a specialization/higher degree in preparing and reviewing road designs. He/she will carry out the review of engineering designs with road safety features, geometric, pavement and structural designs. Knowledge of Uzbek and FSU road design standards will be an asset.

28. Qualification: Degree in civil engineering preferably with postgraduate qualification in highway engineering. Preferably fifteen (15) years similar experience in design and construction supervision of highway projects of which ten (10) years of experience in preparation and review of road and highway designs in international projects. Working knowledge in Russian Language and experience in CIS countries is preferred.

(m) Bridge Specialist/Structural Engineer

29. **Bridge Specialist/Structural Engineer** shall be minimum Bachelor's degree – preferably Masters in Bridge Design/Bridge Construction. Proven more than 15 years international experience as bridge engineer on more than three highway design projects costing at least US\$ 100 million. He/she will be responsible for the review of design of the bridges and structures. The consultant shall be familiar with national standards of Uzbekistan, international best practices, and will be preferably with project experience in CIS countries. Proficiency in Russian language will be useful.

30. Qualification: Degree in civil or structural engineering preferably with postgraduate qualification in structural engineering or relevant discipline. Preferably twelve (12) years' similar experience in design and design review of interchanges, flyovers, bridges, culverts, causeways, and other structures, including 5 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(n) Road Safety Specialist

31. **Road Safety Specialist** shall be minimum Bachelor's degree – preferably Masters in Road and Highway Design. He/she will have a specialization/higher degree in preparing road safety investigations and Audits. Proven more than 10 years international experience as road safety engineer on more than five highway design projects. He/she will be responsible for the review of marking, signing and road furniture drawings as well as the Road Safety Audit. The consultant shall review the national standards of Uzbekistan; taking into account recently carried out projects on road safety, such as the 2016 – 2025 Road Safety Strategy, and will be preferably with project experience in CIS countries. Proficiency in Russian language will be useful.

32. Qualification: Degree in civil engineering preferably with postgraduate qualification in highway engineering. Preferably fifteen (15) years' similar experience in design and design review of signing, marking and road furniture drawings, including 10 years' international experience. Working knowledge in Russian Language and experience in CIS countries is preferred.

(o) CADD Expert

33. **CADD Expert** shall be minimum skilled draftsman specialized in the field of road and bridge design – preferably Bachelor's degree in Civil Engineering. Proven more than 5 years international experience as CADD Expert on more than five highway design projects costing at least US\$ 20 million. The consultant will be preferably with project experience in CIS countries and a comprehensive understanding of road design procedures and requirements of DD drawings compilation. Proficiency in Russian language will be useful.

34. Qualification: Skilled draftsman with postgraduate specialization in the field of road and bridge design. Preferably ten (10) years' similar experience in road and bridge design projects of which five (5) years will be in international projects including 3 years' experience in on-the-job training. Working knowledge in Russian Language and experience in CIS countries is preferred.

K. Tasks and Qualification Requirements for National Specialists

(p) Road Design Engineer

35. **Road Design Engineer** shall be civil engineer with a degree in roads/highways, and 15 years of relevant experience. He/she will assist in the review of the preliminary/detailed designs, geometric and pavement designs. He/she will have comprehensive knowledge in the design workflow of the Design Institute and be literate in the use of DI's road design software. He/she will be familiar with design and construction standards of Uzbekistan. A good command of the English language will be useful.

36. Qualification: Degree in civil engineering and preferably with postgraduate qualification in highway/bridge engineering. Preferably fifteen (15) years' similar experience in design and construction supervision of highway projects of which ten (10) years in preparation of road and highway designs according to Uzbek standards. Working knowledge in English Language and is preferred.

(q) Road Safety Specialist

37. **Road Safety Specialist** shall be civil engineer with a degree in roads/highways, and 15 years of relevant experience. He/she will have a comprehensive knowledge of the Uzbek road safety standards and hands-on experience in the preparation of marking and signing drawings as well as in the installation of other road furniture. He/she will assist in the review of marking, signing and road furniture drawings as well as the Road Safety Audit. Proficiency in English language will be useful.

38. Qualification: Degree in civil engineering preferably with postgraduate qualification in highway engineering. Preferably fifteen (15) years' similar experience in design and design

review of signing, marking and road furniture drawings. Working knowledge in English Language is preferred.

PMU ENVIRONMENT CONSULTANT

A. Environment Specialist (National, 36 person-months)

1. During project preparation

- (i) Collect and validate additional baseline environmental data necessary for the final draft IEE.
- (ii) Conduct additional public consultation as required for the final draft.
- (iii) Obtain required endorsement and approval for the IEE from RRF, ADB, and other relevant government agencies.
- (iv) Incorporate EMP in bidding documents and bid evaluation.

2. During project implementation

- (i) Be responsible for the implementation of safeguard environmental measures in accordance with the provisions of agreement concluded with ADB.
- (ii) Liaise and coordinate with Construction Supervision Consultant (CSC) and Contractors (including environment specialists) on all environmental issues under project, particularly implemented in ecologically sensitive zones.
- (iii) Control over the compliance with national legislation by the Contractors on all environmental issues and nature management under projects implementation.
- (iv) Coordinate inputs and be responsible for timely update of the IEE and access to them on projects website.
- (v) Review approval and ensure the implementation of Environmental Management Plan (EMP), Site-specific EMPs (SEMP), corrective action plans.
- (vi) Be responsible for division of responsibility and regulatory consolidation of environmental monitoring programs.
- (vii) Be responsible for the functioning of GRM and public consultations on environmental issues with participation of all stakeholders.
- (viii) Review CSC's and Contractor's reporting on environmental performance and ensure the implementation of proper measures based on comments.
- (ix) Be responsible for preparation of semi-annual monitoring reports.
- (x) Review approval of post-construction environmental audits and sections on environmental performance of the Project Completion Report (PCR).

3. Reporting Relationship: The Environment Specialist will be reporting to the PMU Director. The consultant will be required to work closely with technical and safeguard specialists of the PMU and environment specialists of the CSC.

EXTERNAL FINANCIAL AUDITOR

A. Introduction

1. This Terms of Reference is prepared in accordance with provisions of the (i) Loan Agreement XXXX-UZB (Loan Agreement) between Republic of Uzbekistan and Asian Development Bank (ADB) dated XX XXX XXXX.

B. General Background

2. The Kashkadarya Regional Road Project aims to complement the ongoing efforts to improve the CAREC corridors by improving the connectivity between the tourist centers of Karshi, Shahrisabz, and Kitab, in the Kashkadarya region. The Kashkadarya region is becoming a tourism destination to attract more domestic and international tourists. The project will improve the regional connectivity and transport efficiency, create more job opportunities through improved road infrastructure. The Project will also finance the implementation support and institutional strengthening through updating design and construction standards and project management training to develop the capacity of the design institutes and Republican Road Fund (RRF).

3. RRF under the Ministry of Finance of the Republic of Uzbekistan is the executing agency responsible for effective targeted use of the loan funds and implementation of the project. A project management unit (PMU) has been established under RRF to manage the day to day project activities. The Inter-Ministerial Tender Committee and Working Level Tender Committee are the monitoring committees for the project implementation.

4. The auditor must understand the “purpose for which the funds are intended” in the context of the broad project objectives as well as in terms of the specific project budget.

C. Employment Authority

5. The audit services will be contracted by the PMU, with the following contact details:

29, Istiklol Street, Tashkent, Uzbekistan
Attn: Deputy Director of PMU
Telephone: (99871) 239-4911 / (99871) 239-4908
Facsimile: (99871) 239-1036
E-mail: mff-pmu-uz@bk.ru

D. Objectives

6. The objective of the Audited Project Financial Statements (APFS) audit is to enable the auditor to express an opinion on the financial position of the project implementation for the fiscal years ending 31 December 2017 to 31 December 2022 on the funds received and expenditures made within audit year.

E. Audit Scope

7. The auditor’s examination should include evaluation of the systems and operating procedures for accounting, custody of assets, control of environment and internal financial control, financial reporting, and related systems. An analysis of explanations submitted to the

auditor and all information necessary to support the auditor's opinion and to construct the report of the auditor, will be provided by the PMU, RRF, and the Ministry of Finance.

8. The auditor should obtain an understanding of the project and the PMU, RRF, Ministry of Finance, including the contents of the Report and Recommendation of the President to the Board of Directors (ADB) (RRP), legal agreements and the ADB's guidelines, i.e. Financial Management and Analysis of Project, 2005, Loan Disbursement Handbook, Procurement Handbook, etc.

9. Auditing Standards and Program. The audit will be carried out in accordance with the agreed international auditing standards as specified in the Loan Agreement, including professional or general standards, standards of fieldwork, and reporting standards. The audit program will consider the risk of material misstatements resulting from fraud or error. It should include procedures that are designed to provide reasonable assurance that material misstatements (if any) are detected.

10. Accounting Policies and Changes. The auditor should comment on the project's accounting policies, and confirm the extent to which the agreed project accounting policies have been applied. In particular, the auditor should note the impact on the APFS arising from any material deviations from the agreed accounting standards. The auditor should also comment on any accounting policy changes, either during a financial year, or from one year to another.

11. Imprest Account (or Special Account). The Imprest Account reflects: (i) deposits and replenishment received from financiers, (ii) payments substantiated by withdrawal applications, and (iii) the remaining balance at financial year-end. The auditor will examine whether the Imprest Account has been maintained in accordance with the provisions of the relevant financing agreements.

12. Statements of Expenditures (SOEs). The auditor will audit all SOEs used as the basis for the submission of loan withdrawal applications to ADB. These expenditures should be compared for project eligibility with the relevant financing agreements (and with reference to the RRP and other project documents for guidance when considered necessary). Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

13. Compliance with Financial Covenants. The auditor will confirm compliance with each financial covenant contained in the project legal documents. Where present, the auditor should indicate the extent of any noncompliance by comparing required and actual performance measurements for each financial covenant with the financial year concerned.

14. Use of Funds for the Purpose Intended. The auditor will confirm, or otherwise, that:

- All external funds have been used in accordance with the relevant financing agreements covering each project, with due attention to economy and efficiency, and only for the purpose for which the financing was provided;
- Counterpart funds, i.e. Government and/or co-financiers have been provided and used in accordance with the relevant financing arrangements and only for the purpose for which the financing was provided; and
- Goods and services financed have been procured in accordance with the relevant financing agreements.

15. **Record Keeping.** The auditor will pay particular attention to whether all necessary supporting documents, records, and accounts have been kept in respect of all project activities, with clear linkages between the accounting records and the APFS. This will include: (i) computation and recalculation, including checking the mathematical accuracy of estimates, accounts, or records; (ii) reconciliation, including reconciling related accounts to each other, subsidiary records to primary records and internal records to external documents; and (iii) tracing, including tracing journal postings, subsidiary ledger balances, and other details to corresponding general ledger accounts or trial balances.

16. **Internal Control Systems.** The auditor will assess the adequacy of the project financial management systems, including internal controls, including whether: (i) proper authorizations are obtained and documented before transactions are entered into; (ii) accuracy and consistency are achieved in recording, classifying, summarizing, and reporting transactions.

F. Team Composition and Qualification Requirements for the Key Experts

1. Independence

17. The auditor will be impartial and independent from any aspects of management or financial interest in the entity under audit. In particular, the auditor should be independent of the control of the entity. The auditor should not, during the period covered by the audit, be employed by, or serve as director for, or have any financial or close business relationship with the entity. The auditor should not have any close personal relationships with any senior participant in the management of the entity. The auditor must disclose any issues or relationships that might compromise their independence.

2. Auditor and Audit Staff Competence

18. The auditor must be authorized for practice in Uzbekistan and be capable of applying the agreed auditing standards. The auditor should have adequate staff, with appropriate professional qualifications and suitable experience, including experience in auditing the accounts of entities comparable in nature, size, and complexity with the entity whose audit they are to undertake.

19. To this end, the auditor is required to provide curriculum vitae (CV) of the auditors who will provide the opinions and reports, together with the CVs of managers, supervisors, and key personnel likely to be involved in the audit work. These CVs should include details of audits carried out by these staff, including ongoing assignments.

20. **Qualification Requirements.** The Consultant is free to commit resources to suit the working plan. However, the professional staff inputs for key experts are estimated as follows:

- (i) **Team Leader/Senior Auditor Manager (National – 15 Person-Month)**
 - A bachelor degree in accounting, finance, or related field. A master degree will be an advantage.
 - Preferably 12 years of work experience including auditing standards analyses, annual project accounting, accounting policies, internal control systems, record keeping methodology.
 - Experience working as a Team Leader in the field of auditing.
 - Experience working in Uzbekistan or in the Central Asia region and working with international organization/international agency.

- (ii) Assistant Auditor Manager (National – 15 Person-Month)
 - A bachelor degree in accounting, finance, or related field. A master degree will be an advantage.
 - Preferably 10 years of work experience including auditing standards analyses, annual project accounting, accounting policies, internal control systems, record keeping methodology.
 - Experience working in Uzbekistan or in the Central Asia region and working with international organization/international agency.
- (iii) Auditor 1, 2 (National – 10 Person-Month)
 - A bachelor degree in accounting, finance, or related field.
 - Preferably 8 years of work experience including auditing standards analyses, annual project accounting, accounting policies, internal control systems, record keeping methodology.
 - Experience working in Uzbekistan or in the Central Asia region and working with international organization/international agency.

G. Submission of Proposal and Work Plan

21. You are invited to submit a proposal and a work plan to provide the audit services described in this letter. Proposals should address, among other things:

- (i) The extent (if any) that you would not conform to the agreed auditing standards and indicate any alternative standards to which you may (be required to) conform.
- (ii) Whether the audit would be conducted as a completed audit (i.e., will the auditors carry out their audit after financial year-end, when the books of account are, or are being, closed).
- (iii) Whether an audit carried out after financial year-end would be supplemented by one or more interim audits during a financial year. The principal purpose is to test ongoing systems and internal controls, and to relieve pressure on the staff of the entity and on the auditor at year-end.
- (iv) The manner in which the auditor proposes to address any statutory requirements relating to audit (e.g., certifications relating to shareholders' equity required under the companies' act) or to which they may be implicitly bound by contractual obligations of the employer (e.g., ADB auditing requirements, Statements of Expenditure, Imprest Accounts).
- (v) Procedural requirements for certain verification procedures (e.g., checking of stocks, inventories, assets, etc.).
- (vi) Specific actions required on the part of the employer (e.g., access to computer systems and records, disclosures).
- (vii) Discussions before signing the opinion and report on any matters arising from the audit, and with whom these discussions would be held.
- (viii) The timetable for provision of opinions and reports.

H. Delivery of Opinions and Reports

22. The auditor will provide the audit opinions on the APFS and management letters to management (with copies to ADB), in accordance with the following timeframes: (schedule to be determined)

23. All reports must be provided in three copies in the English and Russian languages.

I. Description of Materials and Timing of Delivery

24. The annual project accounts and supporting documentation will be provided to the auditor within 5 days after the issuance of "Notice of Contract Effectiveness" for 2017 accounts and every 31 March for the succeeding accounts.

J. Audited Project Financial Statements (APFS)

25. The APFS comprise:

- (i) Statement of Accounting/Financial Policies
- (ii) Statement of Cash Flows/Cash Receipts and Payments
- (iii) Statement of Uses of Funds by Project Activity
- (iv) Notes to the Financial Statements

K. Management Letters

26. On conclusion of the audit, the auditor will prepare a management letter for the audited project, detailing:

- (i) Any material weaknesses in the accounting and internal control systems that were identified during the audit, including those regarding SOEs and Imprest Accounts;
- (ii) Recommendations to rectify identified weaknesses;
- (iii) Status of significant matters raised in previous management letters;
- (iv) Practical recommendations on the steps that could be taken to become materially compliant with the agreed project accounting policies, together with a time frame for making these changes;
- (v) The degree of compliance with each of the financial covenants in the Loan Agreement and recommendations for improvement;
- (vi) Matters that have come to the auditor's attention during the course of the audit which have a significant impact on project implementation;
- (vii) Any other matters that the auditor considers should be brought to the attention of the project's management; and
- (viii) Significant matters that the auditor considers should be brought to ADB's attention.

L. Client's Input and Counterpart Personnel

27. The Client will provide (i) furnished air conditioned office room in PMU office; (ii) relevant project data and reports upon request; and (iii) assist the auditors on coordination for meeting.

M. Statement of Access

28. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreements, bank records, invoices, and any other information associated with the project and deemed necessary by the auditor. The auditor will be provided with full cooperation by all employees of RRF MF and the PIU, whose activities involve, or may be reflected in, the annual financial statements. The auditor will be assured to

have rights of access to banks and depositories, consultants, contractors, and other persons or firms hired by the employer.

N. Agreed Project Accounting Policies

29. “Agreed project accounting policies” with regards to preparation of Annual Project Financial Statements, means the cash-based International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC).

O. Agreed Auditing Standards

30. “Agreed auditing standards” means the International Standards on Auditing (ISA) promulgated by the International Auditing and Assurance Standards Board (IAASB).

P. Public Disclosure

31. Following Article IV Section 4.05 (b) of Loan XXXX-UZB Agreement dated XX XXX XXXX, ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.