

Project Administration Manual

Project Number: 54017-001
September 2022

Proposed Loan and Administration of Grant
Republic of Uzbekistan: Integrated Urban
Development Project

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DST	–	Djizzak Suvtaminot
DTH	–	Djizzak Toza Hudud
EMP	–	environmental management plan
GAP	–	gender action plan
GRM	–	grievance redress mechanism
ha	–	hectare
IEE	–	initial environmental examination
km	–	kilometer
KTH	–	Khorezm Toda Hudud
MIFT	–	Ministry of Investments and Foreign Trade
O&M	–	operation and maintenance
OP	–	operational priority
PCR	–	project completion report
PIU	–	project implementation unit
SAEMR	–	semi-annual environmental monitoring report
SCADA	–	supervisory control and data acquisition
SPS	–	Safeguard Policy Statement (2009)
SSEMP	–	site-specific environmental management plan
STH	–	Sirdaryo Toza Hudud
SUE	–	state unitary enterprise
TA	–	technical assistance
WASH+H	–	water, sanitation, hygiene, and health
WSS	–	water supply and sanitation

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3. Terms of Reference (TOR) for Project Management and Supervision Consultancy (PMSC) Firm
4. Ministry of Investments and Foreign Trade Audited Project Financial Statements Auditor's Terms of Reference
5. Terms of Reference for the Audit of [LLC "Djizzak Suv Taminoti"/Sue "Djizzak Toza Hudud"/Sue "Khorezm Toza Hudud"/Sue "Sirdaryo Toza Hudud"]
6. Terms of Reference Financial Management Capacity Building Consulting Firm
7. Sample Expenditure Monitoring Report

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 Ministry of Investments and Foreign Trade (MIFT) of the Republic of Uzbekistan, the executing agency, is wholly responsible for the implementation of the ADB-financed project, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. The project will be coordinated by MIFT's Center for the Development of Investment Projects (Center) and will be implemented by MIFT's Project Implementation Unit (PIU). ADB staff are responsible for supporting implementation including compliance by MIFT, its Center, and PIU 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 Integrated Urban Development Project will support inclusive, resilient, and sustainable urban infrastructure and services in four secondary cities (Djizzak, Havast, Khiva, and Yangiyyer) experiencing low livability and lagging growth exacerbated by the coronavirus disease (COVID-19) pandemic.¹ It will demonstrate integrated and innovative solutions, and strengthen institutional capacity for “building back better”.² These measures will (i) enhance livability for residents and visitors, including persons with disabilities; (ii) support green and resilient economic recovery targeting women and youth; (iii) accelerate digital transformation, particularly in the tourism and water sectors; and (iv) increase the quality, coverage, efficiency, and reliability of urban services.

2. The project is aligned with the government’s national development strategy, 2022–2026,³ and Presidential Decree No. 5623,⁴ which aims to accelerate growth and reduce poverty through improved urbanization and balanced regional development. The project is aligned with (i) the national development strategy, 2022–2026 (footnote 3); (ii) updated national climate change strategies;⁵ (iii) ADB’s country partnership strategy for Uzbekistan, 2019–2023;⁶ (iv) the Central Asia Regional Economic Cooperation (CAREC) Tourism Strategy 2030;⁷ (v) the following operational priorities (OPs) of ADB’s Strategy 2030: OP1—addressing remaining poverty and reducing inequalities; OP2—accelerating progress in gender equality; OP3—tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; OP4—making cities more livable; OP6—strengthening governance and institutional capacity; and OP7—fostering regional cooperation and integration;⁸ and (vi) the Urban Sector Group guidance note on post–COVID-19 livable cities (footnote 2). The project is aligned with the overall goals of the Paris Agreement, through improved solid waste management (SWM) to reduce greenhouse gas emissions, and improved water management to enhance water security, and greening of urban areas to adapt to more intense heatwaves.⁹

3. **Impact, outcome, and outputs.** The project is aligned with the following impact: sustainable urbanization and welfare of the urban population enhanced (footnote 4). The project will have three outputs (below). The outputs will result in the following outcome: access to

¹ The government requested the Asian Development Bank (ADB) to demonstrate international good practices in integrated development in the four project cities. The cities were selected by the government as a representative sample of secondary cities in terms of size, geographic coverage, and strategic potentials: Djizzak, a growing industrial hub (177,000 population) in the center of the country; Khiva, a tourist city (92,400 population) with Silk Road-themed heritage; and Havast (28,400 population) and Yangiyyer (43,600 population) neighboring cities with agglomeration potential located near the border of Tajikistan. The government aims to replicate lessons from the project in other cities.

² ADB. 2020. [Livable Cities: Post-COVID-19 New Normal](#). Manila.

³ Government of Uzbekistan. 2022. [Presidential Decree No. 60. On New Uzbekistan Development Strategy for 2022–2026](#). Tashkent.

⁴ Government of Uzbekistan. 2019. *Presidential Decree No. 5623. On measures to fundamentally improve the process of urbanization*. Tashkent.

⁵ Republic of Uzbekistan. 2021. [Updated Nationally Determined Contributions](#). Tashkent.

⁶ ADB. 2019. [Country Partnership Strategy: Uzbekistan, 2019–2023—Supporting Economic Transformation](#). Manila.

⁷ ADB. 2020. [CAREC Tourism Strategy 2030](#). Manila. The project is aligned with strategic pillar 1 of this strategy, which promotes sustainable tourism in CAREC by improving basic infrastructure in key tourism clusters.

⁸ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

⁹ Climate change mitigation investments include energy-efficient water pumps, waste minimization and recycling, energy efficiency audits, LED lights, and green building designs. Climate change adaptation investments comprise green parks to cope with the heat island effect, water loss reduction to enhance water security, and improvements in the efficiency of waste collection to reduce adverse health effects from waste under increased temperatures.

inclusive, resilient, and sustainable urban services in secondary cities enhanced.¹⁰ The design and monitoring framework (DMF). A summary description of outputs is provided below, and a detailed description of outputs is in **Appendix 1**.

4. Output 1: Inclusive municipal and tourist infrastructure and services provided. Under this output, the project will (i) develop a new 6-hectare (ha) public park in Havast with green space and a multifunctional community center, including a public library and a livelihood training facility to support skills development for small and medium-sized enterprises (SMEs) targeting women and youth; (ii) construct a new two-story visitor center in Khiva featuring Uzbekistan's first digital museum, showcasing Silk Road-themed heritage, with women-friendly facilities and bicycle rental;¹¹ (iii) create a new 2.4-kilometer (km) linear public greenway in Khiva linked to the new visitor center along an existing irrigation canal, with bicycle and pedestrian paths, green space, street furniture, signage, and playgrounds; and (iv) demonstrate holistic area-based development in three underserved *mahallas* (communities) in Djizzak (Ittifoq, Dustlik, and Yoshlik) through the integrated development of street corridors, including drainage, lighting, street surfaces, pedestrian sidewalks, public open spaces with neighborhood parks and playgrounds, and a bus stand, and including water supply and sanitation (WSS) improvements under output 2. All facilities will be designed with universal access for persons with mobility impairments and will feature women-friendly designs. Local governments will own and operate assets under output 1.

5. Output 2: Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems. In Djizzak city, the project will (i) support universal coverage of basic WSS services in three underserved *mahallas* (Ittifoq, Dustlik, and Yoshlik) through the development of about 21 km of water distribution networks with metered household connections, construction of about 14 km of sewerage networks with house connections,¹² and a climate-smart water pilot demonstrating water-saving technology and nonrevenue water management in new district metered areas;¹³ and (ii) improve the bulk water supply transmission, distribution, and monitoring system for Djizzak city through the development of about 12.5 km of water transmission pipelines and about 27 km of distribution pipelines; installation of ultrasonic bulk water meters, energy efficient variable frequency controlled pumps, new pressure regulators and air vent valves; improvement of two intake facilities (chlorination and fencing); installation of a supervisory control and data acquisition (SCADA) system to optimize remote monitoring of water production; establishment of a geographic information system hydraulic model for the Djizzak city-wide water supply network; implementation of an asset management system; energy audit; and purchase of operation and maintenance (O&M) equipment. In the four cities, the project will implement a water, sanitation, hygiene, and health (WASH+H) program by providing toilet and handwashing facilities at project-area public facilities and public spaces complemented by

¹⁰ The project was prepared by the Cities Development Initiative for Asia with funding support from Austria, the European Union, France, Germany, the Republic of Korea, the Rockefeller Foundation, Switzerland, the United Kingdom, and the Urban Climate Change Resilience Trust Fund. ADB. 2020. [Technical Assistance for Supporting the Cities Development Initiative for Asia: Project Preparation Study for the Integrated Urban Development Project in Uzbekistan](#). Manila.

¹¹ Women-friendly travel services include information on safety and security. The visitor center is near Khiva's train station and will complement ADB's Bukhara–Khiva rail electrification project, which will boost tourist arrivals in Khiva. ADB. 2021. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Loan to the Republic of Uzbekistan for the Central Asia Regional Economic Cooperation Corridor 2 \(Bukhara–Miskin– Urgench–Khiva\) Railway Electrification Project](#). Manila.

¹² The WSS investments in the three *mahallas* form part of the holistic, area-based development approach under output 1 and will benefit 4,598 households (2,620 Ittifoq; 926 Dustlik; and 1,052 Yoshlik).

¹³ The smart water pilot will be implemented in coordination with the proposed United States Trade and Development Agency grant-funded pilot on digital twin technology for remote monitoring of pressure and leaks in the pilot area. This pilot is a scaling up of [ADB's Digital Innovation Sandbox](#) (2020–2021) in Tashkent Province.

community awareness and behavior change campaigns.¹⁴ The output will enhance environmental-friendly SWM services in the four cities as follows: (i) provide collection equipment and waste containers, (ii) construct 25 community collection points with designated sorting areas for resource recovery in Yangiyer and Havast;¹⁵ (iii) construct a shared transfer station for Havast and Yangiyer, located in Havast; and (iv) implement a public awareness campaign on waste minimization and recycling in all four cities. Assets under output 2 will be operated by the respective local utility operators.

6. Output 3: Urban governance, institutional capacity, and livelihood support strengthened. The project will provide a structured capacity development program to improve sustainability, operational efficiency, and services delivery in the four project cities. The four city governments will receive comprehensive training in integrated urban development and governance, including strategic planning and budgeting, municipal revenue improvement planning,¹⁶ public asset management, O&M, e-governance, citizen participation, and private sector cooperation, particularly for the operation of the new visitor center in Khiva. The water operator in Djizzak will receive training in key areas of utility management, including O&M, asset management, volumetric tariffs and cost recovery, financial management, service standards, digital tools, operational efficiency, and customer service. The solid waste operators and communities will be exposed to waste minimization and reduce, reuse, recycle (3Rs) awareness campaigns. This output will also provide livelihood programs, including tourism skills trainings in Khiva and SME support in Havast linked to output 1, targeting women and youth. Output 3 will incorporate climate resilience in urban planning, awareness building, and skills trainings. It will be supported by urban governance and institutional strengthening consultants, and TA experts.¹⁷

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1: Project Readiness Activities

Indicative Activities	2022												2023	Responsibility
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Q1	
Advance contracting actions	X	X	X	X	X	X	X	X	X	X				PIU, ADB
Establish project implementation arrangements ¹⁸											X			MIFT, ADB
ADB loan negotiations								X						ADB, MIFT, government

¹⁴ ADB. 2020. [Technical Assistance for the COVID-19 Infection Prevention and Control through an Integrated Water, Sanitation, Hygiene, and Health Approach](#). Manila. This TA supports awareness building and behavior change in the project cities. Toilet facilities will be maintained by the city government.

¹⁵ Waste collected in the project cities will be disposed of in new regional sanitary landfills, which the government, supported by other development partners, is constructing in parallel as part of its National Strategy of Solid Waste Management (2019–2028). Commissioning of new landfills coincides with project completion in 2027. In support of sustainable waste disposal, ADB is also training regional waste operators, including in the project area, in asset management, O&M, and formulating new business models for disposal operations as part of an ongoing SWM project (ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Uzbekistan for Sustainable Solid Waste Management Project](#). Manila.)

¹⁶ ADB. 2020. [Technical Assistance for Support to the Implementation of Strategy 2030 Operational Plans](#). Manila. This TA supports capacity building in municipal finance and financial sustainability of project cities.

¹⁷ Other areas of TA support under output 3 include tourism and livelihood development (para. 22 of RRP).

¹⁸ PIU staffing under the PRF will continue until the loan is effective.

ADB Board approval										X				ADB
Loan signing											X			ADB, government
Government legal opinion												X		Government
Loan effectiveness												X		ADB, government
Government budget inclusion													X	Government

ADB = Asian Development Bank, MIFT = Ministry of Investment and Foreign Trade

Source: Asian Development Bank Estimates.

B. Overall Project Implementation Plan

7. 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.

Table 2: Project Implementation Plan

Indicative Activities	2022				2023				2024				2025				2026				2027			
	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 Inclusive municipal and tourist infrastructure and services provided																								
Output 2 Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems																								
Output 3 Urban governance, institutional capacity, and livelihood support strengthened																								
B. Final Detailed Designs for Civil Works Packages prepared by engineering consultants under PRF.																								
C. Final LARP, SDDR, IEEs & EMPs prepared by engineering consultants under PRF.																								
D. Management Activities																								
Procurement plan key activities to procure works, goods, consultants																								
Consultant selection procedures																								
Environment management plan key activities																								
Gender action plan key activities																								
Communication strategy key activities																								
Annual (small circles)/ midterm review (large circle)																								
Project completion report																								

DMF = design and monitoring framework, mth = month, qtr = quarter. Source: Asian Development Bank.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Executing Agency Ministry of Investments and Foreign Trade (MIFT) of the Republic of Uzbekistan	<ul style="list-style-type: none"> Overall responsibility and decision making for timely implementation in accordance with the loan and grant agreements; Providing overall guidance, strategic directions, and decision making for IUDP investment planning in line with sector strategies and policies; Ensuring purposeful and efficient use of the loan and grant funds; and Reviewing and approving of procurement plans, bidding documents, bid evaluation, and contract awards following ADB and Government of Uzbekistan requirements.
MIFT Center for the Development of Investment Projects	<ul style="list-style-type: none"> Facilitating coordination with central, regional, and local stakeholders; Endorsing withdrawal applications including replenishment of the project advance account; and Focal point for ADB official meetings and missions.
MIFT Agency for International Cooperation and Development	<ul style="list-style-type: none"> Monitoring project performance and compliance with agreements, troubleshooting key issues, and for ADB official meetings and missions.
MIFT Project Implementation Unit (PIU, 19 staff) <ol style="list-style-type: none"> Director Deputy Director Coordinator (Urban Renewal) Coordinator (WSS) Coordinator (SWM) Field Coordinator (Khiva) Field Coordinator (Civil Engineer for Djizzak), Field Coordinator (WSS Engineer for Djizzak), Field Coordinator (Havast-Yangiyer) Accountant Finance and Contract Management Specialist Procurement Specialist Procurement Assistant M&E Specialist Safeguards Specialist (Environment) Social and Gender/Safeguard 	<ul style="list-style-type: none"> Coordination of signing subsidiary loan agreements with MOF and relevant entities; Day-to-day project management and administration of IUDP in areas of procurement, contract preparation and administration, financial management, safeguards, monitoring, and reporting including financial reporting in accordance with cash-based IPSAS; Establishing, managing, and liquidating the project advance account and arranging audit on the use of advance account procedures; Preparing payment requests for direct payment and advance account (advance, projections, liquidation, and replenishment); Procurement of goods, works, and consulting and non-consulting services for all project components, including auditor covering project and entity financial statements in line with ADB's terms of reference; Ensuring government counterpart fund allocation (for payment of related taxes and duties);¹⁹ Ensuring timely submission to ADB annual audited consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, in accordance with cash-based IPSAS, including auditor's opinion thereto, management letter, and specific auditor's opinion on the use of loan proceeds, compliance with statement of expenditure procedures, and compliance with advance account procedure;

¹⁹ All types of taxes and customs duties under the project will be paid/reimbursed by MoF. These allocations (taxes and duties) are to be considered as an Uzbekistan Government share in project financing.

Project Implementation Organizations	Management Roles and Responsibilities
(Resettlement) Specialist 17. Office Manager 18. Translator 19. Driver	<ul style="list-style-type: none"> • Disclosing annual audited consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, within 14 days from ADB acceptance; • Supervising and monitoring time-bound financial management action plan implementation progress and compliance at all levels; • Preparing quarterly and annual progress reports, including financial information such as monitoring of cost estimates and variances, disbursements and procurement, semi-annual environmental monitoring reports, semi-annual social safeguard monitoring reports (until ADB's PCR is issued), and PCR in compliance with ADB's requirements; • Ensuring proper planning, budgeting, and filing requests for government counterpart contribution and timely payment of related taxes and duties to appropriate authority; • Ensuring environmental clearances are obtained from government authorities prior to award of civil works contracts; • Establishing a GRM as described in the safeguard documents, to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the project's environmental and social safeguards performance; • Disclosing relevant information from safeguards documents to affected persons; • Supervising and monitoring safeguards compliance; • Monitoring gender action plan and participation plan implementation progress and submitting reports on gender implementation as part of quarterly and annual project progress reports; and • Collecting necessary information from city-level implementing entities to prepare the annual consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, and ensuring timely submission of audited entity financial statements in accordance with International Financial Reporting Standards (IFRS), including auditor's opinion thereto, and specific auditor's opinion on the compliance with financial covenants. <p>PIU Field Coordinators</p> <ul style="list-style-type: none"> • Facilitating implementation coordination at the city- level; • Supporting the consulting engineers as they undertake fieldwork for detailed-engineering design preparation; • Supporting central PIU office by providing timely and quality financial information for the progress reports and annual consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, and ensuring timely submission of audited entity financial statements in accordance with IFRS and compliance with financial covenants; and • Monitoring and reporting the subprojects implementation progress and financial information.
Ministry of Finance	<ul style="list-style-type: none"> • Sign the loan agreement; • Sign the grant agreement;

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> • Allocate and release counterpart funds; • Ensure timely reimbursement of taxes and duties; • 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; and • Sign subsidiary loan agreements with MIFT and relevant entities.
State Committee for Ecology and Environmental Protection (SCEEP); Uzsuvtaminot Joint Stock Company	<ul style="list-style-type: none"> • Providing strategic guidance to PIU for respective sectors in SWM (SCEEP) and water and sanitation (Uzsuvtaminot) to facilitate implementation.
Key city-level implementing entities Local governments (Khiva, Djizzak cities and Havast district Hokimiyats)	<ul style="list-style-type: none"> • Acceptance and proper O&M of its assets created under urban services subprojects (parks, training center, visitor center with Digital museum, streets, drains);²⁰ • Receive capacity building under institutional strengthening component of project; • Ensuring timely repayment of the related portion of the ADB loan to the Ministry of Finance; and • Forming city-level steering committees.
WSS operators: LLC “Djizzak Suv Taminoti” SWM operators: SUE Toza Haduds in Djizzak, Khorezm, and Sirdaryo provinces	<ul style="list-style-type: none"> • Acceptance and further O&M of its assets created under the WSS and SWM subprojects respectively; • Receive capacity building under institutional strengthening component of project; • Ensuring timely repayment of the related portions of the ADB loan to the MOF respectively; • Ensuring timely submission to ADB of annual audited entity financial statements in accordance with IFRS that include an audit management letter and an audit opinion on the compliance with financial covenants; and • Technical support to the consulting engineers for WSS/SWM.
City-level project steering committees Chair (Mayor); Members (PIU, utility operator, regional government, project mahallas, others as relevant)	<ul style="list-style-type: none"> • Periodically review progress of project implementation, address issues; discuss sustainability measures of project; and • Call meetings once a year and/or as-and-when needed.
Asian Development Bank	<ul style="list-style-type: none"> • ADB staff are responsible for supporting implementation including compliance by MIFT, its Center, and PIU of their obligations and responsibilities for project implementation in accordance with ADB’s policies and procedures; • Monitoring project achievements as described in the design and monitoring framework and compliance with the loan agreement; • Ensuring timely processing of withdrawal applications and release of loan amounts; • Reviewing and approving the procurement plan; and

²⁰ The hokimiyat Beautification Departments are responsible for O&M of streets, parks, and open space developed under the project.

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> • Conduct loan review missions at least once a year.

GRM = grievance redress mechanism, IEE = initial environmental examination, IPSAS = International Public Sector Accounting Standards, IUDP = Integrated Urban Development Project, O&M = operation and maintenance, PCR = project completion report, PIU = project implementation unit, SAEMR = semi-annual environmental monitoring report, SCEEP = State Committee Ecology and Environmental Protection, SWM = solid waste management, WSS = Water Supply and Sanitation
Source: Asian Development Bank.

B. Key Persons Involved in Implementation

Executing Agency

Ministry of Investment and
Foreign Trade of the Republic of
Uzbekistan

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Asian Development Bank

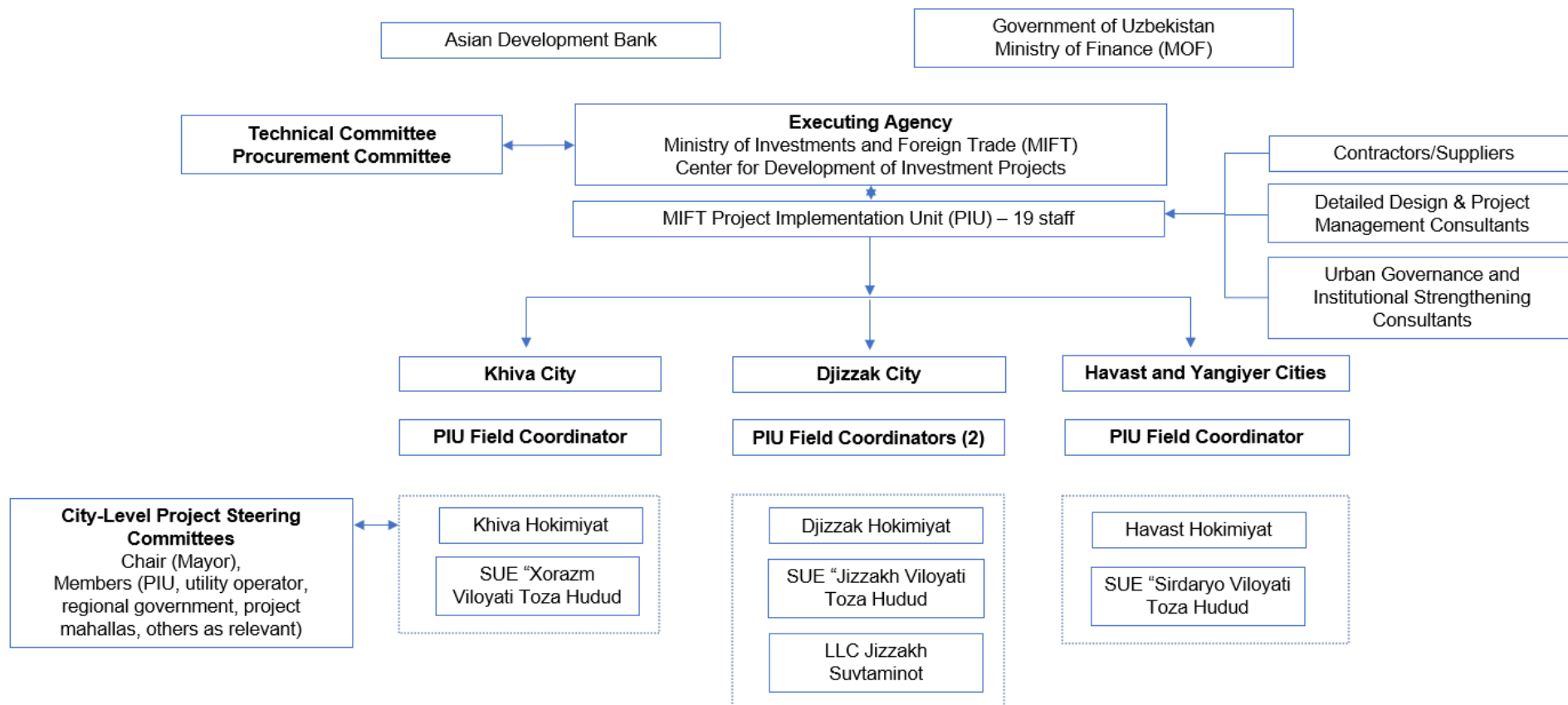
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C. Project Organization Structure



8. Ministry of Investments and Foreign Trade (MIFT) is the executing agency. MIFT's Center for the Development of Investment Projects (Center) will coordinate the project at the national level and a project implementation unit (PIU) will implement the project in coordination with participating city governments and service providers.

9. The arrangements are summarized in Table 3.

Table 3: Implementation Arrangements

Aspects		Arrangements	
Implementation period	November 2022–November 2027		
Estimated completion date	30 November 2027		
Estimated loan closing date	31 May 2028		
Estimated grant closing date	31 December 2025		
Management			
(i) Executing agency	MIFT		
(ii) Implementation unit	MIFT's Center for Development of Investment Projects will coordinate the project, and MIFT's PIU (19 staff) will implement the project. Both are based in Tashkent.		
(iii) Key implementing entities	Hokimiyats in Djizzak, Havast, Khiva, and Yangiye; <i>toza hududs</i> (SUEs) in Djizzak, Khiva (Khorezm), and Sirdaryo; and Djizzak Suvtaminot LLC will own and operate their respective assets developed under the project and receive capacity building.		
Procurement	Open competitive bidding (internationally advertised) for works	7 contracts	\$38.29 million
	Open competitive bidding (nationally advertised) for works	3 contracts	\$1.31 million
	Open competitive bidding (internationally advertised) for goods	1 contract	\$5.06 million
	Request for quotations for nonconsulting services	1 contract (audit firm) ^a	\$0.1 million
Consulting services	QCBS 90:10 Project management and supervision consultant	68 person-months (international), 241 person-months (national)	\$3.55 million
	QCBS 90:10 Urban governance and institutional strengthening consultant	54 person-months (international), 165 person-months (national)	\$2.67 million
Retroactive financing and/or advance contracting ^b	Advance contracting applies to all civil works, goods, and consulting services packages. Retroactive financing will be allowed for up to 20% of the loan amount to cover eligible expenditures incurred under the project before the effective date, but not earlier than 12 months before signing.		
Disbursement	Disbursement of the loan and grant proceeds will follow ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, LLC = limited liability company, MIFT = Ministry of Investments and Foreign Trade, PIU = project implementation unit, QCBS = quality- and cost- based selection, SUE = state unitary enterprise.

^a The auditor will cover the audit of consolidated project financial statements and entity financial statements of the implementing entities starting from 2025; for LLC Djizzak Suvtaminot, the loan will cover audit costs from 2026.

^b All works, goods, and consulting services packages will be design or procurement ready with a minimum 30% of civil works contracts awarded by loan effectiveness. A PIU in MIFT was established under the project readiness financing (footnote 13) to support advanced contracting activities.

Source: Asian Development Bank.

IV. COSTS AND FINANCING

10. The project is estimated to cost \$68.15 million, including physical and price contingencies, taxes and duties, and financial charges during implementation (Table 4). The project cost will be financed by a \$59.00 million concessional loan from ADB's ordinary capital resources, a \$0.5 million High-Level Technology Fund grant,²¹ and a contribution of \$8.65 million from the Government of Uzbekistan to finance taxes and duties. The concessional loan will fund the civil works, equipment, consulting services, resettlement costs, project management costs, and interest charges. The HLTF grant will exclusively fund the costs of the digital museum goods and services. The stand-alone project will support a defined investment plan.

Table 4: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Inclusive municipal and tourist infrastructure and services provided.	22.59
2. Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.	31.06
3. Urban governance, institutional capacity, and livelihood support strengthened.	2.87
Subtotal (A)	56.52
B. Contingencies^c	8.50
C. Financial Charges During Implementation^d	3.13
Total (A+B+C)	68.15

^a Includes taxes and duties of \$8.65 million. Such amount does not represent an excessive share of the project cost. The government will finance \$8.65 million of taxes through cash contribution and duties through exemption.

^b In mid-2022 prices as of 1 March 2022.

^c Physical contingencies computed at 9.0% of base cost estimates for civil works and equipment, comprising of minimum 7.5% physical contingency rate plus allowance arising from the impact of the Russian invasion of Ukraine on the Uzbekistan economy. Price contingencies computed at an average of 1.7% on foreign exchange costs and 7.5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Interest during construction for Asian Development Bank loan computed at 2% per year during the 5-year grace period.

Source: Asian Development Bank estimates.

11. The concessional loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year, during the grace period and thereafter; and such other terms and conditions set forth in the loan, grant and project agreements. The proceeds of the loan will be relent to limited liability company Djizzak Suvtaminot (DST),²² state unitary enterprise (SUE) Djizzak Toza Hudud (DTH), SUE Khorezm Toza Hudud (KTH), SUE Sirdaryo Toza Hudud (STH),²³ Djizzak Hokimiyat, Khiva Hokimiyat, and Havast Hokimiyat, in the amounts corresponding to their respective subprojects,²⁴ on terms and conditions acceptable to ADB, including (i) an interest at the rate applicable to the loan, plus a margin of not more than 1.0% for DST, DTH, KTH, and STH; (ii) foreign exchange risk being borne by sub-borrowers; and (iii) a

²¹ Financing partner: the Government of Japan.

²² DST is a limited liability company wholly owned by Uzsuvtaminot Joint Stock Company, which in turn is wholly owned by the Ministry of Finance of the Republic of Uzbekistan.

²³ SUE or state unitary enterprise is a form of state ownership over business entities (such as DTH, KTH, and STH) whose assets are wholly owned by the state and who are mandated to perform certain public service/utility functions within designated area of responsibility.

²⁴ DST totaling an estimated \$22.69 million for water supply and sanitation investments; DTH totaling an estimated \$2.20 million; KTH totaling an estimated \$1.30 million; STH totaling an estimated \$4.26 million for SWM investments; Djizzak Hokimiyat totaling an estimated \$14.43 million; Khiva Hokimiyat totaling an estimated \$6.23 million; and Havast Hokimiyat totaling an estimated \$7.89 million for municipal services investments.

term of up to 25 years, including a grace of up to 5 years. The HLTF grant proceeds will be made available to Khiva Hokimiyat on terms and conditions acceptable to ADB. Table 5 summarizes the financing plan.

Table 5: Summary Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (concessional loan)	59.00	86.6
High-Level Technology Fund ^a	0.50	0.7
Government of Uzbekistan	8.65	12.7
Total	68.15	100.0

^a Financing partner: the Government of Japan. Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

12. **Climate change costs and financing.** Climate change mitigation features in the IUDP design are estimated at \$0.76 million and climate adaptation features are estimated at \$7.0 million.²⁵ ADB will finance 100% of mitigation costs and 100% of adaptation costs. The climate change contributions were based on an assessment of the feasibility study and designs.

A. Cost Estimates Preparation and Revisions

13. The cost estimates were prepared based on current market prices in the project's national feasibility study prepared by transaction technical assistance consultants and were reviewed by ADB staff and the MIFT, the Executing Agency.

B. Key Assumptions

14. The following key assumptions underpin the cost estimates and financing plan:

- (i) Costs are expressed in Uzbekistan sum (SUM) and US Dollars (\$) at an exchange rate of SUM10,500= \$1.00 (as of June 2021).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 6: Escalation Rates for Price Contingency Calculation

Item	2021	2022	2023	2024	2025	2026	2027	Average
Foreign rate of price inflation	1.6%	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%	1.7%
Domestic rate of price inflation	10.7%	9.0%	8.0%	7.0%	6.0%	6.0%	6.0%	7.5%

Sources:

World Bank. International cost escalation factors, 2021–2025.

Asian Development Bank. 2022. Domestic cost escalation factors, 2021–2025.

²⁵ Climate change mitigation investments include energy-efficient water pumps, waste minimization and recycling, energy efficiency audits, LED lights, green building designs (insulation through double glazed windows), and bicycle facilities in Khiva. Climate change adaptation investments comprise urban green spaces to cope with the heat island effect, water loss reduction to enhance water security, and improvements in the efficiency of waste collection to reduce adverse health effects from waste under increased temperatures.

C. Detailed Cost Estimates by Expenditure Category

Table 7: Detailed Cost Estimates by Expenditure Category

Item	(SUM million)			(\$ million)			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	
A. Investment Costs							
1. Civil works	78,045	312,179	390,224	7.43	29.73	37.16	65.8%
a. Urban services ^a	36,191	144,764	180,955	3.45	13.79	17.23	30.5%
b. Water supply and sanitation	32,800	131,200	164,000	3.12	12.50	15.62	27.6%
c. Solid waste management	1,418	5,672	7,090	0.14	0.54	0.68	1.2%
d. Urban Streets	7,636	30,543	38,179	0.73	2.91	3.64	6.4%
2. Equipment	82,189	20,547	102,737	7.83	1.96	9.78	17.3%
3. Consulting services	34,222	24,834	59,056	3.26	2.37	5.62	10.0%
a. Project management and supervision consultants	6,208	24,834	31,042	0.59	2.37	2.96	5.2%
b. Urban governance & institutional strengthening consultants	28,014	–	28,014	2.67	–	2.67	4.7%
Subtotal (A)	194,456	357,561	552,017	18.52	34.05	52.57	93.0%
B. Recurrent Costs							
1. Project management costs	–	41,428	41,428	–	3.95	3.95	7.0%
Subtotal (B)	–	41,428	41,428	–	3.95	3.95	7.0%
Total Base Cost	194,456	398,989	552,017	18.52	38.00	56.52	100.0%
C. Contingencies							
1. Physical	12,926	26,522	39,448	1.23	2.53	3.76	6.6%
2. Price	16,343	33,532	49,875	1.56	3.19	4.75	8.4%
Subtotal (C)	29,269	60,054	89,323	2.79	5.72	8.50	15.1%
D. Financial Charges During Implementation							
1. Interest during construction	10,757	22,072	32,830	1.02	2.10	3.13	5.5%
Subtotal (D)	10,757	22,072	32,830	1.02	2.10	3.13	5.5%
Total Project Cost (A+B+C+D)	234,483	481,116	715,598	22.33	45.82	68.15	120.6%

Note: Numbers may not sum precisely because of rounding.

^a Includes Open spaces and Training center, Visitor center (including Digital Museum) and Canal Greenway.

Source: Asian Development Bank.

D. Allocation and Withdrawal of Loan and Grant Proceeds

Table 8: Allocation and Withdrawal of Loan Proceeds

		Total Amount Allocated for ADB Financing (\$ million)	Basis for Withdrawal from the Loan Account
	Item		
1	Works, goods, consulting services, and implementation support *	55.50	100% of total expenditure claimed**
2	Resettlement costs*	0.37	100% of total expenditure claimed**
3	Interest charge	3.13	100% of total amount due
Total		59.00	

* Subject to the condition for withdrawal described in paragraph 7 of Schedule 3 of the Loan Agreement.

** Exclusive of taxes and duties imposed within the territory of the Borrower.

Table 9: Allocation and Withdrawal of Grant Proceeds

		Total Amount Allocated for HLTF Financing (\$ million)	Basis for Withdrawal from the Grant Account
	Item		
1	Goods, consulting services*	0.50	100% of total expenditure claimed**
Total		0.50	

* Subject to the condition for withdrawal described in paragraph 7 of Schedule 3 of the Loan Agreement.

** Exclusive of taxes and duties imposed within the territory of the Recipient.

E. Detailed Cost Estimates by Financier

Table 10: Detailed Cost Estimates by Financier
(\$ million)

Item	ADB Loan		HLTF Grant		Government of Uzbekistan		Amount	Taxes and Duties
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category		
A. Investment Costs								
1. Civil works	31.03	83.5%	–	–	6.14	16.5%	37.16	6.14
a. Urban services ^a	14.39	83.5%	–	–	2.85	16.5%	17.23	2.84
b. Water supply and sanitation	13.04	83.5%	–	–	2.58	16.5%	15.67	2.58
c. Solid waste management	0.56	83.5%	–	–	0.11	16.5%	0.68	0.11
d. Urban Streets	3.04	83.5%	–	–	0.60	16.5%	3.64	0.60
2. Equipment	7.31	74.8%	0.50	5.1%	1.97	20.1%	9.78	1.97
3. Consultants	5.18	92.0%	–	–	0.44	8.0%	5.62	0.44
a. Project management and supervision consultants	2.96	100.0%	–	–	–	–	2.96	–
b. Urban governance & institutional strengthening consultants	2.22	83.3%	–	–	0.44	16.7%	2.67	0.44
Subtotal (A)	43.52	82.8%	0.50	1.0%	8.55	16.3%	52.57	8.55
B. Recurrent Costs								
1. Project management costs	3.84	97.4%	–	–	0.10	2.6%	3.95	0.10
Subtotal (B)	3.84	97.4%	–	–	0.10	2.6%	3.95	0.10
Total Base Cost	47.37	83.8%	0.50	0.9%	8.65	15.3%	56.52	8.65
C. Contingencies	8.50	100.0%	–	–	–	–	8.50	–
D. Financial Charges During Implementation	3.13	100.0%	–	–	–	–	3.13	–
Total Project Cost (A+B+C+D)	59.00	86.6%	0.50	0.7%	8.65	12.7%	68.15	8.65
% Total Project Cost		86.6%		0.7%		12.7%	100.0%	

HLTF = High-Level Technology Fund

Note: Numbers may not sum precisely because of rounding.

^a Includes Open spaces and Training center, Visitor center (including Digital Museum) and Canal Greenway.

Source: Asian Development Bank.

F. Detailed Cost Estimates by Outputs and/or Components

Table 11: Detailed Cost Estimates by Outputs
(\$ million)

Item	Total Cost	Output 1		Output 2		Output 3	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Costs							
1. Civil works	37.16	20.87	92.4%	16.29	52.5%	–	–
a. Urban services ^a	17.23	17.23	76.3%	–	–	–	–
b. Water supply and sanitation	15.62	–	–	15.62	50.3%	–	–
c. Solid waste management	0.68	–	–	0.68	2.2%	–	–
d. Urban Streets	3.64	3.64	16.1%	–	–	–	–
2. Equipment	9.78	0.14	0.6%	9.64	31.0%	–	–
3. Consulting services	5.62	–	–	2.96	9.5%	2.67	93.0%
a. Project management and supervision	2.96	–	–	2.96	9.5%	–	–
b. Urban governance and institutional strengthening	2.67	–	–	–	–	2.67	93.0%
Subtotal (A)	52.57	21.01	93.0%	28.89	93.0%	2.67	93.0%
B. Recurrent Costs							
1. Project management	3.95	1.58	7.0%	2.17	7.0%	0.20	7.0%
Subtotal (B)	3.95	1.58	7.0%	2.17	7.0%	0.20	7.0%
Total Base Cost	56.52	22.59	100.0%	31.06	100.0%	2.87	100.0%
C. Contingencies							
1. Physical	3.76	1.50	6.6%	2.06	6.6%	0.19	6.6%
2. Price	4.75	1.90	8.4%	2.61	8.4%	0.24	8.4%
Subtotal (C)	8.50	3.40	15.1%	4.68	15.1%	0.43	15.1%
D. Financial Charges During Implementation							
1. Interest during construction	3.13	1.25	5.5%	1.72	5.5%	0.16	5.5%
Subtotal (D)	3.13	1.25	5.5%	1.72	5.5%	0.16	5.5%
Total Project Cost (A+B+C+D)	68.15	27.24	120.6%	37.46	120.6%	3.46	120.6%

Notes:

1. Numbers may not sum precisely because of rounding.

2. Output 1: Inclusive municipal and tourist infrastructure and services provided; Output 2: Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems; Output 3: Urban governance, institutional capacity, and livelihood support strengthened.

^a Includes Open spaces and Training center, Visitor center (including Digital Museum) and Canal Greenway.

Source: Asian Development Bank.

G. Detailed Cost Estimates by Year

Table 12: Detailed Cost Estimates by Year
(\$ million)

Item	Total Cost	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027
A. Investment Costs							
1. Civil works	37.16	–	9.29	13.01	13.01	1.86	–
a. Urban services ^a	17.23	–	4.31	6.03	6.03	0.86	–
b. Water supply and sanitation	15.62	–	3.90	5.47	5.47	0.78	–
c. Solid waste management	0.68	–	0.17	0.24	0.24	0.03	–
d. Urban Streets	3.64	–	0.91	1.27	1.27	0.18	–
2. Equipment	9.78	–	2.45	3.91	3.42	–	–
3. Consulting services	5.62	–	1.41	1.69	2.25	0.28	–
a. Project management and supervision	2.96	–	0.74	0.89	1.18	0.15	–
b. Urban governance and institutional strengthening	2.67	–	0.67	0.80	1.07	0.13	–
Subtotal (A)	52.57	–	13.14	18.61	18.68	2.14	–
B. Recurrent Costs							
1. Project management	3.95	0.17	1.16	0.72	0.72	0.62	0.56
Subtotal (B)	3.95	0.17	1.16	0.72	0.72	0.62	0.56
Total Base Cost	56.52	0.17	14.30	19.33	19.40	2.76	0.56
C. Contingencies	8.50	0.01	1.62	2.59	2.99	0.49	0.80
Financial Charges During Implementation	3.13	–	0.14	0.47	0.85	1.09	0.57
Total Project Cost (A+B+C+D)	68.15	0.19	16.06	22.39	23.25	4.34	1.94
% Total Project Cost	100.0%	0.3%	23.6%	32.8%	34.1%	6.4%	2.8%

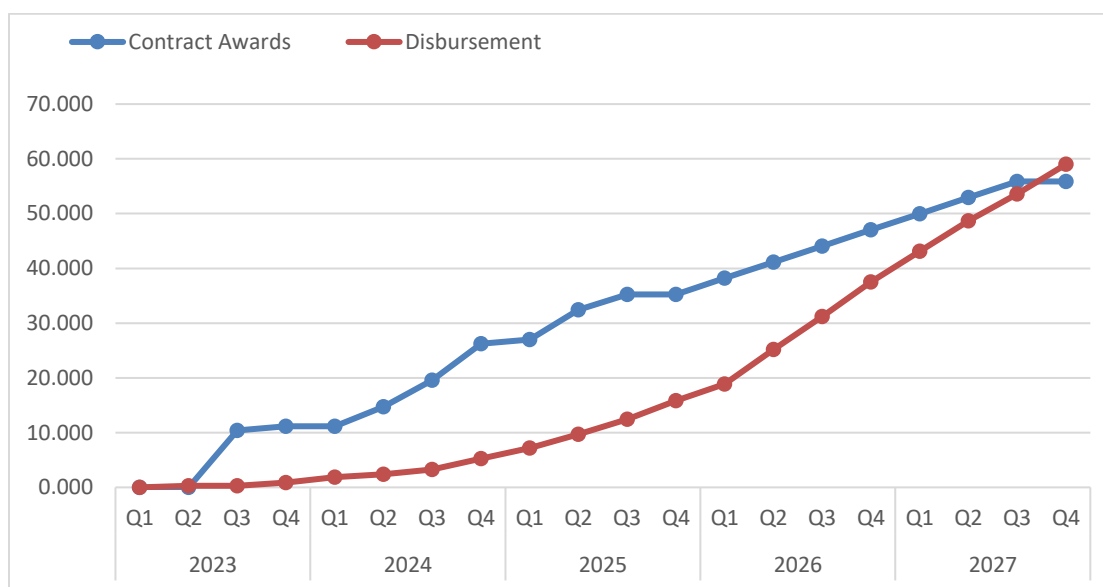
Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank.

H. Contract and Disbursement S-Curve

15. Graph shows quarterly contract awards and disbursement projections over the life of the project. The S-curve is only for ADB financing and ADB-administered cofinancing (HLTF grant) which will be recorded in ADB's systems and reported through e-Ops. Counterpart funds are excluded. The projection for contract awards includes contingencies and unallocated amounts, but excludes front-end fees, service charges, and interest during construction. The total projected disbursements should be equal to the full loan and grant amount, up to 4 months after loan and grant closing.

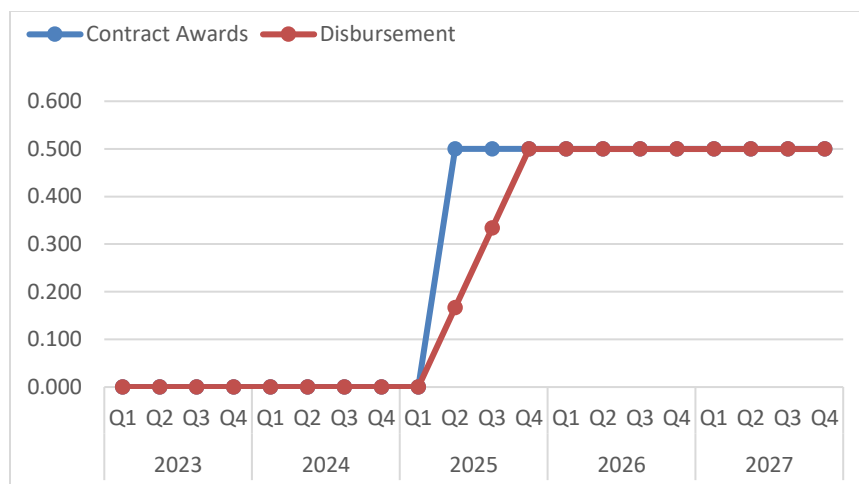
**Contract Awards and Disbursements S-Curve
ADB Financing**



Quarterly Contract Awards and Disbursements
(\$ million)

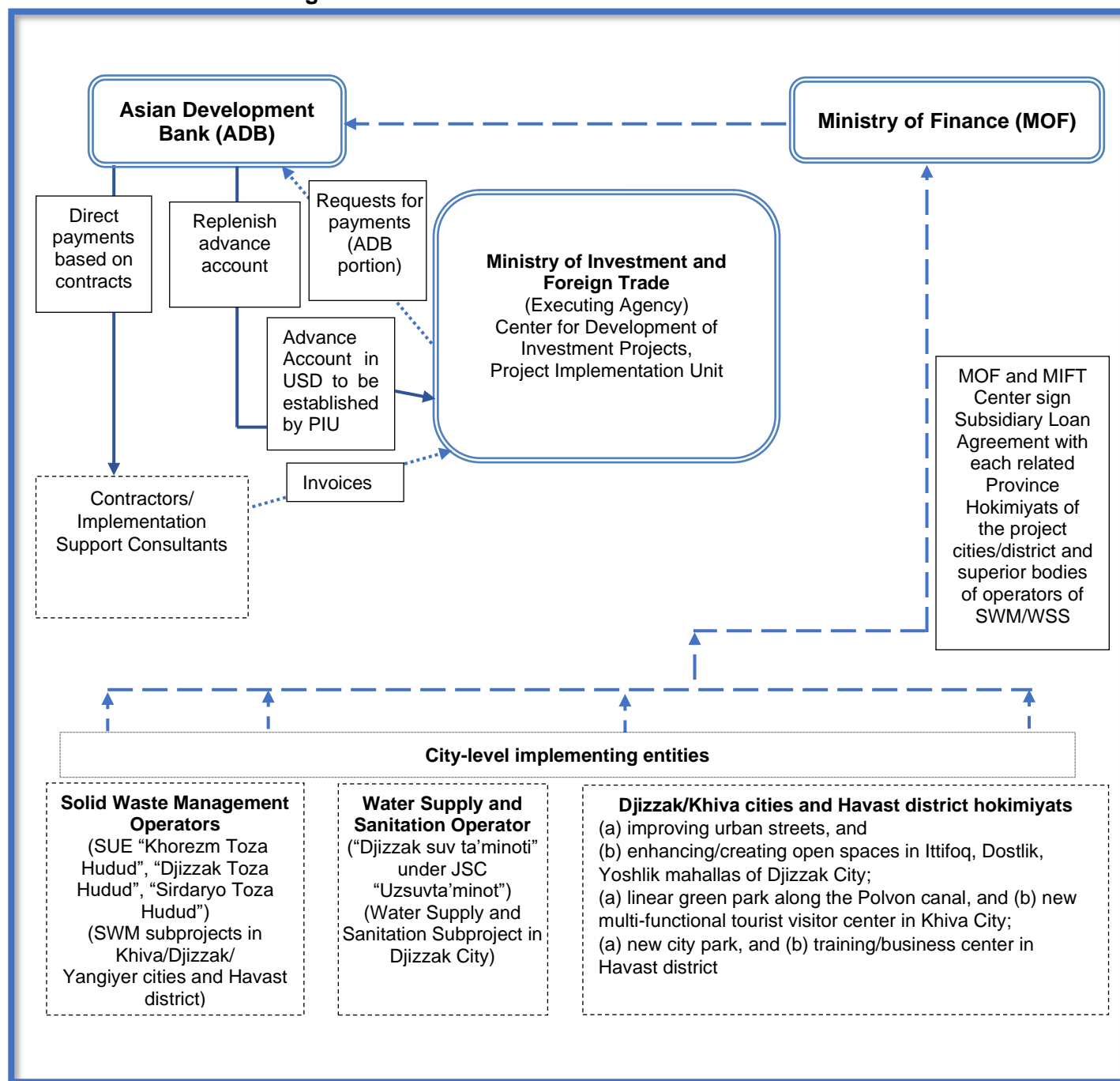
Contract Awards (in US\$ million)						Disbursements (in US\$ million)				
Year	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2023	0.00	0.00	10.40	0.74	11.14	0.00	0.31	0.00	0.55	0.86
2024	0.00	3.56	4.86	6.69	15.11	1.03	0.50	0.87	2.00	4.41
2025	0.74	8.26	0.00	0.00	9.00	1.90	2.54	3.05	3.36	10.85
2026	2.95	2.95	2.95	2.95	11.78	3.06	6.31	6.00	6.31	21.68
2027	2.95	2.95	2.95	0.00	8.84	5.60	5.55	4.92	5.14	21.21
Total Contract Awards					55.87	Total Disbursements				59.00

Contract Awards and Disbursements S-Curve HLTF Grant



Contract Awards (in US\$ million)				Disbursements (in US\$ million)						
Year	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2025	0.00	0.50	0.00	0.00	0.50	0.00	0.17	0.17	0.17	0.50
2026	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2027	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Contract Awards					0.50	Total Disbursements				0.50

I. Fund Flow Diagram



Legend:

- Funds Flow
- Withdrawal Application/Liquidation documents and quarterly reports
- Loan repayment

ADB = Asian Development Bank; MOF = Ministry of Finance; MIFT = Ministry of Investments and Foreign Trade; PIU = project implementation unit; MIFT Center = Center for Development of Investment Projects under the Ministry of Investments and Foreign Trade; SWM = Solid Waste Management; WSS = Water Supply and Sanitation; SUE = State Unitary Enterprise; UE = Unitary Enterprise, and LLC = Limited Liability Company, VAT = value added tax.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

16. The financial management assessment (FMA) was conducted between September 2021 and February 2022, in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note and Technical Guidance on financial management assessment of Executing and Implementing Agencies, dated 2015. The FMA considered the capacity of the Ministry of Investment and Foreign Trade Project Implementation Unit (MIFT PIU) and city-level implementing entities, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements.

17. The MIFT PIU financial management pre-mitigated risk rating is *substantial* but is considered appropriate for the implementation of IUDP project since it will build its capacity and experience with the implementation of the project under Project Readiness Financing, the World Bank Medium-Size Cities IUDP (WB MSCDP), including project financial statements prepared in line with International Public Sector Accounting Standards (IPSAS) cash basis, and the financial mitigation action plan. The limitations of the MIFT PIU include (i) lack of accounting staff certified in IPSAS, (ii) limited experience as an implementing agency with financial management responsibilities for project funds with early-stage implementation of WB MSCDP, (iii) accounting software not configured for project-specific accounting and financial reporting and monitoring requirements, (iv) limited experience with ADB procedures, and (v) the lack of internal audit function.

18. The financial management pre-mitigated risk rating of hokimiyats in Khiva, Djizzak, and Havast is *high*. The city-level PIUs have formalized policies and procedures regarding financial accounting and reporting. There are, however, limitations in respect of (i) accounting staff trained in IPSAS, (ii) inadequate number of accounting staff for maintaining accounting for taxes and duties related to project activities and accounting for ADB loan repayments, (iii) no developed training plan and no budget is allocated for training of accounting staff on changes in taxes and duties and no medium-term budgeting for urban planning and development, (iv) no signed individual job descriptions for each position to prove that the staff are familiar with and know their job duties, (v) cash is not verified and reconciled with cashbooks regularly, (vi) inadequate procedures to prevent loss of assets and data (e.g., no fire-alarm system, poor assets labeling procedures, no servers, no regular data backup), and (vii) the lack of internal audit function.

19. The other city-level implementing entities (DST, DTH, KTH, STH) financial management pre-mitigated risk rating is *substantial*. For LLC "Djizzak Suv Taminoti" (DST), the main reasons are (i) lack of chief accountant, (ii) lack of accounting staff trained in IPSAS, (iii) manual financial reporting and asset register, and (iv) lack of internal audit function. For SUE "Djizzak province Toza Hudud" (DTH), SUE "Khorezm province Toza Hudud" (KTH), and SUE "Sirdaryo province Toza Hudud" (STH), the main reasons include (i) overloaded Accounting Department due to two separate financial reporting, (ii) lack of accounting staff trained in IPSAS and International Financial Reporting Standards (IFRS), (iii) lack of medium-term plan and budget, and (iv) lack of internal audit function.

20. The overall financial management pre-mitigated risk rating for the project is *substantial*. The MIFT PIU and city-level implementing entities have agreed to implement an action plan as key measures to address the deficiencies. The time-bound financial management action plans are provided in Tables 11, 12, 13, and 14. With mitigating measures, the financial management

arrangements are deemed adequate, including MIFT PIU's capacity to administer advance fund and Statement of Expenditures (SOE) procedures, and the overall financial management risk rating will be *moderate*.

Table 13: Financial Management Action Plan of the MIFT PIU

Risk Description	Risk Rating	Actions	Complied by	Responsibility
Misunderstanding of ADB guidelines on disbursement and withdrawal of loan proceeds Inability to set up and manage the project advance account in accordance with ADB policies	S	Close coordination with ADB and the project consultants will be undertaken to ensure that ADB guidelines are followed. Project consultants to train the MIFT PIU on ADB disbursements and utilization of the advance account since they will be involved in processing the documents to support the ADB loan withdrawal applications, use and management of advance account and sub-accounts.	Within 2 months before Loan Effectiveness	Project consultants
Lack of experience in budget preparation for urban sector projects needed to timely secure Government's counterpart fund in the form of tax contributions Errors in budgeting income tax for payroll and contractors	M	Prepare project budget and financial targets in accordance with the relevant government and ADB guidelines. The Government's counterpart fund is in the form of tax contributions and adequate technical support and training is needed to ensure that these counterpart contributions are secured on time and in the appropriate amounts. Monitor physical and financial progress and report significant deviations from the budget promptly.	Annually starting within 2 months after Loan Effectiveness Annually starting within 2 months after Loan Effectiveness	MIFT PIU MIFT PIU
MIFT PIU requires additional accountant professionally qualified or trained in IPSAS	S	Expand MIFT PIU staffed by additional IPSAS-trained accountant.	Within 2 months after Loan Effectiveness	MIFT PIU
		Support accounting staff in IPSAS training and certification including e-module on cash IPSAS.	Within 6 months after Loan Effectiveness	Project consultants
Staff is not experienced/familiar with ADB procedures and reporting requirements	S	Engage MIFT PIU consultant knowledgeable on ADB financial management systems and procedures in addition to training on ADB's procurement and disbursement processes. Compare existing MIFT PIU WB project finance manual with the ADB finance manual in SCEEP PMU and align where needed.	Within 3 months after Loan Effectiveness	Project consultants
1C not configured for project-specific accounting and	S	The accounting system of the MIFT PIU to be configured immediately at the start of the project to meet the	Within 2 months after	Project consultants

financial reporting and monitoring requirements Only accountant has license and access to 1C		financial reporting and monitoring requirements of the Government and ADB including regular backup and security measures. Additional license of 1C for financial management specialist.	Loan Effectiveness Within 3 months after Loan Effectiveness	MIFT PIU
There is no internal audit function.	S	Chief Division of State Financial Control to include IUDP in its annual Audit plan.	Within 3 months after Loan Effectiveness	MIFT PIU
External Audit for the project not in accordance with International Standards on Auditing	S	Audit firm to be recruited for 3 years' period to conduct external audit of project financial statements in accordance with the International Standards on Auditing.	Within 3 months after Loan Effectiveness	MIFT PIU
Information systems lack appropriate safeguards, confidentiality, and back-up Still to gain experience in using 1C	M	1C to be configured by MIFT PIU consultant for the project's requirements, to have features which regularly backup the project accounting system and to provide security measures, which safeguard and secure the confidentiality and integrity of the data in the system. Support accounting staff in training on using 1C.	Within 2 months after Loan Effectiveness Within 3 months after Loan Effectiveness	Project consultants MIFT PIU

H = High, S = Substantial, M = Moderate, L = Low

ADB = Asian Development Bank, IPSAS = International Public Sector Accounting Standards, MIFT PIU = Ministry of Investment and Foreign Trade Project Implementation Unit, PIU/PMU = Project Implementation Unit/Project Management Unit, SCEEP = State Committee Ecology and Environmental Protection

Source: Asian Development Bank.

Table 14: Financial Management Action Plan of the City-Level Implementing Entities

Risk Description	Risk Rating	Actions	Complied by	Responsibility
Delays in payment of taxes and release of imported assets under the project by customs bodies due to non-sufficient or not in-time revenue receipts or delays in revenue collection in the city budget or by operators	H	Khiva, Djizzak, Yangiyer, Havast - MOF will establish a separate account for the project under the MOF Treasury to pay insufficient part from the state budget.	Within 3 months after Loan Effectiveness	MOF
Risk of errors and delays in payment of related taxes and repayment of ADB loan due to inadequate number of accounting staff	H	Khiva, Djizzak, Havast - Hire a new financial specialist for maintaining accounting for project-related taxes, revenues, and repayment of ADB loan.	Start recruitment 1 month before Loan Effectiveness	Khiva/Djizzak cities and Havast hokimiyats
Risk of errors and delays in calculation and payment of the project related taxes without adequate training on taxes and duties	H	Khiva, Djizzak, Yangiyer, Havast - Support accounting staff in training on VAT, excise tax, and customs duties.	Within 3 months after Loan Effectiveness	ADB, Khiva/Djizzak/ Yangiyer cities and Havast hokimiyats

Lack of accounting staff trained and certified in IPSAS	M	Khiva, Djizzak, Yangiyer, Havast - Support accounting staff in IPSAS training and certification.	Within 6 months after Loan Effectiveness	ADB, Khiva/Djizzak/Yangiyer cities and Havast hokimiyats
The risk of the unsustainability of infrastructure was created in the project's frame due to the lack of medium-term budgets needed to plan and secure funding for urban development. No capacity building/training or procedures for medium-term budgeting (including forecasting for foreign exchange risk/losses for ADB loan) of urban development	H	Khiva, Djizzak, Yangiyer, Havast - Capacity development/training on medium-term budgeting including loan repayment risk management function for urban planning and development for staff of the city hokimiyat.	Within 9 months after Loan Effectiveness	ADB, Khiva/Djizzak/Yangiyer cities and Havast hokimiyats
The city hokimiyat does not have a practice of developing a separate document on job descriptions for each position where staff would sign that they are familiarized with their job duties	L	Khiva, Djizzak, Yangiyer, Havast - Develop and approve separate job descriptions for each position with a clause on responsibility for damaging assets and familiarizing all staff with getting their signatures.	Within 3 months after Loan Effectiveness	Khiva/Djizzak/Yangiyer cities and Havast hokimiyats
No non-burning safe for keeping important documents, USB-keys and cash balances	M	Khiva, Djizzak, Yangiyer, Havast - Purchase non-burning safe.	Within 8 months after Loan Effectiveness	Khiva/Djizzak/Yangiyer cities and Havast hokimiyats
No fire-alarm system for the protection of assets and data from fire	S	Djizzak, Yangiyer, Havast - Purchase and install a fire alarm system.	Within 6 months after Loan Effectiveness	Djizzak/Yangiyer cities and Havast hokimiyats
Fixed assets are not labeled	M	Djizzak - Take inventory and label (with inventory number) all fixed assets, update Fixed Assets Registry with inventory numbers of the fixed assets.	Within 3 months after Loan Effectiveness	Djizzak city hokimiyat
No regular documented cash reconciliations	M	Djizzak - Conduct monthly cash reconciliation and document the results of reconciliation.	Within 3 months after Loan Effectiveness	Djizzak city hokimiyat
There is no internal audit function that may lead to weak internal controls and non-adherence to prescribed procedures	H	Khiva, Djizzak, Yangiyer, Havast - Main Department of State Financial Control of MOF conducts continuous distance monitoring/control and periodic checks.	Starting within 6 months after Loan Effectiveness	MOF
An external audit conducted by the Chamber of Accounts is not following International Standards of Supreme Audit Institutions	M	Khiva, Djizzak, Yangiyer, Havast - Monitoring by ADB review missions.	Annually starting within 12 months after Loan Effectiveness	ADB
No data back-up procedures/processes established for non-UzASBO data	M	Khiva, Djizzak, Yangiyer, Havast - Develop and approve procedures on non-UzASBO data back-up and conduct regular data back-up.	Within 3 months after Loan Effectiveness	Khiva/Djizzak/Yangiyer cities and Havast hokimiyats
No internal server for data back-up for Djizzak	M	Djizzak - Purchase and install server	Within 6 months after	Djizzak hokimiyat

			Loan Effectiveness	
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H = High, S = Substantial, M = Moderate, L = Low

ADB = Asian Development Bank, IPSAS = International Public Sector Accounting Standards, UzASBO = Uzbekistan Automated System for Budget Organizations

Source: Asian Development Bank.

Table 15: Financial Management Action Plan of DTH, KTH, and STH

Risk Description	Risk Rating	Actions	Complied by	Responsibility
Inadequate number of staff: the chief accountant is overloaded with current duties to account for project-related taxes/duties and loan repayment	S	Hire one more specialist in Accounting Department, responsible for project-related taxes/duties, tariff review/setting, and loan repayment and to support chief accountant on two separate financial reporting.	Start recruitment 1 month before Loan Effectiveness	SCEEP, DTH, KTH and STH
Entity financial statements are not prepared in accordance with IFRS	H	ADB will hire a Consultant to support the entities to transition to IFRS	Start recruitment 1 month before Loan Effectiveness	ADB, DTH, KTH, and STH
No training policy for Accounting Department staff on changes in accounting	S	Trainings on IFRS including preparation of financial reports.	Within 3 months after Loan Effectiveness	ADB, DTH, KTH and STH
Lack of accounting staff professionally qualified or trained in IPSAS	S	Support accounting staff in IPSAS training and certification.	Within 6 months after Loan	ADB, MOF
Company performs two financial reporting: 1C and separately UzASBO	M	Support accounting staff in training on using 1C and UzASBO.	Effectiveness Within 3 months after Loan Effectiveness	ADB, MOF
No medium- and long-term budgets including forecasting for foreign exchange risk/losses ²⁶ for ADB loan	S	Trainings on (i) conducting medium- and long-term budgets and (ii) risk management function, using hedging instruments ²⁷ or strategies.	Within 6 months after Loan Effectiveness	ADB, MOF
absence of fireproof safe for keeping important documents, USB-keys and cash balances	M	Purchase fire-proof safe.	Within 8 months after Loan Effectiveness	ADB, MOF
Lack of insurance for buildings and equipment	S	insure Fixed Assets	Within 8 months after Loan Effectiveness	ADB, MOF
There is no internal audit function that may lead to weak internal controls and	S	Include the DTH, KTH and STH in MOF Control and Revision Unit internal audit work plan.	Within 6 months after	ADB, DTH, KTH and STH

²⁶ Central Bank of UZB has instituted regulations on conducting currency swap operations by banks of the Republic of Uzbekistan. (reg. No. 1839-2 dated 4 June 2017), amendments were made to the Regulations on the procedure for conducting currency swap operations by banks of the Republic of Uzbekistan.

²⁷ On 7 March 2022, the Ministry of Finance conducted the first test swap operation on behalf of the Republic of Uzbekistan with the European Bank for Reconstruction and Development (EBRD). This was done in accordance with the Resolution of the Cabinet of Ministers of our country dated 8 February 2022 No. 63 "On measures to implement the project "Financial Market Development Program" with the participation of the Asian Development Bank". Additional information on project is available at <https://www.adb.org/news/100-million-adb-program-help-develop-financial-markets-uzbekistan>

non-adherence to prescribed procedures			Loan Effectiveness	
Delay in external audit by independent audit firm	M	Compliance with financial reporting and auditing requirements is monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.	Annually starting within 12 months after Loan Effectiveness	ADB, DTH, KTH and STH

H = High, S = Substantial, M = Moderate, L = Low

ADB = Asian Development Bank, DTH = SUE "Djizzak province Toza Hudud", IFRS = International Financial Reporting Standards, IPSAS = International Public Sector Accounting Standards, KTH = SUE "Khorezm province Toza Hudud", MOF = Ministry of Finance, SCEEP = State Committee Ecology and Environmental Protection, STH = SUE "Sirdaryo province Toza Hudud", UzASBO = Uzbekistan Automated System for Budget Organizations

Source: Asian Development Bank.

Table 16: Financial Management Action Plan of DST

Risk Description	Risk Rating	Actions	Complied by	Responsibility
Risk of errors and delays in calculation and payment of the project related taxes without adequate training on taxes and duties	S	Training on VAT, excise tax, and customs duties for accounting staff.	Within 2 months after Loan Effectiveness	MOF
Lack of accounting staff trained and certified in IPSAS.	S	Support accounting staff in IPSAS training and certification.	Within 3 months after Loan Effectiveness	ADB, DST
No training policy for Accounting Department staff on changes in accounting	S	Trainings on IFRS including preparation of financial reports	Within 3 months after Loan Effectiveness	ADB, MOF,
Financial reports are made manually	S	Trainings on 1C software including preparation of financial reports	Within 6 months after Loan Effectiveness	ADB, UZST, DST
No medium-term budgets including forecasting for foreign exchange risk/losses for ADB loan	S	Trainings on (i) conducting medium- and long-term budgets and (ii) risk management function, using hedging instruments or strategies.	Within 6 months after Loan Effectiveness	ADB, UZST
No non-burning safe for keeping important documents, USB-keys and cash balances	M	Purchase non-burning safe.	Within 8 months after Loan Effectiveness	ADB, DST
Lack of insurance for buildings, trunk mains/pipes and equipment	S	Conduct the process of step by step insuring of Fixed Assets.	Within 8 months after Loan Effectiveness	ADB, UZST
There is no internal audit function	S	Include the DST in JSC Uzsvtaminot's Internal Audit Department work plan.	Within 6 months after Loan Effectiveness	ADB, DST
Delay in or skipping external audit by independent audit firms as well as negative audit opinion	M	Compliance with financial reporting and auditing requirements is monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.	Annually starting within 12 months after Loan Effectiveness	ADB, UZST, DST

1C accounting software is not fully used due to lack of training and user licenses.	M	Training for the staff (Accounting Department, Financial-economic Department, Human Resources etc.) on 1C and purchase of user licenses.	Within 6 months after Loan Effectiveness	ADB, UZST, DST
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H = High, S = Substantial, M = Moderate, L = Low

ADB = Asian Development Bank, DST = LLC “Djizzak Suv Taminoti”, IFRS = International Financial Reporting Standards, IPSAS = International Public Sector Accounting Standards, MOF = Ministry of Finance, UZST = Uzsvtaminot JSC

Source: Asian Development Bank.

21. DST is a limited liability company that is 100%-owned by JSC “Uzsvtaminot,” 100% owned by MOF, and DTH, KTH, and STH are state unitary enterprises that are 100%-owned by the Province SCEEP Department. Although these individual entities are not yet covered by the mandatory transition to IFRS,²⁸ ADB requires these entities’ financial statements to be prepared in accordance with IFRS. To comply with ADB’s requirements, ADB will hire a Consultant (under TA 6907-UZB: Transaction Technical Assistance for Strengthening Silk Road Tourism and Economic Resilience in Secondary Cities and TA 6625 Enhancing Financial Management In Central and West Asia) to support DTH, STH, and KTH to transition to IFRS and prepare IFRS-based entity financial statements for ADB submission by the end of 2025, covering financial reporting periods 2023, 2024 and 2025 to comply with IFRS 1, *IFRS 1 First-time Adoption of IFRS* requirements. For DST, the IFRS-based consolidated financial statements of its parent company, JSC “Uzsvtaminot”, will be submitted, including management letter and specific auditor’s opinion on the compliance with financial covenants.

B. Disbursement

1. Disbursement Arrangements for ADB and ADB-administered High-Level Technology Fund

22. The loan and ADB-administered HLTF grant proceeds will be disbursed in accordance with ADB’s *Loan Disbursement Handbook* (2017, as amended from time to time)²⁹, and detailed arrangements agreed upon between the government and ADB.³⁰ Online training for project staff on disbursement policies and procedures is available.³¹ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

23. The disbursement arrangement and procedures to be used are briefly summarized as follows:

- a. **Direct payment.** For civil works, equipment, and consulting services, subject to the minimum value per withdrawal application described in the ADB’s *Loan Disbursement Handbook* (2017, as amended from time to time).
- b. **Commitment Procedure.** For the financing of imported goods and equipment.

²⁸ Presidential Decree “On additional measures to transition to International Financial Reporting Standards” dated 24 February 2020, requires joint-stock companies, commercial banks, insurance organizations, and legal entities classified as large taxpayers, will organize accounting from 1 January 2021, and, prepare financial statements, starting from the results of 2021, based on IFRS.

²⁹ The handbook is available electronically from the ADB website (<https://www.adb.org/documents/loan-disbursement-handbook>)

³⁰ The HLTF grant cofinancing will be fully administered by ADB and disbursement made on pro-rata basis to fully finance the costs of the digital museum (goods, services), exclusive of taxes.

³¹ Disbursement eLearning.

- c. **Advance Fund.** For individual payments below the minimum value per withdrawal application described in the ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), including the incremental recurrent costs for the MIFT PIU. The Statement of Expenditure procedure will be followed for liquidation of the advances, subject to a ceiling of \$100,000 per payment.

24. The PIU will be responsible for preparing contract awards and disbursement projections, requesting budgetary allocations for counterpart funds, collecting supporting documents and preparing all withdrawal applications to ADB.

25. **Advance Fund Procedure.** To facilitate project implementation through the timely release of loan proceeds, MIFT PIU will establish an advance account promptly after loan effectiveness. The advance account will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) and detailed arrangements agreed by the government and ADB. The advance account is to be used exclusively for ADB's share of eligible expenditures. The currency of the advance account will be in USD. The MIFT PIU, which will open the advance account in its name, is accountable and responsible for the proper use of advances including advances to the sub-accounts. Its responsibility will involve managing, replenishing, and liquidating the advance account. All withdrawals from the advance account will require signatures from both the Center and MIFT PIU.

26. The outstanding advance in the advance account will not at any time exceed the estimated ADB financed expenditures to be paid from the advance account for the forthcoming 6 months not exceeding 10% of the loan amount. The MIFT PIU may request the initial and additional advances to the advance account based on an Estimate of Expenditure Sheet³² setting out the estimated expenditures for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the MIFT PIU in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance accounts.

27. **Sub-account under the Advance Account.** A separate sub-account will be established in local currency, and maintained by MIFT PIU, to finance incremental recurrent costs of MIFT PIU's operations (including MIFT PIU staff salaries, withholding tax and social charges on MIFT PIU staff salaries) in local currency. The sub-account is to be used exclusively for ADB's share of eligible expenditures. MIFT PIU should ensure that every liquidation and replenishment of each sub-account is supported by sufficient documentation in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time). The outstanding advance of the sub-account shall not exceed the equivalent of the MIFT PIU's 6 months estimated expenditure.

28. **Statement of Expenditures (SOE).**³³ The SOE procedure may be used for the reimbursement of eligible expenditures or the liquidation of advances to the advance accounts. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for 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. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB. The MIFT PIU and Center will be responsible for ensuring that SOEs are operated in

³² Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time)

³³ SOE forms are available in Appendix 7B and 7D of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

accordance with ADB's requirement.

29. Before the submission of the first withdrawal application, the MOF should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is set in accordance with the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below this amount should be paid (i) by the EA/IA and subsequently claimed from ADB through reimbursement; or (ii) by advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements.

C. Accounting

30. MIFT PIU will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project and prepare the consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, in accordance with IPSAS for cash-based accounting.

D. Auditing and Public Disclosure

31. MIFT PIU will cause the detailed consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited consolidated 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 PIU. The audit costs will be covered by the ADB loan.

32. MIFT PIU will submit the audited consolidated project financial statements, covering ADB concessional loan, HLFT grant and government counterpart contribution, which will include the auditor's opinion on (i) whether the consolidated project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the International Public Sector Accounting Standards cash-basis; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; (iii) whether MIFT PIU complied with statement of expenditure procedures; and (iv) whether MIFT PIU complied with advance account procedures, and a management letter.

33. DST, DTH, KTH, and STH will cause entity financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited entity financial statements will be submitted in the English language to ADB within 1 month after their approval by the relevant authority. The audit costs will be covered by the ADB loan starting from 2025, and for DST the audit costs will be covered by the ADB loan starting from 2026 since other ADB loan will cover for 2025.³⁴

34. DST, DTH, KTH, and STH will submit the audited entity financial statements starting from 2025, including the auditor's opinion on i) whether the entity financial statements presented fairly, in all material respects, in accordance with the IFRS and ii) whether the entity complied with financial covenants. For DST, the IFRS-based consolidated financial statements of its parent company, JSC "Uzsuvtaminot", will be submitted, including management letter and specific

³⁴ The other ADB loan refers to the proposed [51350-004-UZB: Economic Management Improvement Program, Phase 2 \(Subprogram 1\)](#) expected for approval of the ADB Board of Directors in 2022.

auditor's opinion on the compliance with financial covenants.

35. 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.

36. The government and PIU 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.³⁵ 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.

37. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information Policy, dated September 2018.³⁶ 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.³⁷

VI. PROCUREMENT AND CONSULTING SERVICES

A. Project Procurement Risk Assessment

38. The procurement packaging was informed by (i) a strategic procurement planning and (ii) project procurement risk assessment (PPRA), both of which were conducted by transaction technical assistance (TRTA) consultants in 2021 and updated from time to time.

39. The overall procurement risk assessment is *medium*. The procurement capacity of PIU was found to be low with limited exposure to ADB procurement under the ongoing PRF but no experience of delivering ADB financed projects. However, the PIU has experience procuring works, goods, and services under a similar ongoing World Bank urban project approved in 2019, for which they are implementing. Being its first ADB project, the procurement risk is rated medium and will be mitigated with international and national procurement support hired under a TRTA during implementation. The PRF international engineering firm is already mobilized and preparing

³⁵ 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 advance 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: (a) ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters; and (b) (b) withhold the extension of the loan closing date; and (c) defer negotiation or Board presentation of new loan proposals. 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 or cancel the loan.

³⁶ ADB. 2018. [Access to Information Policy](#). Manila.

³⁷ 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).

bidding documents and also support procurement. A strategic procurement plan was prepared to ensure efficient packaging and sufficient market interest and competition. As HLTF grant is cofinancing the project, universal procurement will apply to entire project.³⁸

Table 17: Project Procurement Risk Assessment and Mitigation Measures

	Risk Description Risk	Risk Assessment*	Mitigation Measures or Risk Management Plan
1.	Systemic delays in procurement decision-making (Ministries and the Procurement Committee).	M	ADB will provide procurement training to PC members. MIFT to closely monitor timelines of Procurement Committee meetings and decisions.
2.	Market situation is subject to change which may require recalibration of the procurement strategy.	L	PIU to monitor market situation.
3.	Differences between the National Public Procurement Framework of GoUZB and ADB's Policy, Regulations, and procedural requirements.	M	Project shall follow ADB's Procurement Policy and use ADB SBDs with prior review.
4.	Additional government approval steps for concluding contracts and contract registration needed to make contracts effective.	M	MIFT to closely monitor and ensure efficient procurement timelines.
5.	IA is inexperienced with ADB-financed procurement procedures.	H	PIU staff gained exposure to ADB procurement through PRF and implementing similar World Bank Medium-Sized Cities IUDP. The PIU will be supported by Project Management and Supervision Consultants and receive capacity support from procurement experts under TRTA. ADB training is available.
6.	Design / employer's requirements / specifications are misunderstood by bidders.	H	Conduct pre-bid meetings. Clearly define employer requirements. Encourage clarification process prior to bid submissions
7.	Lack of adequate competition / small number of bids.	M	Advertise widely. Sequence procurement schedule to encourage bidders' participation in multiple contracts.
8.	Qualification requirements may create entry barriers for local bidders' participation.	H	Strategic procurement planning for optimal packaging with appropriate qualification criteria considering local market players
9.	Bid prices may exceed engineer's estimate.	M	Clear BoQ and specifications.

³⁸ ADB. 2015. [Enhancing Operational Efficiency of the Asian Development Bank](#). Manila.

			Update cost estimates taking into account post-pandemic supply chain disruptions and potential inflationary pressures. ADB policy shall prevail, and bids accepted for evaluation.
10.	Invitation for bids published simultaneously or within short time frame.	M	Optimize phasing to ensure optimal market participation and bids evaluation. Manage bid submission time changes to ensure the market can respond.
11.	Lack of qualified bids.	H	Include fair, transparent, and reasonable qualification criteria. Avoid restrictive qualification criteria. During prebid meeting, qualification criteria should be discussed, and queries should be addressed.
12	Potential integrity concerns.	M	Conduct Integrity principles training. Coordinate with OAI if integrity issues arise.
13.	Procurement and project implementation delays.	M	High project readiness from PRF with advanced contracting.
14.	Possible delays in bid evaluation process.	M	The PIU will be supported by Project Management and Supervision Consultants and receive capacity support from procurement experts under TRTA during evaluation. ADB trainings available.
15.	Complaints received not dealt with efficiently and effectively.	H	Use ADB's complaints management system. Establish Grievance Redress Mechanism as soon as possible. Coordinate timely and closely with ADB to resolve complaints
16.	Multiple contract variations in scope and costs.	M	Contract Management Plan to be prepared with support from project consultants.
17.	Delayed or disputed payments may contribute to the financial distress of contractors..	M	Provide advance payment for mobilization costs and ensure positive cash flow throughout implementation phase. Use of Performance securities and advance payment guarantees.
18.	Financial Capacity of contractors may become overstretched if they implement several concurrent contracts.	M	Assess combined capacity to implement multiple contracts and include it as one qualification criterion. Monitor financial position of the contractor.

H = High, L = Low, M = medium

B. Advance Contracting and Retroactive Financing

40. All advance contracting and retroactive financing will be undertaken in conformity with ADB Procurement Policy (2017, 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 and MIFT have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

41. **Advance contracting.** To expedite project implementation, advance contracting will be conducted for 8 of the civil works, 1 consulting and 1 goods procurement packages. Advance contracting allows the government to commence procurement activities, at its own risk, prior to signing of the loan agreement.

42. **Retroactive financing.** Retroactive financing will be allowed for up to 20% of the loan amount, to cover eligible expenditures incurred under the project before the effective date, but not earlier than 12 months before signing.

C. Procurement of Goods, Works, and Consulting Services

43. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Policy (2017, as amended from time to time).

44. Open competitive bidding procedures (both national and international) will be used for civil works and goods contracts. Request for quotation for non-consulting services will be used for the audit package.

45. Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Policy (2017, as amended from time to time).

46. 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.

47. All consultants will be recruited according to ADB Procurement Policy (2017, as amended from time to time). The terms of reference for all consulting services are detailed in Section D.

48. An estimated 605 person-months (153 international, 452 national) of consulting services are required to (i) facilitate project management and supervision, and (ii) focus on urban governance and institutional strengthening. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a quality–cost ratio of 90:10.

D. Procurement Plan**PROCUREMENT PLAN****Basic Data**

Project Name: Integrated Urban Development Project	
Project Number: 54017-001	Approval Number:
Country: Uzbekistan	Executing Agency: Ministry of Investments and Foreign Trade (MIFT)
Project Procurement Risk: Moderate	Implementing Agency: N/A
Project Financing Amount: US\$ 68,150,000 ADB Financing: US\$ 59,000,000 Cofinancing (ADB Administered): US\$ 500,000 Non-ADB Financing: US\$ 8,650,000	Project Closing Date: 31 October 2027
Date of First Procurement Plan: 6 June 2022	Date of this Procurement Plan: 6 June 2022
Procurement Plan Duration: 18 months	Related to COVID-19 response efforts: No
Advance Contracting: Yes	Use of e-procurement (e-GP): No

A. Methods, Review and Procurement Plan

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

Procurement of Goods and Works	
Method	Comments
Open Competitive Bidding (OCB) for Goods	
Request For Quotation for Goods	
Open Competitive Bidding (OCB) for Works	

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection for Consulting Firm	90:10
Direct Contracting for Consulting Firm	
Competitive for Individual Consultant	

B. Lists of Active Procurement Packages (Contracts)

The following table lists goods, works, non-consulting and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
IUDP/ALL/SWM02	Upgrading Waste Collection Systems in Khiva, Djizzak, Yangiye and Havast	5,060,000.00	OCB	Prior	1S1E	Q3 / 2022	Non-Consulting Services: No Advertising: International

							No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Goods High Risk Contract: No Covid-19 Response? No Comments: package includes supply of vacuum sweeper trucks, waste collection trucks, waste containers.
IUDP/DJZ/UR02	Area Based Integrated Urban Development in Dostlik, Ittifoq and Yoshlik Mahallas in Djizzak City	6,790,000.00	OCB	Prior	1S1E	Q3 / 2022	Non-Consulting Services: No Advertising: International No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No

							Covid-19 Response? No Comments: Package includes smart water distribution pilot, sewerage, drainage, lighting, and streets.
IUDP/DJZ/URO3	Creating Public Open Spaces in Dostlik, Ittifoq and Yoshlik Mahallas in Djizzak City	7,060,000.00	OCB	Prior	1S1E	Q3 / 2022	Non-Consulting Services: No Advertising: International No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No Covid-19 Response? No
IUDP/DJZ/WS01	Djizzak City Bulk Water Supply System Improvements	5,800,000.00	OCB	Prior	1S1E	Q2 / 2022	Non-Consulting Services: No Advertising: International No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance

							Contracting: Yes
							Bidding Document: Small Works
							High Risk Contract: No
							Covid-19 Response? No
IUDP/DJZ/WS02	Modernising and Operational Efficiency Improvement s in Djizzak City Water Supply	7,800,000.00	OCB	Prior	1S1E	Q3 / 2022	Non- Consulting Services: No
							Advertising: International
							No. Of Contracts: 1
							Prequalificatio n of Bidders: No
							Domestic Preference Applicable: No
							Advance Contracting: Yes
							Bidding Document: Small Works
							High Risk Contract: No
							Covid-19 Response? No
IUDP/DJZ/WS03	Improving Hygiene and COVID-19 Pandemic Control Measures in Djizzak	50,000.00	OCB	Prior	1S1E	Q3 / 2022	Non- Consulting Services: No
							Advertising: National
							No. Of Contracts: 1
							Prequalificatio n of Bidders: No
							Domestic Preference Applicable: No
							Advance

							Contracting: Yes
							Bidding Document: Small Works
							High Risk Contract: No
							Covid-19 Response? Yes
IUDP/HAV/SWM0 1	Construction of a Municipal Solid Waste Transfer Station in Havast	950,000.00	OCB	Prior	1S1E	Q3 / 2022	Non- Consulting Services: No
							Advertising: International
							No. Of Contracts: 1
							Prequalificatio n of Bidders: No
							Domestic Preference Applicable: No
							Advance Contracting: Yes
							Bidding Document: Small Works
							High Risk Contract: No
							Covid-19 Response? No
IUDP/HAV/UR01	Constructing a 6ha Public Community Park with 1.2km access road and 2- Story Multifunction al Community Center with Training Facility in Havast	5,820,000.00	OCB	Prior	1S1E	Q2 / 2022	Non- Consulting Services: No
							Advertising: International
							No. Of Contracts: 1
							Prequalificatio n of Bidders: No
							Domestic Preference Applicable: No

							Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No Covid-19 Response? No
IUDP/KHI/UR04	Constructing a Fully Furnished Visitor Centre with Digital Museum in Khiva	4,070,000.00	OCB	Prior	1S1E	Q4 / 2022	Non-Consulting Services: No Advertising: International No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No Covid-19 Response? No Comments: turnkey; specialized subcontractor for digital museum component funded by grant from High Level Technology Fund.
IUDP/KHI/UR05	Conversion of 2.4 km Polvon Canal Embankment into Greenway in Khiva	1,070,000.00	OCB	Prior	1S1E	Q4 / 2022	Non-Consulting Services: No Advertising: National

							No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No Covid-19 Response? No
IUDP/Non-Cons/Audit	Audit package	100,000.00	RFQ	Prior		Q1 / 2023	Non-Consulting Services: Yes No. Of Contracts: 1 Advance Contracting: No High Risk Contract: No Covid-19 Response? No Comments: Includes preparation of both APFS and AEFS for the IAs. RFQ to be issued to firms based on World Bank list of auditors
IUDP/YH/SWM03	Constructing New Community Collection Points in Yangiyer and Havast	190,000.00	OCB	Prior	1S1E	Q3 / 2022	Non-Consulting Services: No Advertising: National No. Of Contracts: 1

							Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: Yes Bidding Document: Small Works High Risk Contract: No Covid-19 Response? No
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Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
IUDP/Cons/PMSC	Project Management and Supervision Consultant	3,550,000.00	DC	Prior	FTP	Q3 / 2022	Non-Consulting Services: No Type: Firm Assignment: International Advance Contracting: Yes Covid-19 Response? No Comments: Refer to footnote 12 of the PRF report for the conditions to proceed with direct contracting which states construction management contract will be awarded to the DED consultant using the contract variation method subject to satisfactory performance.
IUDP/Cons/UGISC	Urban Governance and Institutional Strengthening Consultant	2,670,000.00	QCBS	Prior	FTP	Q4 / 2022	Non-Consulting Services: No Type: Firm

							Assignment: International Quality-Cost Ratio: 90:10 Advance Contracting: Yes Covid-19 Response? No
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C. List of Indicative Packages (Contracts) Required Under the Project

The following table lists goods, works, non-consulting and consulting services contracts for which procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan duration).

Goods and Works						
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Comments
None						

Consulting Services						
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Comments
None						

E. Consultant's Terms of Reference

49. The outline terms of references for all consultants are in Appendix 3. The total consulting requirements is estimated at 704 person-months represented by 178 person-months of international and 526 person-months of national consultants.

VII. SAFEGUARDS

50. In compliance with ADB SPS,³⁹ the project's safeguard categories are as follows.⁴⁰

A. Environmental Safeguard (Category B)

51. **Initial Environmental Examination (IEE).** The project is classified as category 'B' for environment under ADB SPS. MIFT prepared IEE reports for (i) WSS in Djizzak; (ii) Urban Development Component in Havast, Khiva, and Djizzak; and (iii) SWM in Djizzak, Khiva, Havast and Yangiyer respectively which were disclosed on ADB website in 7 June 2022. A few potential adverse impacts were identified. Impacts anticipated during construction include impediments to movements of people (due to transportation of materials and equipment and construction works

³⁹ Available at: <http://www.adb.org/documents/safeguard-policy-statement>.

⁴⁰ ADB. Safeguard Categories.

themselves),⁴¹ soil erosion, noise, dust, water pollution, occupational health and safety risk (including the risk from handling of asbestos containing materials⁴² and risk of COVID-19), and social conflicts between local people and workers from other regions, if any. Impacts during operation include waste generation and occupational and community health and safety risk. Especially for SWM component, nuisance to areas neighboring waste collection points and impacts associated with transport of wastes to the disposal site are also anticipated during operation. They will be addressed through implementation of the Environmental Management Plans (EMPs). Upon effective implementation of the mitigation measures, it is anticipated that no significant residual adverse impacts will occur. MIFT-PIU will have the right to suspend works or payments if any contractor is in violation of any of its obligations under the EMPs and the IEEs. Urban development component in Khiva (improvement of Polvon Canal Area and construction of new tourist visitor center) will be implemented close to the historical area, but outside of buffer zone of Dishan Kala.⁴³ The proposed works are not anticipated to negatively impact on heritage sites while chance find procedure⁴⁴ will be applied in case physical cultural resources are identified during the construction phase. No other civil works will be carried out in environmentally sensitive areas. If there are any unanticipated impacts, the relevant IEE/EMP will be updated to account for any additional or new environmental impacts and relevant corrective actions.

52. **IEE Disclosure.**⁴⁵ MIFT will translate the full IEEs into Russian and summary into Uzbek language and post them on MIFT-PIU website⁴⁶ with the full reports (in English) within two weeks after ADB's clearance of the documents. Project leaflet (in Russian and Uzbek languages) which summarizes the Project's scopes, its potential environmental impacts and mitigation measures, and proposed grievance redress mechanism (GRM) among others, was also distributed to the project affected people during public consultation and disclosed on PIU website.

53. **Site-Specific Environmental Management Plan (SSEMP).** Contractor will be required to prepare SSEMP outlining how they intend to implement the EMP, describing the precise locations of the required mitigation /monitoring, the persons responsible for the mitigation / monitoring, the schedule and reporting methodology. The SSEMP needs to include COVID-19 Health and Safety Management Plan and Emergency Response Plan, which are prepared based on risk assessment following relevant government regulations and guidelines or international best practices. The SSEMP will be submitted to PIU and the Project Management and Supervision Consultant (PMSC) for endorsement/approval before taking possession of any work site. No

⁴¹ Some components will be implemented in settlements populated area.

⁴² Buildings demolished under the Project might contain asbestos containing materials.

⁴³ The historical complex Ichan-Kala ('inner defense circle') with its 51 architectural monuments and 250 dwellings is an almost intact medieval old town area in Khiva. It was the first site in Central Asia to be included in UNESCO World Heritage List (1990). Ichan-Kala is in patronage of UNESCO and is well preserved. Dishan Kala which is a residential and historical area outside the walls of Ichan Kala, was proposed as a buffer zone in order to prevent any actions that may affect the preservation and development of Ichan Kala but has not been approved by the Cabinet of Ministers yet. Dishan Kala is being protected by national legislation of Republic of Uzbekistan.

⁴⁴ Chance find procedure is a project-specific procedure that outlines what will happen if previously unknown physical resources are encountered during project construction or operation. The procedure includes record-keeping and expert verification procedures, chain of custody instructions for movable finds, and clear criteria for potential temporary work stoppages that could be required for rapid disposition of issues related to the finds. (glossary of [Environment Safeguards: A Good Practice Sourcebook \(Draft Working Document\) | Asian Development Bank \(adb.org\)](#))

⁴⁵ Disclose a draft environmental assessment (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates, if any, to affected people and other stakeholders. (Environmental Safeguards, Policy Principle No.6, ADB SPS).

⁴⁶ msciudp.uz (webnode.ru)

access to the site will be allowed until the SSEMP is endorsed by PMSC and approved by PIU.

54. **Environmental Personnel.** MIFT-PIU will hire one full time National Environmental Specialists (PIU-NES) exclusively for this project, who will be assisted by the PMSC's international environmental specialist (PMSC-IES, 4 person-months) and a full time national environmental specialist (PMSC-NESs, 48 person-months)⁴⁷ in the process of overseeing the implementation of the EMP. Each contractor will also retain their expertise of a full-time Environmental Engineer and a full-time Occupational Health and Safety Engineer (OHSE) to prepare and implement the Site-Specific Environmental Management Plan (SSEMP), and to report on the mitigation measures throughout the contract period.

55. **Consultation.** Meaningful consultation⁴⁸ was conducted during the project preparation between August 2021 and February 2022, following relevant government regulations and guidelines to control the spread of COVID-19. The main interest shown by the affected people was on (i) schedule of the Project implementation, (ii) detailed scope of the Project, (iii) contractors (whether they are local or international), and (iv) fund resource (loan or grant).

56. **Requirement under the Country System.** To meet the environmental assessment requirement under the country system, a number of Preliminary Environmental Impact Statements (PEISs) were prepared (3 for (i) WSS in Djizzak; 6 for (ii) Urban Development Component in Havast, Khiva, and Djizzak; and 26 for (iii) SWM). MIFT will ensure that all necessary Environmental Appraisals will be obtained prior to commencement of civil works at the latest, to meet the national regulations on environmental assessment.

B. Involuntary Resettlement (Category B)

57. During the project preparation stage, social safeguard due diligence has been conducted based on the preliminary designs. It has identified that one subproject under output 2 ("Modernizing and improving bulk water supply and operational efficiency for Djizzak.") shall cause involuntary resettlement impacts. Based on the assessment, draft land acquisition and resettlement plan (LARP) and social due diligence report (SDDR) were prepared as per ADB Safeguard Policy Statement 2009 (ADB SPS, 2009) requirements and disclosed on ADB website on 3 June 2022. Once the detailed engineering designs are prepared, all the subprojects will be screened again to reconfirm the final involuntary resettlement impacts of the project, and final implementation-ready (LARP) and final SDDR will be prepared accordingly. These final implementation-ready LARP and final SDDR will be reviewed and cleared by ADB before relevant contracts are awarded to the contractors.

58. **Expected involuntary resettlement impacts.** During the project preparation stage, involuntary resettlement impacts are expected only from the rehabilitation of 12.5 km of water

⁴⁷ In addition to these specialists, detailed engineering design (DED) consultant retains national environmental specialist for 3 person-months.

⁴⁸ Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. (glossary of ADB SPS)

conduit in the Modernizing and improving bulk water supply and operational efficiency for Djizzak. In total, approximately 60 affected households with 383 household members will experience economic displacement due to the subproject. It will cause temporary impacts on approximately 9.17 hectares (ha) of land. All the 9.17 ha temporary affected lands are state-owned and 12 AHs have legal use rights for 2.75 ha of lands (12 parcels) and 48 AHs are non-titled land and non-legalizable land users for 6.42 ha (48 parcels). It will also cause crops loss in 2.61 ha of agricultural land, loss of approximately 4,476 of trees, loss of one privately owned structure, and loss of one business activity. No severely affected households are identified. In total, 6 households are considered vulnerable due to disabled family members. In consideration of the health and safety concerns due to COVID-19 pandemic, individual consultations, instead of group consultations, were conducted from June to August 2021 and all the affected households were contacted, provided project information, and fully and meaningfully consulted. MIFT-PIU has committed to conducting meaningful public consultations and information disclosure for key stakeholders through the project cycles.

59. **Implementation roles and responsibilities.** PIU of the executing agency will be responsible for social safeguards compliance, monitoring, and reporting to ADB. PIU will update the draft LARP and SDDR with support from PRF design engineering consultants based on the final detailed engineering design and submit them to ADB for clearance before awarding the relevant contracts. During the project preparation stage, the PRF design engineering consultant expected that it would take around 3 months to prepare implementation-ready LARP and SDDR after draft LARP and draft SDDR clearance by ADB. PIU will fully implement the final implementation-ready LARP and obtain clearance of the LARP implementation before it starts civil works at the sites with involuntary resettlement impacts. PIU will assign one Resettlement Safeguard Specialist to oversee the social safeguard-tasks. There will be PIU field offices staffed by a full-time PIU Field Regional Coordinator. The three PIU field offices will be located in Khiva, Djizzak, and Havast which also covers Yangiyer. PIU will closely monitor the social safeguard activities with support from PMSC and submit semi-annual social safeguard monitoring reports to ADB after loan effectiveness.

60. **Involuntary resettlement costs in ADB loan.** Ministry of Finance has confirmed that the costs associated with involuntary resettlement impacts as outlined in the draft Land Acquisition and Resettlement Plan will be included in the ADB loan to ensure timely payment and avoid delays. These costs will not cover land acquisition costs since these are not foreseen in the project, and only cover compensation costs for above land assets and costs required for assistance to the affected households. Such costs are only foreseen with the bulk water subproject in Djizzak at this stage. In order to cover possible increase in involuntary resettlement costs in implementation-ready LARP preparation stage, draft LARP includes 50% contingency. Any additional involuntary resettlement costs beyond these budget and newly identified land acquisition costs will be borne by the government.

61. MIFT-PIU will ensure that:

- (i) Required social safeguard documents are appropriately and timely prepared based on the final detailed engineering design to meet the involuntary resettlement requirements of ADB SPS (2009) and Loan Agreement;

- (ii) Adequate staff in the MIFT-PIU is timely mobilized to ensure close supervision of LAR-related activities, coordination with relevant units and *khokimiyats*, proper consultations and information dissemination to affected persons and key stakeholders;
- (iii) No work contract will be awarded for civil works packages involving involuntary resettlement impacts until MIFT-PIU has prepared and submitted to ADB final implementation-ready LARP for review, clearance and disclosure and has obtained ADB's approval;
- (iv) All land and rights of way required by the project shall be cleared and made available in a timely manner (in accordance with the schedule as agreed in the relevant civil works contract);
- (v) No physical displacement or economic displacement shall occur and no project sites or part of the sites are handed over to the civil works contractor until: (a) compensation at full replacement cost has been paid to all displaced persons in accordance with the final implementation-ready LARP for relevant civil works package that are ready to be constructed; (b) other entitlements listed in the final implementation-ready LARP have been provided to affected persons; and (c) LARP implementation compliance report prepared by MIFT-PIU is submitted to ADB and determined as satisfactory;
- (vi) MIFT-PIU with support from PMSC will prepare LARP compliance report upon completion of the disbursement of compensation and other assistance as provided in the final implementation-ready LARP. ADB shall post the reports to its website for disclosure. ADB no-objection to the award of civil works for civil works packages with IR impacts is conditional to ADB's approval of the implementation-ready LARP and its disclosure on ADB and MIFT's website, while the handing over of sections with land acquisition and resettlement impacts for commencing civil works will be conditional to the ADB review of the LARP compliance report prepared by the PIU;
- (vii) Semi-annual social monitoring reports (SSMRs) will be prepared by MIFT-PIU with support from PMSC throughout the project implementation to report on any unanticipated IR impact and actions taken, emerging issues and status of complaints resolution and all LAR-related activities including restoration of temporarily used land. SSMRs will also monitor and report on the project compliance with core labor standards (CLS). SSMRs will cover the period January-June and July-December and submitted within the following month of the reporting period. All SSMRs will be submitted to ADB for review and will be disclosed in ADB and MIFT-PIU websites; and
- (viii) An efficient grievance redress mechanism is in place and functional prior to LARP implementation and contractor's mobilization to ensure affected persons queries and complaints are responded to in a timely manner and processed in a manner consistent with the provisions of the grievance redress mechanism in the approved LARP.

C. Grievance Redress Mechanism

62. 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 environmental and social safeguard at the project level. The GRM will aim to provide a time bound and transparent mechanism to voice and resolve environmental and social 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, PMSC or PIU). 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 GRM they can follow to seek redress, including, if necessary, resort to the courts through the Government's GRM. 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. Details on the GRM are provided in the LARP and IEE.

D. Indigenous Peoples (Category C)

63. There are no indigenous people in the settlements along the project sites. About 97% of the affected persons are Uzbeks. Other ethnic groups are Tajiks and Russians and they have all been mainstreamed in the Uzbekistan culture and do not have characteristics that may be categorized as IP as defined in ADB SPS. As such, the Project is classified category C for indigenous peoples, and requires no further action.

E. Prohibited investment activities

F. Pursuant to ADB SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of ADB SPS.

VIII. GENDER AND SOCIAL DIMENSIONS

64. The project is classified as general intervention for poverty targeting as it will provide improved urban services to the participating cities. The project will benefit approximately 328,000 people of whom 36% are poor. The project includes pro-poor and gender-inclusive design features (e.g., household connections, public toilets, etc.) to ensure the poor and vulnerable communities' benefit at the same level as any other citizens from improved urban infrastructure and services. The residents' direct benefits consist of increased community awareness and commitment to better health, sanitation and hygiene and affordable access to urban services.

65. The project is categorized as *effective gender mainstreaming*. A gender analysis was conducted during project preparation and resulted in the identification of gender issues that the project will address, such as women's housework burden increased due to the lack of reliable water supply and sanitation services, limited women's involvement in water governance, and women's limited access to income earning opportunities. The project has developed a gender action plan (GAP) that includes targets and measures to ensure that women gain from the project benefits and do not experience negative impacts. The project GAP is attached below.

66. Implementation of the GAP will be supported by the Urban Governance and Institutional Strengthening with additional support from TA-6612 which mobilized a local NGO to support WASH awareness campaigns, and TA 6907-UZB: Transaction Technical Assistance for Strengthening Silk Road Tourism and Economic Resilience in Secondary Cities which will support livelihood components and GAP monitoring.

GENDER ACTION PLAN

Gender Activities/ Action	Performance Indicators/ Targets	Responsibility	Timeline
Output 1. Inclusive municipal and tourist infrastructure and services provided.			
1.1 Include women-friendly design features in public spaces	1.1.1. New or improved public parks and green spaces in Djizzak, Khiva, and Havast to cope with extreme heatwaves including new greenway in Khiva, new park in Havast, and improved neighborhood open spaces in Djizzak with EWCD features. ^a (2021 baseline: 0) 1.1.2. New visitor center with digital museum, and cycle facility, EWCD and women-friendly features constructed in Khiva. (2021 baseline: 0) ^b 1.1.3. Survey results show that 80% of women using the new public spaces feel safe. (2021 baseline: NA) 1.1.4. New multifunctional community center with livelihood training facility with green building designs with EWCD features ^c constructed in Havast. (2021 baseline: 0)	Djizzak, Khiva and Havast khokimiyat, PIU with support from UGISC and RCIF TA consultant	2026
Output 2. Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.			
2.1. Improve women's access to WASH infrastructure and services	2.1.1. Rehabilitated or new household metered water connections installed for 992 residential buildings in two pilot mahallas (Ittifoq, Dustlik) in Djizzak. (2021 baseline: 0) 2.1.2. Five public toilets constructed with hand washing facilities (at least 50% are for females, and include universally accessible toilet) in Djizzak (2021 baseline: 0)	Djizzak and Havast khokimiyat, PIU with support from WASH+H TA consultant.	2026
2.2. Conduct behavior change campaigns on water, health, and sanitation, with community-based organizations	2.2.1. At least 80% of end line survey respondents of local government and utility staff (including 30% women) in project cities and tourism enterprises in Khiva reported on improved awareness on improved 3R, IPC and WASH+H approaches. (2021 baseline: 0) ^d 2.2.2. At least 8 community awareness campaigns to promote “clean and green city” concept conducted. Target 50% of households in each project city, with at least one woman attending from each household. (2021 baseline: 0) 2.2.3. At least 100 staff of the tourism facilities (40% women) in Khiva increased skills and knowledge of health and safety protocols on COVID-19 prevention. (2021 baseline: 0)	City Khokimiyats CSO PIU with support of WASH+H TA consultant and UGISC.	2023–2026
Output 3. Urban governance, institutional capacity, and livelihood support strengthened.			
3.1. Introduce gender diversity and inclusion measures in institutional strengthening program	3.1.1. Four mayors and 80% of municipal staff including at least 15% women from project cities reported increased knowledge in gender inclusive urban management, ^e urban planning, municipal finance. (2021 baseline: 0) 3.1.2. Policy on preventing and addressing sexual harassment in the workplace adopted in Djizzak Suvtaminot. (2021 baseline: not applicable) 3.1.3. At least 50% of utility staff (at least 30% women) in the project cities from reported improved knowledge in smart water or 3R delivery. (2021 baseline: 0)	City Khokimiyats, Djizzak Uzsuvtaminot PIU with support from UGISC and	2023–2026

	3.1.4. At least 80% of local government and utility staff (at least 30% women) in the project cities and tourism enterprises in Khiva reported increased awareness on improved 3R, climate change risks, IPC and WASH+H approaches. (2020 baseline: 0)	Municipal Finance TA consultant	
3.2. Provide women-friendly training and livelihood services to local businesses	3.2.1. Gender responsive training curriculum designed based on the results of the training needs assessment for startup businesses (2021 baseline: 0) ^f 3.2.2. At least 65% of start-up MSMEs (of whom 10% are women owned/managed), in Havast benefit from 8 climate friendly enterprise skills development and livelihood training programs (2021 baseline: 0) ^g 3.2.3. At least 70% of MSMEs in Khiva operating in tourism (including 30% of women-led businesses) benefit from tourism operational and enterprise skills training. (2021 baseline: 0) ^h		
Effective Project Implementation			
4.1. Project implementation, monitoring and reporting	4.1.1. National social/gender development specialist hired on a full-time basis in PIU. 4.1.2. Operationalize project management information systems and tools including sex-disaggregated monitoring data and reporting systems for GAP activities.	PIU UGISC	2023–2027

ADB = Asian Development Bank; COVID-19 = coronavirus disease; CSO = civil society organization; EWCD = Elderly, Women, Children and Disabled; GAP = gender action plan; ha = hectare; IPC = infection prevention and control; km = kilometer; MSME = micro, small and medium enterprises; NA = not applicable; PIU = project implementation unit; RCIF = Regional Cooperation and Integration Fund; TA = technical assistance; UGISC = Urban Governance & Institutional Strengthening Consultants; WASH+H = water, sanitation, hygiene, and health; 3R = reduce, reuse, recycle.

^a EWCD friendly features in project public parks, open spaces, and public buildings (i.e., Khiva visitor center, Havast community center) may include: adequate lighting of footpaths and parking areas; universal access in public areas with wheelchair accessible facilities (i.e., ramps, wider doors and spaces, handrails, unisex toilets for people with disabilities); playgrounds with sitting areas for mothers/caregivers; designated breastfeeding areas; and segregated female and male bathrooms with diaper-changing station and female restrooms with menstrual hygiene facilities (i.e., hygienic shower, feminine hygiene disposal bins), and signage boards for hygiene and cleanliness awareness.

^b Women-friendly visitor facilities under EWCD (footnote a) include separate public bathrooms with baby changing and menstrual hygiene facilities (i.e., hygienic shower, feminine hygiene disposal bins), information services to address the interests of female tourists, including contact numbers for police, health care, and emergency services.

^c This includes separate toilets for women.

^d Community Public Awareness Campaigns on IPC and WASH+H will be conducted under TA-6612 REG: COVID-19 Infection Prevention and Control through an Integrated Water, Sanitation, Hygiene, and Health Approach - Community Awareness Raising Consultant.

^e ADB. 2017. [Enabling Inclusive Cities: Tool Kit for Inclusive Urban Development](#). Manila.

ADB. 2021. [Fair Shared Green and Recreational Spaces: Guidelines for Gender-Responsive and Inclusive Design](#). Manila.

ADB. 2022. [Fair Shared City: Guidelines for Socially Inclusive and Gender-Responsive Residential Development](#). Manila.

^f In Havast, RCIF TA to support hokimiyat with training needs assessment, and to develop and establish a MSME training program at training center. UGISC to support enterprise training and training of trainers.

^g These include business entities registered in 2021 according to the Havast statistics office. 'Climate friendly' skills and livelihood trainings means courses in green products, value chains, and business models, including branding to target green markets.

^h Tourism/hospitality training courses will be provided under a separate TA funded by RCIF.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impact the Project is Aligned with			
Sustainable urbanization and welfare of the urban population enhanced (Government of Uzbekistan, Presidential Decree 5623, 2019) ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Access to inclusive, resilient, and sustainable urban services in secondary cities enhanced. ^b	By 2028: a. At least 142,068 people in Khiva, Havast, and Djizzak benefit from access to new or improved public parks and open green spaces with EWCD-friendly features to cope with more extreme heat waves (2020 baseline: 0) (OP 1.3, OP 3.2.5, OP 4.1.2, OP 4.3) ^c b. At least 173,636 people in Djizzak benefit from sustainable and resilient potable piped water supply with at least 8 hours continuous service/day and an average of 113 lpcd (2020 baseline: 4 hours intermittent service per day and an average of 98 lpcd supply) (OP 3.2.5, OP 4.1.2, OP 4.3) ^d c. 100% household coverage of solid waste collection and environmentally sustainable SWM services benefiting at least 341,400 people in the four project cities (2020 baseline: Average of 76% waste collection coverage in four project cities) (OP 3.3.1, OP 4.1, OP 4.1.2, OP 4.3) ^e	a.–c. PIU quarterly reports, project completion report, asset owner annual reports	R: COVID-19 recovery is slower than expected, creating project delays.
Outputs 1. Inclusive municipal and tourist infrastructure and services provided.	By 2027: 1a. New or improved public parks and green open spaces with EWCD features in Khiva, Havast, and Djizzak to cope with extreme heat waves, including new greenway in Khiva, new park in Havast, and improved neighborhood open spaces in Djizzak (2021 baseline: 0) (OP 1.3, OP 2.1.4, OP 2.4.1, OP 3.2.5, OP 4.1.2) ^c 1b. Improved street corridors in three <i>mahallas</i> (communities) in Djizzak (Ittifoq, Dustlik, Yoshlik) with new surfacing, drainage, streetlights, pedestrian sidewalks (2021 baseline: 0) (OP 1.3, OP 2.4.1, OP 3.2.5, OP 4.1.2) 1c. New visitor center with digital	1a.–d. PIU quarterly reports	R: Procurement delays caused by prolonged government approval procedures delay timelines.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p>museum, cycle facility, and EWCD features constructed in Khiva (2021 baseline: 0) (OP 1.3, OP 2.4.1, OP 7.2.2)^{c,f}</p> <p>1d. New multifunctional community center with livelihood training facility constructed with green building designs and EWCD features in Havast (2021 baseline: 0) (OP 1.3, OP 2.4.1, OP 4.1.2)^{c,g}</p>		
2. Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.	<p>By 2027:</p> <p>2a. At least 12 km of bulk water transmission pipeline and 48 km of distribution pipeline modernized in Djizzak (2021 baseline: Rehabilitated 0, new 0) (OP 4.1.2)^h</p> <p>2b. Smart NRW management pilot with new district metered areas in three <i>mahallas</i> (Ittifoq, Dustlik, Yoshlik) in Djizzak operationalized with SCADA (2021 baseline: 0) (OP 3.2.5, OP 4.1.2, OP 4.3)ⁱ</p> <p>2c. Rehabilitated or new metered household water connections installed at 992 residential buildings in pilot <i>mahallas</i> in Djizzak (2021 baseline: 0) (OP 4.1.2)</p> <p>2d. Five public toilets with handwashing facilities constructed (at least 50% for women and unisex toilets for the disabled) in Djizzak (2021 baseline: 0) (OP 2.1.4, OP 4.1.2)^c</p> <p>2e. 14 km of new sewer pipelines constructed with 775 new household sewer connections in Dostlik <i>mahalla</i> of Djizzak (2021 baseline: 0) (OP 3.3.1, OP 4.1.2)</p> <p>2f. City-wide solid waste collection systems in four project cities upgraded with (i) new solid waste collection points in Havast and Yangiyer, (ii) new waste containers, (iii) new shared waste transfer station for Yangiyer and Havast, and (iv) new waste collection trucks and vacuum sweeper trucks in four cities (2021 baseline: 0) (OP 3.3.1, OP 4.1.2, OP 4.3)</p>	2a.–f. PIU quarterly reports	
3. Urban governance, institutional capacity, and livelihood support strengthened.	<p>By 2027:</p> <p>3a. Four mayors and 80% of municipal staff (of whom at least 15% are women) from project cities reported increased knowledge in gender- and social-inclusive urban management, climate-resilient urban planning, and municipal</p>	3a.–d. PIU quarterly reports	R: High staff turnover of city officials inhibits local capacity building.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p>finance (2021 baseline: Not applicable) (OP 2.3.1, OP 4.2.1, OP 6.2.2)^j</p> <p>3b. At least 50% of utility staff (of whom at least 30% are women) in the project cities reported increased knowledge in smart water management or 3Rs (2021 baseline: Not applicable) (OP 2.1.1, OP 2.3.1, OP 4.2.1)^k</p> <p>3c. At least 65% of start-up micro, small, and medium-sized enterprises (of whom 10% are owned/managed by women) in Havast report increased knowledge from eight climate-friendly enterprise skills development and livelihood training programs (2021 baseline: 0) (OP 1.1.1, OP 2.1.1)^l</p> <p>3d. At least 80% of local government and utility staff (of whom at least 30% are women) in the project cities and tourism enterprises in Khiva reported increased awareness on 3Rs, climate change risks, infection prevention and control, and WASH+H approaches (2021 baseline: Not applicable) (OP 2.1.1, OP 6.1.3)^m</p> <p>3e. Khiva digital museum website developed and linked to the Central Asia Regional Economic Cooperation tourism web portal to promote its Silk Road visitor attractions (2022 baseline: Not applicable) (OP 7.2.2)ⁿ</p>	3e. Central Asia Regional Economic Cooperation tourism web portal	

Key Activities with Milestones

1. Inclusive municipal and tourist infrastructure and services provided.

- 1.1 Complete engineering designs, bidding documents, and tendering of all civil works packages by Q4 2022.
- 1.2 Complete all civil works by Q3 2026.

2. Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.

- 2.1 Complete engineering designs, bidding documents, and tendering of all civil works packages by Q4 2022.
- 2.2 Complete all civil works by Q1 2027.

3. Urban governance, institutional capacity, and livelihood support strengthened.

- 3.1 Advertise terms of reference for urban governance and institutional strengthening consultants by Q1 2023.
- 3.2 Complete all consulting services by Q2 2027.

Project Management Activities

Establish fully staffed PIU office by Q4 2022.

Award project management and supervision consultant package by Q2 2023.

Inputs

Asian Development Bank: \$59.0 million (ordinary capital resources concessional loan)

High-Level Technology Fund: \$0.5 million (grant)

Government of Uzbekistan: \$8.7 million

Regional Cooperation and Integration Fund Technical Assistance: \$0.4 million (grant)

3Rs = reduce, reuse, recycle; COVID-19 = coronavirus disease; EWCD = elderly, women, children, and disabled; km = kilometer; lpcd = liters per capita per day; NRW = nonrevenue water; OP = operational priority; PIU = project implementation unit; Q = quarter; R = risk; SCADA = supervisory control and data acquisition; SWM = solid waste

management; WASH+H = water, sanitation, hygiene, and health.

- ^a Government of Uzbekistan. 2019. Presidential Decree No. 5623 On Measures to Fundamentally Improve the Process of Urbanization. Tashkent.
- ^b The secondary cities are Djizzak, Khiva, Havast, and Yangiyer.
- ^c EWCD-friendly features in public parks and facilities include adequate lighting of footpaths and parking areas; universal access in public areas, including wheelchair facilities (ramps, wider doors and spaces, handrails, and unisex toilets for people with disabilities); playgrounds with sitting areas for mothers; designated breastfeeding areas; and segregated (between female and male) bathrooms, with diaper-changing stations, signage for hygiene awareness, and menstrual hygiene facilities (hygienic shower, feminine hygiene disposal bins) in the female restrooms. The city-wide beneficiary population for public spaces: Khiva (92,400); Havast (24,400); and Djizzak (three *mahallas*: 21,268).
- ^d Sustainable and resilient water supply and sanitation features include energy efficiency improvements and water loss reduction through NRW management in three pilot *mahallas* (Dustlik, Yoshlik, and Ittifoq), smart bulk metering, bulk water supply operated through a SCADA system; and household sewerage connections.
- ^e Environmentally sustainable SWM services include campaigns to raise public awareness on waste minimization and recycling, 100% waste collection coverage, and provision of waste-sorting areas at community collection points. Waste collection coverage per project city: Khiva 88%, Djizzak 86%, Yangiyer 91%, and Havast 41% (State Committee on Ecology of the Republic of Uzbekistan on Ecology and Environment Protection, 2021 figures).
- ^f Women-friendly visitor facilities under EWCD (footnote c) include separate public bathrooms with baby-changing and menstrual hygiene facilities (hygienic shower, feminine hygiene disposal bins); information services to address the interests of female tourists, including contact phone numbers for police; healthcare; and emergency services.
- ^g Green building features may include white roofs, optimal building orientation, air tightness, double-glazing, and provision of ventilation and/or efficient cooling to adapt to increased heat in buildings and support energy efficiency.
- ^h Modernizing water supply system includes replacing aged transmission and distribution pipelines, providing automated pressure and flow control valves, introducing SCADA, and introducing smart bulk water meters to reduce NRW.
- ⁱ The smart water NRW management pilot in the three *mahallas* to reduce water loss, manage pressure, and improve energy efficiency and services will be implemented in close coordination with a proposed United States Trade and Development Agency grant-funded pilot on digital twin technology for remote monitoring of pressure and leaks.
- ^j Increased knowledge measured through post-training assessments of participants rating the trainings *useful*.
- ^k Smart water training targeted for Djizzak water operator and 3Rs training and awareness building targeted for SWM operators (three regional *toza hududs* (solid waste operators) and public. Increased awareness measured through post-training assessments of participants rating the programs as *useful*. Capacity building in municipal finance and financial sustainability is also supported by the Technical Assistance for Support to the Implementation of Strategy 2030 Operational Plans (footnote 27 of RRP).
- ^l Climate-friendly enterprise skills development and livelihood programs to include courses on climate-friendly business practices such as green products, value chains, and business models, including branding for green markets. Increased awareness measured through post-training assessments of participants rating the programs *useful*.
- ^m Awareness-building and behavior-change activities in WASH+H are implemented under the Technical Assistance for the COVID-19 Infection Prevention and Control through an Integrated Water, Sanitation, Hygiene, and Health Approach (footnote 25 of RRP). Increased awareness measured through post-training assessments of participants rating the programs *useful*.
- ⁿ Capacity building for Khiva digital museum, including website development and links to the CAREC web portal, are supported by Technical Assistance for Strengthening Silk Road Tourism and Economic Resilience in Secondary Cities (footnote 33 of RRP).

Contribution to Strategy 2030 Operational Priorities:

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

Source: Asian Development Bank.

B. Monitoring

1. Project performance monitoring

67. MIFT-PIU will establish the project performance monitoring and evaluation system within 6 months of loan effectiveness using the targets, indicators, assumptions, and risks in the design and monitoring framework. The midterm review will include an evaluation on whether project implementation accords with the project objectives and scope. The data for output and outcome indicators will be updated and reported through the quarterly progress report and after each ADB review mission.

2. Compliance monitoring

68. MIFT-PIU will monitor and ensure compliance with applicable covenants of the Loan and Project Agreements. This will be reported through the quarterly progress reports and ADB review missions.

3. Safeguards monitoring

69. **For environment**, MIFT-PIU will submit SAEMRs, which cover all components, to ADB for disclosure, within 30 days after a completion of the monitoring period. This will start after the Project becomes effective. Within three months after completion of all civil works, a report on the project's environmental compliance performance (including lessons learned that may support the MIFT and MIFT-PIU in their environmental monitoring of future projects) will also be prepared. This report will be part of the input to the overall project completion report (PCR). During operation, MIFT-PIU will collect information on EMP implementation from (A) Djizzak Suvtaminot LLC on (i) WSS in Djizzak, (B) three Khomiyats on (ii) Urban Development Component in Havast, Khiva, and Djizzak; and (C) one regional Toza Hudud agency⁴⁹ on (iii) SWM in Havast and Yangiyer, and prepare the SAEMRs and submit to ADB until ADB's PCR is issued. MIFT-PIU, with the support of PMSC, will translate the summary of these documents into Uzbek and Russian languages, and post them on MIFT-PIU website (footnote 46) with the full reports (in English). This will be within two weeks after ADB's clearance of each document. In addition to the above-mentioned reports, in case of any accident related to occupational and community health and safety, MIFT-PIU is expected to (i) report to ADB within 72 hours, and (ii) prepare and submit an incident report with action plan within 7 days of the occurrence. The PMSC will support MIFT-PIU in preparing such reports. In case the PMSC's liability period ends before ADB's PCR issuance, MIFT-PIU itself will prepare the SAEMRs.

70. **Social safeguard monitoring.** MIFT-PIU will be responsible for overall monitoring and evaluation of the project progress for social safeguard. The monitoring will verify whether resettlement goals have been achieved, livelihood and living standards have been restored, and provide recommendations for improvement. Upon completion of compensation payments and assistance, the MIFT-PIU will prepare a LARP completion report that provides documentation of the completed compensation payments. Handover of project site(s) with involuntary resettlement impacts to the contractor is subject to the clearance of the LARP completion report. Subsequent internal monitoring will also identify concerns and grievances from stakeholders and involuntary resettlement related issues that may arise during project implementation and recommend appropriate corrective actions as required. The social monitoring reports will be sent to ADB twice a year for the entire project period. Monitoring of compliance to core labor standards (CLS), including the risks to community and workers resulting from the influx of workers into the project area as identified at the project design, will also be included in the semi-annual internal social safeguard monitoring report.

4. Gender and social dimensions monitoring

71. The PIU will be responsible for ensuring that the social and gender related design measures and targets are properly resourced, monitored and implemented as designed. A Social Specialist in the PIU will coordinate the GAP implementation and monitoring. An additional gender expert hired under TA6907 will provide capacity building in GAP implementation and support PIU monitoring during start-up period. Gender related indicators will be included in the project

⁴⁹ Toza Hudud –agencies responsible for waste management on the provincial level.

monitoring and evaluation system and provide an update report on the progress of the GAP implementation to ADB on a bi-annual basis. Data disaggregated by sex and age and other relevant factors will be included in project progress reports. Adequate resources (human and financial) have been allocated to implement, monitor and report on GAP.

72. The PIU will also include specific provisions in bidding documents to ensure that civil works contractors (i) comply with core labor standards and applicable laws and regulations in Uzbekistan and incorporate applicable workplace occupational safety norms, (ii) do not differentiate payment between men and women for work of equal value, (iii) do not employ child labor in the construction and maintenance activities, (iv) eliminate forced or compulsory labor, (v) eliminate employment discrimination, (vi) to the extent possible, maximize employment of local poor and disadvantaged persons for project construction purposes, provided that the requirements for job and efficiency are adequately met, and (vii) disseminate information on the risks of sexually transmitted diseases, including human immunodeficiency virus/acquired immunodeficiency syndrome, to the employees of the contractors under the project and to members of the local communities near the project.

C. Evaluation

73. An ADB inception mission will be fielded after the signing of the Loan and Project Agreements to agree with the executing agency on implementation requirements of the project as well as to discuss in detail the procedures relating to the procurement of works and goods, recruitment of consultants, and disbursements. ADB and the government will undertake semiannual reviews of the project to consider the (i) scope of the project, (ii) implementation arrangements, (iii) compliance with Loan and Project Agreement covenants, (iv) physical achievements against targets and milestones, and (v) project implementation issues requiring resolution or action.

74. A midterm review will be made after 2.5 years of the loan effectiveness date. The review will evaluate in detail the implementation progress and project design (institutional, administrative, organizational, technical, environmental and social safeguard, poverty reduction, economic, and financial aspects), and identify courses of action that would improve project performance, viability, and the achievement of targets and project objectives. All the assumptions and risks noted in the design and monitoring framework will be reviewed.

75. Within 6 months of physical completion of the project, the executing agency will submit a project completion report to ADB.⁵⁰ ADB will undertake a project completion review of the project after 12-24 months from the physical completion date.

D. Reporting

76. The MIFT will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (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; (iii) SAEMRs (including Environmental compliance performance Report); and (iv) a PCR within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed.

⁵⁰ Project completion report format is available at: <https://www.adb.org/sites/default/files/institutional-document/33431/pai-6-07a.pdf>

E. Stakeholder Communication Strategy

Table 18: Preliminary Communication Plan for the Project

Communications Context: <i>Public support and sustainability of the improved livability in the four cities requires increased public awareness of the benefits of these investments to their well-being, particularly that of women, and better understanding of proper system uses. Transparency during project implementation will lead to improved project quality and provide an effective mechanism for receiving and addressing public feedback.</i>									
Project Objective: sustainable urbanization and welfare of the urban population enhanced through improved access to inclusive, resilient, and sustainable urban services in the four project cities including (i) inclusive municipal and tourist infrastructure and services provided; (ii) climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems; and (iii) urban governance, institutional capacity, and livelihood support strengthened.									
Strategic Elements						Work Plan Elements			Evaluation
Communication Objective	Key Risks	Audience	Current/ desired behavior	Messages/ Info Needs	Channel Activity	Time	Responsibility	Resource Needs	Expected Outcomes
1. Raised public awareness of the project benefits including especially women and people with disabilities for improved public spaces, solid waste collection, recycling, water and sanitation services, hygiene behaviours for COVID-19 prevention, visitor center services, and livelihood programs	Inability to reach the entire population.	Residents, business, and mahallas in the four project areas of Djizzak, Khiva, Yanigyer, and Havast cities.	Increased use of public open spaces, community facilities, and parks. Improved waste behaviors including recycling, hygiene and willingness to connect to pay for improved services, and awareness of livelihood training and skills development opportunities.	Health and well-being benefits of new urban services, affordability, proper uses of new parks, open spaces, solid waste collection, recycling, water and sanitation services.	Awareness campaign of park and visitor services, hygiene promotion campaign including community-level and outreach program through local media. Dissemination of project information and public consultations	Dissemination of project information, and consultations over remainder of implementation period	PIU Gender Specialist with support from UGISC consultant and TA consultant, NGO implementing WASH+H campaign.	Gender sensitive awareness campaigns to promote "clean and green city" concept conducted. At least 100 staff of the tourism facilities in Khiva increased skills and knowledge of health and safety protocols on COVID-19	Increased use of public spaces and parks especially women and people with disabilities. Improved hygiene practices in households and schools. Reduced incidence of sanitation-associated disease. Widespread acceptance of improved water, sanitation, and solid waste improvements including improved recycling behaviors, and willingness to pay for the new services

2. People affected by LAR are informed of their rights and the plans to compensate and assist them	Complaints from APs may cause delay	APs	Maintain support for the project	AP entitlements and schedule of LARP implementation	Visits by PIU, and/or consultant team Distribution of brochures and posting of approved LARP on the ADB and MIFT websites	Upon approval of final LARP	PIU	Included in project LARP budget	No complaint received from APs on their entitlements and compensation received
3. Stakeholders informed of likely environmental impacts during construction and mitigation measures planned and eventually conducted	Complaints from local communities may cause delay	Residents, business, and mahallas in the four project areas of Djizzak, Khiva, Yanigyer, and Havast cities.	Maintain support for the project	Info on project environmental impacts and mitigation measures	Visits by PIU, and/or consultant team Posting of IEE/EMPs and SAEMRs in the ADB and MIFT-PIU websites Explanations by contractors		PIU, and/or consultant team and contractors	Included in project EMP budget	No complaint received from local community on management of environmental impacts from the subprojects
4. Stakeholders/general public informed of mechanism for providing feedback, improving project quality	Unidentified feedback or unresolved concerns may affect quality of construction and operations of the facilities	Residents and business in the four project areas of Djizzak, Khiva, Yanigyer, and Havast cities.	Improved public feedback and support for the construction activities and improved quality of urban services	Info on how stakeholders/beneficiaries may engage with the project; consumer advocacy, grievance redress	Dissemination of project information, regular public consultations, brochures on RP Visits by PIU and/or consultant team Media		PIU	Costs as in Item 1, above.	Public feedback/complaints are received and addressed leading to improved quality of construction and improved urban services operations and management

5. Bidders and the public are informed of contract awards	Complaints from bidders or interested parties may delay works	Bidders/ general public	Improved trust in the selection of civil works contractors	Information on results of bid evaluation	MIFT website Publication in local newspaper	Upon signing of bid evaluation report	PIU through Procurement Specialist		Improved transparency in contracting and procurement, and improved public trust
6. General public is informed of project expenditures	Low public trust on the expenditure	General public	Improved public trust	Audited financial reporting	MIFT website ADB web disclosure	Within 30 days upon receipt	ADB Project Team		Improved transparency and public trust in expenditures related to the project

ADB = Asian Development Bank, AP = affected persons, IEE = initial environmental examination, EMP = environmental management plan, SAEMR = semi-annual environmental monitoring report, LAR = land acquisition and resettlement, LARP = land acquisition and resettlement plan, PIU = project implementation unit, MIFT= Ministry of Investment and Foreign Trade of the Republic of Uzbekistan.

X. ANTICORRUPTION POLICY

77. Uzbekistan has taken large strides in improving governance by strengthening the rule of law and anticorruption measures.⁵¹ It set up a new Anti-Corruption Agency in 2020 to guide and coordinate anticorruption efforts in the country. Nevertheless, risk mitigation measures are needed against the limited capacity and accountability in implementation and oversight institutions, corruption in the public sector, and insufficient attention to corporate governance practices to promote public transparency, especially for state-owned companies.

78. Such mitigation measures have been incorporated in the project design. First, the project will be implemented in full adherence with ADB's Anticorruption Policy (1998, as amended from time to time). Provisions of ADB's Anticorruption Policy will be included in the loan and project agreements and the bidding documents—allowing ADB to audit and examine the records and accounts of the PIU-ET, and all activities related to the project. The MIFT-Center will monitor the project. Regulatory bodies will closely monitor technical aspects. Second, ADB will maintain a high level of vigilance, and will attach procurement consultants to support the MIFT-PIU in the preparation of bidding documents, procurement evaluation processes, and corruption awareness and prevention. Third, the MIFT PIU website will be used as a platform to widen access to information about project activities and to improve transparency. Project quarterly bulletins will be prepared and posted on the MIFT PIU website.

79. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.⁵² 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.⁵³

80. To support these efforts, relevant provisions are included in the loan and project agreements as well as 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 PIU, 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.

81. 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 Office of Anticorruption and Integrity 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

⁵¹ Uzbekistan improved the most among the Commonwealth of Independent States in the “absence of corruption” indicator of the World Justice Project Rule of Law Index 2020. Government of Uzbekistan, MOF. 2020. Newsletter No. 10.

⁵² Anticorruption Policy: <https://www.adb.org/documents/anticorruption-policy>

⁵³ ADB's Office of Anticorruption and Integrity website: <https://www.adb.org/site/integrity/main>

- by mail at the following address (**Please mark correspondence Strictly Confidential**):
Office of Anticorruption and Integrity
Asian Development Bank
6 ADB Avenue
Mandaluyong City 1550
Metro Manila, Philippines

XI. ACCOUNTABILITY MECHANISM

82. 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.⁵⁴

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

83. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

⁵⁴ Accountability Mechanism. <https://www.adb.org/who-we-are/accountability-mechanism/main>

Detailed Description of Outputs

1. The following project scope was prepared as part of the project feasibility study and will be further detailed during the engineering survey and design stage.

a) Output 1: Inclusive municipal and tourist infrastructure and services provided

- Havast: New 6 ha green open space with livelihood training and multifunctional community center with training facility.** This subproject will convert an existing unused open area in central Havast into an attractive 6 ha community green space to improve urban livability and attractiveness for residents, businesses, and visitors. The new public space will introduce walking/cycling paths (1.2 ha), administrative space (0.30 ha); zones for cultural and educational events (0.0.9 ha); children's leisure zones (0.75 ha); sports (1.4 ha); public areas (0.5 ha); and zones for passive and quiet rest (0.95 ha). The park will be designed with universal access for people with disabilities and the elderly and will feature women-friendly facilities such as street lighting, women's washrooms and by maintaining clear sight lines throughout the park. The park will feature LED lighting for energy efficiency. The design also includes an access road (1.2 km), connecting the park to the main road. A two-story multifunctional training, co-working and community center of 1,100 m² will be located in the park to support livelihood and skill development for small and medium-sized businesses targeting women and youth. The center will be universally accessible and designed with green building principles for energy, water and materials efficiency.¹ Both the park and training center will be owned and operated by the hokimiyat. This subproject will benefit the entire population of Havast (28,400 people).
- Djizzak: Area-based urban upgrading of three mahallas (Ittifoq, Dustlik, Yoshlik).** The subproject will demonstrate holistic area-based community re-development in three underserved mahallas with poor infrastructure services and public space. The project will improve livability through the improvement of: (i) street corridors (7.3 km in Ittifoq, 19.5 km in Dustlik, 2.5km in Yoshlik) including surfaces, drainage pavements, lightings, pedestrian sidewalks; (ii) public open spaces, including children playgrounds, sport facilities, open space, neighborhood green parks and surfaced footpaths (4.5 ha open space, 0.92 km of footpaths in Ittifoq, 1.1 ha open space in Dustlik, 2.8 ha open space and 1.2 km of footpaths in Yoshlik); and (iii) an existing small bus terminal in Ittifoq. All pedestrian and public space areas will be designed to support universal access for people with disabilities and elderly, and a safe environment for women including, where possible, streetlights. This subproject will benefit 5,032 households (3,050 Ittifoq, 890 Dustlik, 1,092 Yoshlik). All facilities will be owned and operated by the hokimiyat. The subproject also includes water and sanitation improvements (see output 2).
- Khiva: New visitor information center with digital museum.** The subproject will construct a two-story multifunctional visitor center of 3,500-4,000 m² with information desk, offices, retail and food and beverage space, and handicraft demonstration outlets. The center will also feature Uzbekistan's first digital museum showcasing Khiva's Silk Road heritage. The center will be complemented by a vehicle parking area (100 spaces), bicycle rental facility (50 bikes), an access road and ornamental landscaping. The facility design

¹ Green building features includes: i) maximize use of natural light, ii) LED lighting, iii) double pane windows, iv) energy efficient boilers, v) ventilation, and vi) centralized Variable Refrigerant Flow (VRF) system (technology that circulates only the minimum amount of refrigerant needed during a single heating or cooling period).

includes water recycling facilities and will provide universal access for people with disabilities and elderly, and women friendly facilities such as women's washrooms and nursing facilities.

- **Khiva: New Polvon Canal greenway.** The subproject will convert an existing 2.4 km stretch of the Polvon drainage canal embankment into a new recreational greenway with: (i) 1.1 m wide cycle and 2.2 m wide pedestrian paths at both sides of the canal; (ii) green space (lawns, trees, flowers, irrigation); (iii) street furniture (including decorative lamp posts, benches and urns in traditional style); (iv) tourist friendly signage; (v) a multifunctional recreational open space with a football field (798m²), tennis court (448m²), basketball court (448m²), children playground (211m²), and an administrative building (260m²) with changing rooms, washbasins, coaching room, and showers; (vi) 2 footbridges of 10 by 1.5 m; (vii) 2 observation bridges of 10 by 9 m; (viii) 1 fitness and kids playground, and; (ix) fencing along the canal. The greenway will be universally accessible for people with disabilities and elderly and will feature tree planting for shading, and water retention and women friendly facilities such as street lighting, clear signage and women's washrooms.
- b) Output 2: Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.**
- **Djizzak: Smart water pilot and sanitation in three mahallas (Ittifoq, Dustlik, Yoshlik).** This subproject will support: (i) reconstruction of 4.29 km of water supply distribution networks (Ø50-225mm) with rehabilitated household connections to 69 multi-story buildings (2,590 households) and 30 single-family houses in Ittifoq; (ii) construction of 16.69 km of water supply distribution network (Ø32-160mm) and new household connections to 3 multi-story buildings (36 households) and 890 single-family houses in Dustlik, and; (iii) construction of 14.13 km of sewerage pipelines (Ø160-630mm) and house connections for 775 households in Dustlik. A smart pilot will be implemented to demonstrate international good practice in reducing non-revenue water through a District Metered Area (DMA) approach involving the installation of inlet chambers, valves, smart bulk water and mechanical consumer meters to create new DMAs in the project mahallas. All facilities will be owned and operated by Djizzak Suv Taminoti, LLC. This subproject will benefit 5,032 households (3,050 Ittifoq, 890 Dustlik, 1,092 Yoshlik).
 - **Djizzak: Modernizing and improving bulk water supply and distribution system for Djizzak city.** This subproject will improve the transmission, distribution, and monitoring of safe drinking water to Djizzak city and includes (i) rehabilitating 9.4km water conduit from Amir Timur water intake to Sanzar water intake (Ø600mm, steel pipe) and 3.1km to Djizzak city (Ø700mm, steel pipe) with electrochemical protection; (ii) rehabilitating 22.2 km and constructing 5.21 km of distribution pipelines varying from Ø160-710mm, including 15 pressure regulators and 22 air valves, in central Djizzak; (iii) implement a Supervisory Control And Data Acquisition (SCADA) system to optimize remote monitoring of water production; (iv) support installation of automation equipment at Amir Timur and Sanzar intakes, 5 water distribution centers, 4 local wells and 1 booster pumping station, installation of 72 smart bulk water meters, installation of frequency controlled pumps and water disinfection system at 4 wells; (v) establish a Geographic Information System (GIS) and hydraulic model for the Djizzak city-wide water supply network; (vi) implement an Asset Management System; (vii) conduct Energy Audits; (viii) purchase of Operation and Maintenance Equipment (2 emergency recovery vehicles, 2 excavators, 1 truck mounted crane, 1 waste truck, 1 mini bus, 2 Damas Labo, 1 trialed pneumatic mobile air

compressor, PVC welding equipment, 1 pipe detector, 1 mobile power generator, 1 welding machine); (ix) construction of fencing for Amir Timur water intake, and; (x) repair of chlorination equipment for Sanzar water intake.

- **Djizzak: Hygiene measures to address COVID-19.** This subproject will construct 5 public toilets in public areas in Djizzak. These physical measures will be complemented by behavior change awareness campaigns.
- **All 4 cities: Improving waste collection systems.** This subproject will support the project cities with the following (i) construction of new community collection points (7 in Havast, 18 in Yangiyer); (ii) purchase of waste containers varying from 250 liters to 1,100 liters and 6 cum (38 for Khiva, 679 for Djizzak, 814 for Havast and 696 for Yangiyer); (iii) purchase of vacuum sweeper trucks (2 each for Djizzak, Yangiyer and Havast), and: (iv) purchase of 7 cum waste collection trucks (20 for Djizzak, 15 for Khiva, 17 for Havast and 5 for Yangiyer).²
- **Havast: Transfer station for Yangiyer and Havast.** This subproject will support the construction of a solid waste transfer station located in Havast,³ from which solid waste collected in Yangiyer and Havast is transferred to large waste transfer vehicles with trailers and then taken to an existing regional disposal facility in Mirzabad.⁴ The transfer station will be equipped with 2 hook lift trucks, 2 trailer trucks, 12 containers and 1 front-end loader.

c) Output 3: Urban governance, institutional capacity, and livelihood support strengthened

- **All 4 cities: Strengthening urban governance in Hokimiyats.** The project will support the following capacity building of all four project hokimiyats: (i) urban management executive training for senior hokimiyat officials (mayors/deputy mayors); (ii) project and financial management, including IT e-governance solutions for targeted hokimiyat staff; (iii) urban development planning and management for relevant city, regional and national level staff; (iv) public realm property management training for Khiva and Havast beautification departments; (v) operational training for museum and visitor center operations in Khiva; (vi) development of citizen report cards and directory in all four cities; (vii) financial resource mobilization plan and user charges and non-tax revenue enhancement plans and training for participating cities and utilities; (viii) developing PPP strategies and engaging with the private sector, and; (ix) O&M and asset management training for municipal assets.
- **Djizzak: Water supply operational improvements.** To strengthen the operational efficiency capacity the project will support: (i) training courses on organizational management, financial, asset and quality management for Uzsuvtaminot JSC; (ii) staff vocational training on use of SCADA, GIS and energy efficiency auditing, and on-the-job training on NRW management (leak detection, DMA management), preventive

² SCEEP confirmed that collected waste in Khiva, Djizzak, Havast and Yangiyer will be ultimately disposed in new regional landfills currently under planning for development in the respective regions. Until these regional landfills are developed, the waste will continue to be disposed at the existing disposal sites.

³ The transfer station will be located on the premises of the existing Havast dumpsite, and will be jointly operated by the Yangiyer and Havas Toza Hudud city branches.

⁴ SCEEP confirmed plans to upgrade the regional dumpsite in Mirzabad into a sanitary landfill before 2028. It is currently seeking funding from international donors through MIFT.

maintenance and emergency response, and modern financial management for targeted staff at Djizzak Suvtaminoti, and; (iii) development of a water safety plan, grievance redress mechanism, and performance based corporate business plan for Djizzak Suvtaminoti.

All 4 cities: Waste Minimization and 3R campaigns. Expose SCEEP and Toza Hududs to international best practices in implementing waste minimization and 3R (reduce, reuse, and recycle) awareness raising campaigns.

All 4 cities: Gender, social inclusion and livelihood support. To address structural causes of gender inequality and gender-based discrimination the project supports implementation of a Gender Action Plan in all cities. The project will also support conduct of tourism operational skills training for entrepreneurs in Khiva and conduct livelihood enhancement training for local entrepreneurs in Havast.

- **All 4 cities: Behavior change and public awareness raising campaigns.** This component is partially funded under ADB grant technical assistance (\$250,000)⁵ in the IUDP project cities and project costs under the Urban Governance and Institutional Strengthening consultant package. It will be based on stakeholder mapping and a project specific communications strategy, the project will support development and conduct of (i) campaigns on waste minimization and recycling, water conservation, environmental awareness, climate change, targeting communities in all four project cities particularly women; and (ii) project implementation related campaigns.

Table. Summary Scope by City

KHIVA	
1.	New 2-story visitor information center with digital museum
2.	New 2.4km Polvon Canal Greenway.
3.	Improving waste collection systems
4.	Strengthening urban governance in Hokimiyats
5.	Gender, social inclusion and livelihood support
6.	Behavior change and public awareness raising campaigns
DJIZZAK	
1.	Smart water pilot and sanitation in 3 mahallas (Ittifoq, Dustlik, Yoshlik).
2.	Modernizing and improving bulk water supply system for Djizzak city.
3.	Hygiene measures to address COVID-19.
4.	Area-based, integrated urban upgrading of 3 mahallas (Ittifoq, Dustlik, Yoshlik)
5.	Water supply operational improvements
6.	Improving waste collection systems
7.	Strengthening urban governance in Hokimiyats
8.	Gender, social inclusion and livelihood support
9.	Behavior change and public awareness raising campaigns
HAVAST	
1.	New 6 ha green open space with livelihood training and community center
2.	Improving waste collection systems
3.	New Waste Transfer Station
4.	Strengthening urban governance in Hokimiyats
5.	Gender, social inclusion and livelihood support
6.	Behavior change and public awareness raising campaigns
YANGIYER	

⁵ ADB. 2020. [Technical Assistance for the COVID-19 Infection Prevention and Control through an Integrated Water, Sanitation, Hygiene, and Health Approach](#). Manila. (TA 6612-REG).

1.	Improving waste collection systems
2.	Strengthening urban governance in Hokimiyats
3.	Gender, social inclusion and livelihood support
4.	Behavior change and public awareness raising campaigns

Draft Terms of Reference for Urban Governance and Institutional Strengthening Consultant (UGISC) to support IUDP for Uzbekistan

I. Background

1. The government of Uzbekistan, through the Ministry of Economy and Industry, approached the Asian Development Bank (ADB) to finance the Integrated Urban Development Project (IUDP). The stated goal of IUDP is to demonstrate international best practices in integrated urban development in four project cities as they are a representative sample of secondary cities in terms of size, geographic coverage, and based on their strategic development potentials. The four cities are: Khiva, a renowned Silk Road tourist city (population: 92,400); Djizzak, a growing industrial hub (population: 177,000); Havast, a small city (population: 28,400) and adjacent to Yangiyer (population: 43,600), both near the border of Tajikistan, aiming to develop as a strategic investment cluster with strong agglomeration potential. The government aims to replicate lessons in other cities. IUDP is aligned with Presidential Decree 5623 (January 2019) which sets forth the government's urbanization agenda.
2. The project will support inclusive, resilient, and sustainable urban infrastructure and services in four secondary cities (Djizzak, Havast, Khiva, and Yangiyer) experiencing low livability and lagging growth exacerbated by the coronavirus disease (COVID-19) pandemic. It will demonstrate integrated and innovative solutions, and strengthen institutional capacity for "building back better." These measures will (i) enhance livability for residents and visitors, including persons with disabilities; (ii) support green and resilient economic recovery targeting women; (iii) accelerate digital transformation, particularly in the tourism and water sectors; and (iii) increase the quality, coverage, efficiency, and reliability of urban services. The project is aligned with the government's national development strategy 2022–2026 and Presidential Decree No. 5623, which aim to accelerate growth and reduce poverty through improved urbanization and balanced regional development.
3. Key issues facing project cities include (i) an economic slowdown from COVID-19 combined with a lack of economic diversity, unskilled workforce, and low participation of women; (ii) a strong legacy of central, uncoordinated planning resulting in weak local capacity; (iii) limited data for evidence-based decisions; (iv) inadequate local revenues; (v) aging infrastructure with low operational efficiency, acute deficits in services, (vi) limited citizen participation, especially women; (vii) weak cooperation with the private sector; and (viii) climate risks of flooding and water scarcity. Furthermore, in Djizzak, increased in-migration and inadequate services contribute to growing socioeconomic concerns. In Khiva, disconnected tourism value chains prevent diversified and broad-based growth. And in Havast and Yangiyer, poor quality urban spaces and an unskilled workforce constrain livability and competitiveness.
4. City authorities (*hokimiyats*) face technical, organizational, and financial capacity constraints inhibiting their ability to effectively manage, plan, invest, and deliver services in an integrated manner. There is a need to strengthen knowledge, skills, and tools in evidence-based planning, municipal finance, O&M, asset management, and private sector cooperation. Utility providers for water supply, sanitation and municipal solid waste operate with low efficiency, outdated technology, low cost recovery, deficient billing systems, insufficient O&M, weak customer service, and limited awareness of best practices. There is a need to strengthen representation and skills of women.
5. The project is aligned with the following impact: sustainable urbanization and welfare of the urban population enhanced, and the following outcome: access to inclusive, resilient, and sustainable urban services in four secondary cities enhanced.

6. Output 1: Inclusive municipal and tourist infrastructure and services provided. The project will: (i) develop a new 6 hectare (ha) public park in Havast with green space, multifunctional community center including public library and livelihood training facility to support skills development for small and medium-sized enterprises targeting women and youth; (ii) construct a new two-story visitor center in Khiva featuring Uzbekistan's first digital museum showcasing Silk Road-themed heritage, and with women-friendly facilities and bicycle rental;¹ (iii) create a new 2.4 kilometer (km) linear public greenway in Khiva linked to the new visitor center along an existing irrigation canal with cycle and pedestrian paths, green space, street furniture, signage, and playgrounds; and (iv) demonstrate holistic area-based development in three underserved communities (*mahallas*) (Ittifoq, Dustlik, Yoshlik) in Djizzak through the integrated development of street corridors including surfaces, drainage, pavements, lightings, pedestrian sidewalks, public open spaces with neighborhood parks and playgrounds, and a bus stand, and include water supply and sanitation improvements (see Output 2). All facilities will be designed with universal access for persons with mobility impairments and feature women-friendly designs. Assets under Output 1 will be owned and operated by local governments.

7. Output 2: Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems. In Djizzak city the project will (i) support universal coverage of basic water supply and sanitation (WSS) services in three underserved *mahallas* (Ittifoq, Dustlik, and Yoshlik) through the development of around 21 km of distribution networks with metered house connections, construction of around 14 km of sewerage networks with house connections,² and a smart water pilot demonstrating NRW management in new district metered areas;³ (ii) improve the bulk water supply transmission, distribution, and monitoring system for Djizzak city through the development of 12.5 km of bulk water transmission pipelines and around 27 km of distribution pipelines, installation of ultrasonic bulk water meters, energy efficient variable frequency controlled pumps, water disinfection systems, new pressure regulators and air vent valves, and improve two intake facilities (chlorination equipment, fencing), installation of a Supervisory Control and Data Acquisition (SCADA) system to optimize remote monitoring of water production, establishment of a Geographic Information System (GIS) hydraulic model for the Djizzak city-wide water supply network, implementation of an asset management system, energy audit, and purchase O&M equipment. In the four cities, the project will implement a WASH+H program by providing toilet and handwashing facilities at project-area public facilities and public spaces complemented by behavior change and awareness campaigns.⁴ The project will enhance solid waste management services in the four cities as follows: (i) provide collection equipment and waste containers, (ii) expand waste collection through construction of total 25 community collection points in Yangiyer and Havast;⁵ (iii) construct a shared transfer station for Havast and Yangiyer located in Havast, and (iv) implement a public awareness campaign on waste

¹ The visitor center, located near the rail station, will complement the [ADB rail electrification project](#) between Bukhara and Khiva to boost tourist arrivals. Women-friendly travel services include information on safety and security.

² The water and sanitation investments in the three mahallas are part of the comprehensive area-based development approach supported under Output 1, and will benefit 4,598 households (2,620 Ittifoq, 926 Dustlik, 1,052 Yoshlik).

³ The smart water pilot will be implemented in close coordination with the proposed United States Trade and Development Agency (USTDA) grant-funded pilot on digital twin technology for remote monitoring of pressure and leaks in the pilot area. This USTDA pilot is a scaling up of a successful demonstration activity supported by a grant under [ADB's Digital Innovation Sandbox Grant Program](#) (2020-2021) in Tashkent Province.

⁴ ADB. 2020. [Technical Assistance for the COVID-19 Infection Prevention and Control through an Integrated Water, Sanitation, Hygiene, and Health Approach](#). Manila (TA 6612-REG). This TA will support an awareness building and behavior change communications program in the project cities. Toilet facilities will be maintained by city government.

⁵ The government confirmed that waste collected in the four cities will ultimately be disposed in new regional landfills currently being planned in parallel by the government in each region with commissioning tentatively planned around the time of the project completion.

minimization and recycling in all four cities. Assets under Output 2 will be operated by the respective utility operators.

8. **Output 3: Urban governance, institutional capacity, and livelihood support strengthened.** The project will provide a structured capacity development program to improve sustainability, operational efficiency, and services delivery in the four project cities. The four city governments will receive comprehensive training in integrated urban development including strategic planning and budgeting, municipal finance, asset management, O&M, e-governance, citizen participation, and private sector cooperation. The water operator in Djizzak will receive training in key areas of utility management including O&M, asset management, business development, financial management, service standards, digital tools, operational efficiency, and customer service. The solid waste operators and communities will be exposed to waste minimization and 3R awareness campaigns. This output will also support livelihood programs in tourism, among other areas for local businesses in the project area targeting women and youth. These will be achieved through advisory services, training, and procurement of necessary hardware and software, and are the subject of this Terms of Reference.

9. The Ministry of Investments and Foreign Trade (MIFT) is the Executing Agency. The project will be coordinated through its Center for the Development of Investment Projects, and implemented through its PIU in collaboration with different line agencies.

10. The consultancy assignment shall be for a period of three years. The Consultant will be located in Tashkent and within local PIU city offices. The consultant will work under the overall guidance, supervision and direction of the PIU Project Director. The consultant will mobilize its team at the PIU and at the city level offices for field level implementation, coordination and reporting. Adequate provisions for field level functionaries will be established for effective and timely implementation of activities. To ensure seamless coordination, the consultants will prepare workplans with timelines in close coordination with Regional and City Hokimiyats, Uzsuvt'a'minot JSC, Djizzak Suvt'a'minoti, toza haduds, Project Management and Supervision Consultant (PMSC), WASH+H consultants, consultants recruited under ADB, RCIF TA and other individual consultants engaged by the PIU/ADB.

II. Objective, Scope and Tasks

11. **Objective.** The objective of the consultancy is supporting the executing agency, MIFT, in achieving the project outputs of strengthening institutional capacity in areas of urban governance and urban services delivery including urban management, and water and sanitation; creating public awareness; strengthening financial and operational sustainability; introducing innovative and technology-driven approaches, implementing livelihood programs, and ensuring gender focus and social inclusion. The scope broadly includes (i) implementing an urban management and urban services capacity development program in the four municipalities, in areas of strategic planning and budgeting, municipal finance, asset management, O&M, e-governance, citizen participation, and private sector cooperation; (iii) implementing a water and sanitation capacity development program for Djizzak water utility; (iv) carrying out a Water Supply Operation Efficiency Improvement Program for Djizzak City; (v) designing and carrying out various awareness campaigns related to areas of intervention including recycling and waste minimization for project communities and toza haduds, (vi) supporting skills and livelihood development in four project cities; and; (vii) targeted activities for integrating gender and social inclusion in urban governance and monitoring and implementing the gender action plan prepared for the project.

12. Towards successfully achieving these objective and scopes, the Consultant will refer to all project related documents prepared by ADB such as the Reports and Recommendations (RRP) to the President for the project, the Project Administration Manual (PAM); the National

Feasibility Study Report; preliminary and detailed design documents; relevant Government Orders and Presidential Decrees, etc, and will avoid duplication and ensure complementarity with any other ongoing TA activities.

13. Below sections give a list of major tasks among others required for fully achieving the objective and scope as stated above.

A. Develop and implement an urban management capacity development program for all four project city hokimiyats

14. City Hokimiyats have a predominantly bureaucratic role in urban management. The Hokimiyats, together with various regional/city branches of the line ministries, manage and maintain urban infrastructure, properties and urban spaces. The deficiencies in maintenance of both buildings and urban public space has contributed to a decline in livability, leading to reduced incentives for investment, which has perpetuated the downward cycle in the quality of urban life. City Hokimiyats have limited capacity in long-term planning. Lack of operational efficiency and insufficient collaboration and partnership result in unsustainable urban management. A structured capacity development program shall be prepared and implemented, targeting transformation of City Hokimiyats into well-organized urban managers with a focus on the quality of public services delivery, citizen services and responsiveness, efficient operation and maintenance of city-owned infrastructure, and sustainable urban development. The development program shall also develop the capacity of related local institutions in urban services, exploring and testing private sector participation and enhancing skills, particularly of women.

15. The tasks under this include:

(i) Design and delivery of training:

- Executive training in urban governance and management for senior hokimiyat officials (mayors and deputy mayors) introducing them to international best practices and principles of sustainable and environmentally friendly urbanization, good governance for responsive citizen services and participation, strategic planning linked to medium-term budgets for urban development, city visioning, urban planning, principles of social inclusion, climate change resilience/environmentally friendly/green principles applicable to urban planning and development and green governance, and engaging with the private sector delivery. This training program should be closely coordinated with other relevant donor funded capacity building initiatives.⁶
- Training in municipal asset management and planning for hokimiyat staff covering asset inventory and mapping, data management, operation and maintenance, project planning, and management.
- Training in municipal administration for hokimiyat staff covering human resource management, customer services, computer training (MS Office Suite), business communications (letters, emails writing and etiquette), information management, documentation preparation.
- Training in open space and parks management for staff in beautification departments in Djizzak, Khiva, and Havast to enhance operation and maintenance of public open spaces such as parks and recreational spaces, local streets, etc., with specific focus on components taken up under the project.
- Training in operation and maintenance of public toilets for staff in beautification departments in Djizzak, Khiva and Havast.
- Training of staff assigned to operate the co-working/training center in Havast.

⁶ The World Bank, for instance, is providing a range of urban planning capacity development support through their ongoing Medium-Size Cities Integrated Urban Development Project (MSCIUDP).

- Training for staff assigned to oversee visitor center management in Khiva, and engaging private operator for its operations.
 - Conduct post-training evaluation assessments with increased knowledge indicated by training participants rating as "useful" the training workshops delivered.
- (ii) Introducing IT solutions to complement the ongoing e-Gov (<https://egov.uz/>) initiative to improve operational efficiency and citizen services of Hokimiyats. Introduce an e-*Hokimiyat* system for engagement with citizens, including introduction of a comprehensive on-line City Directory for public services and responsible organizations, and asset management through establishment of asset database software with training, introducing tools for condition assessment, inventory reassessment and reporting.
- (iii) Introducing a "Citizen Report Card" program (jointly with the People's Reception Offices) aimed at assessing the satisfaction of citizens with the delivery of urban services. Developing and launching an "Active Citizen" crowd sourcing platform to collect citizens' recommendations, ideas on city development; and publicizing these initiatives city-wide.
- (iv) Assess potential PPP opportunities in city property management and identify capacity gaps of prospective property management companies and suggest suitable capacity development initiatives.

B. Preparing revenue improvement and mobilization plans for municipal finance and providing support to PIU in matters related to project accounts and audits

16. Improved financial planning and management are key aspects in ensuring financial sustainability of cities including the new assets created under the IUDP. UGISC will build on the findings of a grant funded capacity building and knowledge sharing TA on municipal finance linked to IUDP⁷ that is to provide recommendations for innovative finance and enhancing financial sustainability to support sustainable urbanization. Preparing Revenue Improvement and Local Resources Mobilization Plans for project agencies and hokimiyats shall be undertaken by the consultant. The Consultant shall also prepare additional policy notes related to municipal finances, strategic planning linked to medium-term budgets for urban development, and related urban governance issues.

17. The major tasks related to this include:

- (i) Building further on ongoing TA on Municipal Finance, provide recommendations to the regional and city hokimiyats on revenue improvement and financial management.
- (ii) Support project cities in developing strategic plans and city-specific proposals for increasing user charges/non-tax revenue and user charge management systems.
- (iii) Prepare Revenue Improvement and Local Resources Mobilization Plans for project cities and line agencies.
- (iv) Review financial statements and budgets and provide support to cities in improving accounting and budgeting practices with a focus on strategic planning linked to medium-term budgets for urban development.
- (v) Prepare policy notes related to municipal finances, strategic planning linked to medium-term budgets for urban development, and related urban governance issues and submit to MIFT-PIU.
- (vi) Provide training and technical support to improve financial management systems of the hokimiyats in areas of budgeting, accounting, internal auditing, etc. following international standards to extent feasible. Conduct post-training evaluation

⁷ TA 6574: *Capacity Building and Knowledge Sharing in Municipal Finance for Uzbekistan* started in October 2021 and is expected to be completed by May 2022.

assessments with increased knowledge indicated by training participants rating as "useful" the training workshops delivered.

C. Supporting Skills and Livelihood Development in Project Cities.

18. The consultant is to support actions to increase the employability of women, youth, and the poor and vulnerable by conducting surveys on employability and skills among the residents of the selected areas of project cities; in coordination with other government initiatives and develop a training course focused on entrepreneurial skills development for key groups in Khiva, 3 project mahallas in Djizzak, and at Havast training center for SMEs and target groups in Havast and Yangiyer with emphasis on women employability and women's organizations involved in local manufacturing or service sector activities. A budget of \$50,000 is included as a provisional sum under the UGISC contract for engaging relevant national TVET institutions in the preparation of and actual delivery of training initiatives.

- (i) The major tasks related to this include:
 - a. Livelihood needs surveys of local population, including poor and vulnerable,⁸ in project areas
 - b. Design and delivery of skills and training programs to target groups in Khiva focusing on tourism livelihoods, Djizzak 3 mahallas, and at Havast training center for Havast and Yangiyer SMEs,
 - c. Implement training of trainers program and curriculum development in key livelihood areas for TVET institutions, particularly in Khiva for tourism
 - d. Targeted skills and job trainings for women and small and medium enterprises.
 - e. Include training on environmental and climate friendly value chains, green products, and business models including branding to target green markets.
 - f. Conduct post-training evaluation assessments with increased knowledge indicated by training participants rating as "useful" the training workshops delivered.

D. Develop and Implement a Capacity Building Program and Water Supply Operation Efficiency Improvement Program for Djizzak City

19. **Capacity building of Djizzak water utility.** In Uzbekistan the governance and regulation of water supply and sanitation services are vested with the joint-stock company (JSC) "Uzsuvta'minot". The provision of these services in the cities and districts are managed and controlled by regional *Suvta'minoti* that are registered as limited liability companies (LLC). Each regional branch reports directly to the central office of JSC Uzsuvta'minot in Tashkent and is governed by a Corporate Charter. The capacity building tasks focus on Djizzak *Suvta'minoti*:

- (i) Strengthen the operational and technical capacities of Djizzak *Suvta'minoti* including developing a comprehensive training program for its management and services delivery, including establishment of industry service-level standards; and enhancing the financial and asset management planning capacities.
- (ii) Develop and implement an intensive vocational training program for technical staff of Djizzak *Suvta'minoti*, focusing on operating SCADA, GIS and conducting energy efficiency audits. Conduct post-training evaluation assessments with increased knowledge indicated by training participants rating as "useful" the training workshops delivered.

⁸ This includes informal waste pickers at solid waste sites and affected persons from the project.

- (iii) Develop a raw, drinking, and wastewater testing concept based on Hazard Analysis and Critical Control Points (HACPP), train laboratory staff, and prepare a drinking water safety plan for the city of Djizzak.
- (iv) Develop a performance-based corporate business plan focusing on financial and operational sustainability of Djizzak Suvta'minoti. Key areas include volumetric tariffs, tariff increases, billing and collection efficiency, cost savings including energy efficiency programs, among others. Introduce and train relevant staff in the use of a Computerized Financial Management Systems (CFMS) and IFRS reporting.
- (v) Develop a Human Resource Management Plan.
- (vi) Establish grievance redress mechanism for customer complaints.

20. Water supply operational efficiency improvement program for Djizzak water utility.

The IUDP project will improve water distribution systems in selected project mahallas complemented by selected interventions to improve the bulk water system of Djizzak Suvta'minoti. Advanced approaches such as a DMA based distribution system will be developed in the project mahallas and a city level SCADA system will be introduced. Bulk smart metering will be provided under the project. Along with this infrastructure the project shall also support soft interventions for operational efficiency improvement. A budget of \$190,000 is included as a provisional sum under the UGISC contract for purchasing necessary software and hardware for the following operational efficiency improvement tasks:

- (i) Identify appropriate Geographic Information System (GIS) software and hardware requirements and assist Djizzak Suvta'minoti in procurement. Develop and calibrate a comprehensive GIS based computerized hydraulic model for the city water supply system.
- (ii) Identify appropriate computerized asset management systems (e.g., IBM Maximo), assist in procurement. Develop and establish this system, and provide required user training of relevant staff at Djizzak Suvta'minoti.
- (iii) Develop and implement a NRW training program including leak detection plan development; training on the use of leak detection techniques and equipment; and operation and management of District Metered Areas (a DMA approach will be piloted in the 3 project mahallas).
- (iv) Oversee the NRW pilot program implemented in the three project Mahalla as part of civil work contract package and advise on remedial/loss reduction measures.
- (v) Support development of a road map and investment plan for achieving 24/7 water supply for the city of Djizzak.
- (vi) Provide training on Operation and Maintenance focusing on preventive and breakdown repair techniques and methods. Develop an Emergency Response Plan.
- (vii) Conduct an energy efficiency audit and prepare a report with key recommendations for reducing energy consumption of Djizzak Suvta'minoti.
- (viii) Support Djizzak Suvta'minoti in developing a customer meter reading online data base with all billable and measurable parameters; introduce online tools for meter reading submission; developing web and mobile based payment systems, developing a mechanism for addressing customer grievances and monitoring of satisfaction rates
- (ix) Develop and introduce a mechanism for addressing customer grievances and monitoring of satisfaction rates. This includes Utility call centre (SMS / Robocall), call activated grievance escalation management system; Utility website, Facebook page, Twitter handle, Instagram to communicate with customers etc.
- (x) Conduct post-training evaluation assessments with increased knowledge indicated by training participants rating as "useful" the training workshops delivered.

E. Designing and carrying out various awareness campaigns related to the sectors of intervention in all four project cities

21. A Communication Strategy has been developed during preparation of IUDP. An awareness program will be mainly targeting citizens, particularly school students, teachers, administrators and women. Self Help Groups aiming to improve awareness of climate change, water conservation, hygiene, pandemic preparedness, SWM - 3R concepts, waste segregation at source, environmental pollution reduction, safeguards, universal access, gender friendly services are planned as part of the investment project.⁹ Since IUDP is a unique ADB investment project, it is important to provide project related information to the public in the four project cities with a view to educate them on the targeted investments, expected benefits, etc. The Consultant shall conduct the awareness campaigns and also shall develop and implement a suitable Information, Education, and Communication (IEC) campaign.

22. The major tasks related to this include:

- (i) Mapping of relevant stakeholders. Identify stakeholders in each project city through participatory interactions with key stakeholders. Ensure that stakeholder mapping process includes the most disadvantaged and vulnerable. Also ensure that Gender Action Plan (GAP) relevant stakeholders are included in the mapping and activities are planned keeping in mind special needs of women and other socially excluded groups.
- (ii) Develop a customized/appropriate communication strategy based on a wide variety of outreach media, including social media.
- (iii) Review existing IEC materials, media campaigns of various governmental programs and suggest options to replicate or improve.
- (iv) Develop all IEC materials including those for print and visual media, ensuring that IEC materials are gender focused and messaging does not reinforce stereotypes, and spearhead in rolling out IEC activities.
- (v) Conduct public awareness campaigns on water supply, sewerage, reforms in WATSAN service delivery, water conservation in Djizzak, and climate change impacts resulting from increased temperatures (e.g., heat island) and benefits of green open spaces under the project. Conduct evaluation of the program and report. Technical staff of implementing agencies involved in water supply projects should report improved knowledge and/or skills in designing and implementing water conservation programs as a result of training.
- (vi) Expose SCEEP and Toza Hududs to international best practices on awareness raising for waste minimization and recycling, and conduct campaigns on waste minimization, reduction and reuse practices, waste segregation and storage, illicit waste dumping reporting, being a good environmental citizen (effective community level SWM practices), raising awareness of the importance of cost recovery in solid waste management, etc, in all four project cities.
- (vii) Create awareness on GRM available under the project.
- (viii) Conduct awareness campaigns on the project related to environmental and social impacts, benefits, user charges, implementation timelines, etc. The stakeholders will include people's representatives and community members with equitable representation of women/girls. The objective is to facilitate PIU towards smooth

⁹ A separate grant-funded technical assistance will be focusing on developing and conducting WASH+H awareness-raising campaigns. UGISC is to work closely and, where possible, replicate approaches developed by the WASH+H consultants and CSO.

- implementation of civil works and provide support towards addressing concerns and misconceptions of the general public affecting project progress in each city.
- (ix) Documentation of mass events, consultations, workshops, seminar, trainings, etc. will include participant list, sex disaggregated participant data, event objectives, methodology, agenda and feedback from participants. A template that covers all these aspects can be created to ensure consistency in reporting; and
- (x) Short term impact assessment methodology shall be developed to assess impacts created within community of awareness generation campaigns and activities. This will be supplemented with photographic evidence where ever applicable. Conduct evaluation of all the awareness programs and report.

F. Targeted activities for integrating gender dimensions and social inclusion in urban governance and monitoring and implementing the gender action plan prepared for IUDP

23. Gender equality and social inclusion are of critical importance to the proposed investment project. A GAP with clear cut measurable indicators has been developed during project preparation. The Consultant shall support PIU in implementation and reporting of the GAP.

24. The major tasks include:

- (i) Carry out a baseline socio-economic sample survey to identify and quantify poor and vulnerable households who will benefit from the project in all project cities. Prepare survey methodology including questionnaire for baseline survey- to include at least 250 poor and vulnerable households in the project location of each city.
- (ii) Apply stratified sampling to ensure data collection from all project covered areas is inclusive of poor communities.
- (iii) Collect information on socio-economic status, poverty, gender, service gaps, vulnerability, poverty and marginalization, and available social capital through specifically designed questionnaire.
- (iv) Collect data on community expectations and aspirations through survey questionnaire and Focus Group Discussions.
- (v) Prepare an analytical report by the end of the survey.
- (vi) Collate and provide data disaggregated based on sex and other relevant exclusion indicators.
- (vii) Design and monitor the implementation of a public satisfaction survey of public spaces, parks in project cities, including inclusion features.
- (viii) Design and implement a gender assessment of local hokimiyats, Uzsuvt'a'minot and Toza Hududs to draft an Action Plan and provision of training on increasing gender diversity, gender sensitization and GAP implementation.
- (ix) Develop Gender responsive HR policies and procedures including procedures to prevent gender based violence at the workplace.
- (x) Develop and conduct training on gender and safe mobility at public spaces and public transport.
- (xi) Conduct GAP workshops for PIU and relevant municipal staff on awareness activities as indicated in the GAP for all relevant stakeholders. At least 100 stakeholders should report greater awareness on approaches in integrating gender and social inclusion in urban governance, gender action plan implementation, monitoring and reporting on gender equality results.
- (xii) Conduct gender and other related training (e.g., on Gender Based Violence and Harassment) to contractors and their laborers.

- (xiii) Assistance to PIU in implementation of Gender Action Plan. Assist in implementing all actions identified in the GAP for the project. Ensure that project monitoring formats include GAP indicators and reflect sex disaggregated data.
- (xiv) Recruit a local CSO to conduct at least 8 gender-responsive community awareness campaigns to promote “clean and green city” concept, Target 50% of households, with at least 50% women members, in each project city. A provision of USD 15,000 is kept under provisional sum towards this.
- (xv) Introduce equal employment opportunities and GBVH prevention policies at the workplace in Djizzak Uzsuvtaminot
- (xvi) Support Gender Equality Council of city hokimiyats in developing and implementation of capacity building programs including prevention of GBVH at the workplace in each city
- (xvii) Assist the PIU in ensuring participation of women and socially excluded groups in all relevant committees of user groups that are constituted as part of the project.

III. Outputs /report requirements

- 25. The outputs/reports shall include:
- 26. Inception report with work plan, implementation framework time lines within 30 days from the date of mobilization;
- 27. Concept Plans for various activities
 - (i) Baseline Socio Economic Report with data of poor and vulnerable who will benefit from the investment project within 3 months from the date of mobilization
 - (ii) Contributions to GAP quarter updates and reports, every 3 months;
 - (iii) Evaluation reports of awareness campaigns and training programs, by the end of month 33.
 - (iv) Quarterly and annual review reports on financial management and revenue generation of cities and line agencies, quarterly reports every first, second and third quarter, and annual reports by the end of each year.
 - (v) All required IEC materials, produced during the course of the project in advance of IEC activities and consolidated into one document by the end of month 33.
 - (vi) Conceptual plans, procurement documents, evaluation reports, contracts for hiring NGOs and other organizations for various pilots and awareness raising campaigns. Produced during the course of the project and consolidated by the end of month 33
 - (vii) Implementation progress reports every quarter, draft (by end of month 35) and final (by the end of month 36) reports on findings and recommendations from pilot interventions.
 - (viii) Assignment Completion. Draft by the end of month 35, and final by the end of month 36, and
 - (ix) Any other reports as appropriate.

IV. Qualification and Staffing

- 28. The consulting firm should be experienced in a wide range of capacity building initiatives with past experience in training local governments and utilities on urban services delivery and financial management, water supply and solid waste utility operations, conducting awareness raising campaigns, and mainstreaming gender. This is an output-based contract and the bidder is responsible for deciding how best to resource tasks for efficient and quality delivery of outputs. This may include engaging local CSOs, e.g., for conducting awareness-raising campaigns. At a

minimum, the consultant team shall comprise of the key staff listed below, and for which CVs need to be included in the proposal. The minimum person months for these Key experts is indicative and may be changed in the proposal. At a minimum, the consultant team shall comprise of the below- mentioned Key and Non-Key Experts with adequate support staff.

N	Consultant's Staff	Total
	1.1. Key Experts (International)	
1	Team Leader/ Urban Development Expert	12
2	Urban Governance Specialist	4
3	IT Specialist	4
4	Financial Management Specialist	5
5	Public Communications Specialist	4
6	Social & Gender Specialist	4
7	Parks and Open Space Management Specialist	2
8	PPP Specialist (urban services)	1
9	Tourism Management Specialist	2
10	Water Supply Efficiency Specialist	10
11	Asset Management Specialist	4
12	Waste Minimization and Recycling Expert	2
	Subtotal 1.1	54
	1.2. Key Experts (National)	
1	Senior Municipal Engineer/DTL	34
2	Urban Institutional Expert	18
3	Social & Gender Specialist	18
4	IT Specialists	16
5	Financial Management Specialist	16
6	Communications & Outreach Specialist	18
7	Safety & Health Specialist	6
8	PPP Specialist	3
9	Tourism Management Specialist	4
10	Solid Waste Management Specialist	2
11	Water Supply & Sanitation Engineers (2)	24
12	Energy Efficiency Specialist	6
	Subtotal 1.2	165
	Total 1	219
	2. Administrative Staff	
1	Office Administrator and support	36
2	Secretary/Translator (2)	57
	Total 2	93

29. Besides the above, the Consultant shall also deploy suitably qualified, experienced and competent personnel as required for Consultant's administrative, clerical and support purposes.

30. Qualification, Experience and Outline Terms of Reference of Key Experts

Expertise	Qualification & Experience	Input Required in
International Key Experts		

Expertise	Qualification & Experience	Input Required in
1. Team Leader / Urban Infrastructure Planning Expert	He/she will have at least 15 years of international urban project experience and a post-graduate degree in urban planning, civil engineering or related field. Experience in urban infrastructure projects and familiarity with urban planning / policy issues, infrastructure planning, including sustainable development, green infrastructure, climate change and disaster risk management, resource management, and social inclusion is desirable. Must have demonstrated experience in supervising a team or experts and working on similar projects for multilateral/bilateral organizations. Country or regional experience preferred.	<ul style="list-style-type: none"> • Supervisory input and approval of all deliverables • Lead preparation and support conduct of urban planning and sustainable urban development training courses • Serve as focal point for the UGISC team's communications with key government stakeholders • Coordinate UGISC team's work schedule and inputs • Provide other relevant guidance and outputs to government as agreed with executing agency and ADB
2. Urban Governance Expert	He/she will have at least 12 years of international urban project experience and a post-graduate degree in public management, urban planning, civil engineering or related field. Experience with developing curricula and conducting training, and e-government solutions is desirable. Country or regional experience would be beneficial.	<ul style="list-style-type: none"> • Draft curriculum for hokimiyat staff training • Support development of 'Citizen Report Card' and help outline online city directory • Assist in developing GRMs for hokimiyats • Develop and conduct urban management executive training • Study e-Gov initiative and recommend applications at city level • Develop and support conduct of training for operational staff of visitor center and co-working center.
3. IT Specialist	He/she will have at least 10 years' experience and not less than a bachelor degree in computer/information management. Experience in multilateral/bilateral funded projects, and familiarity with asset management software, SCADA, hydraulic modeling, GIS, mobile and web-based payment and billing systems, crowdsourcing, social media platforms etc. would be	<ul style="list-style-type: none"> • Identify software/hardware requirements for urban asset management and e-government services and develop applications (e.g., web-based citizen report card, citizen directory) for all four project city governments • Support development of a computerized financial management and reporting system for Djizzak Suvta'minoti

Expertise	Qualification & Experience	Input Required in
	beneficial. Good command of English language would be beneficial.	<ul style="list-style-type: none"> • Guide Djizzak Suvta'minoti in developing customer database and online payment system • Identify software/hardware requirements for asset management, GIS based hydraulic modeling and develop applications for Djizzak Suvta'minoti.
4. Financial Management Expert	He/she will have at least 12 years of international urban project experience and a post-graduate degree in finance, accounting, public management or a related field. Experience with municipal and utility financial management, budgeting, accounting and IFRS reporting, and revenue enhancement studies is desirable. Country or regional experience would be beneficial.	<ul style="list-style-type: none"> • Develop curriculum and support conduct of financial management training Djizzak Suvta'minoti • Develop curriculum and support conduct of training on computerized financial management systems and IFRS reporting • Develop financial improvements/resource mobilization plans for 4 cities and utilities • Assess municipal accounting and budgeting practices, recommend improvements and train municipal finance staff • Prepare policy note on municipal finance and related governance
5. Public Communications Expert	He/she will have at least 12 years of international urban project experience and a post-graduate degree in social sciences, web/mobile based crowdsourcing, social media pages, communications or other related disciplines. Experience with community engagement initiatives, urban sector campaigns, communication strategies is desirable. Country/regional experience and command of Russian language would be beneficial.	<ul style="list-style-type: none"> • Lead development of 'Citizen Report Card' and prepare outline online city directory • Lead assessment of stakeholders, existing IEC materials/campaigns and lead development of a communications strategy • Develop short-term impact assessment methodology • Guide development of campaign materials on water conservation, waste minimization, reuse, recycling, GRM, gender, project implementation, etc. • Support developing web and mobile based data and billing systems, web and social media pages etc.
6. Social & Gender Specialist	Master or higher degree in anthropologies, sociologies, city and/or regional planning, and any other applied social sciences related to the involuntary resettlement safeguards. At least 15 years of professional work experience of which	<ul style="list-style-type: none"> • Support hokimiyats in developing citizen report card & citizen directory • Develop livelihood development training program and support selection of TVET institutions to conduct training • Support development of utility costumer grievances and satisfaction monitoring systems Develop

Expertise	Qualification & Experience	Input Required in
	minimum 10 years in involuntary resettlement safeguards and land acquisition and resettlement plan preparation and implementation for infrastructure projects financed by international finance institution such as ADB, EBRD and World Bank. Not less than a Bachelor degree in social sciences with 5 years' experience in working with ADB's safeguards policy and preparing gender action plans and community awareness plans	customer satisfaction and other social surveys <ul style="list-style-type: none"> • Support development of campaigns and communication strategies
7. Parks and Open Spaces Management Specialist	Graduate Architect or Post Graduate Urban Planner with 10 years' experience in operation and maintenance of public spaces.	<ul style="list-style-type: none"> • Develop curriculum and conduct training on O&M related to public spaces, parks, green infrastructure etc. • Support in related campaigns and training.
8. PPP Specialist (urban Services)	Post Graduate Engineer /Planner with 10-year post qualification experience. Experience in formulating and implementing PPP projects in urban renewal, water supply, wastewater sector	<ul style="list-style-type: none"> • Assess potential PPP opportunities in city property management and identify capacity gaps of prospective property management companies and suggest suitable capacity development initiatives
9. Tourism Management Specialist	At least 10 years' experience in externally funded projects focusing on tourism development, tourism skill development, heritage preservation, and destination management is desirable. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Assess skill development needs of (start-up) tourism entrepreneurs (esp. young and female-owned micro- or small businesses) in Khiva, and support development of curricula for skill enhancement training • Lead tourism business skill enhancement training sessions in Khiva • Assess skill development needs of staff of the new visitor center and digital museum in Khiva, and support development of job descriptions and operational guidelines • Lead skill enhancement training sessions for visitor center/digital museum staff • Monitor effectiveness/impact of the skill enhancement training

Expertise	Qualification & Experience	Input Required in
10. Water Supply Efficiency Specialist	He/she will have at least 12 years of international urban project experience and a post-graduate degree in civil engineering, environmental engineering, or other related discipline or a related field. Knowledge and hands-on experience with water supply utility operations, hydraulic modeling, establishing SCADA and GIS systems, asset management, NRW reduction, and energy efficiency auditing is desirable. Country/regional experience would be beneficial.	<ul style="list-style-type: none"> • Support development of curriculum and conduct of financial and asset management training UzSuvta'minot JSC • Develop curricula and support conduct of training sessions on SCADA, GIS, asset management, energy efficiency, DMA management, preventive maintenance, emergency response, water safety management of relevant utility staff in Djizzak. • Develop and implement NRW training program including leak detection plan, development; training on the use of leak detection techniques and equipment; and O&M of District Metered Areas • Oversee the NRW pilot program implemented in the three project Mahalla as part of civil work contract package and advise on remedial/loss reduction measures • Guide Djizzak Suvta'minoti in developing a road map and investment plan for achieving 24/7 water supply for the city of Djizzak • Lead development of a performance based corporate business plan for Djizzak Suvta'minoti • Develop water quality testing protocol based on HACCP, and guide preparation of a Water Safety Plan for Djizzak Suvta'minoti • Support development of an automated meter reading and payment system for Djizzak Suvta'minoti • Support development of WSS awareness raising campaigns • Guide development of GIS based hydraulic model • Guide development of computerized asset management system • Lead conduct of energy efficiency audit and prepare report
11. Asset Management Specialist	Post graduate engineer with at least 12 years of international experience in planning and deploying municipal asset management systems. Experience in	<ul style="list-style-type: none"> • Develop and support conduct of training of hokimiyat staff in asset management and planning

Expertise	Qualification & Experience	Input Required in
	deployment of asset management systems related to water and waste water utilities preferred	<ul style="list-style-type: none"> • Support in establishment of asset management software and systems for hokimiyats • Identify and advise on best software options for Asset Management for Djizzak Suvta'minoti.
12. Waste Minimization and Recycling Expert	He/she will have at least 12 years of international urban project experience and a post-graduate degree in civil engineering, environmental engineering, or other related discipline or a related field. Knowledge and hands-on experience with solid waste operations, circular economy, waste minimization and 3R initiatives is required. Country/regional experience would be beneficial.	<ul style="list-style-type: none"> • Develop content for awareness raising campaigns on waste minimization, reduction and reuse practices, waste segregation and storage, illicit waste dumping reporting, etc.
National Key Experts		
13. Deputy Team Leader / Senior Municipal Engineer	He/she will have at least 10 years' experience and not less than a bachelor degree in environmental / civil engineering. Experience in multilateral/bilateral funded projects, and familiarity with a wide range of urban infrastructure and services would be desirable. Good command of English language would be beneficial.	<ul style="list-style-type: none"> • Support Team Leader with overall coordination and oversee the work and deliverables of all national consultants • Support development of various curricula and coordinate all urban management and urban services capacity building initiatives • Coordinate all capacity building initiatives targeting UzSuvta'minot and Djizzak Suvta'minoti. • Coordinate all awareness raising campaign initiatives. • Support all surveying/FGD work required under this assignment
14. Urban Institutional Expert	He/she will have at least 10 years' experience and not less than a bachelors degree in public management, urban planning, civil engineering or related field. Experience with urban policy development, institutional capacity development in the urban sector, innovative citizen engagement initiatives, business/action planning, and performance benchmarking desirable. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support development and conduct of urban management executive training • Lead hokimiyat staff training on project management topics • Support development of IT solutions such as e-Hokimiyat and conduct user training • Support development of a performance based business plan for Djizzak Suvtaminoti • Support Djizzak Suvtaminoti in development of customer database and online payment system

Expertise	Qualification & Experience	Input Required in
		<ul style="list-style-type: none"> • Develop customer grievances and satisfaction monitoring system for Djizzak Suvtaminoti
15. Social & Gender Specialist	Bachelor's or higher degree in anthropologies, sociologies, city and/or regional planning, and any other applied social sciences related to the involuntary resettlement safeguards. At least 10 years of professional work experience of which minimum 5 years in involuntary resettlement safeguards and land acquisition and resettlement plan preparation and implementation for infrastructure projects financed by international finance institution such as ADB, EBRD and World Bank. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support development of citizen report card and citizen directory; • Conduct livelihood/skill survey and organize the livelihood training in Djizzak, Havast; • Support development of customer grievance and satisfaction monitoring systems for Suvtaminoti • Conduct stakeholder mapping for awareness raising campaigns • Support/organize various awareness raising campaigns, and lead gender related awareness campaigns; lead gender and social inclusion capacity building initiatives; • Support PIU in monitoring GAP implementation and reporting.
16. IT Specialist	He/she will have at least 10 years' experience and not less than a bachelor degree in computer/information management. Experience in multilateral/bilateral funded projects, and familiarity with asset management software, SCADA, hydraulic modeling, GIS, mobile and web based payment and billing systems, crowdsourcing, social media platforms etc. would be beneficial. Good command of English language would be beneficial.	<ul style="list-style-type: none"> • Identify software/hardware requirements for urban asset management and e-government services and develop applications (e.g., web-based citizen report card, citizen directory) for all four project city governments • Support development of a computerized financial management and reporting system for Djizzak Suvaminoti • Guide Djizzak Suvta'minoti in developing customer database and online payment system • Identify software/hardware requirements for asset management, GIS based hydraulic modeling and develop applications for Djizzak Suvta'minoti
17. Financial Management Specialist	He/she will have at least 10 years of experience and not less than a bachelor degree in finance, accounting, public management or a related field. Experience with municipal and utility financial management, budgeting, accounting and IFRS reporting, and revenue	<ul style="list-style-type: none"> • Support development of and conduct financial and asset management training course for UzSuvtaminot • Support development of and conduct training on computerized financial management systems and IFRS reporting for Djizzak Suvtaminoti • Support development of and conduct training on online payment systems for Djizzak Suvtaminoti

Expertise	Qualification & Experience	Input Required in
	enhancement studies is desirable. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support financial improvements and resource mobilization plans for hokimiyats • Support improvements and training in municipal accounting and budgeting practices of hokimiyats • Support development of policy notes on municipal finances
18. Communication & Outreach Specialist	He/she will have at least 6 years of experience and not less than a bachelor degree in social sciences, web/mobile, social media pages, communications or other related disciplines. Experience with community engagement initiatives, urban sector campaigns, communication strategies is desirable. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support development of citizen report cards and citizen directory in all four cities • Support development of training materials for Djizzak Suvtaminoti staff training related to customer relations and outreach • Support development of customer grievances and satisfaction monitoring system for Djizzak Suvtaminoti • Support development of and conduct of awareness raising and behavioral change campaigns
19. Safety & Health Specialist	Masters in Public Health or Masters in Community Medicine or equivalent with 5 years post qualification experience. PG Diploma in Health and Safety preferable, Experience in emergency response and disaster management desirable. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support O&M capacity building of beautification depts • Support conduct of preventive maintenance and emergency response training of Djizzak Suvtaminoti • Support development of water safety plan and training of Djizzak Suvtaminoti • Support development of awareness raising and behavioral change campaigns.
20. PPP Specialist	Degree in Engineering or Business Administration or Management with 10 years experience. At least 5 years experience in structuring PPP contracts for urban/municipal services sector. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support assessment of potential PPP opportunities in city property management and identification of capacity gaps of prospective property management companies and suggest suitable capacity development initiatives
21. Tourism Development Specialist	He/she will have at least 6 years' experience in externally funded projects focusing on tourism development, tourism skill development, heritage preservation, and destination management is desirable.	<ul style="list-style-type: none"> • Assess skill development needs in and lead training on destination management, including establishment and operations of a destination management organization in Khiva.

Expertise	Qualification & Experience	Input Required in
	Good command of English would be beneficial.	<ul style="list-style-type: none"> • Assess skill development needs of (start-up) tourism entrepreneurs (esp. young and female-owned micro- or small businesses) in Khiva, and support development of curricula for skill enhancement training • Lead tourism business skill enhancement training sessions in Khiva • Assess skill development needs of staff of the new visitor center and digital museum in Khiva, and support development of job descriptions and operational guidelines • Lead skill enhancement training sessions for visitor center/digital museum staff • Monitor effectiveness/impact of the skill enhancement training
22. Solid Waste Management Expert – Operations	He/she will have at least 10 years' experience and not less than a bachelor degree in environmental / civil engineering. Experience in externally funded projects focusing on capacity building for municipal waste collection and disposal, and in particular waste minimization and recycling, are desirable. Good command of English would be beneficial.	<ul style="list-style-type: none"> • Support development of content for awareness raising campaigns on waste minimization, reduction and reuse practices, waste segregation and storage, illicit waste dumping reporting.
23. Water and Wastewater Engineer 1	He/she will have at least 10 years' experience and not less than a bachelor degree in environmental / water supply engineering. Experience in multilateral/bilateral funded projects, and familiarity with SCADA, hydraulic modeling, GIS, NRW reduction approaches would be beneficial. Good command of English language would be beneficial.	<ul style="list-style-type: none"> • Support development of a water quality testing protocol based on HACCP, and lead preparation of a Water Safety Plan for Djizzak Suvta'minoti • Support development of an automated meter reading and payment system for Djizzak Suvta'minoti • Support development of WSS awareness raising campaigns • Support development and guide Djizzak Suvta'minoti in implementing GIS based hydraulic model • Support conduct of energy efficiency audit and report • Support in NRW pilot and training on DMA based distribution management and active leakage control

Expertise	Qualification & Experience	Input Required in
		<ul style="list-style-type: none"> Support oversight of NRW pilot program implemented in the three project Mahalla as part of civil work contract package and advise on remedial/loss reduction measures
24. Water and Wastewater Engineer 2	Graduate civil or mechanical engineer with preferably 10 years of water engineering experience, including 5 years as an asset management expert in a water utility undertaking providing services to at least 30,000 customers. Should have in-depth knowledge of GIS systems. Good command of English would be beneficial.	<ul style="list-style-type: none"> Support development of curriculum and conduct of financial and asset management training UzSuvta'minot JSC Support development of curricula and lead conduct of training sessions on SCADA, GIS, asset management, energy efficiency, leak detection, DMA management, preventive maintenance, emergency response, water safety management of relevant utility staff in Djizzak city Support development of a road map and investment plan for achieving 24/7 water supply in Djizzak city Support development of a performance based corporate business plan for Djizzak Suvta'minoti Support development of computerized asset management system and assist Djizzak Suvta'minoti in implementing the system.
25. Energy Efficiency Specialist	Graduate Mechanical/Electrical Engineer with at least 10 years of experience in water supply works. Past experience with conducting energy efficiency auditing required.	<ul style="list-style-type: none"> Support development of curricula and lead conduct of training sessions on energy efficiency, and energy efficiency auditing of relevant Djizzak Suvta'minoti staff Contribute to Djizzak Suvta'minoti staff training on preventive maintenance and emergency response from a mechanical/electrical perspective. Support conduct of energy efficiency audits for Djizzak Suvta'minoti.

DMA = District Metered Area, EBRD = European Bank for Reconstruction and Development, GIS = Geographic Information System, GRM = grievance redress mechanism, HACCP = Hazard Analysis Critical Control Point, JSC = Joint Stock Company, IEC = Information, Education, and Communication, IFRS = International Financial Reporting Standards, IT = Information Technology, MIFT = Ministry of Investment and Foreign Trade, NRW = Non Revenue Water, O&M = Operations and Maintenance, PPP = Public Private Partnership, SCADA = Supervisory Control And Data Acquisition, TVET = Technical and Vocational Education and Training, UGISC = Urban Governance & Institutional Strengthening Consultants, WSS = Water Supply and Sanitation.

Client's Input and Counterpart Personnel:

31. Client shall provide the following support:

- (i) Counterpart personnel as deemed necessary shall be deployed as and when required. This is particularly important for the development, testing and implementation of systems (e.g., GIS, hydraulic model, SCADA, NRW piloting, customer relations and GRM).
- (ii) Recipient agencies are to ensure active and continued participation of their staff in all capacity building workshops and on-the-job training sessions.
- (iii) Where possible, recipient agencies are to provide venues for workshops and training sessions.
- (iv) Share all available relevant documents and reports.

Terms of Reference (TOR) for Project Management and Supervision Consultancy (PMSC) Firm

1. Background

1. The Republic of Uzbekistan through the Ministry of Investments and Foreign Trade (MIFT) requested ADB to prepare the Integrated Urban Development Project covering four cities: Djizzak, Khiva, Hawast and Yangiyer. The government, through the Ministry of Economy and Industry's follow-on letter in April 2019, stated the goals of IUDP are to develop the project cities as a test bed for the following concepts: (i) Khiva as a tourist city, (ii) Djizzak as a regional hub to promote vibrant business environment and innovations, and (iii) Yangiyer as a small but growing city with industrial potential to attract investment. The government requested ADB to introduce international good practices in integrated urban development with the aim of achieving sustainable urbanization with regional linkages to be further replicated country wide. IUDP is aligned with Presidential Decree 5623 (January 2019) which sets forth the government's urbanization agenda. The project is aligned with enhancing sustainable urbanization and welfare of the urban population enhanced and has the outcome: access to inclusive, resilient, and sustainable urban services in secondary cities enhanced. The outputs are:

2. **Output 1: Inclusive urban and tourist infrastructure and services provided.** The project will: (i) develop a new 6 hectare green public park in Havast with multifunctional community center including public library and training facilities to support livelihood and skill development for small and medium-sized enterprises targeting women and youth; (ii) construct a new two-story multifunctional visitor center featuring Uzbekistan's first digital museum showcasing Khiva's Silk Road-themed heritage and women-friendly travel services and facilities,¹ and bicycle sharing facility;² (iii) create a new 2.4km linear greenway along an existing drainage canal in Khiva with cycle and pedestrian paths linked to the visitor center, street furniture, tourist friendly signage, and playgrounds; (iv) demonstrate holistic area-based community development in three underserved mahallas (Ittifoq, Dustlik, Yoshlik) of Djizzak through the improvement of: around 29 km of street corridors (surfaces, drainage, pavements, lightings, pedestrian sidewalks, public open spaces including playgrounds, neighborhood parks, bus stands). All facilities will be designed with universal access for people with disabilities and the elderly and feature women-friendly designs such as street lighting, women's washrooms, clear sight lines throughout the parks. Assets under Output 1 will be owned and operated by the local government.

3. **Output 2: Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.** The project will support universal coverage of basic services in three Djizzak *mahallas* (Ittifoq, Dostlik, Yoshlik) including: (i) rehabilitation and construction of trunk and lateral pipelines; (ii) installation of supervisory control and data acquisition (SCADA) systems with bulk meters; (iii) nonrevenue water management through district metered areas to reduce water loss; (iv) improve sewerage collection through the construction and rehabilitation of lateral sewers with new household connections;³ (v) enhance operational efficiency with a city-wide hydraulic model and geographic information system (GIS) asset management system, conduct an energy audit of water facilities; and (vi) provide O&M equipment. The project will implement a WASH+H program including awareness and behavior change program targeting

¹ The visitor center, located near the rail station, will complement the ADB rail electrification project between Bukhara and Khiva to boost tourist arrivals. Women-friendly travel services include information on safety and security.

² The visitor center, located near the rail station, will complement the ADB rail electrification project between Bukhara and Khiva to boost tourist arrivals. Women-friendly travel services include information on safety and security.

³ The ongoing [ADB Djizzak Sanitation System Development Project](#) is improving sewerage coverage to 70%. The project will fill gaps in one project mahalla. Other partners are supporting sewerage in the other three project cities.

vulnerable populations, and the provision of handwashing facilities at project-area public facilities (parks, tourist sites). The project will enhance solid waste services in all project cities as follows: (i) expand waste collection through construction of collection points, (ii) provide collection equipment and waste containers, and (iii) construct a shared transfer station for Havast and Yangiyer. Assets under Output 2 will be owned and operated by the respective state utilities.

4. **Output 3: Urban governance, institutional capacity, and livelihood support strengthened.** The following areas will be supported: (i) evidence-based urban planning and management, municipal finance and financial management,⁴ private sector cooperation, and e-government; (ii) O&M including asset management, customer outreach, and cost recovery; (iii) employment support targeting women; and (iv) tourism management. These will be achieved through advisory services, trainings, and procurement of necessary hardware and software.

5. ADB financing for the IUDP loan is planned for signing in the last quarter of 2022. ADB approved the Urban Services Project Readiness Facility in September 2019 to fund early detailed engineering design and procurement activities to ensure timely start up and implementation. Under this a national consulting firm was engaged for preparing National Feasibility Study and another international consulting firm was engaged for Detailed Engineering Design works. The NFS is in the advanced stages of approval and the DED is progressing with 3 out of 11 works passages ready for tendering. The DED works of remaining packages are progressing well.

6. The proposed consultancy assignment, the Project Management and Supervision Consultancy (PMSC) shall recruit an international consultancy firm with the responsibility of Construction Supervision as well as Project and Contract Management. This shall be financed by the ADB project loan. Consultants' selections and engagements will be in accordance with ADB Procurement Policy 2017 (Policy) and Procurement Regulations for ADB Borrowers 2017 (as amended from time to time) (Procurement Regulations), using the quality-cost based selection (QCBS) method with a standard quality-cost ratio of 90:10.

2. Objectives of the Assignment

7. It has become increasingly clear that an integrated systems approach (ISA) is critical to sustainable development of urban areas. IUDP is conceptualized with due recognition that sectoral and silo-based approaches are inadequate to address the interdependent and interlinked challenges of sustainable urban development. The primary objective of the consultancy assignment shall be to supervise construction, manage contracts and manage the Project aiming for holistic and sustainable development of project towns with healthy and accessible urban environment that is resilient, flexible and adaptive to climate change. The consultants shall therefore keep in mind the cross sectoral and multi-dimensional themes considered in feasibility and detailed engineering design stages and bring in innovative approaches and cutting edge technology options while implementing various project components. The construction shall be guided by sustainable approaches like use of renewable resources, eliminating pollution, protecting ecosystems, conversion of waste into resources, decentralization of water and sanitation systems, sustainable modes of travel, pedestrian friendly pathways and allies, adoption of green development principles, water sensitive urban designs, healthy and vibrant public spaces and gender friendly approaches.

8. The major objectives are as given below:

⁴ The project will support capacity building in municipal finance and financial sustainability funded by ADB. 2020. [Support to the Implementation of Strategy 2030 Operational Plans](#). Manila (TA 6574-REG).

- Through detailed resident supervision, ensure that high quality construction is achieved in time and within budget, and that all work is carried out in full compliance with the approved engineering designs, technical specifications, agreed work schedule, and within the terms and conditions of all other contract documents and sound engineering practices;
- Ensure smooth project management meeting all monitoring and reporting required internally for the Government and by ADB as agreed between the Government and ADB
- Bring in financial discipline within project execution by providing expert support for accounting, auditing and preparation of budget as well as claims for disbursement.
- Demonstrate the efficacy of contract administration and supervision as an independent external party;
- Ensure constructions duly meet environment, social safeguards and gender action requirements as defined in ADB's Safeguard Policy Statement (2009); and
- Promote technology transfer and the introduction of modern Contract Administration practices within PIU .
- Oversee the construction is undertaken ensuring principles of sustainable operation and climate change resilience.

3. Scope of Services

9. Cities Development Initiative Asia (CDIA) had prepared concepts for development for the project towns and is expected carried out scoping and an outline engineering design. This was furthered in NFS and DED stages that resulted in preparing 11 contract packages for implementation after due consultation with the national, regional and local governments and the utility companies.

10. The specific tasks related to the assignment shall include the following among others to achieve the sated objective and the consultants work plan and methodology should clearly demonstrate ways to achieve that.

a. Inception and Document Review

- (i) Establish a full-fledged project office in Tashkent with proximity to the Project Implementation Unit (PIU) and necessary field offices at the 4 Project towns. The consultant shall be responsible for providing all necessary manpower, lodging and boarding for its staff members, office space, furniture and equipment, computers and peripherals, communication equipment, electricity, water, licensed software, worker, 3rd party and other insurances, vehicles, stationery, and licenses for intellectual property, translation services etc. for performing the services throughout the period of the Contract. Software shall include an electronic document management program that will be shared with the PIU and City level Project Coordinators as well all necessary technical programs.
- (ii) Collect and critically review available documents related to the project like PRF Concept Paper and Loan Documents, CDIA Pre-Feasibility Reports, National Feasibility Study Reports, Detailed Engineering Designs, ADB Consultation Missions' Aide Memoirs, documentations related to previously implemented projects, City/Town Development Plans and Master Plans and other reports relevant for the project and establish an information database;

- (iii) Interact with the major stakeholders identified during feasibility detailed engineering design stages;
- (iv) Conduct a kick-off workshop with MIFT officials, other stakeholders and line departments; Present the consultant's finalized work plan in this workshop.
- (v) Familiarize with ADB's design monitoring framework, the indicators, baseline and target values (this will help defining project components);
- (vi) Based on all the above refine and update the documents related to physical and operational characteristics covering technical, institutional, financial, safeguards and socio-economic aspects. Particular focus shall be placed on O&M, environmental, climatic and public health conditions as well as poverty aspects.
- (vii) Discuss options available for use of materials for construction including pipes and concrete and suggest if any changes are required in the most appropriate materials for the project.
- (viii) Collect, review and duly consider the preliminary Social and Environmental Impacts of the interventions documented during the project preparation stage.

b. Verification of Designs, Surveys and Investigations

- (i) Verify and confirm all surveys conducted during design phase
- (ii) Support in mapping all the underground utilities by using the available information from the town authorities and by conducting utility mapping survey using Ground Penetrating Radar (GPR) technique wherever required.
- (iii) Verify and confirm the geotechnical investigations at all locations for construction of civil structures.
- (iv) Conduct an asset condition survey off all infrastructure components that shall be proposed for retention and provide recommendations
- (v) Verify all the drawings prepared and confirm the designs and specifications,
- (vi) All the findings should be documented in a detailed report and presented to the PIU.
- (vii) Advise the client on any design changes necessitated during construction

c. Construction Supervision

- (i) Prepare a construction supervision manual
- (ii) Verify the good for construction drawings prepared by the contractor and approve.
- (iii) Review and approve all BoQ
- (iv) Map all the utilities above and below ground in GIS that are falling within the alignment and assist in shifting of utilities as required.
- (v) Set out sites for various components involved in the project, including field verification of lines and levels.
- (vi) Advise the client on best practices and innovative approaches in construction, develop site specific construction methodology for complex work and supervise all works.
- (vii) Carry out duties as Engineer and/or Engineer's Representative within the context of provisions of Works and Supply Contracts. This includes continuous supervision of construction works at all work fronts by engaging qualified field engineers, recording measurements and preparing contractors' claims.
- (viii) Conduct regular field visits to project sites during civil works activities and conduct independent assessment on safeguard compliance.

- (ix) Undertake regular quality checks of works at contractor's field labs, plant labs and consultant's own lab and maintain quality check record, issue quality approval certificates and ensure corrective actions are taken as required by test results.
- (x) Establish quality assurance system, including verification of source of material and certifications.
- (xi) Carry out necessary quality control activities and certify that the quality of the works conforms to the technical specifications and drawings. Obtain quality certificates from the National Quality Control Lab under Construction Ministry as appropriate.
- (xii) Assist third party inspections, if necessary, as decided by the Employer.
- (xiii) Obtain as-built drawings from the contractors and submit the same to the client after verification in the field and certification for its correctness.

d. Contract and Project management

- (i) Support and assist PIU in contract administration and compliance of contractual conditions.
- (ii) Prepare a project management manual
- (iii) Prepare MS Project based project scheduling and implement it in contract execution. Assist the PIU in preparing annual work plan, detailed implementation schedule and budget using management tools
- (iv) Design and operationalize an effective project performance monitoring system (PPMS) to track progress considering the targets defined in the project's design and monitoring framework.
- (v) Advise and support the PIU on contract management issues on a regular basis.
- (vi) Assist the PIU in maintaining proper accounts with all ledger and control systems
- (vii) Develop and set up an MIS for the project and monitor physical and financial progress of works and prepare monthly, quarterly and annual progress reports, identifying critical issues.
- (viii) Develop Quality Assurance System & Quality Management & Control Plan and prepare Quality Compliance Reports.
- (ix) Engage with all the stakeholders to achieve timely completion of contractual obligations on the part of Contractors and the Client.
- (x) Assist in compliance with regulatory clearances. Assist in obtaining various permits, for the implementation of the project.
- (xi) Prepare Traffic Management Plan for project implementation.
- (xii) Develop standard operating procedures (SOPs) for safety in construction and advise and supervise on safety and security of the labourers, supervising and monitoring officials and public during project implementation.
- (xiii) Ensure compliance of ADB safeguard requirements with regular field monitoring, identification of issues and resolution and prepare various documents related to safeguards implementation and monitoring, including Environmental and Social Safeguards.
- (xiv) Assist Client in forecasting the progress of works and finalization of periodic targets for the expenditure and disbursement.
- (xv) Prepare and submit work completion report, including as built drawings in editable format in AutoCAD or similar software.
- (xvi) Assist the Employer for resolution of all contractual issues, including examining the contractor's claims for variations/time extensions, additional compensations etc. and prepare recommendations following the provisions of the contract agreements.
- (xvii) Accompany the Client in meetings as and when necessary.
- (xviii) Assist the Client to prepare for ADB review missions.

- (xix) Prepare and ensure timely submission of all documents related to project management, monitoring and reporting as agreed by Government and ADB; and
- (xx) Prepare Project Completion Report.

e. Operations management

- (i) Considering the entire project, including the plants & equipment furnished by the manufacturers, suppliers & contractors, prepare an Operation and Maintenance Manual for all project components.
- (ii) Create a GIS based inventory of existing assets and new assets constructed under the project according to the adopted classification system and prepare an asset management plan
- (iii) Carry out trainings for PIU staff on design, construction and maintenance of project components.

f. Environmental, Social, Occupational Health and Safety (ESHS) Issues

- (i) Observance of the Contractor's compliance with all contractual ESHS standards in accordance with ADB requirements.
- (ii) Draft IEE/EMP and RPs have been prepared and provided in each bid document. Both documents in each contract shall be critically reviewed and updated with view to the Detailed Design or updated designs. These requirements are important and should be observed, monitored and reported from the inception phase on in all documents to be prepared by the consultant.
- (iii) Conduct environmental surveys (baseline, mid-term, final) as per IEE requirements.
- (iv) Inform the Contractor that relevant contract shall not commence prior to the Consultant's approval and satisfaction of appropriate measures in place to address ESHS risks and impacts.
- (v) Approve after due revision Contractor's site specific Environmental Management Plans (EMPs) and, during the execution of the works, instruct the Contractor to update the EMPs if it becomes necessary (e.g. due to unanticipated impacts, change in site, change in construction method etc.). The revised version shall highlight the new elements incorporated in the document.
- (vi) Supervise the Contractor's implementation of the EMPs and report quarterly on compliance of the Contractor with the EMP and ESHS Works Requirements (as provided in section 6 of bid document); This includes health and safety performance and conformance with labour and working condition standards in case of severe ESHS violations (and in particular OHS risks to life), the Consultant shall suspend the work at that stretch until the Contractor has rectified the situation;
- (vii) Document Contractor's non-conformances. Review and approve the Contractor's proposals for remedial action/s and their timeframe for implementation. Follow-up on correction/remediation.
- (viii) Follow up on the results of any inspections or audits by labour, health and safety or environmental regulatory authorities.
- (ix) Check if the Contractor provides instructions and trainings to workers, Subcontractors and Suppliers (in particular those for major supply items) to assure that they understand their respective ESHS requirements and that the Contractor complies with the Code of Conduct.

- (x) Advise the Contractor on the ESHS risks and impacts of any design change proposals and the implications for compliance with IEE, EMP, consent/permits and other relevant project requirements.
- (xi) Review the Contractor's monthly progress reports, and check if detected nonconformities are documented and analysed and are addressed by corrective actions; Documentation shall include a digital photograph and with captions to provide a visual illustration, explicitly indicating the location, date of inspection and the non-conformity in question.
- (xii) Follow-up on the resolution of any complaints or grievances in relation to ESHS.;
- (xiii) Inform the Employer on any ESHS related situation that might arise which could jeopardize the successful completion of the Project. Reflect such situations in the periodic reporting.
- (xiv) Update the resettlement plans prepared for each contract package whenever there is a design change. Oversee implementation of RP. Ensure that no works are commenced without implementing the RP, including compensation for temporary impacts.
- (xv) Supervise that non-conformities are addressed through measures adapted to the severity of the situation and which include but are not limited to the suspension of works and/or of payments in accordance with the contract.
- (xvi) Prepare and submit monthly, quarterly and semi-annual safeguards monitoring report.
- (xvii) Collect and provide data required for implementation and monitoring of GESI Action Plan and Consultation Strategy. Prepare and submit necessary reports that will enable the PIU to report compliance.
- (xviii) Ensure that the GRM established for the project is in place and is working effectively. Ensure proper documentation and support in speedy redressal of grievances.

4. LOCATION OF SERVICES

11. The consultant shall establish a project office at Tashkent and three field offices one each at Khiva, Djizzak and Havast (for Yangier and Havast). a detailed plan for deploying the international and National key staff in Tashkent and field offices needs to be presented in the work plan and team composition. Adequate number of engineers and surveyors should be deployed at field offices for effective supervision and supported by Key staff stationed in Tashkent with field trips and longer duration stays at field.

5. COUNTERPART ASSISTANCE

12. Consultant shall get access to all available legal and technical documentation related to the Project and the required work. Consultant shall be supported by the PIU in obtaining various permits or clearances required for effectively delivering its scope. The client shall also deploy its counterpart officials to work with the consultant, oversee their work and facilitate approvals required. Consultant shall establish, run and maintain their own office space or other administrative support activities.

6. PROJECT DURATION

13. The duration of the assignment shall be for a period of 48 months initially and extendable further based on requirement. The assignment is expected to be started in August 2022.

7. REPORTS, SCHEDULE OF DELIVERIES AND PAYMENT

14. The consultant shall have to prepare and submit the reports given in the table below and any other relevant report as requested by PIU

Type of Report	Time / Frequency of Submission	Target Content (non-exhaustive)
Construction Management		
Inception Report	Within 30 days of Mobilization	Understanding about the project, local conditions, project organization, methods for project execution, staff mobilization status and mobilization plan, tools and templates to be adopted in contract and project management.
Quality Control and Supervision Manual	Within 1 month of Mobilization	Technical procedures, responsibility matrix, site record templates, test specifications, etc.
Project Management Manual	Within 2 months of Mobilization	Standard procedures for scientific management of the project aiming avoidance of time and cost overruns.
MS Projects based construction schedule of each contract package	Upon mobilisation of contractor for the corresponding package	Activities and tasks with milestones. Resource planning schedule
Monthly Progress Report	For each calendar month, within 7 days of next month	Describing works and services performed and issues encountered during the reporting month and scheduled activities; Include information regarding any design changes highlighted during field verification survey data of project or change of alignment by contractor w.r.t. to DPR / detailed design. Include a broad overview of the physical and institutional progress achieved, and recommend corrective actions to the PIU. Also indicate the work to be performed during the coming month and mobilization schedule.
Quarterly Progress Report	For each quarter, within 15 days of next quarter	Describing in detail the implementation progress of all project components with issues highlighted. Safeguard implementation and compliance reports
Project Completion Report - Draft	1 month before Completion Date	Record of final BOQs, As-built drawings, test reports, warranties, achievement of targets, variations (if any) in time and cost, field books and other records
Project Completion Report - Final	15 days after Completion Date	Training need assessment, training plan,
Training Guidelines and Plan	Within 6 months of Mobilization / Biannually	
Training Evaluation and Report	Within 1 month of Training Program	Compilation of feedback and impact evaluation with need for review / revision of existing Training Plan (if any)
Operation & Maintenance Manual	Within 15 months of Mobilization	Technical procedures for the appropriate operation and maintenance of the project facilities

Type of Report	Time / Frequency of Submission	Target Content (non-exhaustive)
Asset Register and Asset Management Plan	Towards mid-term of completion of contract packages.	Asset list and procedures for management.
As built or other drawings with necessary reports and documents	Included as part of draft and final bidding document submissions	
Social and Environmental Safeguard Compliance		
Social Safeguards Monitoring Report	Biannually, with Quarterly Report	Updates on social safeguard monitoring, improvements / remedial measures; Present the activities and achievements for each indicator/target of the LARP at each contract, compensation eligible and disbursed; and provide an analysis of facilitating factors and challenges during the reporting period and actions undertaken.
Environmental Monitoring Report	Biannually until ADB's Project Completion Report is issued	Updates on Safeguard Monitoring, compliance, improvements / remedial measures
Other		
Change orders and variation requests	Within two weeks upon receipt of request from consultants	

15. Submission of all related reports is to be in written format in latest MS Office compatible format, with drawings in a format compatible with latest AutoCAD, and submitted in digital form. For each report with associated drawings hard copies are to be presented as follows:

- English language – two sets
- Russian language – three sets
- Drawings shall be presented as soft and paper copies as follows:
 - Preliminary Designs: A2
 - Detailed Design: A1/A2 based on detailing
 - Construction Drawings: A1/A2
 - Reports, BOQ and technical specifications, etc. A4
- Drawing scales shall be according to the following guidelines:
 - Site Plans: 1:1000 to 1:2500
 - Detail drawings: 1:100 to 1:500
 - Cross-sections and Elementals (structures): 1:50 to 1:100
 - Pipeline sections: The L/S shall be plotted at 1:1000 horizontal and 1:100 vertical scale; the plans shall be plotted at 1:1000 scale; and the C/S shall be plotted at 1:200 horizontals and 1:100 vertical scale.

16. Payment to the consultant shall be on monthly basis for remuneration and out of pocket expenses based on timesheets and required supporting documents.

8. STAFFING

No.	Consultant's Staff	Input Months
	1.1. Key Experts (International)	
1	Team Leader/ Senior Civil Engineer Cum Project Management Expert	36
2	Solid Waste Management Expert	2
3	Water Supply & NRW Expert	4
4	Water Supply SCADA Expert	4
5	Landscaping Architect	3
6	Project Performance and Monitoring cum MIS Expert	16
7	Environmental Specialist	4
	Subtotal 1.1	68
	1.2. Key Experts (National)	
1	DTL/Senior Civil Engineer cum Construction Supervision Specialist	48
2	Procurement cum Contract Management Specialist	16
3	Road & Pavement Engineer	16
4	Water Supply & Sewerage Engineer	24
5	Solid Waste Management Engineer	16
6	Electromechanical Engineer	8
7	Accounts and Finance Specialist	46
8	Environmental Specialist	48
9	Resettlement Specialist	16
10	GIS Specialist	3
	Subtotal 1.2	241
	1.3. Non-Key Experts (National)	
1	Field Engineers Civil (3 Nos - Havast, Khiva, Djizzak)	102
2	Field Engineers Water (1 Nos Djizzak)	34
3	Filed Engineer Solid Waste Management (Yangier & Havast,)	34
	Subtotal 1.3	170
	Total 1	479
2	Administrative Staff	
1	Office Administrator and support	46
2	Secretary/Translator	46
	Total 2	92

9. PREFERRED QUALIFICATIONS, EXPERIENCE AND RESPONSIBILITIES

S. No.	Position	Qualification and Experience Requirement	Responsibility
Key Experts			
1	Team Leader/ Senior Civil Engineer Cum Project	<ul style="list-style-type: none"> Graduate Civil Engineer 	<ul style="list-style-type: none"> Responsible for overall project management, construction management, quality assurance and administration of the

	Management Expert	<ul style="list-style-type: none"> • Master in Hydraulics/ Environmental/ Construction Management • Total 20 years of experience in construction / project management of infrastructure projects with minimum 5 years in leadership roles. • Experience in multilateral funded projects will be preferred • Experience in FIDIC contract conditions • Experience in drainage projects would be required 	<p>contracts under the project and implementation of works as per design;</p> <ul style="list-style-type: none"> • Provide training on best practices in construction management; • Support in preparing Project Completion Report and progress reports • Preparing and updating Implementation Schedules, including coordination with PIU for implementation works; • Monitor that the supervision of contract packages of all construction works are in accordance with the contractual obligations and in compliance with sound engineering practices; • Support the Employer in finalizing the variation orders, notices to the contractor as per the contract stipulations. • Advise the Employer on disputes which may arise with the Contractor • Support the Employer in undertaking required activities and documentation required for commissioning of project facilities and issuance of provisional or final acceptance certificates as per contractual terms and conditions • Monitor contract-wise progress and against contract schedules, identify and bring into notice of the Employer any potential variations during implementation, assist the Engineer in recording the reasons for delay and identify remedial actions, if any • Review specifications and contract conditions to ensure its compliance, quality and conformity specified in the contract agreement. • Lead preparation of green infrastructure manual • Support PIU in complying with all ADB requirements
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2	Solid Waste Management Expert	Postgraduate engineer in environmental or public health engineering with 10 years experience in SWM in small and medium cities. Experience in waste collection efficiencies required.	<ul style="list-style-type: none"> • All works related to SWM
3	Water Supply & NRW Expert	Post graduate in environmental / water supply engineering. 12 years experience. Experience in externally funded projects. Experience in DMA based distribution and automated metering. Experience in sewerage	<ul style="list-style-type: none"> • All works related to Water Supply & Sewerage in Mahallas • Organizing and conducting NRW piloting
4	Water Supply SCADA Expert	Post graduate in environmental / water supply engineering. 12 years experience. Experience in externally funded projects	<ul style="list-style-type: none"> • Implementation of Bulk Water Scheme • SCADA works • Automation and metering
5	Landscaping Architect	Graduate Architect with experience in landscaping, Linear parks and playgrounds.	<ul style="list-style-type: none"> • All works related to landscaping, open spaces and playgrounds in Mahallas in Djizzak • Park and coworking centre in Havast • Polvon canal improvements & Visitor center in Khiva
6	Project Performance and Monitoring cum MIS Expert	<ul style="list-style-type: none"> • Bachelor's Degree in Engineering / Planning • Degree/Diploma/Certification in IT • Minimum 8 years of experience in project management, monitoring and reporting of infrastructure projects. • Experience in developing and operationalizing computer-based management information system • Experience in ADB/ World Bank funded projects would be preferred 	<ul style="list-style-type: none"> • Reconfirm the baseline indicators of the project for outcome and output monitoring of the project and develop monitoring parameters as per the indicators. • Develop an appropriate Project Performance Monitoring System (PPMS), forms and monitoring schedule in cohesion with the design and monitoring framework of the project; • Set up systems and procedures for Project management, implementation and monitoring of the progress; • Assist in preparing PPMS for the Program and ensure that the necessary independent inputs are in place when and where required; • Preparation of Performance Monitoring Reports and quarterly progress reports • Prepare monthly, quarterly and annual report formats and prepare reports • Support in preparation of assets register and assets management plan

			<ul style="list-style-type: none"> • Lead preparation of e Measurement system • Input to asset management framework and register
7	Environmental Specialist	<ul style="list-style-type: none"> • Master or higher degree in environmental management, environmental sciences, civil engineering, chemical engineering, or any related field. At least 15 years of professional work experience of which minimum 10 years in environmental impact assessment and mitigation planning for infrastructure projects including leading environmental impact assessment studies, experience on urban infrastructure projects and working with an international financing institution like ADB, World Bank, etc. 	<p>The international environmental specialist, with the support of the national environmental specialist, will be responsible for supervising the contractor's environmental performance, coordinating the public consultations and project GRM, and assisting MIFT-PIU to prepare SAEMRs.</p> <p>During the pre-construction stage, s/he will prepare a detailed action plan including environmental monitoring checklists to be completed by the national environmental specialist to ensure that the Environmental Management System is established, implemented, maintained, and will monitor its performance. S/he will also take care of all environmental issues during construction works. S/he will also review the buildings which will be demolished during civil works and check presence of asbestos materials. In case of presence of such materials, assist to Contractor to develop ACMMP.</p> <p>S/he will also conduct environmental training and briefings to provide environmental awareness on ADB and the government environmental safeguards policies, requirements and standard operating procedures in conformity with the government's regulations and international practice for project; ensure baseline and periodic monitoring and reporting of Contractor's compliance with contractual environmental mitigation measures during the construction stage. The international environmental specialist will assist MIFT-PIU in preparation of guidance for the preparation of TSEMPs, as indicated in EMP. Upon completion of the civil works, the international environmental specialist and the national environmental specialist</p>

			<p>will prepare a report on the project's environmental compliance performance; including lessons learned that may help MIFT and MIFT-PIU in their environmental monitoring of future projects. This report will be part of the input to the overall Project Completion Report</p> <p>The detail tasks for the international environmental specialist and the national environmental specialist are provided below:</p> <ul style="list-style-type: none"> • Observance of the Contractor's compliance with all contractual ESHS standards in accordance with ADB requirements; • Draft IEE/EMP have been prepared and provided in each bid document. Both documents in each contract shall be critically reviewed and updated with view to the Detailed Design or updated designs. These requirements are important and should be observed, monitored, and reported from the inception phase on in all documents to be prepared by the consultant; • Inform the Contractor that relevant contract shall not commence prior to the Consultant's approval and satisfaction of appropriate measures in place to address ESHS risks and impacts; • Approve after due revision Contractor's SSEMPs and, during the execution of the works, instruct the Contractor to update the SSEMPs if it becomes necessary (e.g., due to unanticipated impacts, change in site, change in construction method etc.). The revised version shall highlight the new elements incorporated in the document; • Supervise the Contractor's implementation of the EMPs and report quarterly on compliance of the Contractor with the EMP and ESHS Works Requirements; This includes
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			<p>health and safety performance and conformance with labour and working condition standards in case of severe ESHS violations (and in particular OHS risks to life), the Consultant shall suspend the work at that stretch until the Contractor has rectified the situation;</p> <ul style="list-style-type: none"> • Document Contractor's non-conformances. Review and approve the Contractor's proposals for remedial action/s and their timeframe for implementation. Follow up on correction/remediation. • Follow up on the results of any inspections or audits by labour, health and safety or environmental regulatory authorities. • Check if the Contractor provides instructions and trainings to workers, Subcontractors and Suppliers (in particular those for major supply items) to assure that they understand their respective ESHS requirements and that the Contractor complies with the Code of Conduct. • Advise the Contractor on the ESHS risks and impacts of any design change proposals and the implications for compliance with IEE, EMP, consent/permits and other relevant project requirements. • Review the Contractor's monthly progress reports, and check if detected nonconformities are documented and analyzed and are addressed by corrective actions; Documentation shall include a digital photograph and with captions to provide a visual illustration, explicitly indicating the location, date of inspection and the non-conformity in question. • Follow-up on the resolution of any grievances in relation to ESHS. • Inform the Employer on any ESHS related situation that might arise which could
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			<p>jeopardize the successful completion of the Project. Reflect such situations in the periodic reporting.</p> <ul style="list-style-type: none"> • Prepare and submit monthly, quarterly, and semi-annual safeguards monitoring report. • Ensure that the GRM established for the project is in place and is working effectively. Ensure proper documentation and support in speedy redressal of grievances. • Observance of the Contractor's compliance with all contractual ESHS.
National Key Experts			
1	DTL/Senior Civil Engineer cum Construction Supervision Specialist	<ul style="list-style-type: none"> • Graduate Civil Engineer • Diploma in Construction Management • Total 15 years of experience in construction / contract management with minimum 3 years in leadership roles. • Experience in drainage projects would be required • Experience in computer-based contract management • Experience in multilateral funded projects will be preferred • Experience in FIDIC contract conditions 	<ul style="list-style-type: none"> • Handling responsibility of Team leader in his absence • Responsible for overall construction management, quality assurance and administration of the contracts under the project and implementation of works as per design; • Provide training on best practices in construction management; • Support in preparing Project Completion Report and progress reports • Preparing and updating Implementation Schedules, including coordination with PIU for implementation works; • Monitor that the supervision of contract packages of all construction works are in accordance with the contractual obligations and in compliance with sound engineering practices; • Support the Employer in finalizing the variation orders, notices to the contractor as per the contract stipulations. • Advise the Employer on disputes which may arise with the Contractor • Support the Employer in undertaking required activities and documentation required for commissioning of project facilities and issuance of

			<p>provisional or final acceptance certificates as per contractual terms and conditions</p> <ul style="list-style-type: none"> • Monitor contract wise progress and against contract schedules, identify and bring into notice of the Employer any potential variations during implementation, assist the Engineer in recording the reasons for delay and identify remedial actions, if any • Review specifications and contract conditions to ensure its compliance, quality and conformity specified in the contract agreement. Input in developing O&M Manual and Asset Management Framework
2	Procurement cum contract management specialist	<ul style="list-style-type: none"> • Graduate Civil Engineer • Minimum total 8 years of experience in procurement /contract management • Experience in multilateral funded projects will be preferred • Experience in FIDIC contract conditions 	<ul style="list-style-type: none"> • Responsible for preparing bid document and conducting bidding process if any required during implementation • Assisting in overall contract management and administration of the contracts, implementation of work as per contract; • Contract management and Performance Monitoring of the contractors • Assist in resolving contractual issues during implementation
3	Road & Pavement Engineer	<ul style="list-style-type: none"> • Not less than a bachelor degree in transportation/highway engineering . 12 years experience. Experience in externally funded projects related to construction of local roads in small and medium cities. 	<ul style="list-style-type: none"> • Primary responsibility for road, walkways, traffic and transport related construction and rehabilitation works
4	Water Supply & Sewerage Engineer	<ul style="list-style-type: none"> • Not less than a bachelor degree in environmental / water supply engineering. 12 years experience. Experience in externally funded projects in WSS in small and medium cities. 	<ul style="list-style-type: none"> • Primary responsibility for water supply, sewerage and stormwater drainage works.
5	Solid Waste Management Engineer	<ul style="list-style-type: none"> • Postgraduate engineer in environmental or public health engineering with 10 years experience in SWM in small and medium cities. 	<ul style="list-style-type: none"> • All works related to SWM
6	Electromechanical Engineer	<ul style="list-style-type: none"> • Bachelor's degree in electrical /mechanical engineering • Post graduate degree in Electrical/ Instrumentation will be preferred 	<ul style="list-style-type: none"> • review and approval of electrical/mechanical layout design/ drawings for works

		<ul style="list-style-type: none"> • Minimum 10 years' experience in designing, construction supervision and quality assurance of electrical and mechanical pumping station equipment 	<ul style="list-style-type: none"> • inspect electrical mechanical equipment to be supplied at the project • supervise installation of electrical mechanical equipment at pumping stations • supervise trial run/ commissioning of the equipment • prepare and submit operation maintenance manual for all the installed equipment • inspect operation of the equipment during defect liability period • Support in instrumentation and communication
7	Accounts and Finance Specialist	<ul style="list-style-type: none"> • Post graduate degree in accounting with minimum 7 years' experience in public and project accounting • Experience in ADB financed projects 	<ul style="list-style-type: none"> • Support in preparing and maintaining project accounts • Advice on accounting and auditing • Support in preparing financial and operational plans • Support in preparing e Measurement system
8	Environmental Specialist	<ul style="list-style-type: none"> • Diploma in environmental science or equivalent and at least 10 years of experience as environment specialist. 	<ul style="list-style-type: none"> • Assist international environmental specialist in doing his/her tasks.
9	Resettlement Expert	<ul style="list-style-type: none"> • Post graduate degree in social science or equivalent stream • Minimum 8 years of experience in preparing safeguard documents and safeguard compliance monitoring • Experience in ADB/ World Bank funded projects would be preferred 	<ul style="list-style-type: none"> • Preparation/updating of social safeguards documents (resettlement plan or due diligence reports) for all contracts, in accordance with ADB's Safeguard Policy Statement, 2009. • Interact regularly with the design engineers and ensure assessment of alternatives based on consideration of social impacts is factored into detailed design. • Work in close coordination with the Environment Specialist to ensure that the EMP includes measures to avoid, minimize or mitigate involuntary resettlement impact • Conduct meaningful stakeholder consultations and ensure that the issues and concerns of stakeholders are addressed and felt needs incorporated. Undertake

			<p>detailed documentation of such consultations.</p> <ul style="list-style-type: none"> • Ensure implementation and compliance of social safeguards for all contracts • Prepare safeguard and implementation report on monthly, quarterly and semi-annual basis • Develop, organise and deliver training programmes on social safeguards and workshops for the staff of the PIU and Contractors in accordance with the Capacity Building Programme as specified in the RP. • Supervise implementation of social safeguards of the contracts, if any. • Support PIU in setting up the project grievance redress mechanism and assist in public grievance redressal
10	GIS Specialist	<ul style="list-style-type: none"> • Degree in Civil Engineering/ Post graduate degree in Geography/Geology/Planning • Certificate of qualification in developing GIS • Experience in developing GIS based asset mapping in at least one urban project 	<ul style="list-style-type: none"> • Support PIU in establishing and maintain a GIS based drainage basin map • Incorporating existing and new assets related to the project onto GIS platform • Support in preparing asset register and asset management plan • Support in mapping and as built drawings of assets
National Non Key Experts			
	<p>Field Engineers Civil (3 Nos - Havast, Khiva, Djizzak)</p> <p>Field Engineers Water (1 Nos Djizzak)</p> <p>Field Engineer Solid Waste Management (Yangier & Havast)</p>	<ul style="list-style-type: none"> • Post Graduate Engineer with 2 years of experience or Graduate Engineer with 3 years of experience in related field of work in construction supervision and quality assurance programs 	<ul style="list-style-type: none"> • Data collection • Survey and investigations of all project related works • construction supervision of works including levels, alignment and quality of works • witnessing sample collection and testing in field lab and concrete plant • Recording measurements, billing etc. • Performance Monitoring of the contractors

**MINISTRY OF INVESTMENT AND FOREIGN TRADE
AUDITED PROJECT FINANCIAL STATEMENTS (APFS)
AUDITOR'S TERMS OF REFERENCE**

I. INTRODUCTION

1. The Ministry of Investment and Foreign Trade (MIFT) (Executive Agency) of the Republic of Uzbekistan requested Asian Development Bank (ADB) to prepare the Integrated Urban Development Project (IUDP) under Project Number 54017-001, which will provide inclusive, resilient, and sustainable urban services in four secondary cities (Khiva, Djizzak, Yangiyer, and Havast) experiencing low livability and lagging economic growth exacerbated by the coronavirus disease (COVID-19). It will demonstrate integrated and strategic development, pilot innovative solutions, and strengthen institutional capacity for “building back better.” The project cost is estimated at \$68.15 million, including a \$59.0 million concessional loan under Loan Number XXX and a \$0.5 million grant under Grant Number XXX. The MIFT Project Implementation Unit (MIFT PIU) (Implementing Agency) will ensure compliance with ADB requirements, which include the timely, accurate, and complete submission of the audited consolidated project financial statements as at and for the year(s) ended XXX.

II. MANAGEMENT RESPONSIBILITY FOR PREPARING PROJECT FINANCIAL STATEMENTS

2. Management of the Implementing Agency is responsible for preparing and fairly presenting the project financial statements, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. In addition, management is responsible for ensuring that funds were used only for the purpose(s) of the project, for compliance with financial covenants (where applicable), and for ensuring that effective internal controls, including over the procurement process, are maintained. In this regard, management must:

- (i) Prepare and sign the Audited Project Financial Statements.
- (ii) Prepare and sign a Statement of Compliance.

3. Management must include the following in the Statement of Compliance:

- (i) That project financial statements are free from material misstatements including omissions and errors, and are fairly presented;
- (ii) That the borrower or executing agency has utilized the proceeds of the loan only for the purpose(s) of the project;
- (iii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s) (where applicable);
- (iv) That the advance account procedure, where applicable, has been operated in accordance with the ADB's *Loan Disbursement Handbook* (2017, as amended from time to time);
- (v) That adequate supporting documentation has been maintained to authenticate claims stated on the statement of expenditures (SOE), where applicable, for reimbursement of eligible expenditures incurred and liquidation of advances provided to the advance account; and
- (vi) That effective internal control, including over the procurement process, was maintained.

III. OBJECTIVES

4. The objective of the audit of the project financial statements is to enable the auditor to (i) express an independent and objective opinion as to whether the project financial statements present fairly, in all material respects, or give a true and fair view of the project's financial position, its financial performance and cash flows, and (ii) provide a reasonable assurance opinion over certain specific representations made in the Statement of Compliance. (Please refer to paragraph 10).

IV. AUDITING STANDARDS

5. The audit is required to be conducted in accordance with International Standards on Auditing. These standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the project financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the project financial statements.

6. The standards to be applied will be documented in the project/loan documents, and will include standards promulgated by the International Auditing and Assurance Standards Board (IAASB):

- (i) International Standards on Auditing (ISA); and
- (ii) International Standards on Assurance Engagements (ISAE).

7. In complying with ISA, the auditor will pay particular attention to the following standards:

- ISA 800 – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks.
- ISA 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.
- ISA 250 – Consideration of Laws and Regulations in an Audit of Financial Statements.
- ISA 260 – Communication With Those Charged with Governance.
- ISA 265 – Communicating Deficiencies in Internal Control To Those Charged with Governance and Management.
- ISA 330 – The Auditor's Responses to Assessed Risks.

V. PROJECT FINANCIAL REPORTING FRAMEWORK

8. The auditor will verify that the project financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) cash basis promulgated by the International Public Sector Accounting Standards Board (IPSASB). The executing agency and/or implementing agency are responsible for preparing the project financial statements, not the auditor.

VI. AUDIT DELIVERABLES

A. Audited Project Financial Statements

9. An auditor's opinion providing reasonable assurance over the project financial statements, and project financial statements comprising the following:

- A statement of cash receipts and payments
- A statement of budgeted versus actual expenditures
- A statement of advance account
- A summary statement of expenditures
- Significant accounting policies and explanatory notes
- Any additional schedules agreed (e.g., a summary of assets)

B. Reasonable Assurance Opinion over the Use of Loan Proceeds and Compliance with Financial Covenants

10. The auditor will provide a reasonable assurance opinion following ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" for the following confirmations provided by Management in the Statement of Compliance:

- (i) That the proceeds of the loan were used only for the purpose(s) of the project; and
- (ii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s), where applicable.

11. The auditor will outline the degree of compliance for each of the financial covenants in the loan agreement.

C. Management Letter

12. The auditor will provide a management letter containing, at a minimum, the following:

- (i) Any weaknesses in the accounting and internal control systems that were identified during the audit, including any irregularity in the use of the advance account and statement of expenditures (SOE) procedures;
- (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains;
- (iii) Recommendations to rectify identified weaknesses;
- (iv) Management's comments on the audit recommendations along with the timeframe for implementation;
- (v) The status of significant matters raised in previous management letters;
- (vi) Any other matters that the auditor considers should be brought to the attention of the project's management; and
- (vii) Details of any ineligible expenditure¹ identified during the audit. Expenditure is considered ineligible if it refers to (i) expenditures incurred for purposes other than the ones intended under the legal agreement(s); (ii) expenditures not allowed under the terms of the legal/financing agreements; and (iii) expenditures incurred in violation of applicable government regulations.

¹ If the auditor reports any ineligible expenditure in the management letter, the details of the findings should include the funding source to which the observation relates.

D. Specific Considerations

13. The auditor will, during the course of the audit, pay particular attention to the following:
- (i) The use of external funds in accordance with the relevant legal and financing agreements;
 - (ii) The provision of counterpart funds in accordance with the relevant agreements and their use only for the purposes intended;
 - (iii) The maintenance of proper books and records;
 - (iv) The existence of project fixed assets and internal controls related thereto;
 - (v) Where the audit report has been issued under ISA 800, it shall include the mandatory Emphasis of Matter paragraph alerting users of the audit report that the project financial statements are prepared in accordance with a special purpose framework and that, as a result, the project financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading;
 - (vi) Where reasonable assurance has been provided using ISAE 3000, the assurance report must contain, among others:
 - A statement that the engagement was performed in accordance with ISAE 3000;
 - Subject matter;
 - Criteria for measurement;
 - A summary of the work performed; and
 - The auditor's conclusion.
 - (vii) On the advance account procedure, audit procedures are planned and performed to ensure (a) the advance account (and any sub-accounts) has been managed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), (b) the cash balance of the advance account (and any sub-accounts) is supported by evidence, (c) the expenditures paid from the advance account (and any sub-accounts) comply with the approved project purpose and cost categories stipulated in the loan agreement, and (d) the amount of expenditures paid from the advance account (and any sub-accounts) comply with disbursement percentages stipulated in the loan agreement;
 - (viii) Adequate supporting documentation has been maintained to authenticate claims stated in the SOE for reimbursement of eligible expenditures incurred and liquidation of advances provided to the advance account;
 - (ix) On the SOE procedure, audit procedures are planned and performed to ensure that (a) the SOEs have been prepared in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), (b) the individual payments for expenditures stated in the SOE are supported by evidence, (c) the expenditures stated in the SOEs comply with the approved project purpose and cost categories stipulated in loan agreement, and (d) the amount of expenditures stated in the SOEs comply with disbursement percentages stipulated in the loan agreement; and
 - (x) Any weaknesses in internal controls over the procurement process.
14. All reports must be presented in the English language and must be provided to ADB within 6 months following the end of the fiscal year.

15. Public disclosure of the project financial statements, including the auditor's opinion on the audited project financial statements, will be guided by ADB's Access to Information Policy (2018). After review, ADB will disclose the audited project financial statements and the opinion of the auditor on the audited project financial statements no later than 14 calendar days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and the additional auditor's opinions will not be disclosed.

VII. OTHER MATTERS

A. Statement of Access

16. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreement(s), bank records, invoices and any other information associated with the project and deemed necessary by the auditor.

17. The auditor will be provided with full cooperation by all employees of the Executing Agency and the project implementing units, whose activities involve, or may be reflected in, the annual project financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors and other persons or firms hired by the employer.

B. Independence

18. The auditor will be impartial and independent from any aspects of management or financial interest in the entity or project 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.

C. Auditor Experience

19. The auditor must be registered in the Register of Audit Organization with the state's authorized body according to the Uzbek Law on Auditing Activity dated 26 February 2021 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 projects or entities comparable in nature, size and complexity to the project or entity whose audit they are to undertake. To this end, the auditor is required to provide curriculum vitae (CV) of the personnel 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.

TERMS OF REFERENCE
FOR THE AUDIT OF [LLC “Djizzak Suv Taminoti”/SUE “Djizzak Toza Hudud”/SUE
“Khorezm Toza Hudud”/SUE “Sirdaryo Toza Hudud”]
FOR THE YEAR [PERIOD] ENDED [MONTH DATE, YEAR]

BACKGROUND (OPTIONAL)

1. The TOR should provide appropriate background information of [LLC “Djizzak Suv Taminoti”/SUE “Djizzak Toza Hudud”/SUE “Khorezm Toza Hudud”/SUE “Sirdaryo Toza Hudud”], including a brief description of the entity including information on the ownership structure, organizational structure, number of branch locations, number of employees or other relevant details.

NOTE: If entity financial information is included in the Background and TOR’s submitted prior to year-end, it may be necessary to include budgeted results to year-end.

OBJECTIVE

2. The objective of the audit is to enable the auditor to express an opinion on whether the financial statements of [LLC “Djizzak Suv Taminoti”/SUE “Djizzak Toza Hudud”/SUE “Khorezm Toza Hudud”/SUE “Sirdaryo Toza Hudud”] present fairly, in all material respects, in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). Under IAS 1, a complete set of financial statements includes the following components:

- (iii) A statement of financial position as at the end of the period;
- (iv) A statement of comprehensive income for the period;
- (v) A statement of changes in equity for the period;
- (vi) A statement of cash flows for the period;
- (vii) Notes, comprising a summary of significant accounting policies and other explanatory information; and
- (viii) A statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

3. The entity’s accounting records provide the basis for preparation of the financial statements and are established to reflect its financial transactions.

RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

4. The responsibility for the preparation of financial statements including adequate disclosure is that of the entity’s management. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the project. As part of the audit process, the auditor will request from management written confirmation concerning representations made in connection with the audit. The audit report should be signed as confirmed by the entity’s management and sent to the Asian Development Bank (ADB).

SCOPE

5. The audit will be conducted in accordance with International Standards of Audit (ISA) published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC). Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

6. In complying with ISA, the auditor is expected to pay particular attention to the following matters, including special considerations for public sector entities:

- (i) In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud;
- (ii) When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements.
- (iii) The auditor should communicate audit matters of governance interest arising from the audit of financial statements to those charged with governance of an entity.
- (iv) The auditor should communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified in an audit of financial statements.
- (v) In order to reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level.
- (vi) In instances where certain aspects of an entity's operations are performed by a third-party service provider, the auditor is expected to include an understanding and assessment of the internal control environment of the service provider during the audit process.
- (vii) As part of the audit process, the auditor is expected to obtain written representations from management and, where appropriate, those charged with governance.

7. The entity's financial statements should include, at a minimum, the components noted in the "Objective" paragraph above.

AUDIT REPORTS

8. The auditor will issue an audit opinion on [LLC "Djizzak Suv Taminoti"/SUE "Djizzak Toza Hudud"/SUE "Khorezm Toza Hudud"/SUE "Sirdaryo Toza Hudud"] Financial Statements, indicating whether these financial statements present fairly the financial position at the end of the financial year [or period] and the results of its operations during the year [or period] ended [MONTH DATE, YEAR], in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board).

9. In addition to the audit opinion on the entity financial statements, the auditor will prepare a "management letter," in which the auditor will:

- (i) provide comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
- (ii) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- (iii) report on instances of non-compliance with the terms of the financial agreement(s);
- (iv) communicate matters that have come to their attention during the audit which might have a significant impact on the implementation of the project;
- (v) bring to the borrower's attention any other matters that the auditor considers pertinent; and
- (vi) include management's comments in the final management letter.

10. If none of the above applies, and a management letter is therefore not prepared, the auditor will issue a letter stating that during the audit nothing has come to their attention that the auditor considers pertinent to be brought to the attention of the borrower.

11. The audit report, which includes the audited entity financial statements, auditor's opinion thereto, and specific auditor's opinion on the compliance with financial covenants, and management letter must be received by the entity and the entity must provide them to ADB within 1 month from the date of authorization or 12 months from fiscal year-end, whichever is earlier, and in the English language. Submission to ADB will start for the financial reporting period ending 2025, covering financial reporting periods 2023, 2024 and 2025 to comply with IFRS 1, *IFRS 1 First-time Adoption of IFRS* requirements.

SPECIFIC AUDITOR'S OPINION ON THE COMPLIANCE WITH FINANCIAL COVENANTS

12. The auditor will issue an opinion on whether [LLC "Djizzak Suv Taminoti"/SUE "Djizzak Toza Hudud"/SUE "Khorezm Toza Hudud"/SUE "Sirdaryo Toza Hudud"] was in compliance with the financial covenants set forth in the Loan Agreement with the Asian Development Bank dated _____ (Loan No. _____) as provided in the Loan Agreement Schedule __ paragraph ____; where non-compliance is present the auditor should indicate the extent of noncompliance by comparing required and actual performance measurements for each financial covenant for the financial year concerned.

OTHER MATTERS

A. Statement of Access

13. The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the entity. As part of the audit process, the auditor will request from management written confirmation concerning representations made to the auditor in connection with the audit.

14. The auditor is entitled to unlimited access to all information and explanations considered necessary to facilitate the audit including legal documents, project preparation and supervision reports, reports of reviews and investigations, correspondences, and credit account information. The auditor may also seek written confirmation of amounts disbursed and outstanding in the Bank records.

B. Independence

15. 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.

C. Auditor Experience

16. The auditor must be registered in the Register of Audit Organizations of the state's authorized body in accordance with the Uzbek Law on Auditing Activity dated 26 February 2021 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 entities comparable in nature, size, and complexity to the entity whose audit they are to undertake. To this end, the auditor is required to provide curriculum vitae (CV) of the personnel 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.

TERMS OF REFERENCE FINANCIAL MANAGEMENT CAPACITY BUILDING CONSULTING FIRM

OBJECTIVE AND PURPOSE OF THE ASSIGNMENT

1. The objective of this assignment is to strengthen the capacity of the Urban Development and Water Division under Central and West Asia Department of the Asian Development Bank (ADB) in monitoring the compliance with ADB's financial management requirements for the Integrated Urban Development Project (IUDP) in Uzbekistan.
2. The Ministry of Investment and Foreign Trade (Executive Agency) of the Republic of Uzbekistan requested Asian Development Bank (ADB) to prepare the IUDP under Project Number 54017-001, which will provide inclusive, resilient, and sustainable urban services in four secondary cities experiencing low livability and lagging economic growth exacerbated by the coronavirus disease (COVID-19). It will demonstrate integrated and strategic development, pilot innovative solutions, and strengthen institutional capacity for "building back better." The project cost is estimated at \$83.44 million, including a \$72 million concessional loan under Loan XXX and a \$0.5 million grant under Grant XXX.
3. The MIFT Project Implementation Unit (Implementing Agency) will ensure compliance with ADB requirements, which include the timely, accurate, and complete submission of the audited entity financial statements as at and for the year(s) ended XXX for SUE "Djizzak Toza Hudud" (DTH), SUE "Khorezm Toza Hudud" (KTH), and SUE "Sirdaryo Toza Hudud" (STH) (the entities). ADB will support the entities by providing a consultant to improve the entities' financial management capacity, particularly in the implementation of International Financial Reporting Standards (IFRS), in accordance with the Presidential Decree No. 4611 dated 24 February 2020 (under TA 6907-UZB: Transaction Technical Assistance for Strengthening Silk Road Tourism and Economic Resilience in Secondary Cities and TA 6625 Enhancing Financial Management in Central and West Asia).

SCOPE OF WORK

4. The Consultant will support the entities to establish a sound financial management system, which includes gap analysis between the entities' current accounting standards adopted and IFRS, review of the Information Technology (IT) system of the entities to ensure the preparation of the financial statements in accordance with IFRS, preparation of an action plan to guide the entities in implementing IFRS, training of the entities' personnel, and lead in the preparation of the financial statements in accordance with IFRS 1, *First-time Adoption of IFRS*.

DETAILED TASKS AND/OR EXPECTED OUTPUT

5. The Consultant will perform the following, considering relevant ADB requirements and guidance:
 - (i) Preparation of a comprehensive gap analysis between the current accounting standards adopted and IFRS requirements for each entity. The Consultant will analyze the entities' current financial statements to fully understand the scope of changes that are needed to prepare the financial statements that comply with IFRS;

- (ii) Review of each entity's IT system and provide recommendations on the different technical changes and/or investments necessary for the IT systems to produce financial statements in accordance with IFRS;
- (iii) Preparation of a comprehensive action plan to guide each entity in the preparation of the financial statements in accordance with IFRS, including all the steps necessary, the expected time for each step and ideal sequence.
- (iv) In-depth training of the entities' accounting staff on the preparation of the financial statements in accordance with IFRS. The aim is to ensure management's awareness of what the change will entail and to prepare the accounting personnel for the implementation of the transition to IFRS;
- (v) Support entity in the preparation of financial statements in accordance with IFRS, including the preparation of supporting schedules, to enable the auditor to express reasonable assurance. Under IAS 1, *Presentation of Financial Statements* a complete set of financial statements includes the following components:
 - 1. A statement of financial position as at the end of the period;
 - 2. A statement of comprehensive income for the period;
 - 3. A statement of changes in equity for the period;
 - 4. A statement of cash flows for the period;
 - 5. Notes, comprising a summary of significant accounting policies and other explanatory information; and
 - 6. A statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
- (vi) Ensure loans with related and external parties are properly recorded in the books of the entities and review the financial covenants defined in the loans and prepare the necessary the supporting calculations to enable the auditor to express reasonable assurance;
- (vii) Assist the entity in assessing the qualifications and experiences acceptable to ADB of the independent appraiser to do asset revaluation, actuary to do actuarial valuation, as applicable, and independent auditor; and
- (viii) Ensure timely, accurate, and complete submission of the audited entity financial statements, including specific auditor's opinion on the compliance with financial covenants, in accordance with IFRS, within 1 month from the date of authorization or 12 months from fiscal year-end, whichever is earlier, and in the English language.

6. The Consultant will provide direct support to the entities and coordinate activities and outputs. The Consultant is expected to take initiatives to inform or consult with the ADB project team and financial management focal in the Central and West Asia Department on problem areas and major constraints and ways forward to achieve the intended objectives of the assignment.

OTHER MATTERS

A. Statement of Access

7. The Consultant is entitled to unlimited access to all information and explanations considered necessary to facilitate the entities' transition to IFRS.

B. Independence

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

C. Experience

9. It is expected that the Assignment will be led by an appropriately qualified financing accounting company with relevant experience in the water and other urban infrastructure and services sectors, in public institutions, in Uzbekistan accounting standards, and in the implementation of IFRS, including information technology requirements.

10. The Consultant will be comprised preferably at least (i) qualified accounts who have a university degree in Finance, Accounting, or similar studies, with a minimum professional accounting qualification, such as CPA/CA/ACCA, with excellent knowledge of both IFRS and Uzbekistan accounting standards as well as the differences between them, and at least 10 years of relevant experience, including implementation of IFRS and (ii) information system expert with excellent knowledge of 1C accounting software. Experience working on ADB or other IFIs funded projects is preferred. Good knowledge of Russian, Uzbek, and English is required.

Sample Expenditure Monitoring Report
For the Quarter Ended XXX
(\$ million)

Item	Actual Expenditures to Date			Cost Estimates Approved by ADB Board			Variance	
	Unit Cost	Quantity	Total	Unit Cost	Quantity	Total	Amount	%
A. Investment Costs								
1. Civil works	XX	XX	XX	XX	XX	37.16	XX	XX
a. Urban services						17.23		
b. Water supply and sanitation						15.62		
c. Solid waste management						0.68		
d. Urban Streets						3.64		
2. Equipment						9.78		
3. Consultants						5.62		
a. Project management and supervision consultants						2.96		
b. Urban governance & institutional strengthening consultants						2.67		
Subtotal (A)						52.57		
B. Recurrent Costs								
1. Project management costs						3.95		
Subtotal (B)						3.95		
Total Base Cost						56.52		
C. Contingencies						8.50		
D. Financial Charges During Implementation						3.13		
Total Project Cost (A+B+C+D)						68.15		

Notes:

1. Please ensure to indicate the cut-off date. It is advisable that monthly monitoring is done. ADB requires quarterly and semi-annual financial progress reports.
2. Budget categories with 10% or more +/- variance should have supporting documents available for validation. Please indicate the salary rate for PM staff costs and explain if it differs from the approved cost estimates.