



# Facility Administration Manual

Project Number: 44318  
Loan Number: LXXXX  
August 2011

Republic of Uzbekistan:  
Multitranche Financing Facility for the  
Housing for Integrated Rural Development  
Investment Program

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7. Rural Housing Scheme: Standardized Invitation to Bid and Bidding Documents (to be attached upon finalization)
8. Rural Housing Scheme: Contract Formats - QQB and Mortgagee, QQI and Home Buyer, QQI and Contractors (to be attached upon finalization)
9. Rural Housing Scheme: Environment and Social Management System (ESMS)
10. Pro forma of Executing Agency Semi-Annual Report
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### **Facility Administration Manual Purpose and Process**

The facility administration manual (FAM) describes the administrative and management requirements to implement the multitranche financing facility (MFF) for the Housing for Integrated Rural Development Investment Program (Program) on time, within budget, and in accordance with government and Asian Development Bank (ADB) policies and procedures. The FAM includes references to all available templates and instructions either through links to relevant URLs or directly incorporated in the FAM.

The Ministry of Economy (MOE) (executing agency for the Program and implementing agency for outputs 1, 2 and 3) and the participating commercial banks (PCBs) (implementing agencies for output 1) are responsible for the implementation of the Program, as agreed jointly between the borrower and ADB, and in accordance with government and ADB policies and procedures. An outline of the Housing for Integrated Rural Development Capacity Development (is set forth in linked document 3) activities, and the specific roles and responsibilities of key agencies mandated to participate in the Program is outlined in linked document 14. Critical steps of RHS processes to be adopted under the Program are outlined in Attachments 1 to 6, and RHS procurement document and legal contract formats are provided as Attachments 7 and 8. ADB staff will support implementation and monitoring of the MFF, including compliance by MOE and PCBs of their obligations and responsibilities for Program implementation in accordance with ADB's policies and procedures.

At Loan Negotiations, the borrower and ADB shall agree to the FAM 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 FAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the Program'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 ADB Project Administration Instructions) and, upon such approval, they will be subsequently incorporated in the FAM.

## ABBREVIATIONS

ADB	–	Asian Development Bank
AFS	–	audited financial statements
DMF	–	design and monitoring framework
ESMS	–	environmental and social management system
GAP	–	gender action plan
GDP	–	gross domestic product
LIBOR	–	London interbank offered rate
MFF	–	multi tranche financing facility
MOE	–	Ministry of Economy
MOF	–	Ministry of Finance
MSE	–	micro and small enterprises
PCB	–	participating commercial bank
PFR	–	periodic financing request
PIU	–	Program Implementation Unit
PPMS	–	Project Performance Management System
RCCD	–	Rural Reconstruction Credit Department
RDP	–	Rural Development Program
RHS	–	Rural Housing Scheme
RRP	–	report and recommendation of the President to the Board
SLA	–	subsidiary loan agreement
SOE	–	statement of expenditure

## I. PROGRAM DESCRIPTION

1. The Housing for Integrated Rural Development Program, is a multisector program for achieving more inclusive growth through improved rural living standards and livelihood opportunities. The Program focuses on increasing access to improved rural housing and improving the investment climate in rural areas, as a catalyst for improving living conditions and creating new job and livelihood opportunities in rural areas. The Program, proposed as an multitranches financing facility, comprises a series of financial intermediation loans to help finance affordable housing loans to purchase new modern rural housing for moderate to low-income borrowers (young families and first-time homeowners, teachers and health care workers [two occupations in which women predominate]) and other skilled professionals (targeted beneficiaries) under the government's Rural Housing Scheme (2011–2015) (RHS).<sup>1</sup> The MFF also supports improved capacity of local governments (*hokimiyats*) to implement integrated rural development plans and investment promotion strategies that focus on creating rural jobs, and (iii) strengthening the enabling environment for rural micro and small enterprises (MSEs). The Program is described in Schedule 1 of the Framework Financing Agreement.

2. The impact of the Program will be improved rural living standards, and the Program's outcome will be improved housing for targeted beneficiaries in rural communities.

3. The Program has three outputs:

- Housing loans provided by PCBs to targeted creditworthy subborrowers to purchase new residential housing in rural areas. (Output 1)
- Improved capacity of local governments (*hokimiyats*) to prepare and implement integrated rural development plans and investment promotion strategies. (Output 2)
- Improved enabling environment for MSEs to expand or establish new businesses in rural areas. (Output 3)

4. The Ministry of Economy (MOE) is the Program's executing agency. PCBs will be the Program implementing agencies for Output 1, with responsibility for providing housing finance to targeted RHS beneficiaries. The MOE will be the Program implementing agency for Output 2 and 3.

5. The MOE will appoint a Program Implementation Unit Manager who will be responsible for overall management, coordination and implementation of the Program, including the Program's capacity development (as outlined in linked document 3) activities. The MOE will also establish a Program implementation unit (PIU), satisfactory to ADB, that will provide technical support for implementation and monitoring and evaluation of the Program (and each Program Tranche), the implementation of the Program's capacity development activities, and the implementation of Output 2 and 3.

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<sup>1</sup> Selection criteria, including income thresholds to reach households that represent the lowest three income quintiles and gender-specific beneficiary targets, are detailed in the Facility Administration Manual (linked document 2)

## II. IMPLEMENTATION PLANS

### A. Program Readiness Activities

Indicative Activities	June to December 2011				Responsible Parties
	Jun/Jul	Aug/Sept	Oct/Nov	Dec	
Approval of advance contracting	▲				ADB
Agreement on program implementation arrangements	▲				ADB, PCBs, MOE
Negotiation of Framework Financing Agreement, Periodic Financing Request and Legal and Project Agreements	▲				ADB, MOE, MOF
Signing of Framework Financing Agreement	▲				ADB, MOE
Agreement on Program's predefined scoring system for prioritizing target beneficiaries		▲			ADB, PCBs, MOE
Complete procurement capacity assessment of the provincial governments and QQL, and finalization of study of RHS procurement processes, procedures and documentation, (with update of FAM to reflect findings)		▲			ADB, PCBs, MOE
ADB clearance of (i) methodology to be applied for identifying and approving 2012 contract packages, (ii) RHS standardized invitation to bid and bidding documents, and (iii) RHS home purchase, mortgage, and contractor contracts		▲			ADB, PCBs, MOE
ADB clearance of Subsidiary Loan Agreement(s) (SLAs) between MOF and PCBs (QQB sole PCB for Tranche 1)		▲			MOE, MOF, PCBs
ADB Board approval		▲			ADB
ADB President's approval of Tranche 1		▲			ADB
Signing of Loan Agreement			▲		ADB, MOF
Signing and submission of Periodic Financing Agreement			▲		ADB, MOE
Signed SLAs submitted to ADB			▲		MOE
Government legal opinion provided			▲		MOE
Appointment of MOE PIU manager and staff			▲		MOE
Loan effectiveness declared			▲		ADB
Government budget inclusion				▲	MOE, MOF

## B. Program Implementation Plan

		2011				2012				2013				2014				2015				2016	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>A. DMF</b>																							
<b>Output 1: Housing loans provided by PCBs to targeted creditworthy subborrowers in rural areas</b>																							
1.1	Government adopts a gender-sensitive process for identifying, prioritizing and selecting creditworthy targeted beneficiaries (moderate to low-income rural households, and teachers and healthcare professionals) to receive subloans and QQB initiates the broad public awareness campaign to solicit applications for subloans to be disbursed in 2012																						
1.2	Government amends RHS contractor selection in accordance with ADB procurement guidelines and adopts amended process for selection of 2012 contractors																						
1.3	District hokimiyats, in coordination with relevant agencies, identify, select and approve land sites for 2012, and identify, prioritize, and recommend eligible 2012 subborrowers																						
1.4	Provincial <i>hokimiyats</i> undertake open competitive selection of contractors for 2012																						
1.5	QQB assesses eligible 2012 subborrowers for creditworthiness and approves 10,300 subloans for 2012																						
1.6	ADB conducts due diligence of (a) the selection of 2012 housing sites in accordance with ADB safeguard requirements, (b) the selection process for 2012 subborrowers, and (c) the selection process of 2012 contractors																						
1.7	ADB provides an advance of approximately \$150 million, based on the cashflow projection for six months, to Uzbekistan under Tranche 1																						
1.8	MOF provides a loan to QQB in the amount of the local currency equivalent of \$200 million (with a first drawdown of approximately \$150 million, based on the cashflow projection for six months,) under a subsidiary loan agreement																						
1.9	MOE (PIU), in coordination with ADB, develops and adopts Program implementation plans for a) Capacity development, b) GAP, c) Integrated and results-based monitoring, evaluation and quarterly reporting																						
1.10	QQB disburses loans totaling SUM 570.0 billion (\$335.0 million) to eligible subborrowers																						
1.11	MOE(PIU), in coordination with ADB, undertakes the first technical-financial performance audit of RHS to evaluate transparency and accountability of amended processes (beneficiary selection, pricing, contractor selection, construction quality assurance) adopted for implementation of 2012, and evaluates value for money and construction quality of RHS houses built in 2009, 2010, and 2011																						
1.12	ADB and the government agree on the size of Tranche 2																						
1.13	ADB conducts due diligence assessment of commercial banks that express interest in participating in Tranche 2																						
1.14	ADB processes and approves Tranche 2																						
1.15	MOF provides loans to PCBs in the aggregate amount of the local currency equivalent of the amount of Tranche 2 under subsidiary loan agreements																						
1.16	PCBs disburse loans totaling SUM 467.0 billion (\$274.5 million) to eligible subborrowers																						
1.17	Tranches 3 and 4 are prepared and disbursed in accordance with the same procedures as for Tranche 2, January–June 2014 for Tranche 3, and January–June 2015 for Tranche 4																						
<b>Output 2: Improved capacity of local governments to prepare and implement integrated rural development plans and investment promotion strategies</b>																							
2.1	MOE, in coordination with ADB, develops and adopts an implementation plan for MFF training activities to improve hokimiyat capacity to prepare and implement integrated rural development plans and investment promotion strategies																						
2.2	Develop training programs for hokimiyats																						
2.3	MOE submits semi-annual reports on MFF local government training programs																						
<b>Output 3: Improved enabling environment for entrepreneurs and MSMEs to expand or establish new businesses in rural areas</b>																							
3.1	MOE, in consultation with ADB and key stakeholders, assesses main constraints to “rural” MSEs and develops a strategy and timebound action plan for strengthening the “rural” MSE enabling environment																						
3.2	MOE submits semi-annual reports on Program MSE activities																						





### C. Rural Housing Scheme: Annual Implementation Plan

Activity	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1 RHS Public Information Campaign																				
2 Selection and allocation of RHS Land Sites																				
3 Appraisal of RHS Land Sites																				
4 Selection of RHS Beneficiaries																				
5 Selection of RHS Contractors																				
6 Signing of RHS Contracts between QQI and contractors																				
<b>GROUP I: Construction of 30% of RHS Houses</b>																				
7 Signing of RHS Contracts between QQI and beneficiaries																				
8 Construction of RHS Houses																				
a. Site preparation																				
b. Preparation of foundation																				
c. Erection of walls																				
d. Installation of reinforced concrete frames																				
e. Roof works																				
f. Installation of windows and doors																				
g. Wiring and installation of electrical works																				
h. Installation of plumbing and bathroom fixtures																				
i. Flooring and other finishing																				
j. Completion of construction and landscaping																				
9 Commissioning of RHS new houses																				
10 Handover of RHS new houses and registration of legal documents for land tenure and home ownership																				
11 Processing of RHS collateral and collateral insurance agreements																				
<b>GROUP II: Construction of 35% of RHS Houses</b>																				
<b>GROUP III: Construction of 35% of RHS Houses</b>																				

### III. PROGRAM MANAGEMENT ARRANGEMENTS

#### A. Program Implementing Organizations: Roles and Responsibilities

Program Organization	Management Roles and Responsibilities
Ministry of Economy	<ul style="list-style-type: none"> <li>• Act as executing agency for the Program</li> <li>• Oversee and manage implementation of the Program</li> <li>• Closely coordinate with the Ministry of Finance (MOF), local governments, PCBs, other ministries or agencies with mandated responsibilities under Housing for Integrated Rural Development Improvement Program, RDP, RHS and other related rural development programs or activities</li> <li>• Appoint a program director who shall have overall responsibility for coordinating and implementing the multitranche financing facility (MFF), including monitoring and reporting achievements against the program design and monitoring framework (DMF)</li> <li>• Establish a PIU which will be responsible for the implementation of MFF and individual tranches including project preparation, implementation, and monitoring and reporting on results</li> <li>• Establish a results-based program performance management system to measure and assess targets set out in the DMF, within three months from the date of loan effectiveness, and report achievements at the end of the project implementation of each tranche</li> <li>• Submit to the Asian Development Bank (ADB) semi-annual reports prepared by the PIU on Program progress</li> <li>• Prepare and submit Periodic Financing Requests (PFRs) to ADB</li> <li>• Prepare a consolidated project completion report within four months from completion date of each tranche and a Program completion report within four months from the completion date of the Facility</li> <li>• In close coordination with the PCBs and local governments, implement a public awareness campaign and stakeholder consultation to ensure targeted beneficiaries are reached and identified under the Program</li> </ul>
Ministry of Finance	<ul style="list-style-type: none"> <li>• Responsible for drafting, executing, and overseeing the subsidiary loan agreements (SLAs) with the PCBs, including monitoring of PCBs' adherence to SLA conditions</li> <li>• Responsible for establishing and managing the first generation imprest account and providing related documents as required in the imprest account reconciliation statement</li> <li>• Provide timely disbursement of funds to the PCBs</li> </ul>
Participating Commercial Banks	<ul style="list-style-type: none"> <li>• Act as an implementing agency for Output 1 of the Program</li> <li>• Implement and manage onlending activities, including planning, budgeting, accounting, auditing, and financial management related to delivery of RHS housing finance</li> <li>• Establish and manage second generation imprest accounts into which the counterpart funds of the ADB loan proceeds will be deposited by MOF</li> <li>• Establish and maintain environment and social management systems</li> </ul>

	<p>(ESMS) and submit annual reports to ADB on compliance with safeguards requirements</p> <ul style="list-style-type: none"> <li>• Coordinate with MOE and local governments to implement the Program's eligibility criteria for subborrowers and ensure that Program's selection criteria for subborrowers are adhered to</li> <li>• Prudently conduct credit appraisals and assessment of subborrowers' creditworthiness</li> <li>• Enter into and execute housing loans (subloans) with subborrowers</li> <li>• Submit audited project accounts and audited financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and audited in accordance with International Standards on Auditing (ISA), to ADB within six months after the end of the fiscal year</li> <li>• Administer, monitor and report on Output 1 activities and results</li> <li>• Prepare a project completion report within four months from the closing date of each tranche and submit such report to MOE for onward transmission to ADB</li> </ul>
State Committee of Construction and Architecture	<ul style="list-style-type: none"> <li>• Certify (i) RHS new house pricing, and (ii) quality and progress of construction work prior to progress and final payments to contractors, prior to handover to homebuyers</li> </ul>
Local Governments	<ul style="list-style-type: none"> <li>• Select RHS contractors following national procurement procedure, that are in accordance with ADB procurement guidelines</li> <li>• Identify and prioritize potential RHS beneficiaries, in close coordination with <i>mahallas</i>, applying RHS selection criteria and point-score evaluation system</li> </ul>
ADB	<ul style="list-style-type: none"> <li>• Responsible for overall coordination with MOE</li> <li>• Draft and execute the Loan Agreements and the Framework Financing Agreement, and ensure consistency of the SLAs with these agreements</li> <li>• Provide guidance to MOE, MOF and PCBs on implementation issues and on ADB guidelines and procedures</li> <li>• In coordination with MOE, validate/confirm (i) PCBs' compliance with loan conditions, (ii) the achievements of the Program's targets established in the DMF</li> </ul>

## B. Key Persons Involved in Implementation

### Executing Agency

Ministry of Economy

Officer's Name : Raushan Gulyamov  
 Position: Minister  
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### Implementing Agency

Qishloq Qurilish Bank  
 (sole PCB for Project 1)

Officer's Name: Shukhrat Toshmurodov  
 Position: Chairman of the Board  
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### ADB

Public Management, Financial  
 Sector, and Trade Division

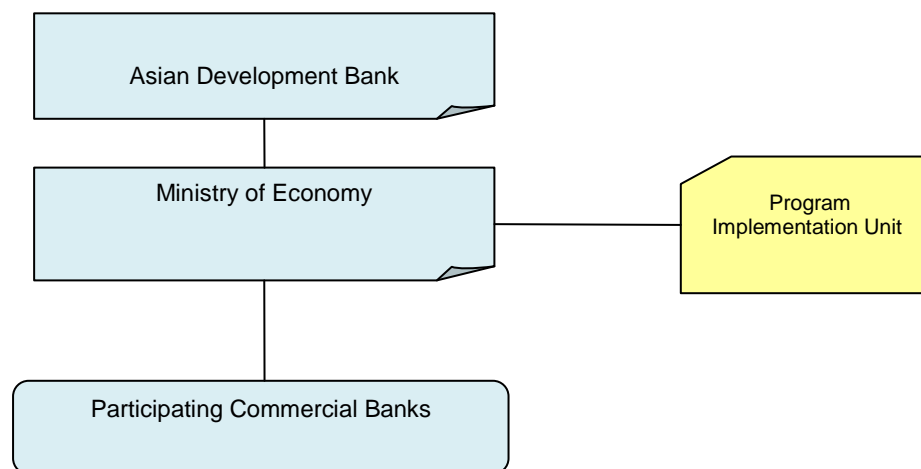
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## C. Program Organization Structure

**Figure 1: Program Organization Structure**



1. A PIU will be established by MOE to oversee and monitor the overall implementation of the Program, by fourth quarter 2011 that will operate until mid 2016. The PIU will comprise a program manager/results-based monitoring and reporting specialist, a financial management specialist, an institutional development/training specialist, an engineer/procurement specialist, and an information technology/database specialist. Additional technical support, will be provided as required by a lawyer, a gender specialist, and a social and environmental safeguards specialist. Outline terms of reference are provided in Section VI. Procurement and Consulting Services, Part D. The main responsibilities of the PIU are:

- a) To develop (in close coordination with ADB) and implement a program results based monitoring, evaluation and reporting system for the RHS, the Financial Sector Strategy, and the MSE Strategy, the activities under each of the Program's three components, and the MFF design and monitoring framework.
- b) To annually prepare and publish RHS results based performance report (hard copy and web publication).
- c) To annually commission (in close coordination with ADB) an annual independent technical and financial audit (the first to be scheduled for November 2011) to evaluate value for money and construction quality, and the transparency, accountability, and monitoring of RHS critical processes (land selection, beneficiary selection, price setting, contractor selection, and construction quality control).
- d) To manage/oversee implementation and delivery of Program Capacity Development activities by:
  - i. Development (of a training strategy and action plan for strengthening *hokimiyat* training curriculums and undertaking of training of the trainers
  - ii. Development of a training strategy and action plan for strengthening rural credit officer/portfolio manager training curriculums and undertaking of training of the trainers
  - iii. Developing outlines/scope of work and timeline for delivery of RHS policy studies to be undertaken/commission that include: (i) identifying and assessing alternative policy options for public support for housing (particularly for lower income

- households), (ii) evaluating options for improving energy efficiency of RHS house designs, (iii) identifying and assessing viable options for establishing QQI as a separate legal entity and to enable entry of other developers and construction supervisors, (iv) identifying improvements for residential construction standards and residential construction quality control processes, and (v) determining pragmatic next steps for further enhancement of the micro and small enterprise (MSE) enabling environment to better support rural MSEs.
- iv. Ensuring the preparation and adoption by QQB/PCBs of a strategy and action plan with clearly defined targets to improve rural credit appraisal processes, and rural mortgage portfolio risk management by 2012
  - e) To oversee expansion of the RHS's public communication strategy, and development of an RHS website, to ensure broad public awareness of the RHS processes [that includes RHS selection criteria and the RHS application and point score prioritization system, the RHS cost-based price setting process, the RHS contractor procurement process, the RHS construction quality assurance process, the conditions and coverage of the RHS one year new homebuyer warranty, and the RHS homebuyer inquiry/complaint process], and
  - f) To oversee implementation of RHS to ensure:
    - i. Adoption of land selection processes and PCB ESMS in accordance with ADB safeguard requirements, and development of an inventory of land for RHS residential development.
    - ii. Adoption of prescribed representational composition of district *hokimiyat* RHS beneficiary selection committees (such that it includes representation from district *mahallas* and local branches of the women's committee)
    - iii. Adoption of predefined RHS selection criteria, and a transparent application and point score evaluation system to identify and prioritize RHS beneficiaries.
    - iv. Adoption of RHS contract formats for QQB mortgage agreement with home buyers, QQI purchase agreement with home buyers, and QQI contract agreement with contractors; that are in full compliance with Uzbekistan commercial and consumer protection laws and regulations, and explicitly detail rights and responsibilities of each party, the price, the schedule of payments, the coverage and conditions of the one-year warranty, and the options for legal recourse for both parties.
    - v. Adoption of prescribed representational composition of provincial *hokimiyat* RHS contractor selection and bid evaluation committees
    - vi. Adoption of RHS procurement process and standardized procurement documents that are in compliance with ADB procurement guidelines. Standardized documents will include: invitations for bids, bidding documents, evaluation and qualification criteria, bid evaluation forms, construction contracts, progress and final inspection forms, and provincial procurement process monitoring and evaluation reporting forms.
2. PCBs will be responsible for:
- a) Implementing an ESMS in accordance with ADB safeguard requirements, to ensure RHS housing sites are selected such that ADB safeguard procedures are not triggered
  - b) Coordinating with district *hokimiyat* RHS beneficiary selection committees to ensure adoption of prescribed representational composition (such that it includes representation from district *mahallas* and local branches of the women's committee)

- c) Ensuring appropriate application of predefined RHS selection criteria, and implementation of a transparent application and point score evaluation system to identify and prioritize RHS beneficiaries.
- d) Adopting RHS standard contract formats for RHS mortgage agreements for home buyers, RHS standard purchase agreement for home buyers
- e) Coordinating with district *hokimiyat* RHS contractor selection and bid evaluation committees to ensure:
  - i. RHS prescribed representational composition is adhered to.
  - ii. RHS procurement process and standardized procurement documents are adopted;
  - iii. Use of RHS standard contract agreement for contractors.
- f) Preparing the list of subloans as basis for MOF's preparation of withdrawal applications and subsequent liquidation reports to ADB;
- g) Coordinating and submitting inputs to MOE for: (i) the semi-annual monitoring and evaluation reports, (ii) the executing agency's project completion report for each tranche, and (iii) the executing agency's program completion report for the entire Facility.



## IV. COSTS AND FINANCING

### A. Financing Plan

1. **Investment program.** The total cost of the Program is estimated at \$3.05 billion (Table 3). Under Output 1, the Program addresses the demand of targeted creditworthy subborrowers for housing finance to purchase new residential housing constructed under the RHS, as well as capacity development to enhance the impact of the RHS and expand access to affordable housing finance. Under Output 2, the Program broadens *hokimiyat* capacity to develop, implement and monitor regional integrated rural development plans and investment promotion strategies. Under Output 3, the Program facilitates private sector coordination with job creation and reskilling programs, and the government's financial sector and MSE strategies, to enhance and diversify rural livelihood opportunities and strengthen the enabling environment for MSEs.

**Table 1: Investment Program, 2011–2015**

Item	Amount (\$ million)
Output One: Rural Housing Loans and New Housing	3,028.5
Output Two: Improved <i>Hokimiyat</i> Capacity	2.0
Output Three: Improved Enabling Environment for Micro and Small Enterprises	24.0
<b>Total</b>	<b>3,054.5</b>

2. **Financing plan.** The five-year financing plan targets construction of 40,800 new rural houses under Output 1, at a total estimated cost of SUM5.15 trillion (\$3.02 billion).<sup>2</sup> Of this amount, SUM2.52 trillion (\$1.48 billion) will be for financing of rural housing loans. The government has requested an MFF for an amount up to \$500 million to help finance Output 1. Additional co-financing of rural housing loans will be provided by the PCBs and subborrowers (homebuyers) as detailed in Table 2. Outputs 2 and 3 will be financed by government and PCB counterpart contributions. Under Output 1, of the \$500 million requested from ADB, \$1 million will be used for Program capacity building (linked document 3) with the remainder fully allocated for rural housing loans.

**Table 2: Financing Plan for the Investment Program, 2011–2015**

Source	Component 1 (\$ million)	Component 2 & 3 (\$ million)	Total Amount (\$ million)	Share of Total (%)
Asian Development Bank	500.0 <sup>a</sup>	-	500.0	16.4
Participating commercial banks	536.3 <sup>b</sup>	-	536.3	17.5
Subborrowers (down payments)	833.5	-	833.5	27.3
Government of Uzbekistan	773.1 <sup>c</sup>	26.0	799.1	26.2
Private Sector	385.6	-	385.6	12.6
<b>Total</b>	<b>3,028.5</b>	<b>26.0</b>	<b>3,054.5</b>	<b>100.0</b>

Sources: Asian Development Bank and Government of Uzbekistan estimates.

<sup>a</sup> Includes \$1 million for capacity building under the Program.

<sup>b</sup> Includes \$3.4 million for capacity building under the Program.

<sup>c</sup> Includes \$450 million in concessional government financing (\$90 million annually) to PCBs.

<sup>2</sup> This includes the cost of access to related utilities and social services estimated at \$323 million (to be financed by *hokimiyats* and utility agencies), and community and commercial facilities estimated at \$386 million (to be financed by the private sector). Not included are taxes, duties, and interest, and other in-kind government contributions or incentives under the RHS (free land to new homeowners, tax concessions for participating lenders, developers, contractors, and construction material companies, and tax credits for mortgage interest for homeowners).

3. The PCBs will provide housing finance to qualified targeted beneficiaries (subborrowers) interested in buying new rural houses under the Rural Housing Scheme. For each subproject financed by a PCB, at least 25% of the cost shall be financed by an equity contribution from the subborrower. The balance of the subproject cost shall be financed by a loan from the PCB to the subborrower (subloan). The maximum subloan size will be the lower of 1,000 times the minimum monthly wage<sup>3</sup> or the SUM equivalent of \$50,000. ADB's maximum financing share will be 0% for each subloan issued in 2011, 65% for each subloan issued in 2012, and 45%, 40% and 35%, respectively, for each subloan issued in 2013, 2014 and 2015. ADB's average financing share over the entire five-year term of the MFF (i.e., from 2011 to 2015) is 35%.

## **B. Detailed Cost Estimate by Expenditure Category**

4. Tranche 1 is proposed for \$200 million and an advance to an imprest fund will be disbursed based on a six month cash flow projection of subloans following loan effectiveness (September 2011). Three subsequent tranches are anticipated, proposed at \$100 million annually for 2013, 2014, and 2015. Annual cost estimates are detailed by expenditure in Table 3.

**Table 3: Detailed Cost Estimate by Expenditure Category (\$ million)**

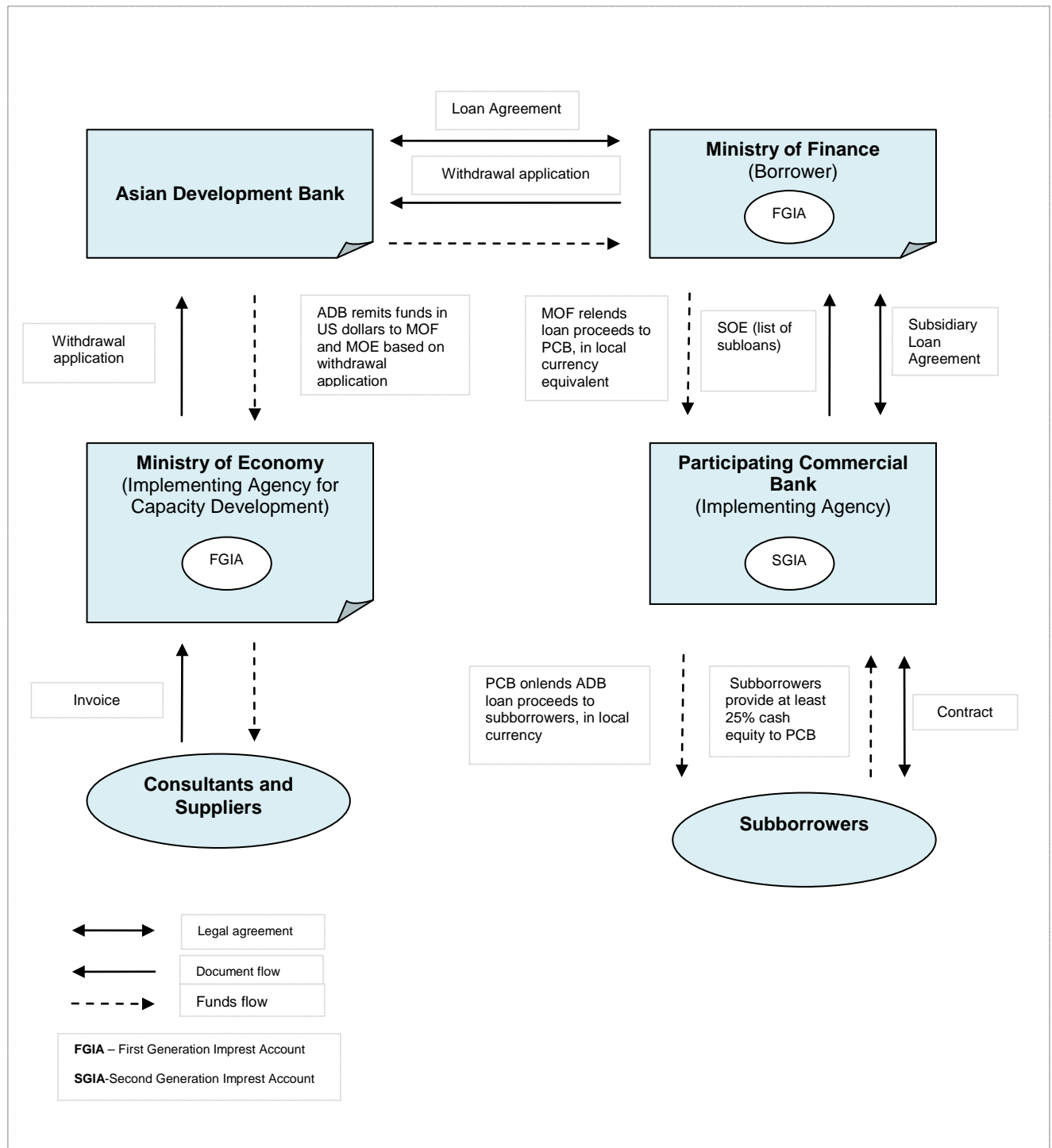
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Subloans</b>	0.0	199.6	99.7	99.85	99.85
<b>Capacity Development (including project management support)<sup>4</sup></b>	0.0	0.4	0.3	0.15	0.15
<b>Total</b>	<b>0.0</b>	<b>200.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

<sup>3</sup> Source: In accordance with Presidential Resolution PP-1083, the maximum housing loan size under the RHS is 1,000 times the minimum wage.

<sup>4</sup> Project management support will only include: PIU salaries, PIU office equipment (computer/s and a printer, and a photocopier) and PIU office supplies.

### C. Fund Flow Diagram

Figure 2: Fund Flow Diagram



## D. Rural Housing Scheme Cash Flow

	Amount	%	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jun	Aug	Sep	Oct
<b>I. Uses of Funds</b>																
<b>GROUP 1: 30% of RHS Mortgage Loans</b>																
Contractors advance payment (25%) and QQI withholding (5%)			66.80											13.36		
a. Site preparation	5.34	2.0%		3.74												
b. Preparation of foundation	48.09	18.0%			23.57	10.10										
c. Erection of walls	72.14	27.0%				40.40	5.05	5.05								
d. Installation of reinforced concrete frames	16.03	6.0%					5.61	3.37	2.24							
e. Roof works	29.39	11.0%					10.29	6.17	4.11							
f. Installation of windows and doors	21.38	8.0%						10.47	2.99	1.50						
g. Wiring and installation of electrical works	18.70	7.0%						9.16	2.62	1.31						
h. Installation of plumbing and bathroom fixtures	16.03	6.0%						7.86	2.24	1.12						
i. Flooring and other finishing	21.38	8.0%						10.47	2.99	1.50						
j. Completion of construction and landscaping	18.70	7.0%								3.93	3.93	2.62	2.62			
<b>Subtotal for Group 1</b>	<b>267.19</b>	<b>100%</b>	<b>66.80</b>	<b>3.74</b>	<b>23.57</b>	<b>50.50</b>	<b>20.95</b>	<b>52.56</b>	<b>17.21</b>	<b>9.35</b>	<b>3.93</b>	<b>2.62</b>	<b>2.62</b>	<b>13.36</b>		
<b>GROUP 2: 35% of RHS Mortgage Loans</b>																
<b>Subtotal for Group 2</b>	<b>311.72</b>	<b>100%</b>		<b>77.93</b>	<b>4.36</b>	<b>27.49</b>	<b>58.92</b>	<b>24.44</b>	<b>61.32</b>	<b>20.07</b>	<b>10.91</b>	<b>4.58</b>	<b>3.05</b>	<b>3.05</b>	<b>15.59</b>	
<b>GROUP 3: 35% of RHS Mortgage Loans</b>																
<b>Subtotal for Group 3</b>	<b>311.72</b>	<b>100%</b>			<b>77.93</b>	<b>4.36</b>	<b>27.49</b>	<b>58.92</b>	<b>24.44</b>	<b>61.32</b>	<b>20.07</b>	<b>10.91</b>	<b>4.58</b>	<b>3.05</b>	<b>3.05</b>	<b>15.59</b>
<b>TOTAL</b>	<b>890.63</b>		<b>66.80</b>	<b>81.67</b>	<b>105.86</b>	<b>82.36</b>	<b>107.36</b>	<b>135.91</b>	<b>102.96</b>	<b>90.74</b>	<b>34.91</b>	<b>18.11</b>	<b>10.26</b>	<b>19.47</b>	<b>18.64</b>	<b>15.59</b>
<b>II. Sources of funds</b>																
<b>GROUP 1: 30% of RHS Mortgage Loans</b>																
a.1. Beneficiary Deposits = 25% Advance	66.80	25.0%	66.80													
a.2. Beneficiary Deposits > 25% incl 5% Withholding	29.39	11.0%		1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	13.36		
b. QQB RHS Repayments	8.96	3.4%		0.11	1.15	2.56	1.01	2.67	0.82	0.41	0.12	0.05	0.05			
c. State Budget	59.96	22.4%		0.75	7.70	17.14	6.78	17.87	5.47	2.72	0.82	0.36	0.36			
d. ADB MFF	102.08	38.2%		1.28	13.11	29.19	11.55	30.42	9.32	4.63	1.39	0.61	0.61			
<b>Subtotal for Group 1</b>	<b>267.19</b>	<b>100.0%</b>	<b>66.80</b>	<b>3.74</b>	<b>23.57</b>	<b>50.50</b>	<b>20.95</b>	<b>52.56</b>	<b>17.21</b>	<b>9.35</b>	<b>3.93</b>	<b>2.62</b>	<b>2.62</b>	<b>13.36</b>		
<b>GROUP 2: 35% of RHS Mortgage Loans</b>																
<b>Subtotal for Group 2</b>	<b>311.72</b>	<b>100.0%</b>		<b>77.93</b>	<b>4.36</b>	<b>27.49</b>	<b>58.92</b>	<b>24.44</b>	<b>61.32</b>	<b>20.07</b>	<b>10.91</b>	<b>4.58</b>	<b>3.05</b>	<b>3.05</b>	<b>15.59</b>	
<b>GROUP 3: 35% of RHS Mortgage Loans</b>																
<b>Subtotal for Group 3</b>	<b>311.72</b>	<b>100.0%</b>			<b>77.93</b>	<b>4.36</b>	<b>27.49</b>	<b>58.92</b>	<b>24.44</b>	<b>61.32</b>	<b>20.07</b>	<b>10.91</b>	<b>4.58</b>	<b>3.05</b>	<b>3.05</b>	<b>15.59</b>
<b>TOTAL</b>	<b>890.63</b>		<b>66.80</b>	<b>81.67</b>	<b>105.86</b>	<b>82.36</b>	<b>107.36</b>	<b>135.91</b>	<b>102.96</b>	<b>90.74</b>	<b>34.91</b>	<b>18.11</b>	<b>10.26</b>	<b>19.47</b>	<b>18.64</b>	<b>15.59</b>
	<b>100%</b>		<b>8%</b>	<b>9%</b>	<b>12%</b>	<b>9%</b>	<b>12%</b>	<b>15%</b>	<b>12%</b>	<b>10%</b>	<b>4%</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>ADB MFF Tranche 1: 60% Cofinancing</b>																
<b>SUM Billion</b>				1.28	14.60	45.97	60.90	77.94	58.28	50.98	17.65	7.62	2.93	1.41	0.71	0.00
<b>\$ Million</b>				0.75	8.58	27.02	35.79	45.81	34.25	29.96	10.38	4.48	1.72	0.83	0.42	0.00
<b>Monthly Cashflow Estimate</b>				0.4%	4.3%	13.5%	17.9%	22.9%	17.1%	15.0%	5.2%	2.2%	0.9%	0.4%	0.2%	0.0%
<b>Cumulative Cashflow Estimate</b>				<b>0.4%</b>	<b>4.7%</b>	<b>18.2%</b>	<b>36.1%</b>	<b>59.0%</b>	<b>76.1%</b>	<b>91.1%</b>	<b>96.3%</b>	<b>98.5%</b>	<b>99.4%</b>	<b>99.8%</b>	<b>100.0%</b>	<b>100.0%</b>
Exchange rate: US\$1 = SUM 1,701.39 (as of 1 June 2011)																

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

1. Qishloq Qurilish Bank (QQB) is the sole PCB for Tranche 1. In addition to fulfilling the the Program's selection criteria for PCBs, QQB achieved satisfactory results on both the financial management assessment and the integrity due diligence assessment. QQB is determined to have sufficient staff and capacity, and adequate systems and controls for managing the envisaged funds flow. The financial management assessment of QQB is presented as supplementary document 2.

2. For all subsequent tranches, all PCBs will be required to undergo a financial management assessment and an integrity due diligence assessment, in addition to satisfying the following selection criteria:

- a) has branch network that provides financial services to rural areas;
- b) has experience in mortgage lending;
- c) a risk-based capital adequacy ratio of at least 12%;
- d) a return on average assets (ROAA) for each of the last two completed fiscal years of at least 0.5%;
- e) a ratio of non-performing loans (NPLs) in the "loss" category as defined by the Central Bank of Uzbekistan (i.e., new nor bad debts requiring 100% loan loss provisioning) of less than 5%;
- f) corporate, financial, and governance practices acceptable to ADB;
- g) adequate credit and risk management policies, operating systems, and procedures; and
- h) satisfactory results achieved on ADB's financial management and integrity due diligence assessment.

3. ADB's loan will finance subloans to creditworthy targeted beneficiaries who are approved to purchase new rural houses under the government's RHS. To be an eligible subborrower under the Facility, the sub borrower must:

- a) be a citizen, and a resident of a rural area, of the borrower;
- b) meet the RHS income threshold (to be defined annually as a multiple of the minimum wage) such that all RHS beneficiaries are moderate to low-income households (whereby the definition and thresholds for moderate to low-income households will be preagreed upon with ADB for each tranche);
- c) be evaluated and prioritized in accordance with a predefined scoring system to achieve gender-specific beneficiary targets for (i) young families or first-time homeowners, (ii) single head of households, (iii) teachers, or healthcare workers; and (iv) other skilled professionals or entrepreneurs.

4. ADB-financed subloans will be subject to the following terms and requirements:

- a) A principal amount of the lesser of 1,000 times the minimum monthly wage or the SUM equivalent of \$50,000;
- b) Applicable only to the purchase of a new house, that is constructed in a rural area and purchased under the RHS; and will be occupied by the subborrower and maintained as the subborrower's primary residence
- c) All subprojects financed by the subloans shall:

- comply with Uzbekistan's national procurement and commercial practices, labor law, and environmental and safeguard regulations;
  - be in accordance with ADB's procurement guidelines (as contained in ADB's Procurement Guidelines [2010]) and environmental and social safeguard policies (as contained in ADB's Safeguard Policy Statement [2009]).
- d) A 15-year tenor with a six-month grace period, wherein interest on drawdowns during the grace period is amortized over the remaining term of the mortgage, and mortgage payments are structured on an annuity basis (including interest accumulated during the grace period);
  - e) For Tranche 1, a fixed interest rate of 7% for the entire 15 year term of the mortgage;
  - f) For Tranche 2 (for 2013), a fixed interest rate of 7% is applied for the first 10 years, with a fixed interest rate equal to the market interest rate (the CBU refinancing rate as at the 31 December of the year previous is used as a proxy) applied for the remaining 5 years;
  - g) For Tranche 3 (for 2014), a fixed interest rate of 7% is applied for the first 5 years, with a fixed interest rate equal to 90% of the market interest rate (the CBU refinancing rate as at the 31 December of the year previous is used as a proxy) applied for the remaining 10 years;
  - h) For Tranche 4 (for 2015), a fixed interest rate of 7% is applied for the first 5 years, with a fixed interest rate equal to the market interest rate (the CBU refinancing rate as at the 31 December of the year previous is used as a proxy) applied for the remaining 10 years.

## B. Disbursement

5. The proceeds of ADB's loans will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time)<sup>5</sup> and detailed arrangements as agreed upon between the government and ADB.

6. **Program capacity development.** MOE will establish a separate imprest account and be the approving authority for payments related to capacity development and project management support (including only PIU salary, office equipment (computers, photocopier and printer) and office supplies). Imprest fund, statement of expenditures (SOE)<sup>6</sup> and direct payment procedures will be used for the payments to consultants and PIU operations (under the capacity building component of the loan. MOE is responsible for sending the withdrawal applications to ADB. The request for initial advance should be accompanied by an Estimate of Expenditure Sheet<sup>7</sup> setting out the estimated disbursements for the next 6 months under the capacity building component. The advance will be liquidated by MOE on a regular basis by submitting a liquidation report in accordance with the ADB's *Loan Disbursement Handbook*.

7. **RHS housing finance credit line.** The PCBs will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing the list of subloans as basis for MOF's preparation of withdrawal applications and subsequent liquidation reports to ADB.

8. ADB's imprest fund and SOE procedures will be used for disbursements under the credit line component of the loan. The MOF will establish and administer the first generation imprest account (FGIA) to which ADB will remit the loan proceeds. Each PCB will open and manage a

<sup>5</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>6</sup> Details on procedures are available at [http://www.adb.org/documents/handbooks/loan\\_disbursement/default.asp](http://www.adb.org/documents/handbooks/loan_disbursement/default.asp).

The translated Russian version of the Loan Disbursement Handbook is also available in this site.

<sup>7</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

second generation imprest account (SGIA) from which it will make subloan disbursements. The first and second generation imprest accounts shall contain only the proceeds of loans from ADB. The maximum balance of the first generation imprest account and the sum of the balances of all of the second generation imprest accounts shall not, in either case, exceed the estimated eligible expenditures from all of the second generation imprest accounts for the next 6 months.<sup>8</sup> If funds withdrawn from the loan account are determined to be in excess or ineligible for ADB financing, the borrower must arrange a refund as instructed by ADB.

9. Each request for an advance should be accompanied by an Estimate of Expenditure Sheet<sup>9</sup> setting out the estimated disbursements for the next 6 months. With respect to the first request for an advance under a tranche, submission of evidence satisfactory to ADB is required that the first and all of the second generation imprest accounts have been opened. ADB will transfer the amount of each loan disbursement to the FGIA owned by the MOF. If there is only one PCB for the tranche, MOF will promptly transfer the local currency equivalent of each loan disbursement received from ADB to the SGIA of the PCB. If there is more than one PCB for the tranche, MOF will allocate each loan disbursement from ADB based on the estimated subloan disbursements of each PCB (after making proportional or any other reasonable adjustments if the sum of such disbursements exceeds the total local currency amount available), in accordance with and not to exceed the loan amount (equivalent) in the subsidiary loan agreement and promptly transfer the allocable local currency amounts to the PCBs. The PCBs will subsequently transfer funds from the SGIA to the accounts of each subborrower established with the PCBs.

10. The advance will be liquidated by MOF on a monthly basis by submitting a liquidation report for each PCB, using the ADB SOE format (Attachment 12), with a list of subloans disbursed by the PCB. For each subloan the SOE shall show:

- a) the name of the subborrower(s),
- b) confirmation that the subborrowers meet targeting criteria and the rural location of the subproject,
- c) the purchase cost of the house (i.e., the subproject amount),
- d) the amount of the subborrower(s)' equity (i.e., down payment made),
- e) the amount of the subloan in local currency,
- f) the amount of the subloan in US dollars,<sup>10</sup>
- g) the percentage of the subloan financed by ADB and the PCB, and
- h) other relevant details required to support results-based reporting requirements of the Program.

11. Each liquidation report will include (a) bank statements for the FGIAs and each SGIA, and (b) the Imprest Account Reconciliation Statements required to reconcile all bank statements against the records of MOF and the PCBs.<sup>11</sup> The SOE ceiling is \$50,000 per payment. SOE records should be maintained and readily available for review by ADB's disbursement and review mission and external auditors. The MOF, MOE and the PCBs will supply to ADB any

<sup>8</sup> Reference para. 11.5 of ADB's Loan Disbursement Handbook  
[http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/chap-11.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/chap-11.pdf)

<sup>9</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

<sup>10</sup> Calculated by converting the local currency amount into US dollars using the reasonable exchange rate such as the foreign exchange rate for the day the US dollars advance was converted to the local currency.

<sup>11</sup> Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

supporting documents requested by external auditors or ADB.<sup>12</sup>

12. Before the submission of the first withdrawal application, 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.

### **C. Accounting**

13. Each PCB will prepare (i) its financial statements (comprising a balance sheet, income statement, cash flow statement, and generally accepted financial performance ratios, together with accompanying notes and schedules), in accordance with International Financial Reporting Standards, as well as (ii) separate project accounts and records for all expenditures incurred under the Program in a manner acceptable to ADB.

### **D. Auditing**

14. For each financial year, in which a PCB receives funds generated from an ADB loan, it shall have its financial statements and project accounts audited in accordance with International Standards on Auditing by an auditor acceptable to ADB. The audited accounts will be submitted in the English language to ADB within 6 months of the end of each fiscal year. The annual audit report will include a separate audit opinion on the proper use of imprest account funds and compliance with SOE procedures.<sup>13</sup> ADB reserves the right to verify the Program's financial accounts to confirm that the portion of financing provided by ADB is used in accordance with ADB's policies and procedures.

15. To ensure value for money and the quality of construction in accordance with national building and construction standards, and to highlight areas for further improvement of the RHS, an independent technical-financial performance audit and value for money assessment will be undertaken annually. The technical-financial performance audit will assess RHS price setting, contractor procurement, and construction quality assurance processes, as well as value for money of RHS house construction. The first independent technical-financial performance audit will be initiated in November 2011. RHS price setting, contractor procurement, and construction quality assurance processes, as implemented for 2012 RHS construction will be assessed. In addition, a value for money assessment will be undertaken of a representative sample of RHS houses constructed in 2009, 2010, and 2011. Findings and recommendations of each audit will be adopted as appropriate for continued improvement of RHS procedural approaches.

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<sup>12</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>13</sup> The government and QQB (the sole PCB for Tranche 1) have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts.



## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting

1. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (February 2010, as amended from time to time).<sup>14</sup> Invitations to bid and bidding document standard formats to be adopted for the Program under will be subject to ADB clearance prior to their issuance. The borrower, MOE and PCBs have been advised that approval of advance contracting does not commit ADB to finance the Project.

2. The construction period of houses under RHS ranges from 6 to 9 months. With the short construction period, the request for bids must be advertised for Tranche 1 and annually thereafter starting in July of the year preceding planned construction, in order to comply with ADB *Procurement Guidelines* (2010, as amended from time to time). For Tranche 1, advance initiation of the procurement process has been approved to enable broad public advertisement of the request for bids to be initiated in accordance with ADB procurement requirements.

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

3. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*. ADB and the Government will review national procurement processes and procedures of the central and state governments prior to start of procurement under the Program to ensure consistency with ADB's *Procurement Guidelines*. International competitive bidding procedures will be used for civil works contracts estimated to cost \$2.0 million or more. National competitive bidding procedures will be used for civil works contracts estimated to cost less than \$2.0 million. Individual consultant selection will be used for hiring consultants. A procurement plan for 2012 RHS procurement indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

4. For Program capacity development, a preliminary indicative estimate of 300 person-months (270 national and 30 international)<sup>15</sup> of consulting services, including PIU staff, are required to (i) support and enhance results based program management, implementation, monitoring and reporting, (ii) strengthen capacity of local governments for rural development planning and investment promotion, and (iii) undertake a number of studies and other activities to improve the impact of the RHS, and the Program. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants*.<sup>16</sup> Indicative terms of reference are detailed in Section D.

<sup>14</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>15</sup> Preliminary indicative estimate subject to subsequent revision by MOE in close coordination with ADB.

<sup>16</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

**C. Procurement Plan for Tranche 1 (August 2011 to September 2012)**

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

**Procurement of Goods and Works**

Procurement Method	Threshold
International Competitive Bidding (ICB) for Works	Greater than \$2.0 million
National Competitive Bidding (NCB) for Works	Less than \$2.0 million
National Competitive Bidding for Goods	Less than \$2.0 million
Shopping for Works	Below \$100,000
Shopping for Goods	Below \$100,000

6. **ADB prior or post review.** Except as ADB may otherwise agree, the following preliminary prior or post review requirements apply to various procurement and consultant recruitment methods used for the first time under the Program:

**Procurement of Goods and Works**

Procurement Method	Prior or Post Review	Comments
ICB Works	Prior	
NCB Works	Prior	
NCB Goods	Prior	
Shopping for Works	Prior	
Shopping for Goods	Prior	
<b>Recruitment of Consulting Firms</b>	Prior	
<b>Recruitment of Individual Consultants</b>	Prior	

7. **Procurement and contract document formats.** Standardized formats for procurement documents (including invitations to bid) and contracts should be submitted to ADB (an English language version) for review and clearance prior to their adoption and first use under the Program. Standardized formats cleared by ADB will be utilized for all procurement financed by ADB. Subsequent modifications to standardized formats will require review and clearance prior to their adoption.

8. Indicative list of goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 12 months:<sup>17</sup>

<sup>17</sup> Preliminary indicative list subject to subsequent revision by MOE in close coordination with ADB.

### List of Goods and Works Contracts Estimated to Cost More than \$1 Million

General Description	Indicative Contract Value	Procurement Method	Prequalification of Bidders	Advertisement Date
Multiple contracts	\$500 million	NCB	No	3 <sup>rd</sup> Quarter 2011

9. Indicative list of smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 12 months: <sup>18</sup>

### List of Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

General Description	Indicative Contract Value (cumulative)	Indicative Number of Contracts	Procurement / Recruitment Method
Civil works	\$500,000,000	1,030	NCB
Project Implementation Unit staff	\$35,000	5	Individual Consultant Selection
Consulting Services	\$156,620	6	Individual Consultant Selection

10. Indicative list of civil works under the Project: <sup>19</sup>

### List of Indicative Contract Packages under the Project

Province	Indicative Value (cumulative)	Indicative Number of Contracts	Procurement Method	Indicative Advertisement Date
Andijan	\$33.0 million	69	NCB	Aug 2011
Bukhara	\$41.0 million	84	NCB	Aug 2011
Ferghana	\$34.0 million	70	NCB	Aug 2011
Jizzakh	\$23.0 million	48	NCB	Aug 2011
Karakalpakstan	\$28.0 million	58	NCB	Aug 2011
Kashkadarya	\$60.0 million	124	NCB	Aug 2011
Khorezm	\$49.0 million	102	NCB	Aug 2011
Navoi	\$36.0 million	74	NCB	Aug 2011
Namangan	\$60.0 million	124	NCB	Aug 2011
Samarkand	\$50.0 million	103	NCB	Aug 2011
Sukhandarya	\$41.0 million	85	NCB	Aug 2011
Syrdarya	\$21.0 million	44	NCB	Aug 2011
Tashkent	\$23.0 million	47	NCB	Aug 2011
<b>Total</b>	<b>\$500 million</b>	<b>1,030</b>		

11. Indicative list of consulting contracts under the Project: <sup>20</sup>

<sup>18</sup> Preliminary indicative list subject to subsequent revision by MOE in close coordination with ADB.

<sup>19</sup> Preliminary indicative list subject to subsequent revision by MOE in close coordination with ADB.

<sup>20</sup> Preliminary indicative list subject to subsequent revision by MOE in close coordination with ADB.

### List of Indicative Consulting Contracts under the Project

Consultant	Estimated Cost (\$)	Estimated Number of Contracts	Recruitment Method	Indicative Advertisement Date
A. Project Implementation Unit				
Program Manager/Results-based Monitoring and Reporting Specialist (National)	6,000	1	ICS	Aug 2011
Financial Management Specialist (National)	6,000	1	ICS	Aug 2011
Engineer-Procurement Specialist (National)	6,000	1	ICS	Aug 2011
Institutional Development/Training Specialist (National)	6,000	1	ICS	Aug 2011
Information Technology / Database Specialist (National)	6,000	1	ICS	Aug 2011
B. Consultancy				
Engineer-Procurement Specialist (International)	60,000	1	ICS	Aug 2011
Social and Environmental Specialist (International)	30,000	1	ICS	Nov 2011
Institutional Development/Training Specialist (International)	60,000	1	ICS	Nov 2011
Gender Specialist (National)	3,000	1	ICS	Aug 2012
Lawyer (National)	2,000	1	ICS	Aug 2011
C. Technical-Financial Audit	50,000	1		Oct 2011
D. Studies	80,000	5		Oct 2011
E. Training	20,000	2		Sep 2011
F. Office Equipment and Office Supplies	50,000		Shopping	Aug 2011
<b>Contingency Total</b>	<b>15,000</b> <b>\$400,000</b>	<b>18</b>		

TCS=individual consultant selection

#### D. Outline Terms of Reference for Program Consultants

12. Outline terms of reference for each proposed consultant is provided below. Detailed terms of reference will be developed by the PIU, and agreed to by ADB and MOE.

- a. **Program manager/results-based monitoring and reporting specialist.** The program manager will be responsible for:
  - (i) overseeing and coordinating program activities between MOE, PCBs, local governments and various government agencies (see supplementary document 14) involved in the program, and with ADB;
  - (ii) developing a results based program performance monitoring system, and report formats for the semi-annual and annual program progress reports (that include results based targets and indicators detailed the MFF policy framework and DMF), and other reports, as detailed in Section 10 B of the FAM, and the submission of the reports on a timely basis to MOE and ADB;
  - (iii) overseeing and managing the implementation of all program capacity development activities and studies specified in (linked document 3);
  - (iv) commissioning and supervising (in close coordination with ADB) an independent annual technical and financial audit and value for money assessment of the RHS; and

- (v) coordinating with ADB the implementation of the MFF and individual tranches, including preparation and submission to ADB of the Project Completion Report (PCR), and the PFR.
- b. **Financial management specialist.** The financial management specialist will be responsible for: (i) maintaining proper management of the imprest accounts and project funds flow, (ii) maintaining program financial records and reporting on disbursements related to the program's capacity development activities, and (iii) coordinating and providing guidance to PCBs on reporting for ADB of subloan disbursements.
- c. **Institutional development/training specialist.** The institutional development/training specialist will develop and implement a strategy and action plan for strengthening hokimiyat training curriculums and coordinating and implementing training of the trainers for hokimiyat capacity building programs. The institutional development/training specialist will also be responsible for developing a monitoring, evaluation and reporting framework for all program training activities (including those undertaken by PCBs).
- d. **Engineer/procurement specialist.** The engineer/procurement specialist will be responsible for (i) overseeing and reporting on RHS selection of contractors to be undertaken in accordance with national procurement regulations and ADB procurement guidelines, and (ii) developing and implementing a monitoring, evaluation and reporting framework for all construction supervision and construction quality assurance activities undertaken by QQI, SCAC and other mandated agencies.
- e. **Information technology/database specialist.** The information technology/database specialist will be responsible for developing and maintaining all HIRD databases and reporting systems to support effective results-based monitoring and reporting of program activities and outputs.
- f. **Gender specialist.** The gender specialist will be responsible for developing a strategy and action plan for implementing a monitoring and evaluation reporting framework for the implementation of the Gender Action Plan in close coordination with each respective HIRD partner agencies.
- g. **Lawyer.** Legal expertise will be required to assess and address legal issues related to: (i) exploring viable policy options for public support of rural housing (particularly for lower income households), (ii) other legal issues related to enhancing the RHS, and (iii) determining viable options for establishing QQI as an independent legal entity and enabling participation of other developers and construction supervisors.
- h. **Social and environmental safeguards specialist.** The environmental and social safeguard specialist will be responsible for critically reviewing the Environmental and Social Safeguard Monitoring System (ESMS) to be adopted by each PCB to ensure compliance with ADB safeguard requirements, as well as to undertake annual due diligence on the ESMS process undertaken for the RHS each year.

## **VII. PROGRAM PROCESSES**

1. Key steps to guide implementation for critical RHS processes, have been developed in close consultation with relevant government agencies, and outlined in Attachments 1 to 6.

- a) Site/Land Selection Process
- b) Beneficiary Selection Process
- c) Contractor Selection Process
- d) House Pricing Process
- e) Construction Quality Assurance Process
- f) Public Information Campaign

## VIII. SAFEGUARDS

1. Each loan under the MFF will be categorized as FI (treated as C) for all safeguard components based on ADB's Safeguard Policy Statement (SPS), 2009. Each PCB will need to have in place or establish an ESMS to be maintained as part of its overall management system to meet Uzbekistan national laws and norms and ADB's safeguards requirements. Each PCB that receives proceeds of a loan under the Facility is required to submit to ADB its ESMS and a report on its compliance with its ESMS.

2. Each PCB shall designate a unit to be responsible for implementation of its ESMS. Within each unit designated for implementation of an ESMS, an ESMS Specialist will be appointed to coordinate ESMS implementation, including monitoring and reporting activities under the ESMS. Each ESMS Specialist will maintain a file of relevant environmental documents/permits related to the housing sites, and conduct regular field monitoring.

3. Prior to preparation of each PFR, the applicability and relevance of each requirement of the SPS<sup>21</sup> shall be reviewed by each of the PCBs that will be receiving proceeds of the related ADB loan. Each PCB, in close coordination with ADB, will conduct workshops for their staff who will be involved on the operations of the ESMS. The workshop will include discussions on how to review and assess the ESMS. The ESMS will monitor: (i) site selection, (ii) approval of the release of mortgage loans, and (iii) monitoring and supervision of works financed. ESMS reports will be prepared on a semi-annual basis.

4. Program activities will not be carried out in disputed areas,<sup>22</sup> and Program funds will not finance any subprojects involving involuntary resettlement or which have an adverse impact on indigenous peoples.<sup>23</sup> Compliance with the requirements of the provincial or regional Nature Protection Committee and with existing governmental norms on environment, labor, and safety shall be monitored during the execution of each subproject. ADB's prohibited investment activity list will apply and will be appended to the Loan Agreement.

5. Each subloan to be provided under the Facility must comply with the following criteria:

- a) the site of the house plot must be on land approved by the District *Hokimiyat* for residential use;
- b) the site of the house plot must be on land that was classified as reserved land by the local government or administered by state agencies not later than 31 December 2009 for Tranche 1, not later than 31 December 2010 for Tranche 2, not later than 31 December 2011 for Tranche 3, and not later than 31 December 2012 for Tranche 4;
- c) the activities financed under the mortgage will not cause involuntary resettlement or have an adverse effect on Indigenous People, including any adverse effect on any third-party land user of site where the house plot is located
- d) the site of the house plot must not be situated in or near an area that has been classified as an environmentally sensitive area by the Regional Nature Protection Committee (Obikompiroda) or the Geological and Hydrogeological Institute; and the site must have an environmental clearance from the Regional Nature Protection Committee

<sup>21</sup> See <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>. A Russian translation is also available. <http://www.adb.org/Documents/Translations/Russian/Safeguard-Policy-Statement-June2009-ru.pdf>.

<sup>22</sup> Disputed areas are geographic areas that are claimed by more than one country.

<sup>23</sup> For an explanation of Indigenous Peoples, see ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila [http://www.adb.org/documents/policies/indigenous\\_peoples/ADB-1998-Policy-on-IP.pdf](http://www.adb.org/documents/policies/indigenous_peoples/ADB-1998-Policy-on-IP.pdf)

6. If any major noncompliance or weakness in the implementation of an ESMS is identified, the relevant PCB is required to promptly propose to ADB for its review and approval of corrective measures to be undertaken. The recommendations should be agreed with ADB before they are implemented.

7. QQB is the sole PCB for Tranche 1. Attachment 9 contains the ESMS developed by QQB for Tranche 1. QQB has selected its Rural Construction Credit Department (RCCD) as its responsible unit to implement the ESMS. QQI (or other approved construction supervisor) will work closely with the District Nature Protection Committee during construction of the houses to monitor implementation of environmental, health, labor, and safety requirements.

8. **Grievance redress mechanism.** Each PCB shall establish a grievance redress mechanism acceptable to ADB to enable people who are or may, in the future be, adversely affected by the Program to submit complaints. A summary of the complaints received and status of resolution will be included in the annual ESMS report submitted to ADB by each PCB. Any complaints received by MOE shall be referred to the appropriate PCB for resolution.



## **IX. GENDER AND SOCIAL DIMENSIONS**

1. MOE and the PCBs will monitor the social and gender impact of the program, and are responsible for the implementation and monitoring of the GAP (Table 4). The GAP is strategically focused on:

- a) improving targeting and women's representation in the selection of beneficiaries;
- b) coordination with the Ministry of Labor and Women's Committee for training, and linking women-borrowers/co-borrowers and women household members with skill/reskilling programs, MSE development programs, and business and employment opportunities in the project areas;
- c) development of women-friendly financial products by PCBs;
- d) development of an implementation strategy for greater joint-titling and home ownership;
- e) conducting gender awareness training of relevant staff of RHS implementing agencies; and
- f) development of sex-disaggregated program data and reporting.

**Table 1: Housing for Integrated Rural Development Investment Program  
Gender Action Plan (GAP)**

Objective	Activities	Indicators	Target Group	Responsibility
<b>Program GAP Coordination and Implementation</b>				
Improve planning and implementation of EGM activities and increase gender analysis skills of partner government agencies and PCBs	a. Recruit Gender Specialist b. Identify gender focal points for each partner agency and form GAD working group c. Finalize GAP <sup>24</sup> in coordination with relevant partner agencies and PCBs d. Conduct gender awareness training for relevant partner agencies and PCBs	(i) Gender Specialist recruited for 2 months (ii) GAD working group formed and quarterly meetings held (iii) GAP finalized and initiated (iv) 2 gender training modules developed and 10 training courses (5 offerings of each of 2 modules) conducted [number of participating agencies/PCBs, number of trainees]	Relevant staff of program partner agencies (including PCBs)	GAD working group and GAP agency/PCB focal points in close coordination with URM Gender Specialist
<b>Output 1: Rural Housing Loans</b>				
1. Improve equitable gender representation in the selection process	a. Set quota for women target groups b. Develop/improve PCB's existing sex-disaggregated database and reporting system.	(i) Sex-disaggregated RHS mortgage applications (ii) Sex-disaggregated database on borrowers/co-borrowers implemented (iii) Sex-disaggregated RHS performance reports prepared and issued	District Selection Committees (including Mahalla, NWC District Representatives)	PCB Gender Specialists and PCB RHS Staff
2. Identify and inform women target groups for housing finance	a. Identify women's target groups eligible for housing loans based on the selection criteria and score/points system agreed with MOE, PCB, NWC, and <i>Mahalla</i> <sup>25</sup> b. Conduct outreach/information dissemination activities in <i>Mahallas</i>	(i) Number and types of outreach activities conducted in the rural communities	Women target groups	MOE, District <i>Hokimiyats</i> , Mahallas, NWC District Representatives, PCB Staff
3. Improve/ protect women's property/land ownership rights	a. Promote gender-sensitive credit appraisal, loan signing, and property/land registration <sup>26</sup>	(i) Number of co-signed mortgage applications, mortgage agreements, and joint-certification of property/land registration	Lawyers (from PCBs, developers, representatives from the Lawyer's Association),	PCBs, District <i>Hokimiyats</i> /Land Registration Offices

<sup>24</sup> ADB URM Gender Specialist will provide initial guidance.

<sup>25</sup> The selection criteria will be elaborated further in close consultation with QQB, WC and BWA.

<sup>26</sup> To improve gender equality in cases of divorce/family separation, as well as women's access to MSE finance.

Objective	Activities	Indicators	Target Group	Responsibility
			Women target Groups	
<b>Output 2. Improved Capacity of Local Governments</b>				
1. Improve gender awareness in integrated rural development planning processes	a. Enhance gender awareness in MOE/MOL <i>hokimiyat</i> training programs for integrated rural development planning b. Using gender enhanced training curriculums, deliver training on integrated rural development planning and investment promotion strategies	(i) Number of training programs gender-awareness enhanced (ii) At least 30% of <i>hokimiyat</i> staff trained on integrated rural development planning and investment promotion strategies are women	<i>Hokimiyat</i> planning staff	MOE/MOL or other relevant training institute trainers
<b>Output 3: Improved Enabling Environment for MSEs</b>				
1. Improve access of women to MSE livelihood opportunities and MSE finance	a. Conduct rapid needs assessment of entrepreneurial/employment profiles of RHS women borrowers, co-borrowers and household members <sup>27</sup> and prepare profile case studies b. Identify and disseminate information on business and job opportunities for women in the project areas <sup>28</sup> c. Conduct business training modules for RHS women beneficiaries/entrepreneurs <sup>29</sup>	(i) Needs Assessment Report and at least 1 Case Study per /region (ii) Number of information dissemination and/or training program/s on gender relevant business and job opportunities undertaken annually (iii) Number of women MSE entrepreneurs participating in business and job opportunity training sessions annually (iv) Number of MSE business plans prepared/registered by women annually (v) Number of new MSEs registered by women annually	Women borrowers (or co-borrowers) and women household members	MOL, PCB Gender Specialists, NWC District Representatives, <i>Mahallas</i> , Provincial Chambers of Commerce, Business Women Association (BWA), other relevant NGOs

BWA = Business Women's Association; EGM = Effective Gender Mainstreaming; GAD = Gender and Development; Mahalla = local community-based organization (CBO); MOE = Ministry of Economy; MOL = Ministry of Labor; MSEs = micro and small enterprises; NGO = nongovernment organization; NWC = National Women's Committee; PCB = participating commercial bank; URM = Uzbekistan Resident Mission.

Source: Asian Development Bank.

<sup>27</sup> Needs assessment may be undertaken by NWC/NGO. Home purchase and loan applications will be used to collect baseline information.

<sup>28</sup> A potential counterpart for information dissemination is the "Hunarmand/Handicraftsmen Association.

<sup>29</sup> In accordance with activities under the MOL employment generation program and the NWC National Action Plan.

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

### A. Program Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Rural communities have improved living standards	<p>Average rural household formal income increases from SUM373,650<sup>30</sup> in 2010 to at least SUM816,769<sup>31</sup> in 2015</p> <p>At least 75,000 rural construction jobs created annually from 2011 to 2015</p> <p>At least 450,000 rural MSE and home-based jobs created annually from 2010 to 2015</p> <p>At least 40,800 RHS rural houses constructed with access to improved utilities by 2015, from 7,647 in 2010 to 48,447 in 2015</p> <p>At least 177 new/rehabilitated schools near RHS housing sites from 2011 to 2015</p> <p>At least 140 new/rehabilitated rural health clinics near RHS housing sites from 2011 to 2015</p>	Specialized project reports submitted by EA to ADB (with annual updates of funds allocated for Program and Program outcomes achieved)	<p><b>Assumptions</b>  Macroeconomic stability and growth continues on a similar trajectory</p> <p>Government implements MFF roadmap actions and reforms on a timely basis</p> <p><b>Risks</b>  Rural to urban migration continues due to exogenous factors</p>
<b>Outcome</b> Improved rural housing for targeted beneficiaries	At least 95% of 40,800 new rural modern homes under the RHS with access to basic utilities owned and occupied by “targeted” beneficiaries (moderate to low-income households, young families, single-headed households, rural teachers and health workers) (of which 30% are women)	Specialized project reports submitted by EA to ADB	<p><b>Assumptions</b>  Demand for rural housing under RHS by targeted beneficiaries</p>
<b>Outputs</b> 1. Housing loans provided by PCBs to targeted creditworthy subborrowers in rural areas  2. Improved capacity of local governments to prepare and implement integrated rural development plans and investment promotion strategies  3. Improved enabling environment for entrepreneurs and MSEs to expand or establish new businesses in rural areas	<p>At least 39,000 with a value of at least SUM2.4 trillion of housing loans provided to targeted beneficiaries, of which 30% are women</p> <p>At least 65,000 staff of local governments trained in integrated rural development planning and investment promotion strategies (sex-disaggregated)</p> <p>Total microcredit lending in rural areas increases from SUM485 billion in 2010 to SUM1,361 billion in 2015</p> <p>Number of newly established MSEs in project areas (disaggregated by sex of owner) (baseline to be established)</p> <p>Number (and list) of new or revised policies, regulations, and laws adopted (baseline to be established)</p>	<p>Reports submitted by PCBs to ADB</p> <p>Specialized project reports submitted by EA to ADB</p> <p>Specialized project reports submitted by EA to ADB (with annual updates of funds allocated for MSE development and MSE outcomes achieved)</p>	<p><b>Assumptions</b>  Continuing creditworthiness of the subborrowers over the life of the housing loans</p> <p>PCBs are interested in increasing housing loan portfolio in rural areas</p> <p><b>Risks</b>  Inflation increases construction costs</p>

<sup>30</sup> Source: Ministry of Finance

<sup>31</sup> Assumes an annual increase in income of at least: 20% in 2011, 2012, and 2013; 15% in 2014; and 10% in 2015.

Activities with Milestones	Inputs
<p>1.1 Government adopts a new gender-sensitive process for identifying, prioritizing and selecting creditworthy targeted beneficiaries (moderate to low-income rural households, and teachers and healthcare professionals) to receive subloans (September 2011) and QQB initiates the broad public awareness campaign to solicit applications for subloans to be disbursed in 2012 (initiate in September 2011).</p> <p>1.2 Government amends RHS contractor selection in accordance with ADB procurement guidelines and adopts amended process for selection of 2012 contractors (September 2011).</p> <p>1.3 District <i>hokimiyats</i>, in coordination with relevant agencies, identify, select and approve land sites for 2012 (August/September 2011), and identify, prioritize, and recommend eligible 2012 subborrowers (September to November 2011).</p> <p>1.4 Provincial <i>hokimiyats</i> undertakes open competitive selection of contractors for 2012 (August to November 2011).</p> <p>1.5 QQB assesses eligible 2012 subborrowers for creditworthiness and approves 10,300 subloans for 2012 (October to December 2011).</p> <p>1.6 ADB conducts due diligence of (a) the selection of 2012 housing sites in accordance with ADB safeguard requirements, (b) the selection process for 2012 subborrowers, and (c) the selection process of 2012 contractors (November to December 2011).</p> <p>1.7 ADB provides an advance of approximately \$150 million, based on the cashflow projection for six months, to Uzbekistan under Tranche 1 (September – October 2011).</p> <p>1.8 MOF provides a loan to QQB in the amount of the local currency equivalent of \$199.6 million (with a first drawdown of \$150 million based on the cashflow projection for six months) under a subsidiary loan agreement (September – October 2011).</p> <p>1.9 MOE (PIU), in close coordination with ADB, develops and adopts implementation plans for:</p> <ol style="list-style-type: none"> <li>Capacity development (March 2012)</li> <li>GAP (March 2012)</li> <li>Integrated and results-based monitoring, evaluation and quarterly reporting framework (for MFF roadmap, Capacity Development, GAP (first Program progress report January 2012).</li> </ol> <p>1.10 QQB disburses loans totaling SUM570.0 billion (\$335.0 million) to eligible subborrowers (January–June 2012).</p> <p>1.11 MOE (PIU), in coordination with ADB, undertakes the first technical-financial performance audit of RHS to evaluate transparency and accountability of amended processes (beneficiary selection, pricing, contractor selection, construction quality assurance) adopted for implementation of 2012, and evaluates value for money and construction quality of RHS houses built in 2009, 2010, and 2011 (initiate in November and completed by end February 2012).</p> <p>1.12 ADB and the government agree on the size of Tranche 2 (April 2012).</p> <p>1.13 ADB conducts due diligence assessment of commercial banks that express interest in participating in Tranche 2 (May 2012).</p> <p>1.14 ADB processes and approves Tranche 2 (December 2012).</p> <p>1.15 MOF provides loans to PCBs in the aggregate amount of the local currency equivalent of the amount of Tranche 2 under subsidiary loan agreements (December 2012).</p> <p>1.16 PCBs disburse loans totaling SUM 467.0 billion (\$274.5 million) to eligible subborrowers (January–June 2013).</p> <p>1.17 Tranches 3 and 4 are prepared and disbursed in accordance with the same procedures as for Tranche 2, January–June 2014 for Tranche 3, and January–June 2015 for Tranche 4.</p> <ol style="list-style-type: none"> <li>MOE (PIU), in close coordination with ADB, develops and adopts an implementation plan for HIRD training activities to improve capacity of local governments to prepare and implement integrated rural development plans and investment promotion strategies (March 2012).</li> <li>Develop training programs for <i>hokimiyats</i>.</li> <li>MOE (PIU) submits semi-annual reports on HIRD local government training programs (first report March 2012).</li> <li>MOE (PIU), in close consultation with ADB and key stakeholders, assesses main constraints to “rural” MSEs and develops a Program strategy and timebound action plan for strengthening the “rural” MSE enabling environment. (March 2012).</li> <li>MOE (PIU) submits semi-annual reports on Program MSE activities (first report March 2012).</li> </ol>	<p>ADB \$500.0 million</p> <p>PCBs \$535.4 million</p> <p>Subborrowers \$834.0 million</p> <p>Government of Uzbekistan \$797.9 million</p> <p>Private Sector <u>\$386.0 million</u></p> <p>Total \$3,053.3 billion</p>

ADB = Asian Development Bank, EA = executing agency, GAP = Gender Action Plan; HIRD = Housing for Rural Integrated Development, MFF = multitranchise financing facility, MOE = Ministry of Economy, MOF = Ministry of Finance, MSE = micro, or small-sized enterprise, PCB = participating commercial bank, PIU = project implementation unit, QQB = Qishloq Qurilish Bank, RHS = Rural Housing Scheme

Source: Asian Development Bank.

## B. Monitoring

### 1. Program performance monitoring

1. MOE is responsible for overall coordination and implementation, and results based monitoring, evaluation, and reporting of the Housing for Integrated Rural Development Strategy and Policy Framework, and the Program. The MOE will establish a PIU that will be the Program focal unit for (i) coordination with the PCBs, and for (ii) coordination and progress reporting to ADB.

2. Semi-annual and annual program monitoring and evaluation reports<sup>32</sup> are required to be submitted to MOE and ADB with annual reports submitted not later than 10 December<sup>33</sup> every year. The PIU will be responsible for developing a results based program performance monitoring, evaluation, and reporting system, and the development and management of related information databases, that is approved by ADB prior to its implementation. The Results Based Program Performance Management System (RBPPMS) for the (i) Housing for Integrated Rural Development Strategy and Policy Framework, and (ii) the Program, will be established by 1 January 2012. The RBPPMS will serve as monitoring and evaluation tool to track Program targets and identify discrepancies between targets and current achievements so timely adjustments or improvements can be made during implementation.

3. The PIU will be responsible for regularly gathering information from PCBs and all involved government agencies to maintain and update the RBPPMS. The PIU will collect and regular update all data and statistical information required for the RBPPMS to monitor the Housing for Integrated Rural Development Roadmap and Policy Framework, and the MFF including all DMF indicators and outputs. The RBPPMS will also collect all information required to support assessment of (i) risks (identified in the DMF and RRP), and monitoring of actions taken to mitigate the risks and other critical issues identified during implementation; (ii) compliance with undertakings as stated in the agreements; and (iii) material changes, if any, relating to the Program. Disaggregated baseline data for output and outcome indicators will be established at the start of the Program, gathered during Program processing, and updated and included in each annual report and following each ADB review mission.

4. **Compliance monitoring.** Compliance of MOE with the covenants in the loan agreements, and the PCBs with the covenants in the project agreements and SLAs, will be monitored through semi-annual monitoring and evaluation reports submitted by the PIU, and review of the PCBs' audited project accounts and audited financial statements.

5. **Safeguards monitoring.** Each PCB will be required to submit annual reports to ADB under the ESMS. Each PCB's report will cover the overall implementation of its ESMS and will include information on the subborrowers and compliance with ADB safeguard of RHS housing sites and specific house lots supported by ADB financing.

6. **GAP monitoring.** MOE is required to submit semi-annual reports to ADB on implementation of the GAP described in Section IX.

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<sup>32</sup> Attachment 10 highlights information that will be required to be included in semi-annual and annual program monitoring and evaluation reports. The final format will be discussed and finalized with MOE and PCBs during the ADB inception mission.

<sup>33</sup> A consolidated annual report of all approved MFFs in each country is prepared and submitted to the ADB Board of Directors in January each year.

## C. Evaluation

7. To guide the executing agency, PCBs and PIU staff on implementation and ADB disbursement procedures, ADB will field an inception mission shortly after loan effectiveness. The inception mission will further discuss with the PCBs and the PIU the details of the facility administration manual and the reporting requirements under the Program. ADB will also conduct review missions during Program implementation to, among other things, assess compliance of the PCBs with the covenants in the project and subsidiary loan agreements. In addition, ADB's review missions will include evaluations of the Program's achievements against the baseline target data.

## D. Reporting

8. MOE (PIU) will provide ADB with semi-annual and annual monitoring and evaluation reports based on the RBPPMS for the Housing for Integrated Rural Development Roadmap (and Policy Framework), and the MFF (including all DMF indicators and outputs), in a format consistent with ADB's project performance reporting system. The PCBs will submit semi-annual and annual progress reports to ADB that include (a) progress achieved on each output as shown in the DMF, and (b) key implementation issues and solutions.

9. A Project completion report for each tranche and a Program Completion Report for the entire MFF will be prepared. MOE (PIU) will be responsible for preparing, consolidating, and submitting such completion reports to ADB. The reports required under the 5-year implementation period of the Program (2011–2016) are summarized below.

Report	Frequency of Submission	Report Format	Responsible Unit
1 MFF Monitoring and Evaluation Report (MFF and roadmap), and Progress Report	Annually, to be submitted no later than the last two weeks of December	To be developed during implementation based on the PPMS See Attachment 10 for suggested content	MOE (PIU) with inputs from each PCB participating in the Program
2 Environmental and Social Management System Report	Annually, within 30 days after the end of the previous year. The ESMS report should be appended to the annual progress report.	See Attachment 9	Each PCB participating in the Program
3 Gender Action Plan Report	Semi-annually, within 30 days after the end of the previous year	To be drafted before inception and finalize with MOE during ADB's inception mission	MOE and PCBs
4 Project Completion Report	Within 6 months from the closing date of the tranche (Project)	To be provided by ADB on its request for the government's PCR	MOE, with inputs from PCBs
5 Program Completion Report	Within 6 months from the closing date of the MFF (Program)	To be provided by ADB on its request for the government's PCR	MOE, with inputs from PCBs and based on approved past project completion reports

Report	Frequency of Submission	Report Format	Responsible Unit
6    PCB Audited Financial Statements	Within 6 months from the close of the previous fiscal year	In accordance with International Auditing Standards	PCBs
7    PCB Audited Project Accounts	Within 6 months from the close of the previous fiscal year	An audit letter suggesting the content of the audit report will be provided by ADB	PCBs
8    Technical and Financial Audit Report	The first audit to be undertaken in November 2011. Technical-financial performance audits will again be undertaken either in accordance with recommendations of the first performance audit, or in September or October each year thereafter.		MOE



## **XI. ANTICORRUPTION POLICY**

1. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Program.<sup>34</sup> To support these efforts, relevant provisions are included in the loan agreements for the Program. ADB's handbooks on Anticorruption Policy and Anticorruption and Integrity have been given to MOE, MOF, and each PCB.

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<sup>34</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

## **XII. ACCOUNTABILITY MECHANISM**

1. People who are or, may in the future, be adversely affected by the Program may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.<sup>35</sup>

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<sup>35</sup> Reference for details: <http://compliance.adb.org/>.

### **XIII. RECORD OF FAM CHANGES**

1. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the facility administration manual.

## HIRD Program Process 1: Site/Land Selection Process

Action	Agency	Timeline	Notes
1 Prepare and approve land inventory for housing	District Local Government /hokimiyat assisted by district staff from State Committee for Land Resources, Geodesy, Cartography and State Cadastre	To be completed by October 1, 2010	President Resolution № PP-1354, 17 June 2010 President Resolution № PP-1403, 08 September 2010
2 Proposals for rural housing blocks/sites based on marketing study of housing and demand	QQI assisted by District local government/hokimiyat	To be completed annually till October 1	President Resolution № PP-1167, 03 August 2009 President Resolution № PP-1403, 08 September 2010
3 Identify possible land area for rural housing blocks/sites from available land reserve for non-agricultural activities	District Local Government /hokimiyat assisted by district staff from the State Architecture and Construction Committee, and district staff from State Committee for Land Resources, Geodesy, Cartography and State Cadastre	To be completed by November 1, 2010	President Resolution № PP-1167, 03 August 2009 President Resolution № PP-1403, 08 September 2010
4 Evaluate/review and approve the proposed land area for rural housing block by issuing a principal approval statement ("dalolatnoma") (statement includes information about purpose of site selection and allotment). Based on this principal approval statement issued by commission, Khokim of district issue an order ("Qaror") for granting a temporary right to QQI for design and construction of houses.	District Local Government assisted by Site Selection Commission chaired by the First Deputy of khokim, and have 10-15 members: representatives from Agriculture and Water Resources Department, Land Resources and State Cadastre Department, Senior architect, Sanitary-epidemiology center, Electricity networks, Gas supply, Fire safety department, Nature protection committee, Emergency department, area and/or settlement representative and representative of affected organization (if affected land possession of any organization).		Land code (Zemelniny kodeks), 1988 amended 2009 Land code states that land is state property, however legal ownership for temporary use and long term lease could be issued by legislative order. Land code provide limitation to land use rights in connection with land assignment for ecological protection functions, agricultural and non-agricultural use. Conversion of land use, is regulated by Government Resolution. President Resolution № PP-1403, 08 September 2010 NEW - Cabinet Ministers Resolution № 146, 25.05.2011
5 Provide assessment on geology and hydrology conditions to check suitability of the site for housing	Geology: District Geology and Hydrology Committee Water resources (if any): Ministry of Agriculture and Water resources		Town-planning code, (Gradostroitelny kodeks), 1998 amended 2006 Law on Water and Water Use, 06 May 1993 Cabinet Ministers Resolution № 174, 07 April 1992 Provides a guideline on distance of residential areas from water bodies.
6 Issue Architecture Planning Assignment (APA). APA include conditions set by town planning documentation, sanitary-hygienic, fire protection, requirement for protection of historical and cultural monuments, requirement for special seismic conditions, requirement for maintenance, and parties that will be affected during construction, if any. APA has 2 volume of document: Vol1. Sitting/location of residential block with clear demarcation of its borders. Vol2. Sitting/location of residential block with clear required connection of its basic utilities (gas pipeline, electricity, roads)	Regional Committee on Architecture and Construction	30 days	Town-planning code, (Gradostroitelny kodeks), 1998 amended 2006 LHK. 1.03.01-03 LHK. 2.01.02-04
7 Recruit a consultant to prepare environmental assessment report (to justify that the proposed activities generates only local impacts), and submit to Regional Nature Protection Committee	QQI on behalf of District Local Government		Law on Environmental Protection, 1992 Law on Ecological Expertise No 73-II Cabinet Ministers Resolution No 491/31 December 2001 on Environmental Impact Assessment Requirement
8 Issues opinion (evaluation) and approval on suitability of the area for housing and instruct District Nature Protection Staff to monitor certain monitoring indicator during the construction	Regional Nature Protection Committee	10 days (can be extended upto 1 month)	Law on Environmental Protection, 1992 Law on Ecological Expertise No 73-II Cabinet Ministers Resolution No 491/31 December 2001 on Environmental Impact Assessment Requirement

## RHS Program Process 2: Beneficiary Selection (1 of 2)

Action	Agency	Timeline	Notes
1 Conduct systematic explanatory work on information dissemination campaign.	District Hokimiyat / Mahalla	in the course of year	The campaign will involve local branch of Women's Committee and CBO (mahalla), to ensure that qualified households are fully aware and are able to apply to the program. The campaign will also use all kinds of mass and micro-media to disseminate information.
2 Accept applications, verify applicants' residence and living condition, and issues certificate of residence and living condition.	Mahalla Committee	five days from the moment of the applicants' reference	The Mahalla Committee will be headed by the Mahalla Chairman with 4 other members including a Mahalla women's committee representative, one male community leader and one female community leader of the Mahalla. The Mahalla Committee will look into the following: (applicant's living condition - sqm per person, number of families living in the applicant's current house; access to basic utilities, residency/registration in rural area; and need to improve current living conditions.
3 Conduct first-level screening of applicants.	District-level Screening Committee appointed by the Regional Government	ten days	The applicant submits the following documents to the district-level screening committee: (a) certificate on the place of residence; (b) passport copy with a stamp of registration; and (c) business registration and/or a business plan with approved financing (if an enterprise). The applicant also fills-in an application form that provides information on household income, occupation of borrower and other household members, and other relevant demographic data. To improve transparency in the district-level screening committee decision making, one representative from the Mahalla and one representative from the District Women's Committee will be invited to participate in the screening. The screening will use two sets of criteria. All applicants should meet the minimum criteria (should be a resident of a rural settlement and in preference those applicants, who is a first-time house owner). A set of social, and economic parameters (household income, age of borrower, entrepreneurship profile, occupation, gender and household-headship) will be used to rank the applicants.
4 Send written notification of the decision to the applicant	District hokimiyat	3 days	The district-level screening committee sends the list of recommended applicants to the nearest participating commercial bank (PCB) branch in the district. The applicant submits a loan application to a PCB branch, and also other all required documents: 1. reference from Mahalla, 2. certificate of income, 3. certificate of employment, 4. passport copy, 5. work record card copy, 6. savings pension card copy, and availability of funds for the 25% minimum deposit requirement.
5 Assess applicants' credit worthiness.	PCB-Branch Credit Officer	2 days	The PCB Branch loan officer generally conducts a desk review but also refers to the database of the National Institute of Credit History and its own database of outstanding loan obligations and if it is necessary may conduct inquiries from the agencies (i.e. Tax Agency).
6 Review Credit Officer's recommendation, decide on the approval of the loan and issue notification to the applicant.	PCB-Branch Credit Committee	4 days	The PCB Branch scans all documents and sends to PCB Credit Department for reference and monitoring. In case of disapproval of loan application, the PCB notifies the applicant in writing including the basis for the decision. The PCB Branch also receives from the applicant the written reference for bank about transfer at least 25% of the cost of the preferred house into account QQI (in accordance with the concluded preliminary contract between the applicant and QQI).
7 Signs a credit agreement with the applicant and ask the applicant to open a special account for house construction	PCB-Branch Credit Committee	1 day	In case of the approval of the loan, the applicant to concludes the basic housing construction contract with QQI, and also the mortgage contract with PCB. The applicant also signs the notice (permission) for QQB on transfer funds from his special account into account of QQI.

\*\* Parallel to the beneficiary selection process is the site selection which is described in a separate annex.

A template for scoring and ranking applicants using the criteria is provided in a separate page.

Qishloq Qurilish Bank (QQB) is the sole PCB for Tranche 1 of the Investment Program. Its Rural Credit and Construction Department is responsible for over-all processing and monitoring of loan applications/mortgages.

[illegible]

(a) Household Income within the Threshold

- (b) Number of new jobs to be created
- |                      |             |
|----------------------|-------------|
| if 1 - 5 jobs        | = 5 points  |
| if 6 - 10 jobs       | = 10 points |
| if more than 10 jobs | = 25 points |

This applies to the borrower or other members of the hh who will live in the new house.

(d) This preferred age group is based on QCB's existing database of approved loan applicants. This applied to the borrower or other members of the unit who will not be in any new houses.

To obtain points, the entrepreneur should have a business plan for expanding or s

Households within the household income threshold are ranked separately from

# RHS Program Process 3: Contractor Selection

Attachment 3

Action	Description	Responsible Agencies
1 Establishing of Tender Committees	<p>A RHS Tender Committee shall be established in each region/province, and updated if and when required. The Tender Committee shall consist of an uneven number of members that includes: (1) First Deputy Chairman of the Council of Ministers of the Republic of Karakalpakstan or Deputy Governor of the province; (2) Representative of the Construction Supervisor/Developer (QQI for the first tranche); (3) Deputy Mayor of the district; (4) Head of the provincial branch of the State Committee of De-monopolization, Support of Competition and Entrepreneurship; (5) Head of the provincial State Committee on Architecture and Construction (SCAC); (6) Chief Financial Officer, district hokimiyat; (7) Representative of the PCB. The process for convening (and financing if relevant) of the Tender Committee meetings, and the procedures to be followed for conducting and documenting the decision-making process, shall be described in a guidance note or similar document approved by appropriate authorities.</p>	Regional/provincial governments in coordination with SCAC
2 Preparation of Contract Packages	<p>The contract packaging methodology and list of contract packages will be reviewed and precleared by SCAC and ADB. The size of contract packages shall ensure maximum competitive response from qualified contractors available in the market, by taking into account the capacity of local contractors, the location of the site, the cost/size of the houses, and the timeline required for construction. Contracts with a value that exceeds \$1 million will be awarded on the basis of International Competitive Bidding.</p> <p>Each contract package will encompass responsibility for procurement of materials and equipment, as well as installation and civil works. A contract package may comprise more than one house lot. The contractor may bid for any single lot or any combination of lots subject to meeting aggregate qualification requirements for lots in question. The least cost combination of qualified bids will be considered for contract award.</p>	Regional/provincial governments in coordination with SCAC and the construction supervisor/developer (QQI for the first tranche)
3 Preparation of bidding documents including evaluation criteria and its approval	<p>RHS bidding documents will be based on ADB's standard bidding documents for procurement of civil works (small contracts with a value below \$10 million), and use of a single stage - two envelope bidding procedure will be considered and adopted if appropriate. The full set of bidding documents will be reviewed and approved by SCAC and ADB prior to adoption and issuance.</p> <p>RHS bidding documents will consist of 3 main parts: general, technical and commercial. The general part will include: instruction to bidders; eligibility requirements, evaluation and qualification criteria; and bid submission forms (including a bid security form). The technical part will include: a detailed scope of work, a detailed design with drawings and specifications, the bill of quantities, and other works requirements. The commercial part will include: the source and terms of payments; the time schedule; and contract formats detailing all conditions of contract.</p> <p>RHS bidding documents will explicitly outline the evaluation methodology and a pass/fail basis for assessing minimum eligibility and qualification criteria that will determine:</p> <ul style="list-style-type: none"> <li>(i) General Eligibility (including legal status, outstanding litigation or possible conflict of interest);</li> <li>(ii) Financial Soundness (including audited financial statement, average annual construction turnover, and financial resources);</li> <li>(iii) General and Specific Construction Experience;</li> <li>(iv) Requisite Personnel Levels;</li> <li>(v) Requisite Owned Equipment</li> </ul>	Regional/provincial government Tender Committees, in coordination with SCAC**, with support of QQI* Bidding documents (including the invitation for bids) shall be reviewed by ADB prior to adoption and issuance
4 Broad public advertisement, with bidding documents issued to all interested contractors.	<p>The RHS invitation for bids will be based on ADB standard formats, and reviewed by ADB prior to issuance. The invitation for bid will be published in Russian/Uzbek newspapers with broad national and regional circulation, as well as offered on a freely accessible website such that sufficient time is provided for bidders to prepare their bids. The invitation for bids will provide sufficient information on the type of contract, scope of works, eligibility and qualification requirements to enable potential bidders to determine whether or not they will be qualified to participate in the bidding process. The invitation for bids will also provide: the name and contact information for the Purchaser; a description of works being procured; contact information for the office/party responsible to address inquiries and issue bidding documents; the price/fee for bidding documents; the date, time and place for bid submission and bid opening; and the amount or percentage required for bid security.</p>	Regional/provincial government Tender Committees, in coordination with SCAC**
5 Bid submission & opening	<p>A minimum of 30 days will be allowed for preparation of bids, and all bids will be required to be submitted on or before the deadline indicated in the invitation for bids. Any bids that are submitted past the deadline shall be deemed late and rejected from consideration. Representatives of the bidders will be invited to attend public bid openings to be held immediately following the deadline of bid submission at a time and place as stipulated in the invitation to bid. The name of the bidders, bid prices, the amount and validity of bid securities provided, and any discount offered by bidders shall all be announced publicly. The proceedings of the public bid opening process will be recorded, and the outcome shared with all participating bidders.</p>	Regional/provincial government Tender Committees

# RHS Program Process 3: Contractor Selection

Attachment 3

Action	Description	Responsible Agencies
6 Bid evaluation and Tender Committee approval	The RHS bid evaluation process will be undertaken by the regional/provincial Tender Committees (or by the Bid Evaluation Committee established by the regional/provincial government RHS Tender Committees). The regional/provincial Tender Committees (or Bid Evaluation Committees) will determine the lowest evaluated substantially responsive bid in accordance with the evaluation and qualification criteria outlined in the RHS bidding documents. The findings and recommendations of the Bid Evaluation Committee shall be recorded in the Bid Evaluation Report and submitted for approval to the Tender Committee and subsequent no-objection by ADB.	Regional/provincial government Tender Committees
7 Contract award and disclosure of results	Subsequent to no-objection from ADB, the Tender Committee shall award the contract to the lowest evaluated substantially responsive bidder before expiration of the bid validity. The contractor shall be notified of the contract award within 5 days following the approval of award by the Tender Committee (and confirmation of ADB's no objection). The results of RHS bidding processes will be published in Russian/Uzbek newspapers with national and regional circulation and on a freely accessible website (as done for the invitation for bids). The contract format will be in compliance with Uzbekistan commercial practices and laws, and subject to review and pre-clearance by ADB. The contract will be signed within 10 days following notification of award. Upon contract signing, the contractor will submit a performance security and an advance payment security in the required amount and form and within the time period all specified in the bidding documents. Bid securities of unsuccessful bidders will be released following contract signing with the winning bidder. The contract payment terms will be as follows: (i) a maximum advance payment of 25% of the contract amount upon submission of the advance payment guarantee; (ii) monthly progress payments based on interim payment certificates (minus a percentage of the advance payment as per contract payment terms) that is approved by the construction supervisor/developer (QQI for the first tranche) and SCAC; (iii) a retention payment of 5% of the contract amount following completion of 12-months defect liability period.	Regional/provincial government Tender Committees
8 Technical - Financial Performance Audit	A technical-financial performance audit will be annually commissioned by the Ministry of Economy (executing agency) in close coordination with ADB. The MOE, local government, construction supervisors/developers (QQI for first tranche), and contractors will retain all relevant documentation, and permit the auditors and/or ADB to inspect all records and documents related to the bidding and/or contracting process and the implementation and performance of the contracts.	Ministry of Economy, Provincial/District Hokimiyats, developers (QQI for Tranche 1), contractors

\*Resolution of the Cabinet of Ministries on Actions of Rural House Construction Management with participation of QQI, Resolution No. 280, 26 October 2009.

\*\*Resolution of the Cabinet of Ministries on Measures on Improvement Procurement Process in Construction Sector, Resolution No. 302, 3 July 2003.



## RHS Program Process 4: House Pricing Process

Steps	Description	Agency	Timeline	Notes
1	Costing of unit price of construction materials	Manufactures of Construction Materials and Products	As needed	
2	Approval of unit cost of construction materials of monopolist manufacture	MoF, State committee for Demonomization and Development of Competition	At the price increase by manufacture	The MoF and SCDDC monitors the price of construction materials of monopoly manufactures to avoid unreasonable increase of prices.
3	Selling Construction Materials through Commodity Exchange	Manufactures of construction materials sell their products through Commodity Exchange		Under the Housing Scheme the selected contractors are allowed to purchase the construction materials directly from the manufactures in order to reduce the price.
4	Price Catalog of construction materials and labor rates	SCAC	Quarterly	Design companies and Engineers should use the Price Catalogues on rates of construction materials and labor for the estimation of cost of the construction.
5	Model Design and Cost Estimation	QQL, SCAC	For each design document	In construction, the price is set mainly based on the individual unit of construction works or the finished engineering products. The price of construction depends on applied construction technologies and equipment. Therefore, the price for the same type of construction work may be different. The QQL conducts consultations with all stakeholders and supervisors to determine the type of works and technologies to be applied for the design. Then QQL makes the estimates based on the average rates and costs, provided in the Price Catalogue and scheduled timeframe for the construction.
6	Detail Design and Cost Estimation	Design Companies, SCAC, Local Governments	For each design document	Selected design companies prepare detail design and updated cost estimates of houses based on the site location, available assets to engineering infrastructure, appropriate construction materials, updated time schedule and preferences of the household.
7	Certify technical design and cost estimation	SCAC	Prior to progress and final payments to contractors	
8	Bidding of Construction Works	QQL in coordination with Provincial Government and Tender Committee	For each contract package	Under the Housing Scheme the selected contractors and manufactures are provided with tax concessions including exemption from VAT that reduce the price of the construction.
9	Construction	Contractor (Chief Engineer of the Contract, Resident Engineer, Foreman, Financial Specialist and Lawyer)	Regularly	Internal Recording is conducted to monitor calculation of contractor expenses versus accomplished works, time schedule and payment schedules, and cash flow and to prepare claims for progress payments.
10	External Inspections	The contractor's payment claims are verified with accomplished works.	Randomly	External Inspections are conducted to monitor calculation of contractor expenses versus accomplished works, time schedule and payment schedules, and cash flow.
11	Technical Audit	The EA, PCBs, and contractors to permit ADB to inspect their records relating to the cost estimates and actual payments under the contracts, and to have them audited by auditors appointed by ADB.	Annually	All documents related to the cost estimates and payment are recorded and kept at the offices of Local Government and QQL.

# Construction Quality Assurance

Attachment 5

Action	Description	Agency	Timeline	Notes
1A National Housing Designs	The model designs are reviewed and approved by SCAC. The model designs are updated annually.	SCAC, Households	For each model design documents	State Design Institute QQL is mandated to prepare/update model design of houses. QQL discuss appropriate design of the houses with all stakeholders through public awareness campaign and technical/engineering consultations. The model design should consider construction norms and standards, socio-economical, cultural, and environmental aspects as well as optimum cost and resources and include the following: modern construction technologies, high quality construction products, appropriate engineering solutions, energy efficiency and organization of efficient construction process.
1B Detail Design	The detail design is reviewed and approved by SCAC. If the quality of the detail design document is not good the document is returned for the revisions.	QQL, QQI, SCAC, SCNP	For each detail Design documents	Selected design companies prepare detail design and cost estimates of houses for selected sites by using appropriate design model in consultation with the households. The detail design should consider the site location, available assets to engineering infrastructure, update costing, appropriate construction materials and preferences of the household.
2 Certify technical design and cost estimation	SCAC undertakes the technical review and certifies house design and detailed cost estimation	SCAC	Prior to progress and final payments to contractors	
3 Construction Materials	The quality of construction materials is certified by State Committee of Standard Development and tested by the Contractor.		At manufacture and construction site	Selected manufacturers ensure compliance the quality of the construction materials with adopted standards and norms that consider strength, stability, durability, sound and heat isolation and resistance of the construction materials.
3 Construction Process	Contractor Quality Assurance	Contractor (Chief Engineer of the Contract, Resident Engineer, Foreman, Construction Laboratory Specialist and Lawyer)	Regularly	The selected contractor should undertake internal quality control process that based on the following stages: on-receipt inspection, operational quality control, acceptance control and laboratory test. On-receipt inspection checks compliance of incoming engineering documents to detail design, construction materials and equipment to standards and norms. Operation control is a self-control system of the workers that diagnosis any defects and sets the actions to address them. It is undertaken by the internal quality control system incorporated in the Contract. Acceptance control is conducted to assess the quality of the completed works and covered-up works. Construction laboratory tests the quality of construction materials such as cement, pipes, pipe sockets, electrodes, and others. The laboratory control also includes metrological assurance of accuracy of the measurement. The Chief Engineer also conducts sample quality control works on regular basis. The Lawyer in coordination with estimators and administrative staff undertakes compliance with legal matters of the contract administration.
	External Quality Assurance (1) - Construction Supervision	QQI	Regularly, as scheduled in quality assurance program	QQI conducts overall construction supervision on the quality of the works, verify the scope of the accomplished works, controls timely work progress and participate in the acceptance and commissioning. QQI in cooperation with contractor checks scope of work and its expenses and endorses the related payment.
	External Quality Assurance (2) - Construction Works and Quality of Operations	SCAC	Three times during construction	SCAC provides construction work permits, controls quality and compliance of the site development and technical requirements of construction operations.
	External Quality Assurance (3) - Field Supervision	Design Company and QQL	At least three times during construction	Designer's Supervision controls quality of works and their compliance with approved detail design documents.
	External Quality Assurance (4) - Inspection	Fire Inspection, Sanitary Inspection, Machinery Inspection, Safety Inspection, Bank Inspection	Regularly, as scheduled in quality assurance program	Fire inspections control compliance with fire safety. Sanitary inspection controls compliance with hygiene, sanitation, and environmental requirements; Machinery inspection controls technical condition and operational safety of machinery, equipment and other facilities. Safety inspection monitors labor protection and compliance with requirements of labor legislation. Financial Banks conduct financial control of use of credit lines, cash flow, resources, compliance with set time schedule and prices.
	Construction Supervision by Community	District community, households	Regularly	Community representatives and households conducts construction supervision in cooperation with QQL, QQI and Design company to ensure that the houses are constructed with the good quality as designed.
4	Technical Audit	EA in coordination with PCBs, QQI, Provincial Governments, contractors, SCAC and ADB	Annually	The EA, PCBs, and contractors to permit ADB to inspect their records and other documents relating to quality assurance of design, construction materials and construction works and to have them audited by auditors appointed by ADB.

\*Resolution of the President on Additional Measures on Improvement Design Quality and Rural House Construction, ref #PP1403 of 8 September 2010.

## RURAL HOUSING SCHEME: PUBLIC INFORMATION CAMPAIGN

1. The following key communication objectives need to be met:
  - To communicate and reinforce the key messages of the Program to a large audience of stakeholders and other beneficiaries
  - To gain support for the Program, highlighting its benefits to commercial banks and other key stakeholders.
  - To explain the Program process, structure, deliverables, and time frames to all beneficiaries.
  
2. The Asian Development Bank (ADB) will provide a quarterly update on the Program on its website. The Ministry of Economy (MOE) will provide information on the Program on its website and in its semi-annual reports to ADB. The summary of approaches to disseminate information about the Program is outlined below:

	Agency/Actor	Action	Timeline	Notes
1	Provincial <i>Hokimiyat</i>	Instructs district <i>hokimiyats</i> and mandates participation of <i>mahallas</i> and local women's committee in the campaign	Constantly	Effectiveness criteria in order to issue a general guideline for the provincial <i>hokimiyats</i> on the expanded mandate of the <i>mahallas</i> and district <i>hokimiyats</i> on information dissemination under the Rural Housing Scheme
2	District <i>hokimiyats/ mahallas</i> and Women's Committee	Conduct information dissemination campaign in the target settlements	Constantly	The information dissemination campaign includes the conduct of weekly meetings at the settlements by the district <i>hokimiyats</i> and individual house visits and distribution of flyers/brochures by mahalla representatives, especially among entrepreneurs and socially-targeted households (i.e., households with health and education workers, women, single-headed households, and young families).
3	QQB/QQI branches, with support from district <i>hokimiyats</i>	Provide briefings to provincial and district <i>hokimiyats</i> and <i>mahallas</i>	Monthly	The briefings will cover the following: (i) sites selected, including criteria for sites funded under the Program; (ii) expanded roles needed from the <i>mahallas</i> and district <i>hokimiyats</i> in reaching SMEs and social target groups; and information that need to reach the target public, i.e., model houses and costs; beneficiary selection criteria and process; design/construction standards to be ensured; customers' rights and customers' complaint/recourse process.
4	QQB and QQI branches	Pre-exhibit information campaign	1 month prior to each exhibition	The campaign includes the registration of advertisement/posters in QQB branches, advertisements via local TV and newspapers.
5	Gosstroy, Oblast <i>hokimiyats</i> , QQB, QQI, QQL	Campaign on regional exhibition's organization	Once a year	The exhibits will show location of housing sites and site plans; model houses and costs; beneficiary selection criteria and process; design/construction standards to be observed; customers' rights and customers' complaint/recourse process, construction

	Agency/Actor	Action	Timeline	Notes
				materials.
6	Gosstroy, Oblast <i>hokimiyats</i> , QQB, QQI, QQL	Submission of the information on exhibitions and construction status/progress	From commencement of explanatory activity until handover	Information to be disseminated at this phase will include (i) contractors responsible; (ii) customers' rights and customers' complaint/recourse process, including contact persons and contact numbers; (iii) site plan; and (iv) construction schedule. These will be summarized in a brochure to be provided to each borrower and with the head of the mahalla where the housing blocks are located. Billboards and posters will also be posted near the construction site and at the district <i>hokimiyat's</i> office, QQI and QQB.
7	National TV-radio company "UZBEKISTAN"	Program's TV/radio - Broadcast	Constantly	Development of TV/radio programs on individual rural housing, benefits, advantages of housing program, credit conditions, terms of loans, as well as contact information of QQB and QQI
8	Republican/national and local newspapers	Information dissemination via mass media (newspapers)	Constantly	Information to be disseminated on project activity, location of housing, benefits, advantages of housing program, credit conditions, terms of loans, as well as contact information of QQB and QQI

QQB-Qishloq Qurilish Bank; QQI-Qishloq Qurilish Invest; QQL-Qishloq Qurilish Invest; SME-small and medium enterprise

Note: The QQB Strategic Planning Department will take the lead in the design and coordination of the communications plan for the program.

# **Qishloq Qurilish Bank**



## **Environmental and Social Management System (ESMS)**

### **Manual on ADB Environmental and Social Requirements under Rural Housing Construction Programme**

*This document provides guidance for OJSCB Qishloq Qurilish Bank (QQB) to implement the Environmental and Social Management System satisfactory to ADB.*

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Appendices

## ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

### I. INTRODUCTION

#### 1. Background of the Project

1. The Government of the Republic Uzbekistan launched the Rural Development Program (Program) in 2009. As the strategic focus of the government's Welfare Improvement Strategy (WIS), the Program concentrates on implementing an integrated approach to rural development nationwide, including the expansion of rural industry and small and medium size enterprises (SMEs) to create job opportunities in rural areas.

2. To improve rural living conditions, the Program includes a Rural Housing Scheme<sup>1</sup>(Scheme), under which the government is developing new model communities in rural areas. These communities offer new and improved residential housing and enhanced access to basic utilities (electricity, water supply, and gas), roads and transport networks, communications, social services (schools and health clinics), and new retail and commercial facilities. One of the key objectives of the model communities is to attract rural-based industry and entrepreneurs to create jobs and offer a viable alternative to urban migration. By the end of 2010, 265 new model communities were launched nationwide and 500,000 rural jobs were created. Building on the success and lessons learned during the first two years of the Scheme, the government has launched a five year extension that will start in 2011.

3. In 2009 and 2010, OJSCB Qishloq Qurilish Bank (QQB) provided mortgage financing for 847 and 6,000 houses, respectively. For 2011, QQB is providing mortgage financing for an additional 7,400 houses in 357 residential blocks (massif) across 13 provinces. The Rural Housing Program for 2011-2015 is now submitted for Cabinet approval.

#### 2. OJSCB Qishloq Qurilish Bank (QQB)

4. The OJSCB Qishloq Qurilish Bank (QQB) was established on 30 March 2009 with authorized capital of Sum 150 billion by Presidential Decree NPP1083, largely through the restructuring of the former OJSCB Gallabank.<sup>2</sup> It is 90% state-owned with the Ministry of Finance (MOF) and the Uzbekistan Fund for Reconstruction and Development (UFRD), together holding 77% of QQB's share capital. Although QQB has a universal banking license from the Central Bank of Uzbekistan (CBU), its operational focus is on financing rural physical and social infrastructure often through directed credit at administered interest rates. For the rural housing scheme, QQB acts as a policy bank for the Government on lending consesional Government financing to rural households for rural house mortgages. QQB's focused activities coincide with the Government's declaration of 2009 as the Year of Rural Development and its directives to banks to fund such activities.

5. QQB is managed by the Board and the Council of the bank. The Chairman of the Council is the First Deputy Prime Minister of the Republic of Uzbekistan, and its members are the heads of the organizations that own the bank. The board is comprised of 7 members: chairperson of the bank, 3 deputy chairpersons, chief accountant, and heads of treasury and

<sup>1</sup> Initiated under Presidential Degree NPP1046, 26 January 2009.

<sup>2</sup> QQB has 41 branches, of which 32 were inherited from Galla Bank. In addition to the branches of the former Gallabank, QQB on its formation also acquired 6 branches of Uzpromstroybank and 3 branches of the National Bank of Uzbekistan for Foreign Economic Activity. Its branch network covers all of Uzbekistan's 13 regions and Tashkent City. QQB also has 70 minibanks and 63 currency exchange kiosks.

legal departments of the bank. The bank has a Rural Credit Construction Department (RCCD), which is responsible for implementation of the rural housing scheme. RCCD is responsible The RCCD is responsible to appraise, and ensure the credit worthiness of loan applicants, and ensure that they meet the selection criteria to buy a house under the Rural Housing Program. The borrower must make an initial payment of at least 25% of the price of house and to bear the cost of housing insurance for the term of the loan. As stated in Presidential Decree NPP 1083, the borrower can obtain a loan of not more than 1,000 times the minimum wage.

### **3. Housing for Rural Development Investment Program (HRDIP)**

6. On 15 February 2011, the Government signed a Memorandum of Understanding (MOU) with the Asian Development Bank (ADB) in connection with its request for a cluster of loans of up to \$500 million to support investment in rural housing under the Government's Rural Development Program (Program). The proposed ADB loan HRDIP<sup>3</sup>, which will be divided into tranches, will be used to support part of the Rural Housing Program for 5 years. The first tranche is proposed to be used to support approved housing mortgage financing for borrowers in 2011 and 2012. Subsequent tranches will be used to support the Rural Housing Program for 2013-2015. The Executing Agency (EA) for the ADB loan will be the Ministry of Economy. QQB is a Participating Commercial Bank (PCB) to the Program

7. The ADB loan (HRDIP) is expected to improve targeting of the Government's rural housing scheme to ensure housing loans reach creditworthy moderate and lower income rural households; and other target groups.

8. The HRDIP aims to expand access to households in rural areas to housing finance, modern new housing, and improved basic utilities; as well as support the creation of direct and indirect job and livelihood opportunities. Over the short term the government will use funds under the HRDIP to finance rural housing loans for moderate to lower income families through a well defined selection criteria. Over the longer term the HRDIP will support greater competition and expansion of the rural housing finance market by opening up the scheme to other financial institutions and developers; and promoting greater private sector participation in housing development and construction, and construction material sectors. All provinces of Uzbekistan will be covered by the Rural Housing Program that will be supported through this ADB loan (HRDIP)

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<sup>3</sup> The ADB Loan HRDIP is referred to as 'Housing for Rural Development Investment Program (HRDIP)'.



## II. ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY AND APPLICABLE REQUIREMENTS

### 1. Policy Framework in Addressing Environmental and Social Safeguards

9. The QQB as the business entity is governed by the laws and regulations of the Republic of Uzbekistan. As a Participating Commercial Bank (PCB) for an ADB-financed project, QQB is required to comply with the provisions of the ADB Safeguard Policy Statement (2009) particularly with regard to Financial Intermediaries (FIs). On this basis, QQB has developed an Environmental and Social Management System (ESMS). This ESMS has been approved by the QQB Board on 21 February 2011

10. The objectives of the ESMS are to: (i) avoid adverse impacts of subprojects on the environment and people, where possible; (ii) minimize, mitigate, and/or compensate for adverse subproject impacts on the environment and people when avoidance is not possible; and (ii) maximize opportunities for environmental and social benefits.

11. QQB has adopted a safeguard selection criteria, wherein mortgage loans will only be provided to sub borrowers whose house plots are located in residential blocks/sites in Uzbekistan that :

- (i) are not situated in or near environmentally sensitive area and have been approved by the Regional Nature Protection Committee (Oblkomprroda).
- (ii) are classified as state-owned/state-reserve land for residential use by the District Hokimiyat not later than 31 December 2009 (as the cut-off date), and will not cause involuntary resettlement or have an adverse effect on Indigenous People, including any adverse effect on any third-party land user of site where the house plot is located.

12. QQB will (i) use selection criteria in para 11 for approving a mortgage loan; and (ii) establish a system for monitoring housing construction to ensure compliance with all national standards for residential house design and construction, as well as with environmental, health, safety and labor standards and requirements.

### 2. Applicable Environmental and Social Safeguard Requirements

#### a. Uzbekistan Laws and Regulations on Environmental Safeguard

13. The Law on Environmental Protection (1992) provides the legal, and institutional framework for environmental protection, ensuring sustainable development and defining principles, including the conduct of environmental studies. Furthermore, the Law on Ecological Expertise (Assessment) No. 73-11 addresses environmental assessment requirement for various development activities. The environmental classification of development activities, procedure of preparation and evaluation of environmental assessment, and environmental approval of development activities are regulated by the Cabinet of Ministers of the Republic of Uzbekistan Resolution No.491 adopted in December 2001.

14. In addition, the following environmental management regulations are relevant to the Rural Housing Program:

- Law on Protection and Management of Flora, 26.12.2007.
- Law on Wildlife Protection and Management. 26.12.1997.
- Law on Protection and Management of Flora, 26.12.1997// New Laws of the Republic of Uzbekistan. 18th Edition, p.207.
- Law on Forest, 15.04.1999.
- Law on Water and Water Use, 1993.
- Law on mineral resources, 23.09.1994.
- SNIP (KMK) 301012-2000, "Health protection in construction."
- Law on Wastes, 2002.
- Law on protection of archeological monuments, 13.10.2009.

15. Rural housing is categorized as a class 4 project based on the Uzbekistan environmental regulatory framework<sup>4</sup>. Prior to executing this type of project, an environmental clearance needs to be obtained from the Provincial/Regional Nature Protection Committee. The District Natural Protection Committee Staff will be required to monitor the implementation of the Project class 4, to ensure its compliance with environmental law and regulations.

#### **b. Uzbekistan Laws and Regulations on Land Acquisition and Resettlement**

16. In Uzbekistan, the most important regulations related to land acquisition and resettlement of these are:

- The Land Code; approved by the Law of the Republic of Uzbekistan from 30.04.1998, as amended from 2003-2004;
- The Civil Code of the Republic of Uzbekistan from 1996, as amended from 2004-2008;
- Law of the Republic of Uzbekistan on "State Cadastre" N171-II from 15.12.2000
- Law of the Republic of Uzbekistan on "State land cadastre" N666-I from 28.08.1998, as amended from 2002-2004;
- Cabinet of Ministers Resolution on "Approval of the Regulation on the order of adjudication of land disputes in the Republic of Uzbekistan" №246 from 25.05.1992;
- Cabinet of Minister Resolution on "Order of realization into private property of objects of trade and public services together with land plots, where they are located, and land plots into life inherit tenure" №126 from 11.04.1995, as amended by CoM Resolution № 202 from 30.04.1999;
- Cabinet of Ministers Resolution on "Land Acquisition and Compensation for State and Public needs" № 97, 29 May 2006 .

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<sup>4</sup> The Ecological Expertise (Assessment) No. 73-11 requires that all development activities based on their environmental and social impacts should be classified to ensure that all impacts will be managed by avoiding, minimizing, and mitigating impacts. There are 4 classes of projects based on environmental impacts. Class 1 project will require environmental impact assessment study, and impact statement with detailed plan to address the impacts. Class 2 project will require environmental impact assessment study. Project class 1 and 2 are both required to be cleared by the State Nature Protection Committee. Class 3 project requires an environmental assessment study (similar to IEE), but it does not require an impact statement. Class 4 type of project will generate only local impacts. Proponents of Class 4 projects are required to submit a project description and justification that the project will have only local impacts. The clearance for Class 3 and 4 project should be obtained from the Regional Nature Protection Committee.

- Cabinet of Ministers Resolution on "Procedure for granting land for urban development and other non-agricultural activities" № 146, 25 May 2011
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17. Collectively, these regulations provide a sound basis for acquiring land for public purpose and for compensating land users registered for particular purpose, such as for cultivation, business, residence etc.

18. Based on the Land Code, land is a state property and considered to be national wealth and protected by the State. The Government is obliged to provide rights of legal entities and individuals for land plots with legal ownership certificate for temporary use and lease for long period time. The assignment of land plots can only be made after issuance of legislative order by the central government or by, provincial, cities and districts hokimiyats. Only land that is not suitable for agricultural purpose or low fertility can be assigned for construction of industrial, housing, railway, road and air transport, electricity transmission and communication lines or other non-agricultural purpose.

19. The Land Code also provides limitation to land use rights in connection with assignment of conservation, ecological protection zones, wildlife preserves, national recreation areas, cultural-historical monuments, water reservoirs, water supply sources, and areas along rivers and canals.

20. The Civil Code requires the holder of a leasehold or temporary use certificate to maintain the land, and use it as described in the certificate, but has no right to sell or to lease the land. It is also forbidden to take land possession without following the procedure provided by the Acts. If the government terminates the lease in connection with the decision to acquire land, it has to be done by following appropriate Acts or Legislation, and the owner shall be provided with equal value property or given full compensation for lost of assets. In case of disagreement, acquisition would not be made before a court decision has been rendered on the dispute.

21. Land for Rural Housing Project will be limited to State-reserve land and land managed/administered by Government agencies/bodies that have been approved for residential use. Land to be used for the Project will not involve acquisition of land that are owned by or leased to individuals or private entities. The site selection criteria and procedures developed under the ESMS will ensure that none of the sites involve land acquisition and resettlement.

### **c. ADB Safeguard Policy Statement (2009)<sup>5</sup>**

22. All ADB-assisted projects are required to comply with The ADB Safeguard Policy Statement (2009) which covers three key areas – environmental safeguards, involuntary resettlement safeguards, and indigenous peoples' safeguards. The safeguards aim to avoid adverse impacts of projects on the environment and affected people, where possible; and minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible. As a policy, ADB will not finance projects that do not comply with its safeguard policy statement, nor will it finance projects that do not comply with the host country's social and environmental laws and regulations, including obligations/commitments of the host country to international treaties. In addition ADB will not finance activities on the prohibited investment activities list.

<sup>5</sup> ADB Safeguard Policy Statement (2009), Manila

23. Financial intermediaries (Fis) implementing ADB-assisted projects, except those investments that have minimal or no adverse social or environmental risks, are required to have in place or establish an appropriate environmental and social management system (ESMS) to be maintained as part of their overall management system to meet national laws and/or ADB requirements for FI projects. For HIRDP, the ESMS is prepared to provide a set of guidelines to ensure that HIRDP executed by strictly implementing the selection criteria described in paragraph 11 and to ensure that ADB's fund will be used to provide a mortgage for housing blocks that will not trigger ADB SPS Safeguards Requirements on environment, involuntary resettlement, and Indigenous People. Therefore, the ESMS is a tool to ensure that ADB's funds will not be used to provide a mortgage for housing blocks which cause environment, involuntary resettlement and Indigenous People impacts and would therefore be classified as safeguards category A or B in accordance with the ADB's Safeguard Policy Statement, 2009 and ADB Operations Manual Section F1. (A summary of ADB's Safeguard Screening Classification is attached in appendix 4)

24. Considering ADB's Safeguard Policy Statement, QQB confirms that housing construction in new sites financed under the HRDIP requires sound site selection to ensure that these are not situated in or near environmentally sensitive areas and will not cause any long-term impacts on the surrounding environment, and will not cause permanent or temporary involuntary resettlement, and indigenous people impacts. Related to this, an ESMS is required for PCBs participating in the HRDIP.

### **III. ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCEDURES**

25. In each stage of approving and releasing the mortgage, the RCCD of QQB after reviewing all information related with the ESMS submitted by the QQB branches, will make a decision: (i) to approve, if the request comply with the ESMS; or (ii) to dis-approve if the request is in compliance with the ESMS. The procedure for incorporating environmental and social aspects of the HRDIP will be as follow:

#### **1. Preparatory Activities**

26. Each QQB branch will designate its current technical expert at QQB Branch Office as an ESMS Field Staff (EFS). The EFS is responsible for implementing activities and securing documents needed as part of implementing the ESMS from the site selection phase, house construction and house hand-over. The EFS will be oriented through a series of orientation sessions to be organized by the ESMS Coordinator under the Rural Credit and Construction Department (RCCD) on the different review and monitoring checklists and forms that will be used as part of the ESMS and the specific roles of the EFS staff, including their relation to the field staff of the Technical Supervision Engineer and concerned agencies.

#### **2. Site Selection**

27. Site selection is primarily the responsibility of the district hokimiyat, with inputs from the district Architecture and Construction Committee, the district Geology and Hydrology Committee, the district Cadastre and Cartography Committee and the district/regional Nature Protection Committee. The QQI as Technical Supervision Engineer (TSE), on behalf of the District Hokimiyat recruits a consultant to a prepare a project description and justification required for environmental Class 4 projects and submit to the Regional Nature Protection Committee for clearance. The final decision on site selection for construction of rural housing is

the responsibility of Regional Nature Protection. Table 1 below shows the basic procedures and agencies involved in site selection.

**Table 1: Basic Procedures and Units Involved in Site Selection**

Step	Agency	Responsibility
1	District Local Government /hokimiyat assisted by district staff from the Architecture and Construction Committee	Select possible land for residential blocks from available land reserve for non-agricultural activities (The Minute of meeting will be used to make decision for allocation of land. In some location the meeting is chaired by Deputy Governor)
2	District Geology and Hydrology Committee	Provide assessment on geology and hydrology conditions Check suitability of the area for housing
3	Regional Committee on Architecture and Construction	Issue Confirmation on Residential block into 2 volume: Vol1. Sitting/location of residential block with clear demarcation of its borders Vol2. Sitting/Location of residential block with clear required connection of its basic utilities (gas pipeline, electricity, roads)
4	District Local Government	recruit a consultant to prepare environmental assessment report (simple report to justify that the proposed activities generates only local impacts), and submit to Regional Nature Protection Committee
5	Regional Nature Protection Committee	Issues opinion (evaluation) on suitability of the area for housing and instruct District Nature Protection Staff to monitor certain monitoring indicator during the construction

28. EFS will gather data from the District hokimiyat, the district Natural Protection Committee, and the district Cadaster Office on: the size of each residential block, the types of original occupant or ownership land of the residential blocks and the date when the land was registered as reserve land for non-agricultural use, distance of the residential blocks from environmentally and socially sensitive areas (i.e. river/stream/cannal, forest or other environmentally sensitive areas, archeological monument, and factories). The EFS will also gather data on informal land users on the proposed housing sites whose livelihood may be adversely affected or any complaint raised by community residents and other stakeholders on the selected site. Related to this, the EFS will fill-in FORM 1.

### 3. Potential Borrowers

29. After gathering the information for FORM 1, EFS will indicate the residential blocks that meet the QQB selection criteria to be eligible for ADB funding and residential blocks that need to be funded from resources. As a next step, the EFS will list potential borrowers who will buy a house in these residential blocks. The data on residential blocks that meet criteria with potential borrowers to be funded by ADB will be summarized in the data sheet for easy reference (SAMPLE Data sheet attached as FORM 2). This data sheet for each block will include the following attachments: (a) Act of the Regional Selection Committee on the selected site; and (b) Environmental Opinion from Regional Nature Protection Committee)

30. Data gathered by the EFS (including FORMS 1 and 2) will be kept at the QQB Branch Office for its working reference. A copy of FORM 1 and FORM 2 (including attachments) will be

scanned and emailed to the ESMS Coordinator for its reference in releasing fund for housing construction.

#### **4. Mortgage Approval and Release**

31. Prior to approving the mortgage, the QQB Branch Office will require a submission of certificate describing readiness of the site for construction of rural housing signed by QQI as TSE. This certificate should include confirmation that there is no complaint on this selected residential block. The QQB Branch Office, through its EFS will cross check the information through field monitoring. The EFS will provide a short note his/her assessment to be included in the submission from the QQB Branch Office.

32. Prior to releasing the mortgage, the QQB branch office will ensure QQI as TSE and the contractors have complied with the requirements of the provincial or regional Nature Protection Committee, and with existing government norms on health, safety and labor including non-involvement of child labor. QQB Branch Offices will request a submission of compliance record signed by QQI TSE to ensure that: (i) there are no violation against environmental law and regulations, and health and safety, and labor norms, (ii) the debris from construction works have been properly disposed, and (iii) the payment for renting areas for temporary storage of construction material, if any, have been fully paid, and (iv) there is no complaint from affected people related with construction works.

33. The QQB Branch Office, through its EFS will cross check the information provided in 31 and 32 with information collected by EFS during its field monitoring, and provide a short note his/her assessment in the certificate issued by the technical supervision engineer)

#### **4. House Hand-over and Guarantee Period**

34. At the end of the 1-year construction guarantee period, the EFS will ensure that QQI as TSE, and contractors have completed all work requirements especially with regard to the environmental requirement i.e. waste water pipe connection to the approved collection system, and connection to the main drainage system. In this context, QQB will request a submission of : (i) certificate that all required facilities from each house are well function and signed by QQI as TSE, and (ii) consent letter from the borrowers on their satisfaction.

#### **5. Monitoring, Reporting, and Disclosure**

35. QQB will issue an annual report on implementation of its ESMS, and submitted to ADB and other relevant agencies. The QQB will make the report available to public if requested, and allow the disclosure of the report in any of relevant agencies' websites.

#### **6. Grievance Redress Mechanism.**

36. The QQB Branch Offices are designated as the receiver of complaints from people affected by the Rural Housing Project. Complaints received by HQ of QQB, will first be referred back to the QQB Branch. All complaints will be first addressed by the QQB Branch Office in coordination with Local hokimiyat. The QQB Branch Office through its EFS will also monitor whether any complaints or resolution received by local Hokimiyat. Response to any complaint/inquiry should be provided to the complainant within 15 calendar days after receiving the complaints<sup>6</sup>.

37. If the QQB Branches could not resolve the complaint, The QQB HQ (RCCD as the ESMS Coordinator) in coordination with Regional Hokimiyat will responsible to solve the problems and will inform ADB on any un-resolved complaint at the Branch Office level. However, this mechanism does not prohibit the complainants to submit their concerns to higher Government Bodies, such as the Cabinet of Ministers, or to ADB.

38. The ESMS coordinator at QQB head office will be responsible for coordinating actions to resolve complaint from, and follow up on activities as part of resolving the complaints, record all complaints and status of solution of complaints received by local QQB branches, and prepare a summary of the complaints received and status of resolution will be included in the ESMS Annual report

#### **IV. ORGANIZATIONAL RESPONSIBILITIES, RESOURCES AND CAPACITY**

##### **1. Institutional Arrangement**

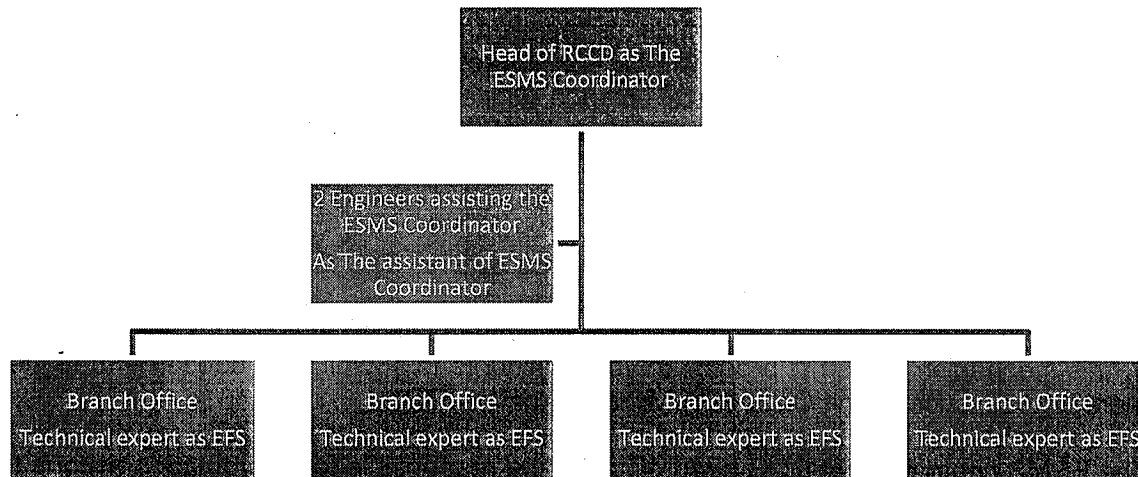
39. The Head of the Rural Construction Credit Department (RCCD) will take a role as ESMS coordinator, and responsible in overall implementation of ESMS. Currently, The RCCD has 2 (two) staff who has an engineering background. These 2 staff will assist the EMS Coordinator to check all requirement prior approving and releasing mortgage. The ESMS coordinator will report to the Chairman of QQB.

40. The ESMS coordinator will have an access directly with technical expert officer who is also assigned as an EFS in each Branch of QQB. However, all report and document submitted by EFS to the ESMS Coordinator should be sent through the Head of QQB Branch Office.

41. Currently, all Branches of QQB have 1 technical expert officer. If more resources will be required due to the size and/or number of rural housing borrowers, the QQB will recruit additional staff for its branch offices, who will also be assigned as EFS.

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<sup>6</sup> In line with the QQB's internal procedure in handling complaints issued in 2010.



## 2. Continued Strengthening of the Implementation of ESMS

42. QQB will conduct a regular training workshop to enhance its EFS in implementing ESMS. In the course of such training workshops, QQI as TSE will also be required to participate to ensure that they fully understand the ESMS requirements.

43. The QQB will also invite experts (e.g. staff from Regional and District Nature Protection Committee, environmental and social experts) as resource person on its regular training workshop.

## 3. Funding Requirement.

44. The QQB will allocate resources to train its staff to implement ESMS, and allocate budget in annual basis to implement ESMS.



## Appendix 1

### Data to be collected in collaboration with District Hokimiyat

**Province:**

Name of the Residential Massive	Total Size of the Residential Massive (Hectares)	Year when the land was initially listed in the Government Land Reserve for Housing Construction	Other previous owner/ lease holder of the land, and the size of land that belongs to this previous owner <sup>7</sup>	Distance from Forest area (km)	Distance from River/Canal (km)	Distance from other protected area both for ecological function and cultural heritage (km)

<sup>7</sup> This data can be found in the Act/Certificate of the Regional Selection Committee on the selected site. This Act/Certificate is issued after the meeting of the selection committee. The owner/land lease holder is also a member of the Selection Committee if the selected land includes land that is not part of the reserve land.

## Appendix 2

DATA ON (POTENTIAL) BORROWERS AND HOUSING MASSIVES <sup>8</sup>

District Name: .....

No	Residential Massives that meet Safeguard Selection Criteria	Potential Borrowers	Other information about the Borrowers (This part can be combined with information related to other selection criteria)

<sup>8</sup> This form will be filled in by ESMS expert in the field after checking the location that meets safeguard selection criteria. This Form can be expanded to record other information about the borrower related to other selection criteria.

## Appendix 3

## Recording field monitoring on construction workflow

Location of Residential Massive visited	Provide information on the name of the location of the residential massive, district, province
Date of field monitoring/visit	

PROGRESS ON CONSTRUCTION WORKS	
<p><b>1. Completion of civil works.</b> Describe: (1) when was the construction work started and when it is expected to be completed; (2) construction work completion percentage or (foundation under construction/ completed, walls under construction/completed, roof under construction/completed, finishing of the interior of the house and painting works etc.)</p>	
<p><b>2. Compliance with environmental laws and norms.</b>  Observe the contractors' work, and check along with the Staff of the District Natural Protection Committee (also making notes on the names of the staff of the committee and getting their signatures if necessary) if the contractor is violating any environmental laws.</p>	
<p><b>3. Compliance with norms on health and safety, as well as labor laws.</b></p>	

<p>Observe the contractors' works, and check with the Technical Supervision Engineer (TSE), if the contractor is violating these norms (also making notes on the name of the TSE staff and getting their signature if necessary)</p>	
<p><b>4. Complaints from affected people.</b></p> <p>Check with local khokimiyat, and TSE if any complaint related with the construction works were received (e.g. road or sewer was blocked during construction, noise is too loud, construction workers behave improperly, etc.) or problems related to location of the rural housing under construction (e.g. the land is used as grassland or has other functions)</p>	

<p>Name of QQB Technical Expert</p>	<p>Field observation from EFS staff</p>
<p>Signature</p>	

## APPENDIX 4

**Screening Process**  
**Selection of Housing Block/Massive to be funded by ADB Loan**

**ENVIRONMENTAL SCREENING FORM:**

**Instructions:** Answer the questions assuming the "without mitigation" case. The purpose is to identify potential impacts. Use the "remarks" section to discuss any anticipated mitigation measures. This environmental checklist should be applied to each housing site/block/massive

**Decisions:**

1. Any question in Group A has "YES" answer, the Housing block/Massive should not be funded by ADB loan.
2. If Group B questions have "YES" answers more than 3, the Housing block/Massive should not be funded by ADB loan.

Screening Questions	Yes	No	Remarks
<b>B. PROJECT SITING</b> IS THE PROJECT AREA ADJACENT TO OR WITHIN ANY OF THE FOLLOWING AREAS:			
▪ UNDERGROUND UTILITIES			
▪ CULTURAL HERITAGE SITE			
▪ PROTECTED AREA			
▪ WETLAND			
▪ MANGROVE			
▪ ESTUARINE			
▪ BUFFER ZONE OF PROTECTED AREA			
▪ SPECIAL AREA FOR PROTECTING BIODIVERSITY			
▪ BAY			
<b>B. POTENTIAL ENVIRONMENTAL IMPACTS</b> WILL THE PROJECT CAUSE...			
▪ Encroachment on historical/cultural areas?			

Screening Questions	Yes	No	Remarks
▪ Encroachment on precious ecology (e.g. sensitive or protected areas)?			
▪ Impacts on the sustainability of associated sanitation and solid waste disposal systems?			
▪ Dislocation or involuntary resettlement of people?			
▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ Accident risks associated with increased vehicular traffic, leading to loss of life?			
▪ Increased noise and air pollution resulting from increased traffic volume?			
▪ Occupational and community health and safety risks?			
▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
▪ Generation of dust in sensitive areas during construction?			
▪ Requirements for disposal of fill, excavation, and/or spoil materials?			
▪ Noise and vibration due to blasting and other civil works?			
▪ Long-term impacts on groundwater flows as result of needing to drain the project site prior to construction?			
▪ Long-term impacts on local hydrology as a result of building hard surfaces in or near the building?			
▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ Social conflicts if workers from other regions or countries are hired?			
▪ Risks to community safety caused by fire, electric shock, or failure of the buildings safety features during operation?			

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> <li>Risks to community health and safety caused by management and disposal of waste?</li> </ul>			
<ul style="list-style-type: none"> <li>Community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?</li> </ul>			

Climate Change and Disaster Risk Questions The following questions are not for environmental categorization. They are included in this checklist to help identify potential climate and disaster risks.	Yes	No	Remarks
<ul style="list-style-type: none"> <li>Is the Project area subject to hazards such as earthquakes, floods, landslides, tropical cyclone winds, storm surges, tsunami or volcanic eruptions and climate changes (see Appendix I)?</li> </ul>			
<ul style="list-style-type: none"> <li>Could changes in precipitation, temperature, salinity, or extreme events over the Project lifespan affect its sustainability or cost?</li> </ul>			
<ul style="list-style-type: none"> <li>Are there any demographic or socio-economic aspects of the Project area that are already vulnerable (e.g. high incidence of marginalized populations, rural-urban migrants, illegal settlements, ethnic minorities, women or children)?</li> </ul>			
<ul style="list-style-type: none"> <li>Could the Project potentially increase the climate or disaster vulnerability of the surrounding area (e.g., increasing traffic or housing in areas that will be more prone to flooding, by encouraging settlement in earthquake zones)?</li> </ul>			

## Appendix I: Environments, Hazards and Climate Changes

Environment	Natural Hazards and Climate Change
<b>Arid/Semi-arid and desert environments</b>	Low erratic rainfall of up to 500 mm rainfall per annum with periodic droughts and high rainfall variability. Low vegetative cover. Resilient ecosystems & complex pastoral and systems, but medium certainty that 10–20% of drylands degraded; 10-30% projected decrease in water availability in next 40 years; projected increase in drought duration and severity under climate change. Increased mobilization of sand dunes and other soils as vegetation cover declines; likely overall decrease in agricultural productivity, with rain-fed agriculture yield reduced by 30% or more by 2020. Earthquakes and other geophysical hazards may also occur in these environments.
<b>Humid and sub-humid plains, foothills and hill country</b>	More than 500 mm precipitation/yr. Resilient ecosystems & complex human pastoral and cropping systems. 10-30% projected decrease in water availability in next 40 years; projected increase in droughts, heatwaves and floods; increased erosion of loess-mantled landscapes by wind and water; increased gully erosion; landslides likely on steeper slopes. Likely overall decrease in agricultural productivity & compromised food production from variability, with rain-fed agriculture yield reduced by 30% or more by 2020. Increased incidence of forest and agriculture-based insect infestations. Earthquakes and other geophysical hazards may also occur in these environments.
<b>River valleys/deltas and estuaries and other low-lying coastal areas</b>	River basins, deltas and estuaries in low-lying areas are vulnerable to riverine floods, storm surges associated with tropical cyclones/typhoons and sea level rise; natural (and human-induced) subsidence resulting from sediment compaction and ground water extraction; liquefaction of soft sediments as result of earthquake ground shaking. Tsunami possible/likely on some coasts. Lowland agri-business and subsistence farming in these regions at significant risk.
<b>Small islands</b>	Small islands generally have land areas of less than 10,000km <sup>2</sup> in area, though Papua New Guinea and Timor with much larger land areas are commonly included in lists of small island developing states. Low-lying islands are especially vulnerable to storm surge, tsunami and sea-level rise and, frequently, coastal erosion, with coral reefs threatened by ocean warming in some areas. Sea level rise is likely to threaten the limited ground water resources. High islands often experience high rainfall intensities, frequent landslides and tectonic environments in which landslides and earthquakes are not uncommon with (occasional) volcanic eruptions. Small islands may have low adaptive capacity and high adaptation costs relative to GDP.
<b>Mountain ecosystems</b>	Accelerated glacial melting, rockfalls/landslides and glacial lake outburst floods, leading to increased debris flows, river bank erosion and floods and more extensive outwash plains and, possibly, more frequent wind erosion in intermontane valleys. Enhanced snow melt and fluctuating stream flows may produce seasonal floods and droughts. Melting of permafrost in some environments. Faunal and floral species migration. Earthquakes, landslides and other geophysical hazards may also occur in these environments.
<b>Volcanic environments</b>	Recently active volcanoes (erupted in last 10,000 years – see <a href="http://www.volcano.si.edu">www.volcano.si.edu</a> ). Often fertile soils with intensive agriculture and landslides on steep slopes. Subject to earthquakes and volcanic eruptions including pyroclastic flows and mudflows/lahars and/or gas emissions and occasionally widespread ashfall.



## SOCIAL SAFEGUARD SCREENING FORM

### 1. Land Acquisition Impacts

**Instructions:** Answer the "yes" and "no" questions for each housing block/site/massive

**Decision:**

Any question has "YES" answer, the Housing block/Massive/site should not be funded by ADB loan.

Probable Involuntary Resettlement Effects	Yes	No	Not Known	Remarks
<b>Involuntary Acquisition of Land</b>				
1. Will there be land acquisition for the residential block/massive/site?				
2. Is the site for land acquisition known?				
3. Is the land for housing block/massive/site registered as a Khokimiyat reserve land after 31 December 2009				
4. Is the ownership status and current usage of land to be acquired known?				
5. Will there be loss of shelter and residential land due to land acquisition?				
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land acquisition?				
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				
<b>Involuntary restrictions on land use or on access to legally designated parks and protected areas</b>				
10. Will people lose access to natural resources, communal facilities and services?				
11. If land use is changed, will it have an adverse impact on social and economic activities?				
12. Will access to land and resources owned communally or by the state be restricted?				

**Information on Displaced Persons:**

Any estimate of the likely number of persons that will be displaced by the Project? ☐ No ☐ Yes

If yes, approximately how many? \_\_\_\_\_

Are any of them poor, female-heads of households, or vulnerable to poverty risks? ☐ No ☐ Yes

Are any displaced persons from indigenous or ethnic minority groups? ☐ No ☐ Yes

Note: The project team may attach additional information on the project, as necessary.

## 2. INDIGENOUS PEOPLE IMPACTs

**Instructions:** Answer the "yes" and "no" questions for each housing block/site/massive

**Decision:**

Any question has "YES" answer, the Housing block/Massive/site should not be funded by ADB loan.

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
<b>A. Indigenous Peoples Identification</b>				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, scheduled tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
<b>B. Identification of Potential Impacts</b>				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?				

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				
<b>C. Identification of Special Requirements</b> <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples ?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?				
Prepared By:  Signature: Name: Position:	Verified by:  Signature: Name: Position:  Date:			

**PRO FORMA OF THE IMPLEMENTING AGENCY'S  
SEMI-ANNUAL PROGRESS REPORT  
(Output 1, Tranche 1)**

**A. Basic Data**

Provide the following:

- (i) ADB loan number, project title, borrower, executing agency, implementing agencies;
- (ii) Total estimated project cost and financing plan;
- (iii) Status of project financing including availability of counterpart funds;
- (iv) Dates of approval, signing, and effectiveness of ADB loan;
- (v) Original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- (vi) Date of last ADB review mission.

**B. Utilization of Funds (ADB Loan Funds) and Number of Applications Received**

- (i) Provide the cumulative number and subloan disbursements from the ADB loan and counterpart funds (cumulative number and amount to date)

	2012	
	Male	Female
Number of subloans approved		
Amount of subloans approved from ADB funds (US\$ million)		

- (ii) Number of housing loan inquiries:

	2011								2012							
	1st Qtr		2nd Qtr		3rd Qtr		4th Qtr		1st Qtr		2nd Qtr		3rd Qtr		4th Qtr	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Housing loan inquiries received by QQB (sex-disaggregated)																

**C. Project Outputs**

Provide a brief assessment of Output 1's achievement

**D. Implementation Progress**

Provide the following:

- (i) Household/Subborrower information

Household	2012
Number of income earners in a household	
Type of job of income earners	
Skilled	
Entrepreneur	
Home-based industry	
Agriculture	
Teacher	
Health care worker	
Other	
Number of household members	

- (ii) Subborrower information and house location

	2012	Of each total in 2012 indicate the number of young families or first time homeowners
Subborrower (Number)		
Male		
Female		
Spouses		
Co-guaranteed		
by family member		
by employer		
Other		
Total		
2012		
Income level (number of subborrower per income quartile)		
[quartile 1]		
[quartile 2]		
[quartile 3]		
Total		

## (i) Employment generation

	2011		2012	
	Male	Female	Male	Female
Agriculture				
Employed farmer				
Farm owner, number of employees				
Total				

	2011		2012	
	Male	Female	Male	Female
Entrepreneur				
Self-employed				
Employer, number of employees				
Total				

	2011	2012
Construction		
Average number of construction workers per house		
Number of sites developed		
Total number of construction workers employed		

## (i) Number of constructed houses turned over to subborrower per region

Region	2011	2012
Andijon		
Buxoro		
Farg'ona		
Jizzax		
Xorazm		
Namangan		
Navoiy		
Qashqadaryo		
Qaraqalpakstan		
Samarqand		
Sirdaryo		
Surxondaryo		
Toshkent Viloyati		
Toshkent Shahri		
Total		

- (ii) Number of (moderate and lower income) households applying to purchase housing (Demand for housing)

Housing loan inquiries received by QQB	2011				2012			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr

- (ii) Information relating to other aspects of QQB's internal operations that may impact on the implementation arrangements or project progress.

### **E. Compliance with Covenants**

Provide the following:

- (i) The implementing agencies' compliance with financial loan covenants including the implementing agencies' financial management;
- (ii) Status of submission of audited project accounts and audited QQB's financial statements; and
- (iii) The borrower's and implementing agencies' compliance with project-specific loan covenants associated with implementation

### **F. Project Issues and Problems**

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives.

Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements).



## WITHDRAWAL APPLICATION FORM FOR IMPREST FUND

Asian Development Bank



Date \_\_\_\_\_

To: Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines

Attention: Loan Administration Division, Controller's Department (CTLA)

ADB Loan No. \_\_\_\_\_

Application No. \_\_\_\_\_

Type of Disbursement

☐

Initial Advance

☐

Increase in Ceiling

☐

Replenishment

Sir/Madam:

1. In connection with the Loan Agreement dated \_\_\_\_\_ between the Asian Development Bank and the  
(Borrower) \_\_\_\_\_, please pay from the Loan Account for the  
purpose of establishing/replenishing the Imprest Fund.

Currency	Amount to be Paid (in figures)	Amount to be paid (in words)

## 2. The Borrower certifies and agrees as follows:

- the said amount is required for payment of eligible expenditures as described in the attached Estimate of Expenditures Sheet(s) from \_\_\_\_\_ (date/month/year) to \_\_\_\_\_ (date/month/year).
- any advances by the Asian Development Bank (ADB) to the Imprest Fund may be limited to a sum smaller than the amount requested for advances or replenishment, allowing the Fund to be gradually reduced and fully documented prior to loan closing date.
- the undersigned has not previously withdrawn or applied for withdrawal of any amounts from said Loan Account nor obtained or will obtain any loan, credit, or grant for the purpose of fully or partially meeting the expenditures described in the Estimate of Expenditures Sheet(s) or Summary Sheet(s);
- the expenditures described in the attached Estimate of Expenditures Sheet(s) / Summary Sheet(s) are to be made for the purposes specified in the Loan Agreement and in accordance with its terms and conditions; and
- promptly within 6 months after the payment(s), the undersigned will furnish proof satisfactory to ADB to liquidate and document the advance.
- for expenditures to be liquidated on the basis of a Statement of Expenditures (SOE), all authenticating documents will be retained in the location shown on the individual SOE Summary Sheet(s) and will be made available for review by auditors and ADB representatives upon request.
- as of the date of this application, there is no existing default under the Loan Agreement, the Project Agreement or the Guarantee Agreement, if any.
- if any funds withdrawn pursuant to this application are returned, the current value of such funds will be applied as credit to the Loan Account or, if the amount is small, applied to the next loan service payment due.

## 3. Payment Instructions:

## A. Payee's Name and Address

Payee's Name \_\_\_\_\_

Payee's Address \_\_\_\_\_

## B. Name and Address of Payee's Bank and Account No.

Bank Name \_\_\_\_\_

Bank Address \_\_\_\_\_

Payee's Account No. \_\_\_\_\_

SWIFT Code \_\_\_\_\_

## C. Correspondent Bank (If Payee's Bank is not located in the Country whose currency is claimed, enter the name and address of their bank's correspondent in the country whose currency is to be paid.)

Bank Name \_\_\_\_\_

Bank Address \_\_\_\_\_

Account No. of \_\_\_\_\_

Payee's Bank \_\_\_\_\_

SWIFT Code \_\_\_\_\_

## D. Special Payment Instructions and Other References

## 4. This application consists of \_\_\_\_\_ pages including \_\_\_\_\_ pages of Summary Sheets.

From:

Name of Borrower \_\_\_\_\_

Signature of Authorized Representative(s) \_\_\_\_\_

Printed Name/Position/Title of Authorized Representative(s) \_\_\_\_\_

**Instructions for preparing the Withdrawal Application Form for Imprest Fund  
(ADB Form No. ADB-IFP)**

**General Instructions**

1. Submit original Withdrawal Application Form (WA) to the Asian Development Bank (ADB) (or to its Resident/Regional Mission, if instructed).
2. Number WAs consecutively, not exceeding 5 digits or characters.
3. For replenishment of advances, consolidate claims until the amount being withdrawn is at least US\$100,000 equivalent or an amount advised by ADB.
4. When the application is completed, verify completeness of supporting documentation and accuracy of details before passing to the Authorized Representative(s) for signature. Mistakes and omissions result in delayed payment.

**Withdrawal References**

1. **Date:** Enter the date WA is signed by Authorized Representative(s), not the date it was prepared.
2. **Loan Number:** Show ADB loan number clearly.
3. **Application Number:** Number WAs consecutively. If the project has more than one executing agency (EA) or implementing agency, the project coordinator should assign an alpha identification for each EA. For example: A0001 to A9999 for EA no. 1 and B0001 to B9999 for EA no. 2.
4. **Type of Disbursement:** Indicate in the appropriate box the type of WA claim, whether for Initial Advance/Increase in Ceiling, or Replenishment.

**Estimate of Expenditures Sheet (ADB Form No. ADB-IFP-EES)**

**For Initial Advance:**

1. Provide all details as required in form ADB-IFP-EES. Estimated expenditures should normally be based on the amount of contracts awarded and to be awarded. Estimated expenditures should not exceed the contract amounts.
2. For expenditures related to operational costs, the amount should be linked to the Project's annual budget provision.
3. No supporting documents are required.

**For Replenishment:**

1. In addition to 1 and 2 above, before submitting the WA, submit contracts and procurement documents to ADB's Project Division concerned (contracts exceeding US\$100,000).
2. Where the Statement of Expenditures (SOE) is not allowed, submit all evidences of payment, invoices, bills of lading, or work certificates. The requirements are the same for reimbursement procedure.
3. In all cases, attach bank statement from the bank maintaining the imprest fund and the bank reconciliation of the imprest fund account.

**Payment Instructions**

1. **Payee's Name and Address:** Indicate full name and address of Payee for identification of payment.
2. **Name and Address of Payee's Bank and Account No.:** Indicate full name and address of the Payee's bank, which may include a banker/branch designation. Account number is important. Give SWIFT code if Payee's bank is a member of SWIFT.
3. **Correspondent Bank:** Where payment is to be made to a bank not located in the country of the currency to be paid, indicate its full name and address. Provide SWIFT code if the bank is a member of SWIFT.
4. **Special Payment Instructions:** Indicate any particulars, special instructions or references to facilitate payment or identification of payment.
5. **Name of Borrower:** Fill in the name as it appears in the Loan Agreement.
6. **Authorized Representative(s):** Pass this application only to Authorized Representative(s) for signature. Verify if the list of Authorized representative(s) has been changed.

c. Applicable for liquidation/replenishment. The exchange rate to be used to convert the local currency to US\$ will be the prevailing exchange rate by the CBU at the time of disbursement. Bank and reconciliation statements should be attached. Entries indicated in these columns should be the amounts shown in the bank statement.

**IMPREST ACCOUNT RECONCILIATION STATEMENT (IARS)****LOAN/GRANT/NO.** \_\_\_\_\_Application Number \_\_\_\_\_  
Account Number \_\_\_\_\_With (Bank) \_\_\_\_\_  
Bank Address \_\_\_\_\_

<b>1</b>	<b>PRESENT OUTSTANDING AMOUNT ADVANCED TO THE IMPREST ACCOUNT NOT YET RECOVERED</b>	<b>US\$</b>	<b>X,XXX,XXX.XX</b>
<b>2</b>	<b>BALANCE of Imprest account as of _____ per bank statement (copy attached)</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>
<b>3</b>	<b>ADD: Amount of eligible expenditures claimed in attached application (WA no. _____)</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>
<b>4</b>	<b>ADD: Amount claimed in previous applications not yet credited at date of bank statement</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>

**Withdrawal Application No.****Amount**XXXXX  
XXXXX  
XXXXXUS\$ XXX, XXX.XX  
US\$ XXX, XXX.XX  
US\$ XXX, XXX.XX

- 5 TOTAL expenditures withdrawn from Imprest account but not yet claimed for replenishment**

**a. Second Generation Imprest Accounts (SGIA)<sup>1</sup>**

a.1 Total SGIA balance accounted for PIU#1 _____	US\$	XXX, XXX.XX
a.2 Total SGIA balance accounted for PIU#2 _____	US\$	XXX, XXX.XX
a.3 Total SGIA balance accounted for PIU#3 _____	US\$	XXX, XXX.XX
a.4 Total SGIA balance accounted for PIU#4 _____	US\$	XXX, XXX.XX
a.5 Total SGIA balance accounted for PIU#5 _____	US\$	XXX, XXX.XX

Total SGIA balances accounted for **US\$ XXX, XXX.XX**

<b>b. Transfer in transit</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>
<b>c. Petty cash balance</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>
<b>d. Unliquidated expenses (itemize expenses)</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>
<b>e. Others (Please specify)</b>	<b>US\$</b>	<b>XXX, XXX.XX</b>


**US\$ XXX, XXX.XX**

<b>6 TOTAL ADVANCE ACCOUNTED FOR</b>	<b>US\$</b>	<b>X,XXX,XXX.XX</b>
--------------------------------------	-------------	---------------------

Explanation of any discrepancy between totals appearing in lines 1 and 6 above (e.g., earned interest credited to the account, bank charges, etc.):

\_\_\_\_\_  
Authorized Representative

<sup>1</sup> List all existing SGIA's with corresponding amount advanced. Attach latest Second Generation Imprest Account Reconciliation Statements (SGIARS) and bank statements.

Asian Development Bank **LIQUIDATION OF ADVANCE**

Date \_\_\_\_\_

ADB Loan No. \_\_\_\_\_

To: Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines

Application No. \_\_\_\_\_

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Attention: Loan Administration Division, Controller's Department (CTLA)

*Attached are the Summary Sheets and the supporting documents (if any) for expenditures in the sum of:*

Currency	Amount (in figure)	Amount (in words)

incurred under the Loan Agreement of the Asian Development Bank. Please liquidate against previous advance(s).

Description of Goods and Services:		
Category	Description	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total		_____

**Note:** Separate Summary Sheet should be used for each category.\_\_\_\_\_  
Name of Borrower\_\_\_\_\_  
Signature of Authorized Representative(s)\_\_\_\_\_  
Printed Name/Position Title of Authorized Representative(s)