

# Project Administration Manual

Project Number: 46135-002  
Loan Number: LXXXX  
August 2015

Republic of Uzbekistan: Djizzak Sanitation System  
Development Project

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## **Project Administration Manual Purpose and Process**

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

The Agency “Uzkommunkhizmat” (UCSA), the Executing Agency, the Project Management Unit (PMU), Djizzak Regional Water Supply and Sewerage Enterprise (DWSE), the Implementing Agency, and the Project Implementation Unit (PIU) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB’s policies and procedures. ADB staff is responsible to support implementation including compliance by UCSA and the PMU of their obligations and responsibilities for project implementation in accordance with ADB’s policies and procedures.

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

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

## Abbreviations

ADB	=	Asian Development Bank
C&P	=	communication and participation
COA	=	chamber of accounts
CRU	=	control and revision unit
DMF	=	design and monitoring framework
DWSE	=	Djizzak Regional Water Supply and Sewerage Enterprise
EA	=	executing agency
EMP	=	environmental management plan
GAP	=	gender action plan
IA	=	implementing agency
ICB	=	international competitive bidding
IEE	=	initial environmental examination
LARP	=	land acquisition and resettlement plan
MOF	=	Ministry of Finance
NCB	=	national competitive bidding
O&M	=	operation and maintenance
PAM	=	project administration manual
PDC	=	project development consultant
PIU	=	project implementation unit
PMU	=	project management unit
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference
UCSA	=	Agency " <i>Uzkommunkhizmat</i> " (Uzbekistan Communal Services Agency)
TSP	=	transition support program
WSS	=	water supply and sanitation
WWTP	=	wastewater treatment plant

## I. PROJECT DESCRIPTION

1. Djizzak city is the administrative and economic center of the province of Djizzak, located strategically between Tashkent, the nation's capital (170 kilometers [km] northeast), and Samarkand (90 km southwest). With an area of over 21,000 km<sup>2</sup>, the province is an important agro-industrial region, and is rich in mineral resources.<sup>1</sup> The province is home to over 200 industrial enterprises including over 30 major industries,<sup>2</sup> and reportedly has a population that exceeded 1.2 million in 2012. Being the province's primary administrative and economic hub, Djizzak city is therefore a key driver for regional economic growth and development. Geographically, the city extends over an area of approximately 11 km (north-south) by 10 km (east-west), and has good road and rail networks. The city's population was reported at 163,000 in 2013,<sup>3</sup> with growth through population increase and city expansion anticipated at an average of over 5% per annum to 2020.

2. The city's strategic importance is highlighted by government's recent approval of a long-term development plan to transform the city into a regional administrative, economic, industrial, and cultural center.<sup>4</sup> Under the plan, urbanization will be accelerated, industrial zones expanded, existing industries relocated, and residential areas developed. A special industrial zone (SIZ) is also being developed to encourage foreign direct investment into 'high-tech' industries.<sup>5</sup> These initiatives are destined to dramatically increase the city's population,<sup>6</sup> strengthen its economy, create jobs, and as a consequence, increase household incomes and living standards.

3. The city's growth aspirations are however largely contingent on the long-term efficiency, reliability, and affordability of its infrastructure systems, and in this context, the city's transport, energy, and water supply systems are relatively advanced. The city's water supply system has also recently been upgraded and improved, and now serves about 95% of the city's population.<sup>7</sup>

4. It is the city's sewerage system however that seriously lags behind. Serving less than one quarter of the city's current population,<sup>8</sup> the system is plagued by frequent overflows and blockages. Originally constructed in 1975, and with poor subsequent maintenance, sections of the 131-km long sewerage network have now deteriorated well beyond their useful life, resulting in extensive and frequent network malfunctions.<sup>9</sup> Also, since the permanent breakdown of the

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<sup>1</sup> These include barite, limestone (cement) gypsum, and facing stone.

<sup>2</sup> The province's industrial production includes the chemical, light industry, food production, agricultural processing, engineering, and metalwork industries. The province is also considered to be a regional leader in the production of alkali batteries, knitted garments, mixed fodder, and flour.

<sup>3</sup> Based on the *Institute of Forecasting and Macroeconomic Research*.

<sup>4</sup> Decree of the Cabinet of Ministers No. 266: "Approval of the Master Plan of Development of Djizzak City by the Year 2030", 30 September 2013.

<sup>5</sup> Presidential Decree No. 4516: "Establishment of a Special Industrial Zone, Djizzak", 18 March 2013.

<sup>6</sup> The population is currently estimated to increase to about 260,000 by 2020, and 310,000 by 2035.

<sup>7</sup> Djizzak's water supply system was improved between 2006–2010 as one of the cities in the ADB funded *L1842-UZB: Urban Water Supply Project*. Between 2012 and 2013, raw water production increased (from 101.2 million m<sup>3</sup> to 115.25 million m<sup>3</sup>), water sales increased (from 6.15 million m<sup>3</sup> to 7.94 million m<sup>3</sup>), and nonrevenue water decreased (from 39.3% to 31.1% of production). Metering currently covers 80% of domestic consumers and about half of commercial consumers.

<sup>8</sup> In 2013, the system had a roster of 12,871 domestic consumers and 308 'other-category' consumers, serving a population of approximately 38,500. The network also receives effluents from industrial facilities within the vicinity of the WWTP and from the Uch-Tepa district located at the north of Djizzak city.

<sup>9</sup> Sewer network breakdowns increased from 428 (2011) to 503 (2013), corresponding to 3.84 breakdowns per km annually, while over the same period, breakdowns from the 4 pump stations increased from 7 to 18 per year. In a recent survey, 40% of consumers reported sewerage breakdowns during the previous year.

system's wastewater treatment plant (WWTP) in 2002 due to weak institutional capacity and financial constraints, untreated sewage from the entire network completely bypasses the WWTP and discharges directly into surface water channels, seriously damaging the environment and threatening public health. Indeed, epidemiological records for Djizzak reveal increasingly disturbing trends of diseases such as acute intestinal infections and viral hepatitis that are commonly associated with poor sewerage and sanitation. Institutionally, the Djizzak City Sewerage Company, which is responsible for sewerage provision within the city, struggles to operate and maintain even the basic elements of the existing sewerage collection network. Its financial management has not been well established and its performance needs to improve,<sup>10</sup> with revenues generally able to only cover salaries and essential network repairs.

5. The government now plans to improve sanitary conditions through both phased physical investments to rehabilitate and expand the sewerage system and reform the involved institutions. A new provincial water supply and sewerage enterprise is currently being created that will own, manage, and operate all of the province's urban water supply and wastewater systems. Djizzak city's existing water supply and sewerage companies will be absorbed as a branch operation of this provincial administration.<sup>11</sup> Overall, the government understands that while the physical investments needed to improve this sector are significant, the cost recovery potential limited, and the institutional reforms challenging, these actions are vital in order to mitigate acute public health and environmental impacts in the city, and support the city's planned economic growth.

6. The project will therefore support the government's development plans for Djizzak city by both revitalizing and expanding the city's sewerage system and providing substantial assistance to implement the planned institutional reform process. It is consistent with (i) the *Midterm Review Strategy 2020 Action Plan*,<sup>12</sup> (ii) the *ADB Country Partnership Strategy: Uzbekistan, 2012–2016*,<sup>13</sup> (iii) ADB's *Water Operational Plan*, by supporting increased investment in wastewater management and sanitation, (iv) the *Program of Integrated Development and Modernization of Water Supply and Sewerage Systems of the Republic of Uzbekistan for the Years 2009-2020*, and (v) previous and ongoing ADB interventions in the sector.<sup>14</sup> Previous lessons learned that have been incorporated in the project design include the need to (i) avoid project commencement delays, (ii) provide early counterpart funding, (iii) recruit qualified consultants in a timely manner, (iv) ensure project management unit (PMU) and project implementation unit (PIU) staff salaries are competitive and with incentive mechanisms, and (v) maintain quality standards for civil works structures.

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<sup>10</sup> Although the company generates a small profit, this is primarily due to a dramatic reduction in operating costs due to its wastewater treatment facility being inoperative. This is therefore unrepresentative of appropriate operations.

<sup>11</sup> Prime Minister Instruction 3/8960 (March 2014) confirms that provincial water supply and sewerage companies are to be transformed into provincial water supply and sewerage enterprises, with municipal water and wastewater companies within their jurisdictions being absorbed into them. The name of the provincial enterprise for Djizzak is the Djizzak Regional Water Supply and Sewerage Enterprise (DWSE).

<sup>12</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>13</sup> Which prioritizes infrastructure development as a driver in the nation's transformation towards a modern industrial and service economy.

<sup>14</sup> ADB intervention includes two completed water supply and sanitation projects (*L1842-UZB: Urban Water Supply Project*, and *L2208-UZB: Kashkadarya and Navoi Rural Water Supply and Sanitation Project*). Both projects have been rated as successful. Five projects are also currently being implemented, including *L2466-UZB: Surkhandarya Water Supply and Sanitation Project*, and four under the first multitranche financing facility (*Water Supply and Sanitation Services Investment Program*), including *L2564-UZB, tranche 1*; *L2633-UZB, tranche 2*; *L2825-UZB, tranche 3*; and *L3064-UZB, tranche 4*). These projects are currently rated as "on track".

## A. Impact and Outcome

7. The impact of the project will be improved living standards, environment, and public health in Djizzak. The outcome of the project will be improved and expanded access to reliable, sustainable and affordable sanitation services in Djizzak.

## B. Outputs

8. The project will have two outputs:

- (i) **Output 1: Wastewater management system in Djizzak city improved.** Output 1 will construct trunk sewers (45.80 km in length), a new WWTP, and one pumping station; rehabilitate trunk sewers (16.75 km) and three pumping stations; procure equipment; and decommission obsolete components. Support will be provided to operate and maintain the new facilities. By project completion, the system will collect and treat 30,000 cubic meters of sewage per day from domestic and nondomestic consumers, including at least 85,000 residents of Djizzak city and the Uch-Tepa district center.
- (ii) **Output 2: Institutional capacity of the Djizzak Regional Water Supply and Sewerage Enterprise improved.** The Djizzak Regional Water Supply and Sewerage Enterprise (DWSE) will be fully established and operating, and will have absorbed the existing Djizzak city water supply and sewerage companies. The DWSE's capacity will be further strengthened through management support and training.

## II. IMPLEMENTATION PLAN

### A. Project Readiness Activities

Indicative Activities	2015				2016				Who responsible
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Advance contracting actions	X	X	X	X	X	X	X		EA, ADB
Retroactive financing actions	X	X	X	X	X	X	X		EA
Establish project implementation arrangements		X	X	X	X	X			EA
ADB Board approval	X								ADB
Loan signing			X						MOF, EA, ADB
Government legal opinion provided					X				MOF, MOJ
Government budget inclusion			X						MOF
Loan effectiveness						X			MOF, ADB

ADB = Asian Development Bank, EA = executing agency, MOF = Ministry of Finance, MOJ = Ministry of Justice.



### B. Overall Project Implementation Plan

Activities		2015				2016				2017				2018				2019				2020				2021			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Output 1</b>																													
1	Reconstruction of sewerage collectors & networks																												
	• Design, Tendering and Supervision																												
	• Civil Works																												
2	Construction of Urban Sewerage Collectors and reconstruction of sewerage collectors																												
	• Design, Tendering and Supervision																												
	• Civil Works																												
3	Construction of New WWTP & Reconstruction of 3 and construction of 1 pumping sewerage station																												
	• Design, Tendering and Supervision																												
	• Civil Works																												
4	Procurement of utility vehicles, equipment and machineries																												
	• Tendering and Award																												
5	Decommissioning the old WWTP																												
	• Design, Tendering and Supervision																												
	• Civil Works																												
<b>Output 2</b>																													
1	Project Development Consultant																												
2	Auditor																												
3	Transition Support Program																												
4	Individual Consultants																												
Consultant selection procedures																													
Environment management plan key activities																													
Specific gender measures key activities																													
Semi-Annual/Midterm review																													
Project completion report																													

Q = quarter, WWTP = wastewater treatment plant.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
Executing Agency (EA) Agency “ <i>Uzkommunkhizmat</i> ” (UCSA) and Project Management Unit (PMU)	<ul style="list-style-type: none"> <li>➤ Setup project steering committee;</li> <li>➤ Assume overall responsibility for project implementation and establishment of PPMU;</li> <li>➤ Approve medium term and annual rolling plans for project implementation;</li> <li>➤ Ensure compliance with loan covenants;</li> <li>➤ Ensure government counterpart fund allocation;</li> <li>➤ Establish and manage the project’s imprest accounts;</li> <li>➤ Prepare and submit withdrawal applications to ADB;</li> <li>➤ Submit audited project accounts and audited financial statements to ADB;</li> <li>➤ Approve procurement plans, bidding documents, bid evaluation and contract awards in accordance with ADB and Government of Uzbekistan requirements;</li> <li>➤ Submit regular quarterly and annual project progress reports to ADB;</li> <li>➤ Submit updated resettlement plans for ADB concurrence prior to implementation;</li> <li>➤ Coordinate capacity building activities;</li> <li>➤ Ensure capabilities are developed for operations and maintenance (O&amp;M) of completed infrastructure;</li> <li>➤ Ensure compliance with ADB’s social and environmental policies and guidelines during project implementation;</li> <li>➤ Approve proposed actions in the event of adverse financial audits or monitoring and evaluation reports; and</li> <li>➤ Select consultants for project development, transition support program, and auditor.</li> </ul>
Project Steering Committee	<ul style="list-style-type: none"> <li>➤ Coordinate and monitor project activities of the program project management unit/project implementation unit (PPMU/PIU);</li> <li>➤ Support PIU in carrying out the approved annual rolling plans;</li> <li>➤ Coordinate in providing capacity development program for PIU;</li> <li>➤ Obtain necessary approvals from respective departments prior to awarding of civil works contracts</li> <li>➤ Support PIU in the implementation of environmental management plans (EMPs);</li> <li>➤ Coordinate regular reporting of PIU to PPMU and EA on EMP implementation;</li> </ul>

## Project implementation organizations

### Management Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
Djizzak Regional Water Supply and Sewerage Enterprise – Implementing Agency (IA) and Project Implementation Unit (PIU)	<ul style="list-style-type: none"> <li>➤ Coordinate the implementation of the project's consultation and participation plan, social development plan and gender action plan (GAP);</li> <li>➤ Undertake regular quality control inspection of project facilities;</li> <li>➤ Manage the handover of Project facilities to agencies responsible for operation and maintenance; and</li> <li>➤ Undertake monitoring in compliance with the Design and Monitoring Framework (DMF) and other project documents such as EMP, Resettlement Plans and GAP in conjunction with PIU.</li> </ul> <ul style="list-style-type: none"> <li>➤ Undertake day to day management of project activities;</li> <li>➤ Implement approved annual rolling work and financial plans;</li> <li>➤ Prepare and submit regular quarterly and annual project progress reports;</li> <li>➤ Supervise civil works contractors;</li> <li>➤ Manage separate project financial records and account, and prepare financial reports for submission to PPMU and ADB;</li> <li>➤ Ensure that EMPs are incorporated in the detailed designs and included in civil works contracts;</li> <li>➤ Ensure implementation of EMP, submit regular monitoring reports to PPMU and ADB;</li> <li>➤ Ensure implementation of GAP;</li> <li>➤ Coordinate the updating of the LARPs and monitor implementation of resettlement activities;</li> <li>➤ Undertake monitoring with disaggregation of data by sex and income group as required by the Project's design and monitoring framework; and Monitor and review overall implementation in consultation with the EA including: <ul style="list-style-type: none"> <li>○ Adherence to project implementation schedule</li> <li>○ Prior review in accordance with procurement plan</li> <li>○ Actions required with reference to the summary poverty reduction and social strategy, GAP, EMP and RP</li> <li>○ Timeliness of budgetary allocations and counterpart funding</li> <li>○ Project expenditure progress with procurement and disbursement, statement of expenditures when applicable</li> <li>○ Compliance with loan covenants</li> <li>○ Likelihood of attaining project development objectives</li> <li>○ Participation in annual workplan discussions</li> </ul> </li> </ul>

**Project implementation organizations****Management Roles and Responsibilities**

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ADB

- Assist EA and PPMU in providing timely guidance at each stage in accordance with the agreed implementation arrangement;
  - Review all documents that require ADB approval;
  - Conduct semi-annual review missions, midterm review and completion mission;
  - Supervise compliance with loan covenants;
  - Timely process withdrawal applications and release of funds;
  - Supervise compliance of financial audit recommendations; and
  - Regularly post on ADB website the updated project information documents.
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## B. Key Persons Involved in Implementation

### Executing Agency

Agency  
"Uzkommunkhizmat"  
(UCSA)

Officer's Name: Mr. Utkur A. Khalmukhamedov  
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### Asian Development Bank

Urban Development  
and Water Division  
(CWUW)

Central and West Asia  
Department

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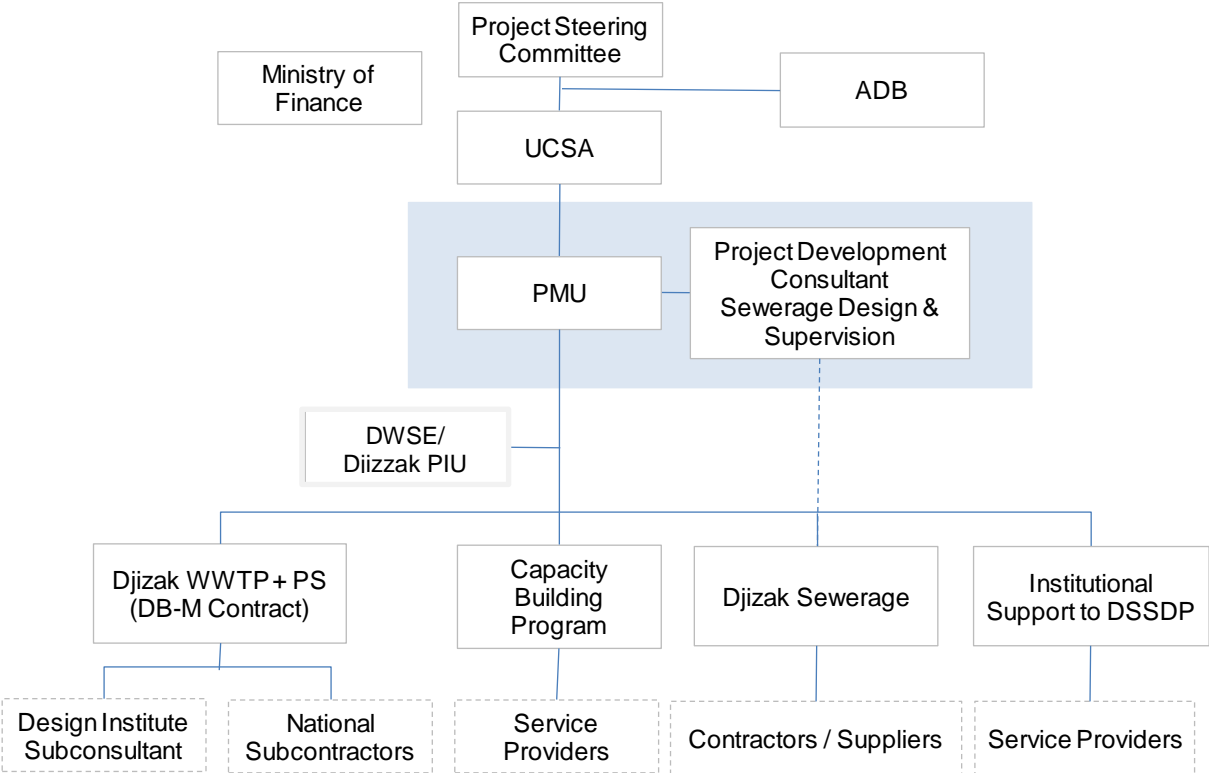
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### C. Project Organization Structure



9. **Implementation Roles.** The Uzbekistan Communal Services Agency (UCSA) is the executing agency (EA) for the project. The EA, together with a project management unit (PMU) established within UCSA, will be responsible for monitoring and evaluating project activities and outputs, including monitoring compliance with safeguard requirements and preparation of review reports.<sup>15</sup> The DWSE will be the implementing agency (IA) responsible for day-to-day project implementation, and will report to UCSA. The EA will report quarterly to the Project Steering Committee.

<sup>15</sup> A dedicated project implementation unit (PIU) will also be established within UCSA for the project, similar to the PIU for the ongoing MFF *Water Supply and Sanitation Services Investment Program* (UZB-42489). The PIU staff will include a director, a wastewater engineer, an accountant, a social and gender Issues specialist, and an environmental and social safeguard specialist.

**Table 1: Implementation Arrangements**

Aspects	Arrangements		
Implementation period	April 2016 – April 2021		
Estimated completion date	April 2021		
Management			
(i) Oversight body	Project Steering Committee; Chair: Ministry of Finance <sup>16</sup>		
(ii) Executing agency	UCSA		
(iii) Key implementing agency	Djizzak Regional Water Supply and Sewerage Enterprise		
(iv) Implementation unit	PIU (5 staff)		
Procurement	International competitive bidding	1 contract – design and build (with extended defect notification period and operation and maintenance)	\$39,000,000
	International competitive bidding – works	3 contracts	\$42,733,000
	National competitive bidding – works	1 contract	\$1,802,000
	National competitive bidding – equipment	3 contracts	\$2,702,000
	Shopping	5 contracts	\$208,000
Consulting services	Project development consultant QCBS	International: 85 person-months National: 132 person-months	\$3,300,000
	Detailed design sewerage network consultant QCBS	National: 130 person-months	\$800,000
	Transition Support Program Government financing	National: 1,200 person-months	\$2,500,000
	PIU-PMU auditing LCS	International: 8 person-months National: 20 person-months	\$294,000
Retroactive financing and/or advance contracting	Retroactive financing is available for up to 20% of the loan amount of advance contracts for the project development consultant and the detailed design.		
Disbursement	The ADB loan proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2015, as amended from time to time) and detailed arrangements agreed upon between the government and ADB.		

ADB = Asian Development Bank, LCS = least-cost selection, PIU = project implementation unit, PMU = project management unit, QCBS = quality- and cost-based selection, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency).

Source: Asian Development Bank.

<sup>16</sup> The composition of the PSC is yet to be confirmed, however it is envisioned to include representatives of UCSA, DWSE, the Provincial Government Administration, the Governor's office and Djizzak city government.

#### IV. COSTS AND FINANCING

10. The project is estimated to cost \$96.56 million equivalent (Table 2).

**Table 2: Project Investment Plan**

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Djizzak sewerage rehabilitation and expansion	76.13
2. Consulting services for a project design consultant and Transitional Support Program	9.26
<b>Subtotal (A)</b>	<b>85.39</b>
<b>B. Contingencies<sup>c</sup></b>	<b>7.67</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>3.50</b>
<b>Total (A+B+C)</b>	<b>96.56</b>

<sup>a</sup> Includes taxes and duties of \$13.660 million to be financed from government resources.

<sup>b</sup> In 2014 prices.

<sup>c</sup> Physical contingencies computed at 5%. Price contingencies (i) for foreign costs computed at 1.1% (2015), 1.4% (2016), and 1.4% (2017), and 1.5% per year thereafter; and (ii) for local currency costs at 10% (2015), 11%, (2016–2017) and 10% thereafter; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest during implementation for Asian Development Bank loan at 2% per annum.

Source: Asian Development Bank estimates.

11. The government has requested a loan in various currencies equivalent to SDR 53,999,999 (\$81 million equivalent) from ADB's Special Funds resources to help finance the project. The loan will have a 25-year term, including a grace period of 5 years, an interest rate of 2.0% per annum during the grace period and thereafter, and such other terms and conditions set forth in the draft loan and project agreements.

12. An indicative financing plan is shown in Table 3.

**Table 3: Financing Plan**  
(\$ million)

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Special Funds resources (loan)	81.00	83.89
Government <sup>a</sup>	15.56	16.11
<b>Total</b>	<b>96.56</b>	<b>100.00</b>

<sup>a</sup> Government contribution includes taxes and duties.

Source: Asian Development Bank.



## A. Detailed Cost Estimates by Expenditure Category

	(UZS '000)			(US\$ '000)			% Total Base Costs
	Foreign	Local	Total	Foreign	Local	Total	
<b>1. Sewerage Systems Development</b>							
<b>A. Civil Works</b>							
Demolition of old WWTP	541,774	2,487,466	3,029,240	238	1,093	1,332	2
Structures & Reservoirs	12,588,052	25,101,663	37,689,715	5,533	11,034	16,567	23
Buildings	3,499,273	3,276,045	6,775,318	1,538	1,440	2,978	4
Land Aquisition, Resettlement & Compensation	-	852,333	852,333	-	375	375	1
Environmental Mitigation & Monitoring	22,761	1,076,632	1,099,394	10	473	483	1
<b>Subtotal</b>	<b>16,651,860</b>	<b>32,794,140</b>	<b>49,446,000</b>	<b>7,319</b>	<b>14,415</b>	<b>21,735</b>	<b>30</b>
<b>B. Sanitation Assets, Equipment and Machinery</b>							
Pumps	3,180,682	1,328,073	4,508,754	1,398	584	1,982	3
Sewers & pipes	11,306,108	51,910,113	63,216,221	4,970	22,818	27,787	39
Household Connections	676,014	3,103,807	3,779,822	297	1,364	1,661	2
Electro-mechanical equipment	2,165,105	4,151,501	6,316,606	952	1,825	2,777	4
Equipment	3,324,464	5,806,249	9,130,713	1,461	2,552	4,014	6
Vehicles & Machinery	1,648,675	2,621,158	4,269,834	725	1,152	1,877	3
Office equipment and furniture	21,012	129,365	150,378	9	57	66	0
<b>Subtotal</b>	<b>22,322,061</b>	<b>69,050,266</b>	<b>91,372,327</b>	<b>9,812</b>	<b>30,352</b>	<b>40,164</b>	<b>56</b>
<b>C. WWTP &amp; PSD &amp; S, Capacity Development</b>							
Training & Capacity Development	2,237,495	1,906,014	4,143,509	984	838	1,821	
Consultant Support Costs	-	407,225	407,225	-	179	179	
<b>Subtotal</b>	<b>2,237,495</b>	<b>2,313,239</b>	<b>4,550,734</b>	<b>984</b>	<b>1,017</b>	<b>2,000</b>	
<b>2. Project Management &amp; Institutional Support</b>							
Surveys and Studies	-	548,275	548,275	-	241	241	0
Financial Audit	-	473,200	473,200	-	208	208	
PMU PIU Project management	50,050	4,597,775	4,647,825	22	2,021	2,043	3
Project Development Consultants	5,003,439	2,825,844	7,829,282	2,199	1,242	3,441	
Transitional Support	-	4,322,500	4,322,500	-	1,900	1,900	3
<b>Subtotal</b>	<b>5,053,489</b>	<b>12,767,594</b>	<b>17,821,082</b>	<b>2,221</b>	<b>5,612</b>	<b>7,833</b>	<b>11</b>
<b>Total BASELINE COSTS</b>							
	<b>46,264,905</b>	<b>116,925,238</b>	<b>163,190,143</b>	<b>20,336</b>	<b>51,396</b>	<b>71,732</b>	<b>100</b>
Physical Contingencies	1,811,626	6,065,008	7,876,633	796	2,666	3,462	5
Price Contingencies	2,870,503	6,697,841	9,568,344	1,262	2,944	4,206	6
<b>Duties &amp; Taxes</b>	-	31,076,500	31,076,500	-	13,660	13,660	19
<b>Total PROJECT COSTS</b>	<b>50,947,033</b>	<b>160,764,587</b>	<b>211,711,620</b>	<b>22,394</b>	<b>70,666</b>	<b>93,060</b>	<b>130</b>
Interest During Implementation	-	7,962,500	7,962,500	-	3,500	3,500	5
<b>TOTAL COSTS TO BE FINANCED</b>	<b>50,947,033</b>	<b>168,727,087</b>	<b>219,674,120</b>	<b>22,394</b>	<b>74,166</b>	<b>96,560</b>	<b>135</b>

PIU = project implementation unit, PMU = project management unit, PS D&S = pump stations design and supervision , WWTP = wastewater treatment plant.  
Source: Asian Development Bank and Consultant's estimates.

## B. Allocation and Withdrawal of Loan Proceeds

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Djizzak Sanitation System Development Project)</b>			
<b>Number</b>	<b>Category</b>	<b>Total Amount Allocated for ADB Financing (\$ or SDR equivalent)</b>	<b>Basis for Withdrawal from the Loan Account</b>
01	Civil Works	\$21,359,850	100% of total expenditure claimed*
02	Sanitation Assets, Equipment and Machinery	\$40,163,658	100% of total expenditure claimed*
03	WWTP Design, Capacity Development, Training and O&M	\$2,000,269	100% of total expenditure claimed*
04	Consulting Services	\$3,890,816	100% of total expenditure claimed*
05	PMU/ PIU Management Costs	\$2,042,633	100% of total expenditure claimed
06	Land Acquisition and Resettlement	\$374,652	100% of total expenditure claimed*
07	Interest Charge	\$3,500,000	100% of amount due
08	Unallocated	\$7,668,122	
	<b>Total</b>	<b>\$81,000,000</b>	

O&M = operation and maintenance, PIU = project implementation unit, PMU = project management unit, WWTP = wastewater treatment plant.

\* Exclusive of taxes and duties for all items within the territory of the Borrower.

### C. Detailed Cost Estimates by Financier

(\$ million)

	Govt		ADB		Total	
	US\$	%	US\$	%	US\$	%
<b>I. Investment Costs</b>						
<b>A. Civil Works</b>						
Demolition of old WWTP	-	-	1,331.53	100	1,331.53	2
Structures & Reservoirs	-	-	16,566.91	100	16,566.91	23
Buildings	-	-	2,978.16	100	2,978.16	4
Environmental Mitigation & Monitoring	-	-	483.25	100	483.25	1
<b>Subtotal</b>	-	-	<b>21,359.85</b>	<b>100</b>	<b>21,359.85</b>	<b>30</b>
<b>B. Sanitation Assets, Equipment and Machinery</b>						
Pumps	-	-	1,981.87	100	1,981.87	3
Sewers & pipes	-	-	27,787.35	100	27,787.35	39
Household Connections	-	-	1,661.46	100	1,661.46	2
Electro-mechanical equipment	-	-	2,776.53	100	2,776.53	4
Equipment	-	-	4,013.50	100	4,013.50	6
Vehicles & Machinery	-	-	1,876.85	100	1,876.85	3
Office equipment and furniture	-	-	66.10	100	66.10	0
<b>Subtotal</b>	-	-	<b>40,163.66</b>	<b>100</b>	<b>40,163.66</b>	<b>56</b>
<b>C. WWTP &amp; PS D&amp;S, Training, Cap. Devt &amp; Studies, O&amp;M</b>						
Training & capacity development	-	-	207.13	100	207.13	0
International Experts	-	-	1,279.80	100	1,279.80	2
National Experts	-	-	334.40	100	334.40	0
Consultant support costs	-	-	178.95	100	178.95	0
<b>Subtotal</b>	-	-	<b>2,000.27</b>	<b>100</b>	<b>2,000.27</b>	<b>3</b>
<b>D. Consulting Services</b>						
International Consultants	-	-	1,995.89	100	1,995.89	3
National Consultants	-	-	1,099.72	100	1,099.72	2
Consultant support costs	-	-	345.83	100	345.83	0
Surveys and Studies	-	-	241.05	100	241.05	0
Financial Audit	-	-	208.33	100	208.33	0
<b>Subtotal</b>	-	-	<b>3,890.82</b>	<b>100</b>	<b>3,890.82</b>	<b>5</b>
<b>E. PMU/ PIU Management Costs</b>						
Professional Staff	-	-	1,306.77	100	1,306.77	2
Support Staff	-	-	286.28	100	286.28	0
PPMU/PIU Operating costs	-	-	449.58	100	449.58	1
<b>Subtotal</b>	-	-	<b>2,042.63</b>	<b>100</b>	<b>2,042.63</b>	<b>3</b>
<b>F. Transitional Support Program</b>	1,900.00	100	-		1,900.00	3
<b>Subtotal</b>	<b>1,900.00</b>	<b>100</b>	-		<b>1,900.00</b>	<b>1</b>
<b>G. Land Aquisition, Resettlement &amp; Compensation</b>						
	-	-	374.65	100	374.65	1
<b>Subtotal</b>	-	-	<b>374.65</b>	<b>100</b>	<b>374.65</b>	<b>1</b>
<b>Total BASE COSTS</b>	<b>1,900.00</b>	<b>100</b>	<b>69,831.88</b>		<b>71,731.88</b>	<b>100</b>
Duties & Taxes	13,660.17	100	-	-	13,660.17	20
Physical Contingencies	-	-	3,462.26	100	3,462.26	5
Price Contingencies	-	-	4,205.87	100	4,205.87	6
Interest During Construction	-	-	3,500.00	100	3,500.00	5
<b>Total PROJECT COSTS</b>	<b>15,560.17</b>	<b>16</b>	<b>81,000.00</b>	<b>84</b>	<b>96,560.17</b>	<b>136</b>

O&M = operation and maintenance, PIU = project implementation unit, PMU = project management unit, PS D&S = pump stations design and supervision, WWTP = wastewater treatment plant.

Source: Asian Development Bank and Consultant's estimates.

## D. Detailed Cost Estimates by Outputs/Components

(\$ million)

Item	Total	Sewerage Systems rehabilitation & Expansion	% Cost category	Project Management and Transitional Support Program	% Cost category
<b>1. Sewerage Systems Development</b>					
<b>A. Civil Works</b>					
Demolition of old WWTP	1,332	1,332	100%		0%
Structures & Reservoirs	16,567	16,567	100%		0%
Buildings	2,978	2,978	100%		0%
Land Aquisition, Resettlement & Compensation	375	375	100%		0%
Environmental Mitigation & Monitoring	483	483	100%		0%
<b>Subtotal</b>	<b>21,735</b>	<b>21,735</b>	<b>100%</b>		<b>0%</b>
<b>B. Sanitation Assets, Equipment and Machinery</b>					
Pumps	1,982	1,982	100%		0%
Sewers & pipes	27,787	27,787	100%		0%
Household Connections	1,661	1,661	100%		0%
Electro-mechanical equipment	2,777	2,777	100%		0%
Equipment	4,014	4,014	100%		0%
Vehicles & Machinery	1,877	1,877	100%		0%
Office equipment and furniture	66	66	100%		0%
<b>Subtotal</b>	<b>40,164</b>	<b>40,164</b>	<b>100%</b>		<b>0%</b>
<b>C. WWTP &amp; PS D&amp;S, Capacity Development</b>					
Training & Capacity Development	1,821	1,821	100%		
Consultant Support Costs	179	179	100%		
<b>Subtotal</b>	<b>2,000</b>	<b>2,000</b>	<b>100%</b>		<b>0%</b>
<b>2. Project Management &amp; Institutional Support</b>					
Surveys and Studies	241		0%	241	100%
Financial Audit	208		0%	208	100%
PMU PIU Project Management	2,043		0%	2,043	100%
Project Development Consultants	3,441		0%	3,441	100%
Transitional Support Program	1,900		0%	1,900	100%
<b>Subtotal</b>	<b>7,833</b>		<b>0%</b>	<b>7,833</b>	<b>100%</b>
<b>Total BASE COSTS</b>	<b>71,732</b>	<b>63,898</b>	89%	<b>7,833</b>	11%
Duties & Taxes	13,660	12,235	90%	1,425	10%
Physical Contingencies <sup>b</sup>	3,462	3,116	90%	346	10%
Price Contingencies <sup>c</sup>	4,206	3,323	79%	883	21%
<b>Total PROJECT COSTS<sup>d</sup></b>	<b>93,060</b>	<b>82,572</b>	<b>89%</b>	<b>10,488</b>	<b>11%</b>

PIU = project implementation unit, PMU = project management unit, PS D&S = pump stations design and supervision, WWTP = wastewater treatment plant.

<sup>a</sup> In early 2014 prices.

<sup>b</sup> Computed at 10% for all costs.

<sup>c</sup> Computed at 1% for international costs and for local costs 9-12% on local currency costs using constant purchase price.

<sup>d</sup> Excluding interest during implementation of \$3.5 million.

Source: Asian Development Bank and Consultant's estimates.

## E. Detailed Cost Estimates by Year

	(\$ million)							
Item	2015	2016	2017	2018	2019	2020	2021	Total
<b>1. Sewerage Systems Development</b>								
<b>A. Civil Works</b>								
Demolition of old WWTP		1,588.00	-	-	-	-	-	1,588.00
Structures & Reservoirs		-	5,127.00	8,046.00	5,694.00	894.00	-	19,761.00
Buildings		-	723.00	1,402.20	1,274.00	155.80	-	3,555.00
Land Aquisition, Resettlement & Compensation		375.00	-	-	-	-	-	375.00
Environmental Mitigation & Monitoring		214.00	156.00	52.00	60.00	115.46	-	597.46
<b>Subtotal</b>		<b>2,177.00</b>	<b>6,006.00</b>	<b>9,500.20</b>	<b>7,028.00</b>	<b>1,165.26</b>	<b>-</b>	<b>25,876.46</b>
<b>B. Sanitation Assets, Equipment and Machinery</b>								
Pumps		211.00	1,960.00	92.70	41.00	60.30	-	2,365.00
Sew ers & pipes		4,396.00	17,585.00	9,761.40	304.45	1,084.60	-	33,131.45
Household Connections		217.00	1,764.00	-	-	-	-	1,981.00
Electro-mechanical equipment		-	610.58	1,905.82	584.16	211.76	-	3,312.32
Equipment		68	603	399.09	3,623	106.34	2	4,800.25
Vehicles & Machinery		246	2,009	10	10	5.00	5	2,283.99
Office equipment and furniture		31	20	10	10	5.00	5	80.00
<b>Subtotal</b>		<b>5,168.57</b>	<b>24,550.84</b>	<b>12,178.21</b>	<b>4,571.40</b>	<b>1,473.00</b>	<b>12.00</b>	<b>47,954.02</b>
<b>C. WWTP &amp; PSD &amp; S, Capacity Development</b>								
Training & Capacity Development		208.00	624.00	416.00	416.00	416.00	-	2,080.00
Consultant Support Costs		44.80	44.80	44.80	44.80	33.60	11.20	224.00
<b>Subtotal</b>		<b>252.80</b>	<b>668.80</b>	<b>460.80</b>	<b>460.80</b>	<b>449.60</b>	<b>11.20</b>	<b>2,304.00</b>
<b>2. Project Management &amp; Institutional Support</b>								
Surveys and Studies		206.00	45.00	17.10	19.00	1.90	-	289.00
Financial Audit		-	50.00	50.00	50.00	50.00	50.00	250.00
PMU PIU Project Management		426.51	426.51	426.51	426.51	212.85	212.85	2,131.74
Project Development Consultants		408.67	1,634.66	817.33	817.33	408.67	-	4,086.65
Transition Support Program		500.00	500.00	500.00	500.00	500.00	-	2,500.00
<b>Subtotal</b>		<b>1,541.18</b>	<b>2,656.17</b>	<b>1,810.94</b>	<b>1,812.84</b>	<b>1,173.42</b>	<b>212.85</b>	<b>9,257</b>
<b>Total BASE COSTS</b>		<b>8,886.74</b>	<b>33,213.01</b>	<b>23,489.35</b>	<b>13,412.24</b>	<b>3,811.68</b>	<b>224.85</b>	<b>85,392</b>
<b>Duties &amp; Taxes Included</b>								
Physical Contingencies		1,020.99	1,135.18	730.87	453.74	88.34	33.15	3,462
Price Contingencies		293.93	1,353.31	1,299.76	954.75	144.42	159.70	4,206
<b>Total PROJECT COSTS</b>		<b>10,201.66</b>	<b>35,701.50</b>	<b>25,519.97</b>	<b>14,820.73</b>	<b>4,044.43</b>	<b>417.70</b>	<b>93,060</b>
<b>Percent of Total Project Cost</b>		10.96%	38.36%	27.42%	15.93%	4.35%	0.45%	100.00%

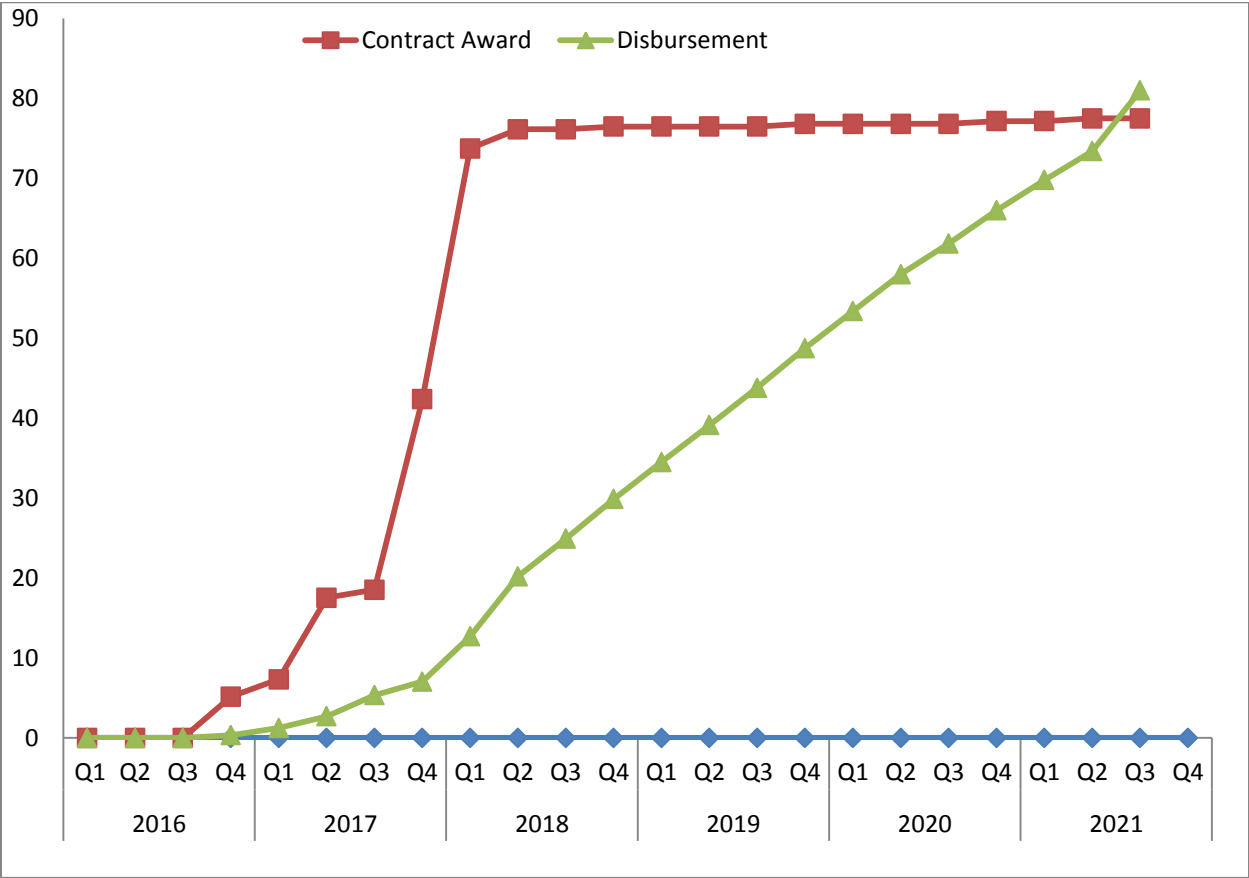
Excluding interest during implementation of \$3.50 million

O&M = operation and maintenance, PIU = project implementation unit, PMU = project management unit, PSD&S = pump stations design and supervision, WWTP = wastewater treatment plant.

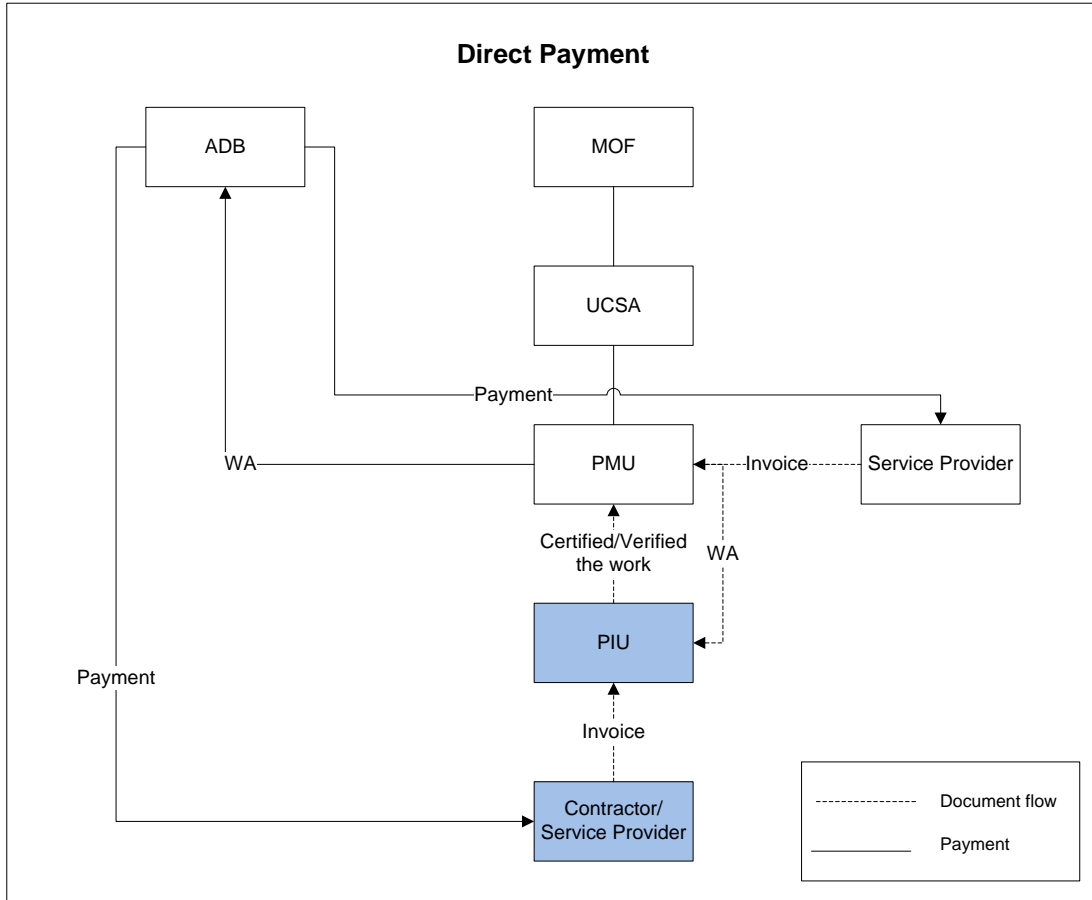
Source: Asian Development Bank and Consultant's estimates.

**F. Contract Award and Disbursement S-curve**

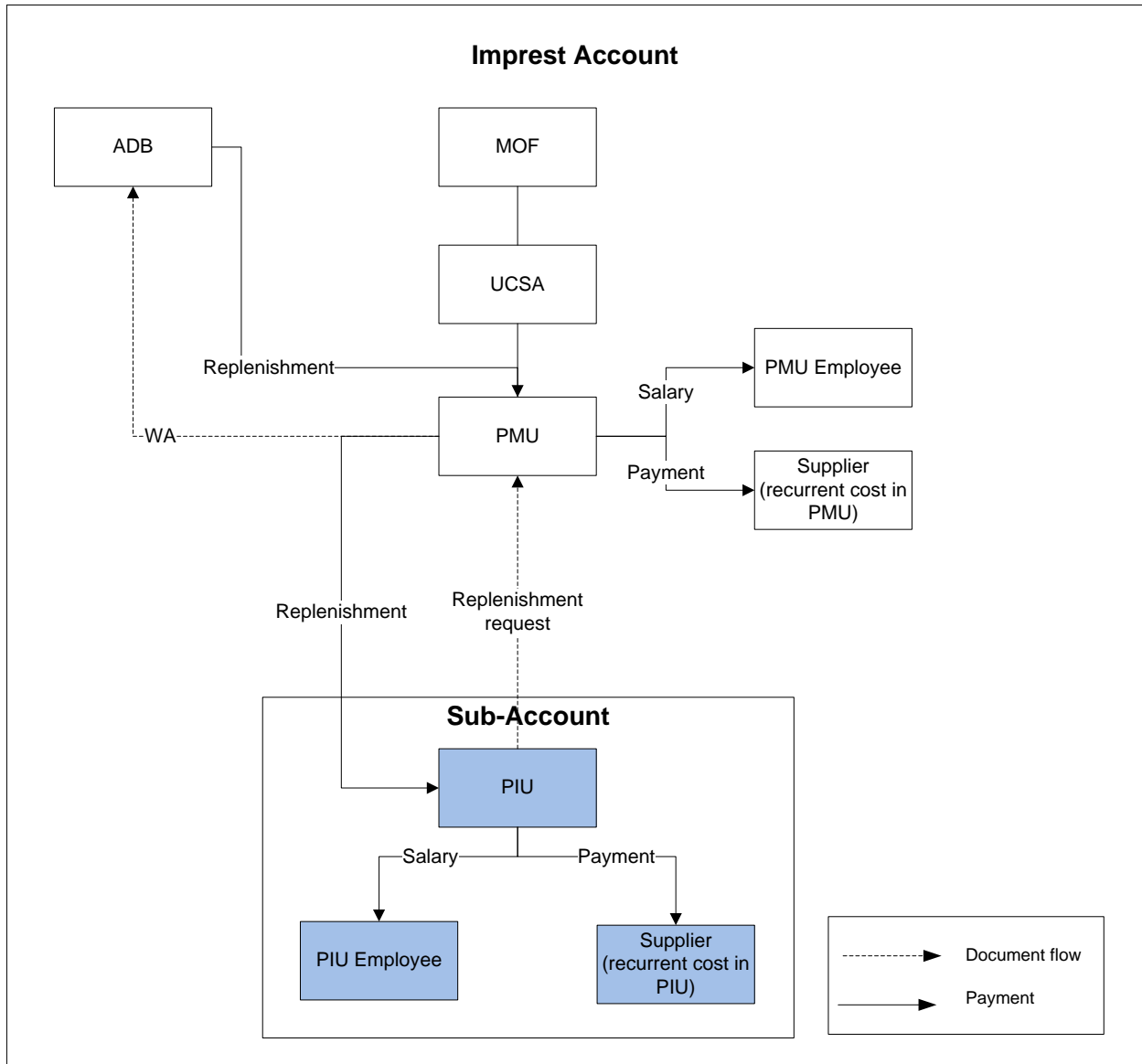
Contract Awards (in US\$ million)					Disbursements (in US\$ million)					
Year	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2016	0.000	0.000	0.000	5.171	<b>5.171</b>	0.000	0.000	0.000	0.340	<b>0.340</b>
2017	2.157	10.208	1.000	23.840	<b>37.205</b>	0.912	1.450	2.653	1.700	<b>6.715</b>
2018	31.361	2.400	0.000	0.340	<b>34.101</b>	5.660	7.511	4.689	4.964	<b>22.823</b>
2019	0.000	0.000	0.000	0.340	<b>0.340</b>	4.623	4.623	4.665	4.964	<b>18.875</b>
2020	0.000	0.000	0.000	0.340	<b>0.340</b>	4.623	4.623	3.847	4.145	<b>17.239</b>
2021	0.000	0.341	0.000	0.000	<b>0.341</b>	3.805	3.589	7.614	0.000	<b>15.008</b>
<b>Total Contract Awards</b>					<b>77.500</b>	<b>Total Disbursements</b>				<b>80.999</b>



**G. Funds Flow Diagram**



ADB = Asian Development Bank, PIU = project implementation unit, PMU = project management unit, MOF= Ministry of Finance, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency), WA = withdrawal application.



ADB = Asian Development Bank, PIU = project implementation unit, PMU = project management unit, MOF= Ministry of Finance, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency), WA = withdrawal application.



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

13. ADB conducted a financial management assessment of the proposed project financial management arrangements in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects. The financial management assessment considered the Uzbekistan Communal Services Agency (UCSA), in its role as the proposed project executing agency (EA).

14. UCSA will be responsible for implementing the project according to the loan agreement and other agreements. UCSA and its project management unit (PMU) have financial management experience and capacity to implement the project.

15. The country Public Financial Management (PFM) arrangements were assessed in 2011 using the Public Expenditure Financial Accountability (PEFA) PFM Performance Measurement Framework.<sup>17</sup> The assessment identified overall PFM improvements. However, shortcomings were found in elements of weak public procurement legislation and procurement process, the predictability in funds availability for commitment of expenditures, the effectiveness of internal audit, the effectiveness of payroll controls, and the effectiveness of external audit.

16. The Law on Budgetary System regulates the budgeting process in Uzbekistan.<sup>18</sup> This law provides the legal basis for preparation, review, approval and execution of the state budget. In the state budget, organizations are entitled to budgetary allocation through the provincial administrations, "state-trust-in funds" and "republican funds". The Ministry of Finance (MOF) prepares the draft budget after compiling all the draft budgets and submits it to the "Cabinet of Ministers" (COM) for approval by September 15th. COM after reviewing it finally submits the budget to Oliy Majlis.<sup>19</sup> In cases of projects financed jointly with International Financial Institutions (IFI), a project implementation unit (PIU) or PMU is responsible for providing forecasted project budget for the subsequent year to the MOE for approval in May of the current year.

17. There are no internal audit units in line ministries. Instead, a largely decentralized Control and Revision Unit (CRU) of MOF performs the role of internal audit. The government has not yet adopted modern internal audit procedures. The CRU resources are insufficient to obtain their audit coverage of budget organizations once every 3 years.

18. The payroll controls are weak and not exercised on a timely basis. Other non-payroll spending is similarly weak. Although the CRU provides strong ex post control inspections, its resources are insufficient for the coverage targets stated.

19. The Chamber of Accounts (COA) was established in June 2002 as the highest independent financial supervisory body. A number of the mandates of the COA are quite different from that found in many other countries such as including a number of specific items of a macroeconomic nature that would normally be performed by the Central Bank of Uzbekistan or by the MOF. The COA does not appear to follow international standards in the exercise of its

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<sup>17</sup> Republic of Uzbekistan Country Integrated Fiduciary Assessment, World Bank, 2011. The study has utilized a number of Public Expenditure and Financial Accountability (PEFA) defined indicators during the analysis of its findings.

<sup>18</sup> Law of the Republic of Uzbekistan No. 158-II on Budgetary System dated 14 December 2000 and amended on 23 May 2005.

<sup>19</sup> Parliament of the Republic of Uzbekistan.

audit planning, operations, reporting, or quality control. Their operations are opaque and audit recommendations are shielded from public view.

20. **Strengths.** UCSA and the existing PMU have implemented seven ADB-financed projects with two projects completed successfully (L1842-UZB and L2208-UZB) and no major issues related to financial management with the ongoing five projects implemented by the PMU under UCSA. The main strength of existing project financial management is that experience in project financial management has been built up. Staff became familiar with ADB's financial management requirements including disbursement procedures. The audited project financial statement submitted to ADB improved in 2013 (ADB Country Portfolio Review Mission 2014). With five ongoing projects under UCSA, UCSA is experienced in engaging and managing auditor for ADB-financed projects.

21. **Weaknesses.** UCSA does not have an established internal audit unit, and therefore PMU is not audited internally. The CRU of the MOF can carry out internal audit of UCSA at any time. However, the government has not adopted modern internal audit. The CRU resources are insufficient to obtain their audit coverage of budget organizations once every 3 years. To overcome the weakness, a project management team including a qualified international financial management specialist and a qualified national financial management specialist will be recruited to provide necessary supports and to strengthen internal control of PMU and PIU.

22. **Risk Analysis.** Overall, financial management risk assessed as substantial. Inherent risk was assessed as substantial due to country-level risks. Control risk was also rated as substantial mainly because no regular internal audit conducted by CRU under MOF for UCSA and PMU; and staff recruited for the proposed PIU in Djizzak may have limited experience about ADB-financed projects. The PMU staff in UCSA have had relevant experience in the implementation of ADB-financed projects but training in ADB procedures for PMU and PIU staff will be required, particularly in procurement, disbursement, and project management procedures.

23. **Risk Mitigation.** To mitigate inherent risk, a private audit firm will audit the project financial statement. Specific mitigation measures recommended as being necessary to address underlying control risks include: (i) a project management team including a qualified international financial management specialist and a qualified national financial management specialist will be recruited to provide necessary supports and to strengthen internal control of PMU and PIU; (ii) development of a financial management training plan to be prepared and all project financial staff to be trained before and during project implementation; (iii) a financial management manual will be prepared incorporating both government and ADB's requirements; and (iv) the terms of reference for the required external audits to be agreed with the ADB.

24. **Action Plan.** The following are proposed action plan:

- (i) Agree on the disbursement procedures and reporting structure of the projects and activities within UCSA, PMU, and to be established PIU.
- (ii) Contract a project management team including a qualified international financial management specialist and a qualified national financial management specialist will be recruited to provide necessary supports and to strengthen internal control of PMU and PIU;
- (iii) Develop a financial management training plan to be prepared and all project financial staff to be trained before and during project implementation;

- (iv) A financial management manual will be prepared by PMU incorporating both government and ADB's requirements;
- (v) The terms of reference for the required external audits to be agreed with ADB; and
- (vi) Due to the recent government resolution, ADB will conduct a financial management assessment of newly established DWSE after 2 years of project implementation and will determine if Statement of Expenditure (SOE) can be applied at PIU level instead of sending full documentation to PMU.

### Risk Assessment and Mitigation Measures

Risk	Risk Assessment*	Risk-Mitigation Measures
<b>Inherent Risk</b>		
1. Country-specific Risks	S	Private audit firm will audit the project financial statement. A project management team including a qualified international financial management specialist and a qualified national financial management specialist will be recruited to provide necessary supports and to strengthen internal control of PMU and PIU.
2. Entity-specific Risks	M	UCSA has experience in implementing ADB-financed water and sanitation projects.
3. Project-specific Risks	M	UCSA shall ensure professional accounting training to be provided to finance staff. ADB to conduct annually financial management and disbursement procedures even though PMU staff is experienced in ADB rules and procedures.
<b>Overall Inherent Risk</b>	<b>S</b>	
<b>Control Risk</b>		
1. Implementing Entity	M	UCSA should ensure PMU and PIU staff to attend professional course training and ADB's trainings on procurement, financial management and disbursement.
2. Funds Flow	M	Monthly reconciliation of imprest account and sub-account between PMU and PIU.
3. Staffing	M	UCSA should ensure adequate staff and support for the accountant in PMU.
4. Accounting Policies and Procedures	M	A financial management manual will be prepared incorporating both government and ADB's financial management requirements for the project.
5. Internal Audit	S	A project management team including a qualified international financial management specialist and a qualified national financial management specialist will be recruited to provide necessary supports and to strengthen internal control of PMU and PIU.
6. External Audit	M	Audit of the project financial statement should be done in accordance with the International Standards on Auditing and by the independent auditor acceptable to ADB.
7. Reporting and Monitoring	M	Reporting mainly generated from 1C system with the help of spreadsheet.
8. Information Systems	M	UCSA should ensure that PMU and PIU will use 1C Accounting for the project and provides staff regularly training to operate the financial accounting system.
<b>Overall Control Risks</b>	<b>S</b>	
<b>Overall rating</b>	<b>S</b>	

ADB = Asian Development Bank, PIU = project implementation unit, PMU = project management unit, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency).

\* Risk assessment: H – High, S – Substantial, M – Moderate, N – Negligible or Low.

## B. Disbursement

25. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time),<sup>20</sup> and detailed arrangements agreed upon between the government and ADB.

26. Pursuant to ADB's Safeguard Policy Statement (SPS) (2009),<sup>21</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS (2009).

27. **Disbursement Arrangements.** The fund flow diagram is provided in Item G.

28. **Direct payment.** These procedures will generally be used for civil works contracts and consulting services.

29. **Commitment Letter.** The commitment procedure will be utilized for the financing of imported goods and equipment.

30. **Imprest account.** The arrangements and procedures below will be used for the PMU's recurrent cost:

- (i) Individual payments below \$100,000 will be paid from the imprest account; and
- (ii) The submission to ADB of an SOE is required in order to reimburse and replenish/liquidate the advances in the imprest account.

31. **Sub-account under the Imprest Account.** A sub-account in local currency will be opened for the PIU in order to pay the PIU's recurrent cost during project implementation. Arrangements and procedures to be used by PIU and PMU include:

- (i) The maximum ceiling of the sub-account shall not exceed the equivalent of the PIU's 3 months estimated expenditure.
- (ii) The PIU shall submit full documentation to the PMU for monthly liquidations, together with a bank statement (within 7 days after the month end).
- (iii) The request for replenishment should be accompanied by an estimate of 3 months expenditure and subject to PMU's approval.
- (iv) The request for replenishment to cover expenditure for land acquisition should be accompanied with the report from the independent monitoring party on land acquisition and resettlement plan (LARP) implementation that specifically details the verification on all payment to the affected people based on entitlement described in the LARP.

32. **Imprest Fund Procedure.**<sup>22</sup> To facilitate project implementation through the timely release of loan proceeds, the PMU will establish an imprest account promptly after loan effectiveness at a commercial bank acceptable to ADB. The imprest account is to be used exclusively for the ADB's share of eligible expenditures. The currency of the imprest account will be USD. The PMU, who established the imprest account in its name, is accountable and responsible for the proper use of advances to the imprest account. The PMU will request initial and additional advances from ADB, without a specific ceiling, based on its projection of eligible expenditures for the forthcoming 6 months which are to be paid through the imprest account

<sup>20</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>21</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

<sup>22</sup> Bank charges incurred in the operation of the imprest account may be financed from the loan proceeds.

and supported by an Estimated of Expenditure Sheet.<sup>23</sup> The request of initial advance should be accompanied by evidence satisfactory to ADB that the imprest account has been duly opened. For every liquidation and replenishment request of the imprest account, the borrower will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the EA's records.<sup>24</sup> The imprest account will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook* and detailed arrangements agreed by the government and ADB. ADB's *Loan Disbursement Handbook* describes which supporting documents should be submitted to ADB and which should be retained by the government for liquidation and replenishment of an imprest account.

33. The PMU will be responsible to prepare disbursement projections, request budgetary allocations for counterpart funds, collect supporting documents and prepare and send all withdrawal applications to ADB. Withdrawal applications will be copied to the PIU.

34. The SOE procedure may be used for the reimbursement of eligible expenditures or the liquidation of advances to the imprest account. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.<sup>25</sup>

35. 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 \$100,000, unless otherwise approved by ADB. The MOF is to consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

### **C. Accounting**

36. The PMU of UCSA will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. The PMU will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.<sup>26</sup>

### **D. Auditing and Public Disclosure**

37. UCSA will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be

<sup>23</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

<sup>24</sup> Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

<sup>25</sup> Checklist for SOE procedures and formats are available at:

[http://www.adb.org/documents/handbooks/loan\\_disbursement/chap-09.pdf](http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-100-Below.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-Over-100.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Operating-Costs.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Free-Format.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls)

<sup>26</sup> Law on Accounting No 279-I dated 30.08.1996 and National Accounting Standards of Uzbekistan approved by the Ministry of Finance of Uzbekistan.

submitted in the English language to ADB within 6 months of the end of the fiscal year (31 December) by UCSA.

38. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's *Loan Disbursement Handbook* and the project documents.

39. 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. The Loan Agreement includes financial related covenants, includes on debtor collection and sustainability. They will be monitored through series of the financial of DCSC, which is being merged into the new entity, Djizzak Regional Water Supply and Sewerage Enterprise (DWSE). Once DWSE is established, its financial status will be monitored.

40. The Government, UCSA, and the PMU have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements. 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.

41. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).<sup>27</sup> After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

## **VI. PROCUREMENT AND CONSULTING SERVICES**

42. Procurement capacity assessment of UCSA has been undertaken. Based on the findings of the assessment, the thresholds for procurement of goods and works as well as consulting services have been defined, and the degree of ADB oversight (prior and post review) has been recommended.<sup>28</sup> The procurement includes: (i) four international competitive bidding (ICB) for WWTP, pumping sewerage station, and sewerage collectors; (ii) one national competitive bidding (NCB) for decommissioning of the old WWTP; (iii) one ICB for machinery and equipment, three NCB for equipment and five packages via shopping method; and (iv) recruitment of consulting services for auditor, project development consultants, transition support program and individual consultants for bid documents preparation and technical

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<sup>27</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>28</sup> Project's Procurement Capacity Assessment Report and Recommendation is available under Appendix 4 of the Final Report of PPTA 8227-UZB: Second Water Supply and Sanitation Investment Project.

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

#### **A. Advance Contracting and Retroactive Financing**

43. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guidelines (2015, as amended from time to time)<sup>29</sup> and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>30</sup> The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, UCSA and the PMU have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

44. **Advance contracting.** It is envisaged to undertake advance actions for the procurement of project development consultants. This will include the preparation of a request for proposal documents and advertisement via the consulting services recruitment notices for ADB's prior review and approval.

45. Retroactive financing has been requested for the project development consultant and individual consultants. Retroactive financing of up to 20% of the respective loan will be applied only for eligible expenditures incurred before the loan effectiveness but not earlier than 12 months before the loan signing. The borrower and UCSA have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

#### **B. Procurement of Goods, Works and Consulting Services**

46. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). International competitive bidding procedures will be used for civil works contracts estimated to cost \$2,000,000 or more, and supply contracts valued at \$500,000 or higher. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000.

47. ADB standard bidding documents for procurement of works dated April 2014 shall be used for the procurement of works. For the procurement of works costing less than \$5,000,000, ADB standard bidding documents for works, small contracts, dated March 2014 shall be used. For the procurement of goods, the ADB standard bidding documents for the procurement of goods dated September 2010 or later edition shall be used. ADB standard bidding documents for procurement of plant, design, supply, and installation, dated May 2014 or later edition will be used for tendering the new WWTP and the sewerage pump stations being tendered in accordance to a design-and-build type of tendering and contract. Procurement of complex process plant facility such as WWTP shall be based on total cost of ownership attained through application of specific approach such as life-cycle cost (LCC) evaluation method, which will be later incorporated in the relevant sections pertaining to evaluation criteria in the bidding documents as per Bank's standard template. During the early stage of project implementation, the consultant will define the technology which may be feasible to use for this package. This is to ensure that bidders will not offer a variety of deviation in terms of technical solution to ensure competition. With reference to the risks of abnormal low tenders (ALT) specified in the procurement capacity assessment report and recommendation, and since post-qualification is

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<sup>29</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>30</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

proposed for this package, the bidding documents will incorporate certain criteria to avoid low price submission including the increase of performance security.

48. All consultants will be recruited according to the Guidelines on the Use of Consultants by the Asian Development Bank and Its Borrowers dated March 2013 as amended from time to time. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality cost ratio of 90:10 to give more weight to quality of proposals. The terms of reference for all consulting services are detailed in Section D.

### C. Procurement Plan

#### Basic Data

<b>Project Name:</b> Djizzak Sanitation System Development Project	
<b>Project Number:</b> 46135-002	<b>Approval Number:</b>
<b>Country:</b> Uzbekistan	<b>Executing Agency:</b> Agency "Uzkommunkhizmat" (UCSA)
<b>Project Financing Amount:</b> US\$96,500,000 <b>ADB Financing:</b> US\$81,000,000 <b>Non-ADB Financing:</b> US\$15,500,000	<b>Implementing Agency:</b> Djizzak Regional Water Supply and Sewerage Enterprise (DWSE)
<b>Date of First Procurement Plan:</b> <i>Approval Date</i>	<b>Date of this Procurement Plan:</b>

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

##### 1. Procurement and Consulting Methods and Thresholds

49. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$2,000,000 and above	
International Competitive Bidding for Goods	\$500,000 and above	
National Competitive Bidding (NCB) for Works <sup>2</sup>	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods <sup>2</sup>	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

<sup>1</sup> Refer to Para. 3 of PAI 3.04 for National Competitive Bidding

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Consultants' Qualifications Selection <sup>2</sup>	
Least-Cost Selection (LCS) <sup>3</sup>	
Individual Consultant Selection (ICS)	

<sup>2</sup> Refer to Para. 29 of PAI 2.02 for Consultants' Qualification Selection

<sup>3</sup> Refer to Para. 26 of PAI 2.02 for Least-Cost Selection



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

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

<b>Package No.</b>	<b>General description</b>	<b>Estimated Value (\$)</b>	<b>Procurement Method</b>	<b>Review (Prior/ Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter / year)</b>	<b>Comments</b>
DS-WW-01	New wastewater treatment facilities (30,000 m <sup>3</sup> /d)	39,000,000	ICB	Prior	1S1E	Q1 / 2017	Prequalification of Bidders: N  Domestic Preference Applicable: N  MBD Harmonized Bidding Document - SBD Design Build
DS-WW-02	Reconstruction of 3 and construction of 1 new pumping sewerage station	2,400,000	ICB	Prior	1S1E	Q4 / 2016	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Small Works
DS-WW-03	Reconstruction of 16.75 km of D 150 to 1,200 mm sewerage collectors	12,825,000	ICB	Prior	1S1E	Q4 / 2016	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Large Works
DS-WW-04	Construction of 45.8 km of D 150 to 1,500 mm urban sewerage collectors	27,508,000	ICB	Prior	1S1E	Q4 / 2016	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Large Works
DS-WW-05	Decommissioning of the old WWTP	1,802,000	NCB	Prior	1S1E	Q2 / 2016	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Small Works

### 3. Consulting Services Contracts Estimated to Cost \$100,000 or More

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

Package Number	General Description	Estimated value (US\$)	Recruitment Method	Review (Prior / Post)	Advertisement date (Quarter / Year)	Type of Proposal	Comments
DS-CS-01	Project Development Consultant and Construction Supervision and Preparation of Bid Documents	3,300,000	QCBS (90:10)	Prior	Q4 / 2015	FTP	Advance action
DS-CS-03	Detailed Design for construction and rehabilitation of sewerage network/ pumping stations	800,000	QCBS (90:10)	Prior	Q4 / 2015	FTP	
DS-CS-04	Audit	294,000	LCS	Prior	Q3 / 2016	BTP	

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

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

Package Number	General description	Estimated Value (US\$)	Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter / year)	Comments
DS-WW-06	Procurement of utility vehicles, equipment and machineries	2,810,000	8	ICB / NCB / Shopping	Prior	1S1E for ICB	Q3 / 2016	Packages to be determined during contract negotiations. This will include 1 ICB, 3 NCB and 4 shopping all within the specific threshold
DS-WW-07	Geographic and Topographic Data in Djizzak city	100,000	1	Shopping	Post		Q2 / 2016	

## B. Indicative List of Packages Required Under the Project

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

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Comments

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments

## C. List of Awarded and On-going, and Completed Contracts

54. None.

## D. National Competitive Bidding

### 1. General

55. The procedures to be followed for national competitive bidding shall be those set forth in the applicable resolutions of the Cabinet of Ministers of Republic of Uzbekistan with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the *ADB Procurement*.

### 2. Eligibility

56. The eligibility of bidders shall be as defined under section I of the Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those stated in section I of the Procurement Guidelines. Bidders must be nationals of member countries of ADB, and offered goods, services, and works must be produced in and supplied from member countries of ADB.

### 3. Prequalification

57. Normally, post-qualification shall be used unless explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

### 4. Registration and Licensing

- (i) Bidding shall not be restricted to pre-registered/licensed firms.
- (ii) Where registration or licensing is required, bidders (i) shall be allowed a reasonable time to complete the registration or licensing process; and (ii) shall not be denied registration/licensing for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

- (iii) Foreign bidders shall not be precluded from bidding. If a registration or licensing process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register or to obtain a license.

## **5. Bidding Period**

- 58. The minimum bidding period is 28 days prior to the deadline for the submission of bids.

## **6. Bidding Documents**

- 59. Procuring entities should use standard bidding documents for the procurement of goods, works and services acceptable to ADB.

## **7. Preferences**

- 60. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

## **8. Advertising**

- 61. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper or freely accessible, nationally known website allowing a minimum of 28 days for the preparation and submission of bids.

- 62. Bidding of NCB contracts estimated at \$500,000 equivalent or more for goods and related services of \$1,000,000 equivalent or more for civil works shall be advertised on ADB's website via the posting of the procurement plan.

## **9. Bid Security**

- 63. Where required, bid security shall be in the form of a bank guarantee from a reputable bank.

## **10. Bid Opening and Bid Evaluation**

- (i) Immediately after the date and time set for the deadline for bid submission, bids shall be opened in public. A record of bid opening shall be prepared by the executing agency, or implementing agency, or the contracting authority, and such record shall be distributed to all bidders.
- (ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder.
- (iii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (iv) No bidder shall be rejected on the basis of a comparison with the contract cost estimate(s) and budget ceiling(s) set by the borrower/executing agency without ADB's prior concurrence.
- (v) A contract shall be awarded to the technically responsive bidder that offers the lowest evaluated price, and meets the qualifying requirements. Negotiations shall not be permitted.
- (vi) Price verification shall not be applied.

## **11. Rejection of All Bids and Rebidding**

64. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

## **12. Participation by Government-Owned Enterprises**

65. Government-owned enterprises in Uzbekistan shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority/executing agency/implementing agency. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

## **13. Right to Inspect/Audit**

66. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

## **14. Fraud and Corruption**

- (i) The Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question.
- (ii) The Asian Development Bank (ADB) will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, ADB-financed contract.

## **15. Pre-Shipment Inspections**

67. Pre-shipment inspections, if necessary, shall be carried out by an independent reputable testing authority/surveyor in the supplier's country for reasons of sound engineering practice and economy and efficiency in project implementation.

## **16. Disclosure of Decision on Contract Awards**

68. At the same time that notification on award of contract is given to the successful bidder, the results of bid evaluation shall be published in a local newspaper or a well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each bidder who submitted a bid, (ii) bid prices as read out at bid opening; (iii) name of bidders whose bids were rejected and the reasons for their rejection, and (iv) name of the winning bidder, and the price it offered, as well as duration and summary scope of the contract awarded. The executing agency/implementing agency/contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

#### D. Consultant's Terms of Reference

69. Two consulting support packages will be provided under the project, as detailed below:
70. **Project Development Consultant (PDC)** will be selected by the PMU from among a short list of interested eligible international consulting companies, in accordance with the ADB Guidelines on the use of Consultants by Asian Development Bank and its Borrowers dated March 2013 or later edition.
71. The PDC consultant will require the input of a team composed of:
- (i) 85 person-months (pm) of international experts in the following sectors of expertise: (i) senior sewerage & wastewater treatment – team leader; (ii) wastewater treatment; (iii) financial management; (iv) procurement; (v) institutional; (vi) environmental & social safeguard; (vii) social development and gender; (viii) water supply and sewerage utility operation and maintenance (O&M) specialist; (ix) sewerage network design engineer; (x) electromechanical design engineer; (xi) performance based management.
  - (ii) 132 pm of national experts (including 3 pm of external resettlement monitor) in the following sectors of expertise: (i) finance; (ii) procurement; (iii) social development and gender; (iv) environmental; (v) safeguard, resettlement; (vi) external resettlement monitor; (vii) sanitation and public health specialist; deputy project manager; (viii) sewerage/project chief engineer; (ix) civil engineer. The finance specialists should have a recognized professional accountancy designation. Detailed terms of reference (TOR) is in Appendix 19 of the PPTA 8227-UZB: Second Water Supply and Sanitation Investment Project Final Report.
72. The main scope of the PDC team will be:
- (i) provide day-to-day support to the PMU in: program review, preparation of design and tender documents;
  - (ii) provide assistance to the PMU for the implementation of the Resettlement Plan and to further carry out monitoring of social impacts on affected persons (AP);
  - (iii) provide guidance in the preparation of terms of reference for consultants, contractors and other service providers;
  - (iv) assist the PMU to prepare terms of reference, technical specifications, tender documents and call for tenders for the procurement of a Design-and-Build Contract for the design and construction of the new WWTP and the sewerage pumping stations ;
  - (v) provide assistance to the PMU throughout the process of tendering and contracting for the procurement of the DB contractor;
  - (vi) assist the PMU in conducting supervision of the civil works;
  - (vii) review the FS report and develop energy saving procedures in the preparation of tender documents for the rehabilitation of existing and construction of new sewerage system network, as well as during the tender procedures for the procurement of contractors;
  - (viii) provide assistance to the PMU to procure and contract works for the decommissioning of the existing, obsolete wastewater treatment plant and make sure that disposal of demolished material is recycled or disposed of in

- accordance with relevant national norms and the recommendations formulated in the EMP;
- (ix) elaborate methodologies for construction supervision, assessment of contractor performance and reporting to the attention of the national design team and the PMU construction supervisors;
  - (x) plan and supervise the preparation of the on-the-job training to be provided by contractors and suppliers to the sewerage company operators and maintenance personnel during the construction phase, approve the capacity building program and the training schedules, review and approve the training materials and supervise the implementation of the training program;
  - (xi) assist the PMU on the development and application of appropriate evaluation method, such as life-cycle cost (LCC) evaluation, in the procurement of WWTP package;
  - (xii) plan and review the final commissioning tests being conducted upon completion of each construction package, namely sewerage network, pumping stations, WWTP; approve acceptance of performance in accordance with the targets set in the tender documents; approve the content of the O&M manuals and advise the PMU on delivery of certificate of performance;
  - (xiii) plan the monitoring activities to be carried out during the damages and liability period and advise the PMU for delivery of certificates of final acceptance of the newly constructed and rehabilitated infrastructure;
  - (xiv) review and approve the Capacity Building Program being prepared by the WWTP contractor for the selected operator trainees; develop and apply a procedure for periodically monitoring the achievements of the operators training program;
  - (xv) prepare TOR for the Capacity Building Program Coordinator who will be in charge of organizing and overseeing the implementation of the whole capacity building program; provide support to PMU in the process of selecting the Capacity Building Program Coordinator;
  - (xvi) prepare detailed TOR for consultants to be engaged for the implementation of the Transition Support Program; provide assistance to the PMU throughout the process of selection of the consultant and oversee the implementation of the transition plan;
  - (xvii) provide guidance and support to the PMU to assist in the implementation of the EMP and to further carry out monitoring of the effectiveness of the EMP;
  - (xviii) provide support and guidance to PMU to assist in the implementation of the Gender Action Plan (GAP) and to further conduct monitoring on possible social repercussions of the GAP. This will be reported in the quarterly progress report.
  - (xix) prepare the quarterly progress report for PMU to report progress made on each of the project component, identify problems/issues and show actions taken propose actions to be taken to resolve the issues per component.

73. The PDC will also will be in charge of elaborating drawings and surveys needed for the review of the resettlement plan and will collaborate and work closely with the PMU safeguards team and the PDC resettlement specialist to:

- (i) identify for measures and alternatives to avoid and minimize land acquisition and resettlement impacts;
- (ii) assemble all documents required for compensation;

74. **Transition Support Program (TSP) Consultants.** Up to the year 2004, the water supply and sewerage systems had been operated by the Djizzak City municipal water supply

and sewerage company. After 2004, a separate sewerage enterprise responsible for sewerage services and treatment of wastewater in Djizzak city was established.

75. Up to the end 2013, water supply and sanitation within the Djizzak province was being supervised by the Djizzak provincial waterworks (vodokanal), a joint stock company with its own charter, whose majority owner of the company is the State Protection Committee.

76. In line with this project, important institutional reforms are being progressively set in place in the water supply and sanitation (WSS) sector in the country.<sup>31</sup> & <sup>32</sup> The Prime Minister Instruction No. 3/8960 dated 04 March 2014, based on letter of the deputy Minister of Finances No. MA/15-03-31-14/68 dated 03 March 2014, in application of the *Water Supply and Sanitation (WSS) Program 2020*, transforms the formerly Provincial Vodokanals, into “*Provincial Suvokova (waterworks) Divisions*” incorporating into their structure the Municipal and Districts waterworks which are transformed into “*Branches*” to the provincial waterworks divisions. The property of assets and liabilities of all urban and district water and sewerage utilities as well as the long distance trunk distribution companies operating within a province are being transferred to the newly constituted Provincial waterworks divisions.

77. Based on the above referred sector reform texts, the recently promulgated Djizzak Province Governor Decree No. 83<sup>33</sup> has instituted a “*Single Provincial Water Supply and Sanitation Enterprise and its Djizzak City and District branches*”, abbreviated as (DWSE), in replacement of the former Provincial vodokanal. The newly constituted *Enterprise* will be in charge of distributing water supply and managing sewerage within the whole Djizzak province and is entrusted with two priority tasks: (i) introduction of automated billing system in the provincial branches; and (ii) setting up of a customer database.

78. Under the new organization, the *Provincial Water Supply Enterprise* is to administer 14 districts, interregional, inter-district,<sup>34</sup> and municipal WSS branches:

- (i) Djizzak city water supply branch,
- (ii) Djizzak city sewerage branch,
- (iii) Bakhmal district WSS branch,
- (iv) Gallaorol district WSS branch,
- (v) Dashtabad city WSS branch,
- (vi) Dustlik city WSS branch,
- (vii) Djizzak district WSS branch,
- (viii) Zarbdor district WSS branch,
- (ix) Mirzachel district WSS branch,
- (x) Pakhtakor district WSS branch,
- (xi) Forish district WSS branch,
- (xii) Interregional Trunk Main Department “Kuytosh”, Arnasay branch,
- (xiii) Interregional Trunk Main Department “Kuytosh, Zafarabad branch,
- (xiv) Djizzak Province Interregional Trunk Main.

Source: Letter of the Ministry of Finance to the Cabinet of Ministers No. MA/15-03-31-14/68 dated 3 March 2014, endorsed by the Instruction of Cabinet of Ministers No. 05/5-15 of 5 March 2014.

<sup>31</sup> Letter of Deputy Minister of Finances to Cabinet of Ministers No. MA/15-03-31-14/68 dated 03 March 2014 on Reform of Vodokanal Structure.

<sup>32</sup> Instruction of Prime Minister No. 3/8960 dated 04 March 2014 on application of the letter of Ministry of Finances No. MA/15-03-31-14/68.

<sup>33</sup> Djizzak Province Governor Decree No. 83 of 3 March, 2014 on “Establishment of the Single Regional Water Supply Enterprise and on Merging the City and District Water Supply Enterprises”.

<sup>34</sup> Interregional and inter-district trunk mains are only providers of water supply over long distance on a regional basis.



79. The newly constituted DWSE will have to: (i) manage the water and sewerage assets of the 14 branches within the Djizzak Province, (ii) administer funds for improvement and reconstruction in the sector; (iii) carry out long term investment planning in the sector; (iv) attract investors in the sector; (v) develop and implement strategies for cost recovery; (vi) exert systematic control on financial operations and flow of funds within each branch; (vii) carry out periodical reviews of tariffs and improve tariff strategies; ensure improved service level and quality and through achieving reduction of water losses and steady increase of connections to sewerage system; (viii) set-up and operate WSS systems maintenance units; (ix) administer contracts; apply cost-effective rules in O&M; (x) install and constantly improve accounting and financial management and reporting procedures in order to achieve financial targets; (xi) plan service extension and improvement of service level; (xii) prepare periodical budgets; (xiii) carry out business plans; (xiv) achieve environmental and social safeguard targets; (xv) set up methodologies for benchmarking and monitoring performance of the WSS *Branches*. In addition, under the loan, the DWSE will have to adopt commercial practices, including performance based management. It would be monitored and regulated closely, on the basis of a performance contract, by UCSA and MOF.

80. In order to undertake the above tasks, the DWSE will have to be staffed with an adequate number of personnel which should undergo a training program aimed to build the necessary knowledge and capacity for the DWSE to carry out all activities foreseen in its scope in an efficient manner and in the long term.

81. On the other hand, the WSS branches within the province will have to contribute to achieve with priority financial sustainability through providing steadily improved water and sanitation services, bill collection performance, customer management and energy savings. It is anticipated that the current staff within each branch will have also to be re-organized in number and functions and their skills improved.

82. The newly constituted DWSE is not prepared to undertake the above changes and UCSA does not have the personnel resources and the capability to help the enterprise and the branches to undertake the necessary structural and organizational changes within a reasonable period.

83. In order to help the DWSE undertake the structural and organizational transformations and to steadily reach a financial sustainability, a TSP is included under the project. The main scope of the TSP is to build required administrative, managerial, and financial capacity of the personnel recruited within the new DWSE.

84. The main inputs of the TSP will be to:

- (i) review company organizational set-up, formulate recommendation for improved organizational structure giving due consideration to targeting equal opportunities for men and women; revise and propose appropriate job descriptions;
- (ii) review current asset management practices and propose improved O&M systems, good housekeeping procedures taking into account environmental and safety requirements aimed at improving control over assets;
- (iii) review the current structural and organizational set-up of the Djizzak City and provincial water utilities; propose adequate organizational structures for the DWSE and the provincial branches;
- (iv) elaborate a charter for the DWSE and define scope of work for key personnel and formulate recommendation of a personnel development plan;

- (v) carry out estimates of current water losses and other non-revenue water (NRW) components according to the International Water Works Association (IWWA) methodology and propose relevant improvements aimed at controlling and further, reducing NRW to acceptable limits; propose efficient procedures for meter reading and to carry out systematic water balance;
- (vi) review overall O&M costs with particular concern to costs of electricity; assess and propose actions towards energy-saving oriented O&M procedures; propose measures aimed at achieving improved operational performance;
- (vii) review the current financial planning and accounting procedures, select and procure a new Management Information System (MIS) tailored to suit the needs of the DPWSSA and the DCWSSC separately: arrange adequate training to make the best use of the Management Information System;
- (viii) provide adequate support to the DWSE to improve cost recovery, including calculation of tariffs and setting of a tariff policy with regard of ability and willingness to pay and social support (subsidies) for poor households with special attention to female-headed/single mother households; introduce an appropriate computer-assisted system for tariff calculation;
- (ix) review current tariff setting practices and introduce improved systems of customer inventory and census: propose equitable tariff setting based on effective use of water, and applying affordability criteria;
- (x) elaborate and set-up a benchmarking system aimed to monitor performance of provincial WSS branches; define performance targets and implement monitoring of the performance of the WSS Branches within the province;
- (xi) organize and implement formal and on-the-job type of capacity building program addressed principally to the DWSE and to key personnel of the WSS provincial branches; get involved key personnel of relevant institutions at provincial level such as Department of Finance and Economy, Goskompriroda, city and provincial branches of the GosArchitectStroy and the State Property Committee;
- (xii) work closely with the social development and gender specialists of the PDC team with regard to implementation of relevant actions in the gender action plan.

## VII. SAFEGUARDS

85. The Government through UCSA will ensure that all safeguard requirements prescribed for the Project that have been prepared are implemented. The project, in accordance to ADB SPS (2009), was categorized as “B” project both for environment and Involuntary Resettlement, and as “C” project for Indigenous People impacts. Therefore, the following safeguard documents were prepared during project preparation:

- (i) The initial environmental examination (IEE) including its environmental management plan (EMP) were prepared. This report identified potential impacts related with the project and proposed mitigation measures and monitoring plan that are presented in EMP.
- (ii) The land acquisition and resettlement plan (LARP) for construction of wastewater treatment plant, pumping station, access road, and reconstruction of sewerage network.

86. The Government through UCSA obliges to implement recommendation from these two safeguard reports that were prepared with adequate consultations with affected people and people living in the surrounding project areas. The following paragraphs describe briefly the activities to be implemented during project implementation.

### A. Environment

87. UCSA will ensure that the design, construction, operation and maintenance of the facilities under the Project are carried out in accordance with ADB SPS (2009), applicable laws and regulations in Uzbekistan, and recommendation from IEE and its EMP. UCSA will ensure that potential adverse environmental impacts arising from the project are minimized by implementing all mitigation and monitoring measures as presented in the EMP as part of the IEE report. UCSA will ensure that:

- (i) The PMU will engage the environment specialist as part of its team to implement and record the implementation of the EMPs prepared for the project.
- (ii) If the detailed design will be changed, the updated EMP has to be prepared.
- (iii) All necessary government permits and license, including ecological expertise opinion, to construct the wastewater treatment plant and its supporting facilities will be obtained.
- (iv) Detailed engineering designs, civil works and other contracts for the project incorporate applicable environmental measures identified in the IEE and its EMP.
- (v) Bidding document for supervision consultant/engineer will include a requirement to enable them to assist in implementing IEE and its EMP.
- (vi) All bidding document for civil works/turnkey contract will include all safeguards requirement as describe in the IEE and its EMP.
- (vii) The winning bidder will have adequate resources to implement safeguards requirement.
- (viii) The contractor will need to prepare site EMP prior to implementation of civil works.
- (ix) Starting from project commencement, the PMU will submit annual environmental reports on implementation of EMP, and semi-annual environmental monitoring report after commencement of civil works. The report will include, among other things, a review of progress made on environmental measures detailed in the IEE and EMP, and problems encountered or unexpected impacts encountered during implementation and remedial measures taken to address those problems. The

report will also include any complaint received and action to resolve the complaint under the grievance redress mechanism.

- (x) The PMU will take responsibility as the secretariat for grievance redress mechanism for both environment and social aspect of the project;
- (xi) Civil works contractors are supervised and monitored to ensure compliance with the requirements of the IEE and EMP.
- (xii) If unexpected or unforeseen environmental impacts occurred, the environment specialist from PMU together with the supervision consultant, and contractor will take corrective measures promptly.

## **B. Land Acquisition and Resettlement**

88. UCSA will ensure that land acquisition will be carried out in accordance with ADB SPS (2009) and applicable laws and regulations in Uzbekistan that has been formulated and developed in the LARP. UCSA will ensure that LARP will be implemented, and monitored to ensure that no affected persons will suffer by unattended impacts associated with land acquisition. The present LARP indicated that land acquisition will affect 13 farmers. UCSA will be responsible to pay compensation to affected farmers due to land acquisition. The civil works could only be commenced after compensation is fully paid. The current LARP indicated that total costs for LARP implementation will be around \$375,000. For implementing this LARP, UCSA will ensure that:

- (i) The PMU will recruit a resettlement consultant as part of the PMU team to assist in the implementation of the LARP and address complaint related with compensation, if any.
- (ii) The LARP will be updated after the detail design is available. The resettlement consultant will update the LARP report and carry out adequate consultation with affected people. The report should at least indicate any change on land acquisition from the detail design, change on affected people, and change on budget for LARP implementation. However, no change should be made on entitlement matrix that provided clear guidance on entitlements for compensation.
- (iii) The updated LARP has to be submitted to ADB for concurrence prior to implementation, and has to be submitted as early as possible after detailed design is available.
- (iv) The updated LARP will be disclosed through ADB's website and UCSA will be responsible to disclose updated LARP to affected people.
- (v) If the detailed design will not cause any change on land acquisition, the PMU has to provide ADB with written statement that updated LARP is not required, and the existing LARP report will be implemented.
- (vi) The awarding of civil works contract will be done only after affected farmers receive full payment of compensation, and report on full payment of compensation needs to be submitted to ADB. The report will verify whether compensation was equivalent to replacement cost and made prior to displacement. The advance payment to the contractor can only be released by ADB after the report on full payment is received by ADB.
- (vii) The design-build contract for WWTP will include a provision for LARP implementation.
- (viii) Report on monitoring the implementation of LARP including any grievance will be submitted to ADB in quarterly basis until the payment of compensation to affected parties is fully paid.

- (ix) The social development specialist of PMU will also observe, any unanticipated impacts due to land acquisition, and take necessary measures in accordance to the provision describe in the LARP.
- (x) Independent monitoring report on the overall implementation of LARP including verification of compensation payment needs to be submitted by the independent monitoring party that will be recruited by UCSA.

### C. Indigenous Peoples

89. The project areas will not involve any territory, habitat, or common property that is managed by any ethnic minority or indigenous people, and the project is not expected to generate impacts to indigenous people as describe in ADB SPS (2009), because there is no such community living in surrounding project areas. Therefore, no arrangement to address indigenous people impacts as described in ADB SPS (2009) was prepared. However, during implementation of the project, the resettlement consultant of PMU obliges to observe any concerns related with this aspect.

### D. Risks and Mitigating Measures

90. Major risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.<sup>35</sup>

**Table 4: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigating Measures</b>
No regular internal audit for PMU; staff recruited for PIU in Djizzak may have limited experience with ADB financial management requirements	A project management team, including a qualified international financial management specialist and a qualified national financial management specialist, will be recruited to provide necessary support and to strengthen internal control of the PMU, PIU, and DWSE.
Government unable to finance and sustain the project over the long term	DWSE has been established to improve water supply and sanitation sector management in Djizzak Province. The national government will ensure that DWSE has all necessary financial resources to operate and maintain its assets and meet its debt obligations. Debt service of the loan will be subsidized by the Ministry of Finance.
Limited government procurement capacity, and procurement delays	A PMU established within UCSA and a PIU established in Djizzak will manage project procurement and implementation, using international and national specialists. Advance action for the recruitment of the project development consultant and individual consultants is also proposed. ADB will provide additional procurement oversight.
Limited institutional capacity to fully establish DWSE as a viable, commercially oriented utility, with consumer accountability and service sustainability	The national government's recent legislative initiatives clarify the mandates, responsibilities, and relationships of national, provincial, and municipal sector institutions. The TSP will assist governments at all levels to implement the institutional reform program in Djizzak Province, and develop DWSE.
Industrial units discharge effluent without pretreatment, negatively impacting the operation of the project's sewerage system and wastewater treatment plant	The project provides a system for the environmental monitoring and laboratory testing of industrial effluents, and capacity development to ensure the enforcement of standards, to be operated within an existing environmental regulatory framework.
Revenue generation difficulties resulting from poor billing and collection, and revenue limitations	The TSP will provide assistance to DWSE to establish transparent billing and collection systems.

ADB = Asian Development Bank, DWSE = Djizzak Regional Water Supply and Sewerage Enterprise, PIU = project implementation unit, PMU = project management unit, TSP = Transition Support Program, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency).

Source: Asian Development Bank.

<sup>35</sup> Risk Assessment and Risk Management Plan, accessible from the linked document list in Appendix 2 of the RRP.

## VIII. GENDER AND SOCIAL DIMENSIONS

91. The project has an “effective gender mainstreaming” category. As per ADB requirements, a gender action plan (GAP) has been prepared and project design incorporates measures to promote gender equality and women’s empowerment, including sewerage system rehabilitation and expansion, sanitation awareness and hygiene promotion activities, improved customer service, capacity building, enhanced participation, and increased access to employment. Medium levels of civil society organization participation are envisaged during project implementation, including information gathering and sharing, consultation, and collaboration. On this basis, as per ADB requirements, a project-level communication and participation (C&P) plan has been prepared to ensure adequate participation of civil society, communities, and the poor and vulnerable in project implementation. This action plans, as detailed in the project’s summary poverty reduction and social strategy and described below, will be implemented and monitored by the UCSA PMU/PIU; and progress, achievements, and issues will be reported to ADB in quarterly project reports. The project will also comply with the minimum requirements of ADB’s Public Communications Policy (2011). The project’s communication strategy and associated C&P plan are summarized in Table 5 of PAM Section IX.E: Stakeholder Communication Strategy. Table 6 in Section IX.E provides the applicable ADB Public Communications Strategy.

92. Key gender issues relevant to the project include the disproportionate burdens upon women associated with lack of access to sewerage services and poor sanitation, insensitivity of WSS operators to the needs and concerns of women consumers, constraints on women’s participation in project design and implementations activities including project capacity building, and barriers to women’s access to project-associated employment opportunities. Problems related to water supply and lack of sanitation in homes negatively affect quality of life for all family members and especially for women. These problems increase labor costs and time required for washing, cleaning, bathing, and other chores. Responsibilities for removal of solid and liquid domestic wastes are also held mainly by women, creating special problems for residents of multistoried buildings without working sewerage. In such cases, women have to take care of carrying and disposing excrement. When there are small children and infirm family members, women are also responsible for accompanying them to yard toilets. When sharing toilets with other households, all people, but especially women, experience great discomfort because of the often unsanitary condition of these toilets and the inconveniences associated with their use. Shared toilets pose safety and health risks to all users and especially to children, the elderly, and the disabled. These risks and disadvantages fall disproportionately on women as they are often charged with the care of these groups. Because of their responsibilities for sanitation in the home, women are particularly affected by the frequent disruptions of sewerage and water supply services in the project area. Despite service unreliability and outages, households rarely take complaints and requests to city water supply or sewerage utilities – only 11.4 % of sampled households had done so. When complaints have been made, the majority of them (53%) have been are raised by women representing affected households, and only 36% of complaints of women and other consumers were reported to have been satisfactorily resolved. Women are also severely under-represented in the staffing structure of the city sewerage utility. PSA indicated that, of 64 current positions, only 7 are held by women (11%); and these are mostly in lower-level administrative and support roles.

93. The project’s GAP has been developed and allocated resources to enhance project impacts on women and in order to mitigate any project-related risks. It includes performance targets, monitorable indicators, and a timetable for activities and measures; many of which have been incorporated in the project design and monitoring framework (DMF). The GAP will be implemented by UCSA, PMU, and PIU, supported by project consultants, Djizzak WSS operators,

including the wastewater/sewerage utility and provincial water administration; and the WWTP design build and maintain (DBM) contractor. Carried out, in collaboration with local government and civil society (Djizzak Deputy Khokim responsible for women's issues, city health and education department, and makhalla maslahatchi and other civil society organizations/nongovernment organizations), key GAP components will ensure that: PMU/PIU Social/Gender Specialists are recruited; women's representation and participation in project-associated activities are increased; employment opportunities in wastewater treatment plant and WSS operators are available to women; project management and implementation team is gender balanced and equitably paid; gender action development awareness training for relevant organizations is conducted; WSS gender action development concerns are incorporated in the main project documents; female staff of Djizzak wastewater/WSS operators have equal opportunity/access to training, capacity building activities and study tours; a gender sensitive customer care/complaints unit is established; gender-disaggregated hygiene baseline and follow-up surveys in local schools are conducted; sex-disaggregated information is collected, analyzed, monitored and reported, gender-sensitive sanitation and hygiene promotion trainings and outreach activities linked to sewerage system are conducted; women are represented in performance monitoring workshops and reporting; and gender activities in project outputs are facilitated and implemented.

94. The project will respond to the immediate sewerage needs of the city by upgrading the existing system. This will address unsanitary conditions brought about by sewerage inadequacies in Djizzak, resulting in improved health, hygiene and sanitation conditions for all Djizzak citizens, including the poor and socially excluded. Women, who are mainly responsible for household sanitation, will also benefit from improved service through time-saving on sanitation-associated tasks. All public education materials and training will use gender-specific designs and gender sensitive approaches. The project will also improve female consumer awareness of sewerage services issues through citywide public awareness campaigns, and sewerage sector sanitation awareness and hygiene promotion training programs in coordination with Women's Committee and makhalla representatives at the local level.

95. Project success requires acceptance and active participation of communities – necessitating development of a C&P plan for project implementation. Project design and implementation approach embrace participation, assure information dissemination to and communication with the public, and provide for comprehensive involvement and strategic engagement of key stakeholders in detailed design, construction, and operation of improved sanitation facilities. Integral in planned implementation are consultative, capacity-building, and collaborative measures that strengthen inclusiveness and foster empowerment of consumers, especially women, and the poor and vulnerable.

96. Project implementation relies on civil society engagement; first, to help tailor project outputs to community needs and aspirations and facilitate responsive implementation, and, second, to intermediate between the project and communities, extending the reach and reception of project impacts and benefits. As introduced above, makhalla women's advisors as civil society representatives and other community leaders have a strategic role in this dual interface. The project ensures adequate participation by incorporating capacity building program modules and by direct measures in gender mainstreaming, sanitation awareness and hygiene promotion; and communication and participation components supported by training, provision of materials, and a program of regular public consultations.

97. The project level C&P plan is comprised of participatory elements and activities lodged in the gender mainstreaming; project performance monitoring system; and social and environmental

safeguards modules of the project's capacity building component and in its sanitation awareness and hygiene promotion and communication and participation components. Implementation responsibilities are vested in the PMU/PIUs supported by project consultants and the capacity building program contractor. Support for participation plan implementation, including training, workshops, consultations, community-level activities, and city-level awareness campaigns is incorporated in the project budget. Implementation of key participation plan measures is also reflected in several DMF output indicators.

98. UCSA 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.



### GENDER ACTION PLAN<sup>36</sup>

Objective	Activities	Indicators	Remarks
<b>Output 1. Improved and expanded wastewater management system in the project area</b>			
Reduce the burden of care on women caused by sanitation-related disease	<ul style="list-style-type: none"> <li>Increase awareness on the project and benefits to households and use of improved sewerage system by conducting a public awareness campaign in collaboration with local government and mass media, including sanitation awareness and hygiene promotion trainings in communities, schools and other outreach activities linked to sewerage system.</li> <li>Conduct hygiene baseline and follow-up surveys in local schools.</li> </ul>	<ul style="list-style-type: none"> <li>Baseline and follow-up surveys conducted in local schools: sex-disaggregated data on hygiene behaviour and practices in schools is available.</li> <li>Based on survey results, 6 sets of sanitation awareness and hygiene promotion training aids and materials for dissemination developed, including: four age- and gender-specific informational modules targeting schoolchildren; one set for local community/household training, and one set for in-house sewerage connection installers.</li> <li>4 TOTs in sanitation awareness and hygiene promotion are delivered covering 37 makhalla maslahatchi and teachers/school nurses from 28 schools.</li> <li>Age/gender- specific informational modules delivered to 28 schools.</li> <li>37 community sanitation awareness and hygiene promotion trainings delivered and delivery of hygiene promotion materials to house-bound women and others in 37 makhallas.</li> <li>Trainings on efficient connection to sewerage system for household heads in all project makhallas (23/or the number determined at the final design stage).</li> <li>300 men and 500 women have participated in the community-level trainings by completion of Capacity Building Component 2016-2017.</li> <li>Media kit is prepared. Annual city- level outreach activities (TV/radio spots/newspaper articles) linked to sewerage system improvements carried out as per C&amp;P plan over implementation period.</li> <li>Sanitation-related diseases in Djizzak will be reduced: Acute intestinal Infection decrease by 10% in 2025 (Baseline 2013: 337/100,000 people); Viral hepatitis: decrease by 20% in 2025 (baseline 2013: 288/100,000); and E-coli levels in contact waters within government standards at least 50% of samples tested (baseline 20%).</li> </ul>	<p>Each community and school trainer has adequate information, education and communication materials (posters, stickers, pamphlets) and can conduct awareness raising in their community or school</p> <p>Pupils in grades 1-9 in 28 schools</p> <p><b>Responsibility</b> PMU/PIU GS in collaboration with Khokimiyat, Education and Health Departments, makhallas, UNICEF and local NGOs where appropriate, supported by CBCC</p>
<b>Output 2. Institutional/management capacity of Djizzak city sewerage/WSS utility(s) strengthened and capacity of other key stakeholders increased</b>			
To strengthen Djizzak WSS management with special focus on women	WSS gender concerns incorporated in main documents	<ul style="list-style-type: none"> <li>Project-related GAD concerns are incorporated in charters and contracts of new municipal/provincial WSS institutions and contract(s) of Djizzak WSS operators .</li> </ul>	<b>Responsibility</b> UCSA, PMU/PIU, GS
	Female staff of wastewater/WSS operators have equal opportunity /access to training, capacity building, study tours	<ul style="list-style-type: none"> <li>Women are represented in utility training, capacity building activities, in proportion to the percentage of positions held by women in staff category in sewerage WSS.</li> </ul>	<b>Responsibility</b> PMU, PIU, and GS in coordination with CBCC

<sup>36</sup> Cost estimates for GAP associated with project's gender mainstreaming capacity building module: 2 GAD sensitization workshops @ \$2000, 15 GAP implementation/annual review workshops @ \$2500, and 15 months national resource person(@\$4000, totalling &110,000. Other GAP- related costs are distributed in the project's hygiene promotion and sanitation awareness and communication and participation components and capacity building modules.

	Gender sensitive customer care/complaints mechanism established. Sex-disaggregated database of developed	<ul style="list-style-type: none"> <li>A customer care/complaints unit on WSS, sewerage concerns is established under the WSS utility operated and staffed with 50% women, and gender focal points established in each customer service department. Sex-disaggregated complaints database developed. Analysis reported to management. All new jobs are advertised with a statement encouraging women to apply.</li> </ul>	<b>Responsibility</b> PMU/PIU and GS, Djizzak Wastewater/ WSS Utility
	Monitoring and evaluation of WSS utility customer service	<ul style="list-style-type: none"> <li>Progress against baseline by relevant indicators of customer satisfaction (based on questionnaires).</li> </ul>	PMU/PIU, GS, Djizzak Wastewater/ WSS utility
	Employment opportunities in wastewater treatment plant and WSS operators available to women	<ul style="list-style-type: none"> <li>In WSS utility laboratory, two women currently working in water supply laboratory will retain positions, 50% of any additional laboratory staff, and 30% of other positions associated with new WWTP are held by women (baseline: two in laboratory; zero in WWTP). 30% of field and community outreach positions (meter reading, tariff collection, etc.) are women (baseline: 0% in structure of sewerage utility and 9.6% in overall organization; 0.0% in current water supply utility and 6.6% in overall organization). All new jobs are advertised with a statement encouraging women to apply.</li> </ul>	Staff of Djizzak WSS utility  <b>Responsibility</b> PMU/PIU and associated GS, Djizzak Wastewater/ WSS Utility
To ensure women's participation in project planning and implementation	PMU/PIU GS recruited	<ul style="list-style-type: none"> <li>GS available to PMU/PIU with clear TOR. GS participates in project and GAP implementation processes. Sex-disaggregated data is evaluated, collected and monitored. Baseline/end-line information is available and gender issues incorporated into reporting (time spent by women caregivers, cost of medical treatment for water-borne diseases, etc.). GAP implementation progress monitored on a regular (quarterly) basis with 16 targeted field visits. Written inputs to project reports on GAP implementation results, challenges, and solutions provided. Gender-inclusive project monitoring and evaluation system developed and operational.</li> </ul>	PMU, PIU  <b>Responsibility</b> PMU/PIU and associated GS
Project stakeholders are aware of the content and responsibilities for implementing GAP including design and monitoring framework indicators and covenants	New positions for women. Gender balanced team	<ul style="list-style-type: none"> <li>HR records, job advertisements.</li> <li>Gender balanced and equitably compensated PMU and PIU.</li> </ul>	PMU/PIU and associated GS
	Conduct GAD awareness training for main stakeholders on GAP activities, budgeting, implementation modalities, and linkage to the project goals  Women's representation and participation in project-associated activities increased	<ul style="list-style-type: none"> <li>At least 2 joint GAD awareness regional trainings (in Tashkent and in Djizzak) including participation of UCSA, PMU, PIU, Djizzak wastewater utility/WSS operators, Djizzak Provincial Water Administration, Djizzak khokimiyat and WWTP DBM contractor conducted; and at least 2 associated reports produced 2015-2017. At least 30% of participants in project-sponsored trainings, seminars, workshops (including performance monitoring), and meetings are women; and qualified women have full access to capacity-building program activities.</li> <li>At least 30% of participants in public consultations, hearings, and meetings on project wastewater interventions are women.</li> </ul>	<b>Responsibility</b> UCSA, PMU/PIU, GS in coordination with CBCC, makhalla, WCU

C&P = communication and participation, CBCC = capacity building component contractor, DBM = design, build and maintain, GAD = gender and development, GAP = gender action plan, GS = social development and gender specialist, khokim = municipal mayor, khokimiyat = municipal administration, makhalla = community-based local institution, maslahatchi = advisor on women's issues, NGO = nongovernment organization, PIU = project implementation unit, PMU = project management unit, TOT = Training of Trainers, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency), WCU = Women's Committee of Uzbekistan; WSS = water supply and sanitation, WWTP = wastewater treatment plant.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

Impacts the Project is Aligned with: The Sector Strategy 2020, Development of Strategy, Road Map and Investment Program for the Water Supply and Sanitation Sector of the Republic of Uzbekistan until 2020.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p><b>Outcome</b> Improved and expanded access to reliable, sustainable, and affordable water supply and sanitation services in Djizzak</p>	<p>a. At least 85,000 urban residents of Djizzak and surrounding areas have access to improved water supply, sewage collection, and wastewater treatment facilities by 2020 (2013 baseline: 30,000)</p> <p>b. More than 350 business establishments and more than 110 organizations have access to improved and centralized sewerage system service by 2020 (2013 baseline: 308 business establishments and 105 organizations)</p>	<p>Provincial statistical data reports</p>	<p>Government delays or curtails the implementation of development investments for water supply and sanitation services</p>
<p><b>Outputs</b> 1. Wastewater management system in Djizzak city improved</p> <p>2. Institutional capacity of DWSE improved</p>	<p>1a. WWTP functional, with capacity of 30,000 m<sup>3</sup>/day by 2020 (2013 baseline: 0 m<sup>3</sup>/day)</p> <p>1b. Wastewater pumping capacity increased to 15,285 m<sup>3</sup>/day by 2020 (2013 baseline: 9,420 m<sup>3</sup>/day)</p> <p>1c. Sewerage network expanded to 176.8 km in 2019 (2013 baseline: 131 km)</p> <p>1d. Operation and maintenance facilities upgraded and equipment installed by 2020</p> <p>1e. 300 men and 500 women participated in community-level sanitation and hygiene promotion training by 2017–2018</p> <p>1f. 16.75 km of trunk sewers rehabilitated</p> <p>2a. All technical and financial management staff of the DWSE trained by 2020</p> <p>2b. A customer care unit at the DWSE staffed in 2020, of which 50% are women</p>	<p>Provincial statistical data reports</p> <p>Executing agency progress reports</p>	<p>Government delays or curtails the implementation of the water and sanitation strategy, institutional, and regulatory reforms</p> <p>Prolonged government approval process may delay implementation of project activities</p> <p>Trained staff leave their posts</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	2c. Laboratory of WWTP staffed in 2020, of which 50% are women		

Key Activities with Milestones
<p><b>1. Wastewater management system in Djizzak city improved</b></p> <p>1.1 Construct WWTP by June 2020</p> <p>1.2 Reconstruct three pumping stations, and construct one pumping station by June 2020</p> <p>1.3 Reconstruct sewerage network by December 2019</p> <p><b>2. Institutional capacity of DWSE improved</b></p> <p>2.1 Government approval of the TSP by June 2017</p> <p>2.2 Implement the TSP from June 2016 to June 2020</p> <p>2.3 Develop training plan by December 2019, and conduct training during January–June 2020</p> <p>2.4 Establish effective human resources management system in DWSE by June 2020</p> <p>2.5 Establish management information system and financial management system to monitor and regulate the operator by June 2020</p> <p>2.6 Implement water and wastewater plan that considers affordability for low-income consumers, with wide participation from stakeholders by June 2020</p>
<p><b>Inputs</b></p> <p>ADB: \$81 million (loan)</p> <p>Government: \$15.56 million</p>

ADB = Asian Development Bank, ADF = Asian Development Fund, DWSE = Djizzak Regional Water Supply and Sewerage Enterprise, km = kilometer, m<sup>3</sup> = cubic meter, TSP = Transition Support Program, WWTP = wastewater treatment plant.

Source: Asian Development Bank.

## B. Monitoring

99. **Project performance monitoring.** UCSA 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.

100. **Compliance monitoring.** UCSA 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.

101. **Safeguards monitoring.** The EA, PMU, PIU and social safeguards (resettlement) specialist and associate will be responsible for monitoring social safeguards (resettlement) activities. Findings will be incorporated in the quarterly progress reports and reflected in the semi-annual safeguards monitoring reports to ADB. Both internal and external monitoring requirements are specified in the LARP. The EA PMU/PIU will also submit a land acquisition completion and compliance report to ADB before the award of civil works contracts which involve land acquisition and resettlement. Monitoring reports will also include information on the status and resolution of any grievance and complaints issues received by the EA PMU/PIU.

102. **Gender and social dimensions monitoring.** Implementation of gender and C&P action plans will be overseen and monitored by EA PMU/PIU social development and gender specialist and associate. The PMU Social Development and Gender Specialist (PMU-SDGS), supported by project consultants, will establish effective monitoring and reporting systems and processes, including the conduct of baseline and end line hygiene surveys in schools and other interim household satisfaction surveys built upon the project preparatory technical assistance PSA household survey questionnaire. The GAP indicates these responsibilities and provides performance indicators/targets for other GAP-associated actions. Monitoring results will be included in the quarterly progress reports and other progress reporting. Key activities, outputs, and associated indicators have also been established for C&P plan implementation and will be similarly monitored by the EA PMU and PIU. Project monitoring will collect gender-disaggregated data, enabling gender analysis of results. Monitoring and evaluation of GAP implementation will be part of the midterm review and project completion.

## C. Evaluation

103. An ADB inception mission will be fielded after the signing of the Loan and Project Agreements to agree with the EA 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 Agreement and Project Agreement covenants, (iv) physical achievements against targets and milestones, and (v) project implementation issues requiring resolution or action.

104. A midterm review will be made after 2 years of the loan effectiveness date. The review will evaluate in detail the implementation progress and project design (institutional, administrative, organizational, technical, environmental, social, poverty reduction, resettlement, 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.

105. Within 6 months of physical completion of the project, the EA will submit a project completion report to ADB.<sup>37</sup> ADB will undertake a project completion review of the project after 12-24 months from the physical completion date.

#### **D. Reporting**

106. UCSA 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 next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure projects continue to be both viable and sustainable, project accounts should be adequately reviewed.

#### **E. Stakeholder Communication Strategy**

107. The stakeholder communication strategy for the project aims to increase public awareness on project benefits and improve sustainability of sewerage system improvements and to promote public feedback during the detailed design, construction, and operation phases of the facilities. The project's preliminary C&P plan has been described in Section VII and is summarized in Table 5 below. The C&P plan will be refined on the basis of hygiene baseline studies and updated during the detailed design phase. Table 6 provides the associated ADB Public Communications Strategy. Project information will be strategically disseminated through media and regular public consultations at main milestones including loan signing, contract awards and project completion and a grievance redress mechanism will be established by the EA PMU/PIU to respond to concerns of affected persons and the public.

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<sup>37</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

**Table 5: Preliminary Communication and Participation Plan for the Project**

<b>Communications Context:</b> <i>Public support and sustainability of the improved sanitation system requires increased public awareness of the benefits of these investments to their health and well-being, particularly that of women, and better understanding of proper system use. Transparency during project implementation will lead to improved project quality and provide an effective mechanism for receiving and addressing public feedback.</i>									
<b>Project Objective:</b> Improved sewerage services and management for the residents of Djizzak city contributing to improved environmental conditions and health and enhanced opportunities for socio-economic development.									
<b>Strategic Elements</b>					<b>Work Plan Elements</b>			<b>Evaluation</b>	
<b>Communication Objective</b>	<b>Key Risks</b>	<b>Audience</b>	<b>Current/ desired behavior</b>	<b>Messages/ Info Needs</b>	<b>Channel Activity</b>	<b>Time</b>	<b>Respon-sibility</b>	<b>Resource Needs</b>	<b>Expected Outcomes</b>
1. Raised public awareness of the project the health and other benefits of its sanitation system improvements	Inability to reach the entire population/ overcome potential reluctance to connect	Households in Djizzak city	Increase in public practice of improved hygiene and willingness to connect to and pay for improved sewerage system	Health and time-saving benefits, affordability, safe installation and proper uses	Sanitation awareness and hygiene promotion campaign including community-level and school training and city-wide outreach program through media-Local TV, radio and newspaper ads and articles  Dissemination of project information and public consultations	Sept 2016-Aug 2017 for trainings; annual media campaign, dissemination of project information, and consultations over remainder of implementation period	PMU, PIU	2 baseline/ end line surveys@7500  7 sets of IEC materials@10000  37 Makhalla-level trainings@250; 28 school trainings@300; and 23 safe installation and use workshops@200  4 annual city-level media outreach activities@10000  Training/Hygiene Promotion resource person engaged by the project (9 pm@4000=36000)  Project website  10000 over project implementation period  11 city-level consultations@2500 IEC/Social Development	Improved hygiene practices in households and schools.  Reduced incidence of sanitation-associated disease.  Widespread acceptance of sewerage improvements, high rate of new connections by potential beneficiaries and willingness to pay for them

<b>Communications Context:</b> <i>Public support and sustainability of the improved sanitation system requires increased public awareness of the benefits of these investments to their health and well-being, particularly that of women, and better understanding of proper system use. Transparency during project implementation will lead to improved project quality and provide an effective mechanism for receiving and addressing public feedback.</i>									
<b>Project Objective:</b> Improved sewerage services and management for the residents of Djizzak city contributing to improved environmental conditions and health and enhanced opportunities for socio-economic development.									
<b>Strategic Elements</b>						<b>Work Plan Elements</b>			<b>Evaluation</b>
<b>Communication Objective</b>	<b>Key Risks</b>	<b>Audience</b>	<b>Current/ desired behavior</b>	<b>Messages/ Info Needs</b>	<b>Channel Activity</b>	<b>Time</b>	<b>Respon-sibility</b>	<b>Resource Needs</b>	<b>Expected Outcomes</b>
								resource person (19 pm @ 4000=76000)	
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 PMU/PIU/, and/or DSC consultant team  Distribution of brochures and posting of approved LARP on the ADB and UCSA websites	Upon approval of final LARP	PMU/ 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 of Djizzak city	Maintain support for the project	Info on project environmental impacts and mitigation measures	Visits by PMU/PIU, and/or consultant team  Posting of updated IEE/EMP and EMRs in the ADB and UCSA websites  Explanations by contractors		PMU/ 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	Unidentified feedback or	Residents of Djizzak city	Improved public	Info on how stakeholders/	Dissemination of project		PMU/ PIU	Sanitation awareness and	Public feedback/



<b>Communications Context:</b> <i>Public support and sustainability of the improved sanitation system requires increased public awareness of the benefits of these investments to their health and well-being, particularly that of women, and better understanding of proper system use. Transparency during project implementation will lead to improved project quality and provide an effective mechanism for receiving and addressing public feedback.</i>									
<b>Project Objective:</b> Improved sewerage services and management for the residents of Djizzak city contributing to improved environmental conditions and health and enhanced opportunities for socio-economic development.									
<b>Strategic Elements</b>						<b>Work Plan Elements</b>			<b>Evaluation</b>
<b>Communication Objective</b>	<b>Key Risks</b>	<b>Audience</b>	<b>Current/ desired behavior</b>	<b>Messages/ Info Needs</b>	<b>Channel Activity</b>	<b>Time</b>	<b>Respon-sibility</b>	<b>Resource Needs</b>	<b>Expected Outcomes</b>
informed of mechanism for providing feedback, improving project quality	unresolved concerns may affect quality of construction and operations of the facilities		feedback and support for the construction activities and improved quality of sewerage system service	beneficiaries may engage with the project; consumer advocacy, grievance redress	information, regular public consultations, brochures on RP  Visits by PMU/PIU and/or consultant team  Media			hygiene promotion and consultation costs as in Item 1, above.  6 consumer advocacy workshops@1500  Production/dissemination of project information@10000	complaints are received and addressed leading to improved quality of construction and improved sewerage system 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	UCSA website  Publication in local newspaper	Upon signing of bid evaluation report	PMU/ 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	UCSA 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, EMR = environmental management report, LAR = land acquisition and resettlement, LARP = land acquisition and resettlement plan, PIU = project implementation unit, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency).

**Table 6: ADB Public Communications Strategy**

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience(s)</b>
Project Information Document (PID)	ADB's website	ADB	initial PID no later than 30 calendar days of approval of the concept paper; quarterly afterwards	General Public
Design and Monitoring Framework (DMF)	ADB's website	ADB	draft DMF after post fact-finding mission	Project-affected people
Environmental Impact Assessment	ADB's website	ADB	at least 120 days before Board consideration for Category A project	General Public, project-affected people in particular
Resettlement Planning Documents	ADB's website	ADB	post fact-finding mission	General Public, project-affected people in particular
Report and Recommendation of the President	ADB's website	ADB	within 2 weeks of Board approval of the loan	General Public
Legal Agreements	ADB's website	ADB	no later than 14 days of Board approval of the project	General Public
Initial Poverty and Social Assessment	ADB's website	ADB	within 2 weeks of completion	General Public, project-affected people in particular
Documents Produced under Technical Assistance	ADB's website	ADB	within 2 weeks of completion	General Public
Project Administration Manual	ADB's website	ADB	After loan negotiations	General Public
Social and Environmental Monitoring Reports	ADB's website	ADB	routinely disclosed, no specific requirements	General Public, project-affected people in particular
Major Change in Scope	ADB's website	ADB	within 2 weeks of approval of the change	General Public
Progress Reports	ADB's website	ADB	within 2 weeks of Board or management approval	General Public
Completion Report	ADB's website	ADB	within 2 weeks of circulation to the Board for information	General Public
Evaluation Reports	ADB's website	ADB	routinely disclosed, no specific requirements	General Public
Performance of the project with clearly defined information requirements and indicators, policy construction and reconstruction, business opportunities, bidding process and guidelines, results of bidding process, and summary progress reports of ongoing projects.	UCSA's website	UCSA	per project's quarterly progress report	General Public

ADB = Asian Development Bank, UCSA = Agency "Uzkommunkhizmat" (Uzbekistan Communal Services Agency).

## X. ANTICORRUPTION POLICY

108. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>38</sup> 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/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.<sup>39</sup>

109. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the Project.

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<sup>38</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>39</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

## **XI. ACCOUNTABILITY MECHANISM**

110. 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 a good faith effort 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.<sup>40</sup>

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<sup>40</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

## **XII. RECORD OF PAM CHANGES**

1. All revisions/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.