

# Project Administration Manual

Project Number: 42399  
Loan and Grant Number(s): {L2755; L3204; G0418}  
Last Update: 5 June 2015

## Kyrgyz Republic: CAREC Corridor 1 (Bishkek– Torugart Road) Project 3

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

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

The Ministry of Transport and Communications (MOTC) and its Investment Project Implementation Group (IPIG) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MOTC of its obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

## **ABBREVIATIONS**

ADB	=	Asian Development Bank
CAREC	=	Central Asia Regional Economic Cooperation
CQS	=	consultants' qualifications selection
DMF	=	design and monitoring framework
EA	=	executing agency
EIA	=	environmental impact assessment
EMP	=	environmental management plan
FIDIC	=	International Federation of Consulting Engineers
ICB	=	international competitive bidding
IPIG	=	investment project implementation group
km	=	kilometer
MOF	=	Ministry of Finance
MOTC	=	Ministry of Transport and Communications
PAM	=	project administration manual
QCBS	=	quality- and cost-based selection
PRC	=	People's Republic of China
SOE	=	statement of expenditure
SPS	=	safeguard policy statement

## I. PROJECT DESCRIPTION

1. The condition of the Kyrgyz Republic's road network and its management have improved substantially between 2005 and 2013. However, several dilapidated network links and infrastructure management skills must be improved to facilitate regional trade and boost economic growth. The CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project 3 (the Project), in accordance with ADB's Midterm Review of Strategy 2020, will help the government make some of these much improvements.

2. **Impact and Outcome:** Increased regional trade, particularly between the Kyrgyz Republic and the PRC; and higher mobility for people and goods with origins and destinations in the road corridor between Naryn and Torugart.

3. **Outputs:** The last 60-km section of the Bishkek–Torugart road (Km 479 to Km 539), repaired, rehabilitated or reconstructed to meet national Category III road standards with roadside truck parking facility and special features for protecting the environment and preserving the road structure;<sup>1</sup> and improved infrastructure management skills of MOTC and other government agency staff.

4. Civil works in the project will include, but not be limited to, rehabilitation or reconstruction of the road bed, surfacing with two layers (5 cm and 6 cm) of asphalt concrete, adding new, repairing, or replacing existing drainage structures for protecting the environment and preserving the road, constructing a roadside truck parking facility and placing devices to improve operational efficiency and safety. This work will be supervised by an international engineering firm overseen by MOTC through the Investment Project Implementation Group (IPIG). The supervision consultants (Engineer) will also have the primary responsibility for implementing the environmental management plan (EMP) in association with the contractor.

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<sup>1</sup> Minimum pavement width-7.5 meters, gravel stabilized shoulders-2.0 m, design speed range: 60km/h-100km/h, and asphalt concrete paving-11 cm (6 cm base and 5 cm wearing course).

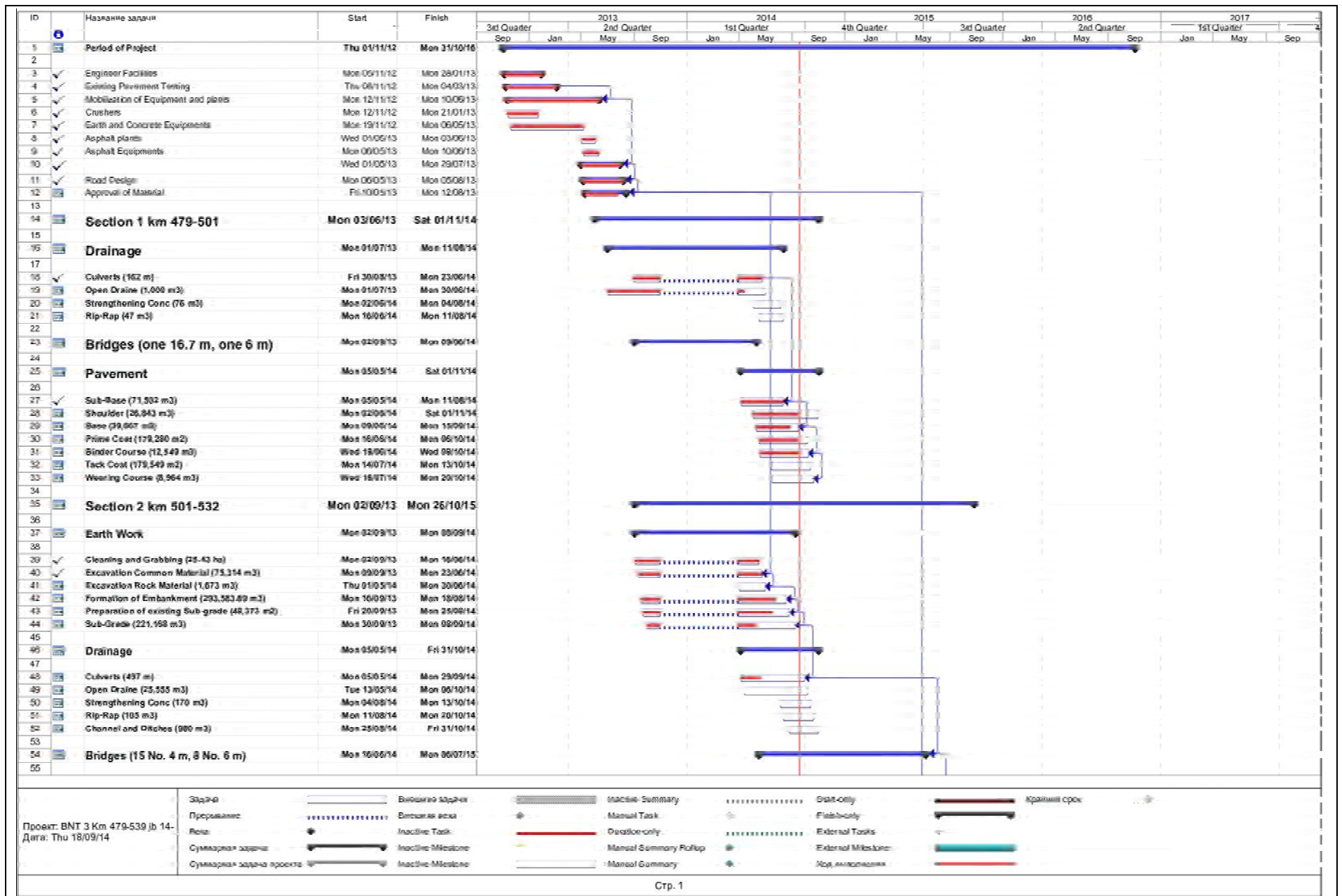
## II. IMPLEMENTATION PLANS

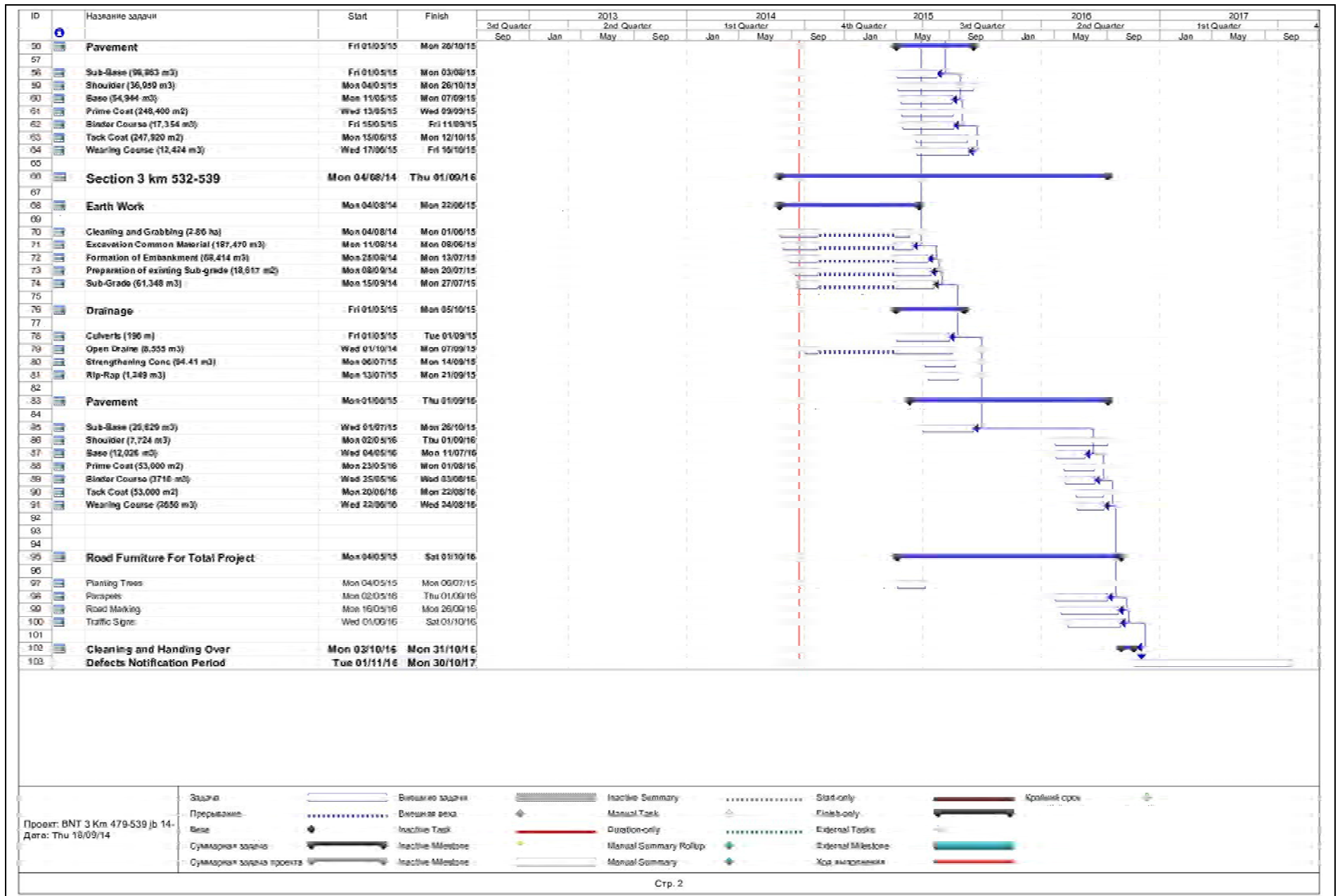
### A. Project Readiness Activities

Indicative Activities	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	Jun-Jul 2011	Dec 2014	2015	Responsibility
Advance contracting actions					✓						ADB and MOTC
Establish project implementation arrangements	✓										MOTC
ADB Board approval					✓						ADB
Loan signing						✓					ADB and MOF
Government legal opinion provided							✓				MOTC
Government budget inclusion		✓									MOTC
Loan effectiveness								✓			ADB
ADB Board approval (additional financing)									✓		ADB
Loan effectiveness (additional financing)										✓	ADB

ADB = Asian Development Bank, EIA = environmental impact assessment, MOF = Ministry of Finance, MOTC = Ministry of Transport and Communications.  
 Source: Asian Development Bank.

## B. Overall Project Implementation Plan (Updated)







### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities (Unchanged)

Project Implementation Organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> <li>• Ministry of Transport and Communications (the executing agency)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Serving as focal point for communication with ADB on important project related matters, and signatory to important documents such as civil works contracts, consultancy service contracts, withdrawal applications, and audit reports</li> <li>➤ Ensuring that the project is completed on-budget and on-time</li> <li>➤ Ensuring IPIG is fully staffed and functional during the entire period of implementation</li> <li>➤ Administering all service and works contracts (instructing the supervision consultant, approving variations, suspending and terminating contracts)</li> <li>➤ Ensuring compliance with all loan covenants, ADB's guidelines, procedures, and policies</li> </ul>
<ul style="list-style-type: none"> <li>• International Projects Implementation Group (project implementation unit)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pre-construction phase:               <ul style="list-style-type: none"> <li>▪ advising MOTC on procurement of best quality goods, works and consulting and audit services at the least cost</li> <li>▪ designing the learning and development program</li> <li>▪ verifying supporting documents submitted by contractors and consultants</li> <li>▪ obtaining ADB approvals</li> </ul> </li> <li>➤ Construction phase               <ul style="list-style-type: none"> <li>▪ monitoring and evaluating project activities and outputs</li> <li>▪ preventing variations and deviations from original prices and schedules</li> <li>▪ reporting the project's progress to MOTC and ADB</li> <li>▪ reviewing the project with ADB missions</li> <li>▪ consulting with the public and disclosing project information to them in consultation with ADB</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Asian Development Bank</li> </ul>	<ul style="list-style-type: none"> <li>➤ Assisting MOTC and IPIG to complete the project on-time and on-budget by:               <ul style="list-style-type: none"> <li>▪ Approving MOTC requests related to procurement and project management such as bidding documents, withdrawal applications, etc.</li> <li>▪ Disclosing project information to the public through its website</li> <li>▪ Fielding review missions to perform joint assessments with MOTC and MOF</li> <li>▪ Facilitating knowledge sharing</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Ministry of Finance</li> </ul>	<ul style="list-style-type: none"> <li>➤ Facilitating negotiation, signing, and execution of the loan agreement</li> <li>➤ Expediting implementation and minimizing cost by:               <ul style="list-style-type: none"> <li>▪ Allocating and making counterpart funds available on time</li> <li>▪ Approving contracts and payment to contractors and goods and service providers</li> <li>▪ Monitoring project progress and instructing MOTC to take corrective action to prevent variations and deviations from schedules and budgets</li> </ul> </li> </ul>

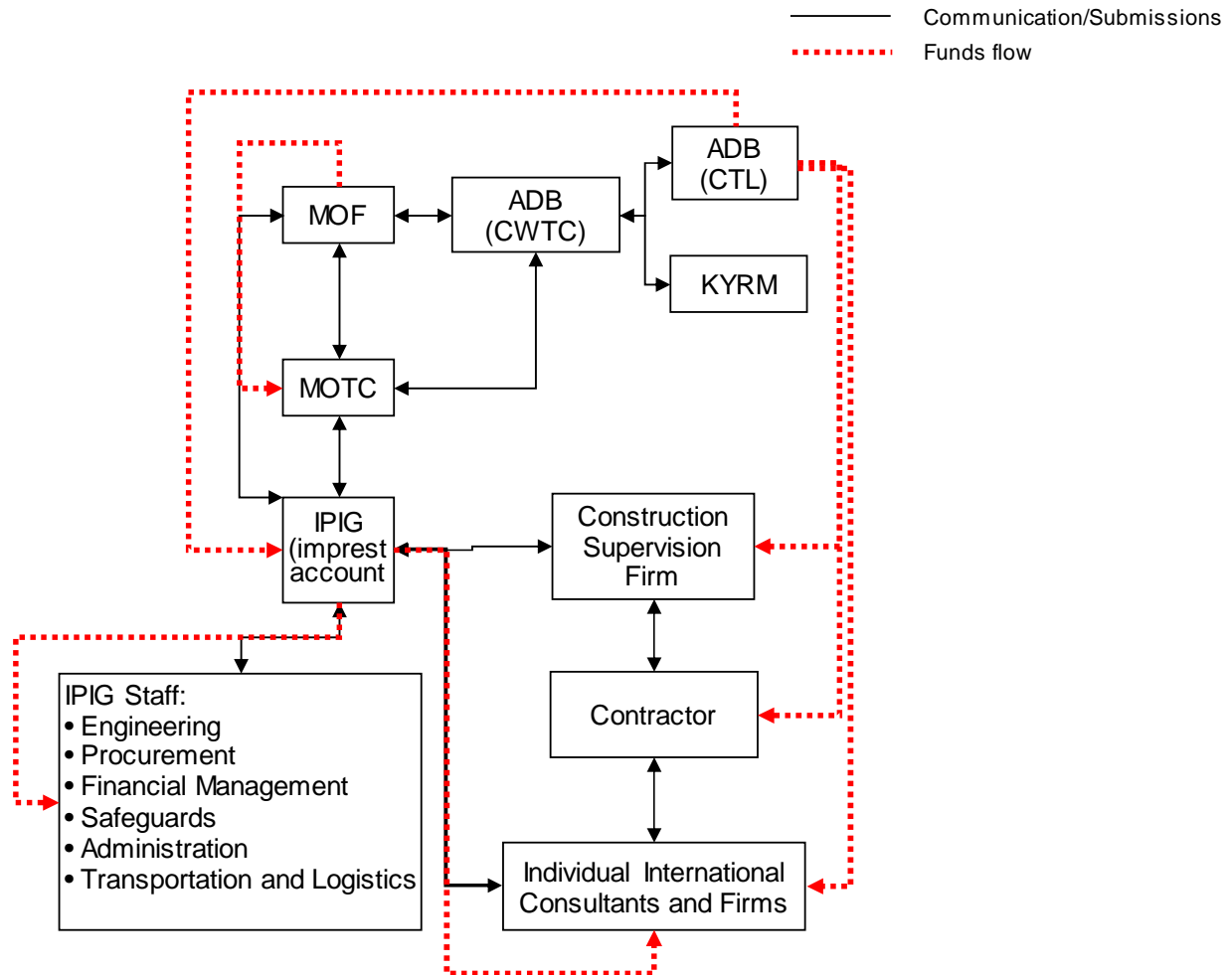
## B. Key Persons Involved in Implementation (Updated)

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<b>Borrower</b>	
Ministry of Finance	Minister of Finance Telephone: +996 312 661350 Fax: +996 312 661645 58, Erkindik Boulevard Bishkek 720040, Kyrgyz Republic
<b>Executing Agency</b>	
Ministry of Transportation and Communications (MOTC)	Minister of Transport and Communications Telephone: +996 312 314313 Fax: +996 312 312811 Email: <a href="mailto:bishkekoshroad@infotel.kg">bishkekoshroad@infotel.kg</a> 42, Isanova str. Bishkek 720017, Kyrgyz Republic
Investment Project Implementation Group (IPIG)	K. Mamaev Director Telephone: +996 312 900970 Fax: +996 312 662336 Email: <a href="mailto:bishkekoshroad@infotel.kg">bishkekoshroad@infotel.kg</a> , 42, Isanova str. Bishkek 720017, Kyrgyz Republic
<b>Asian Development Bank</b>	
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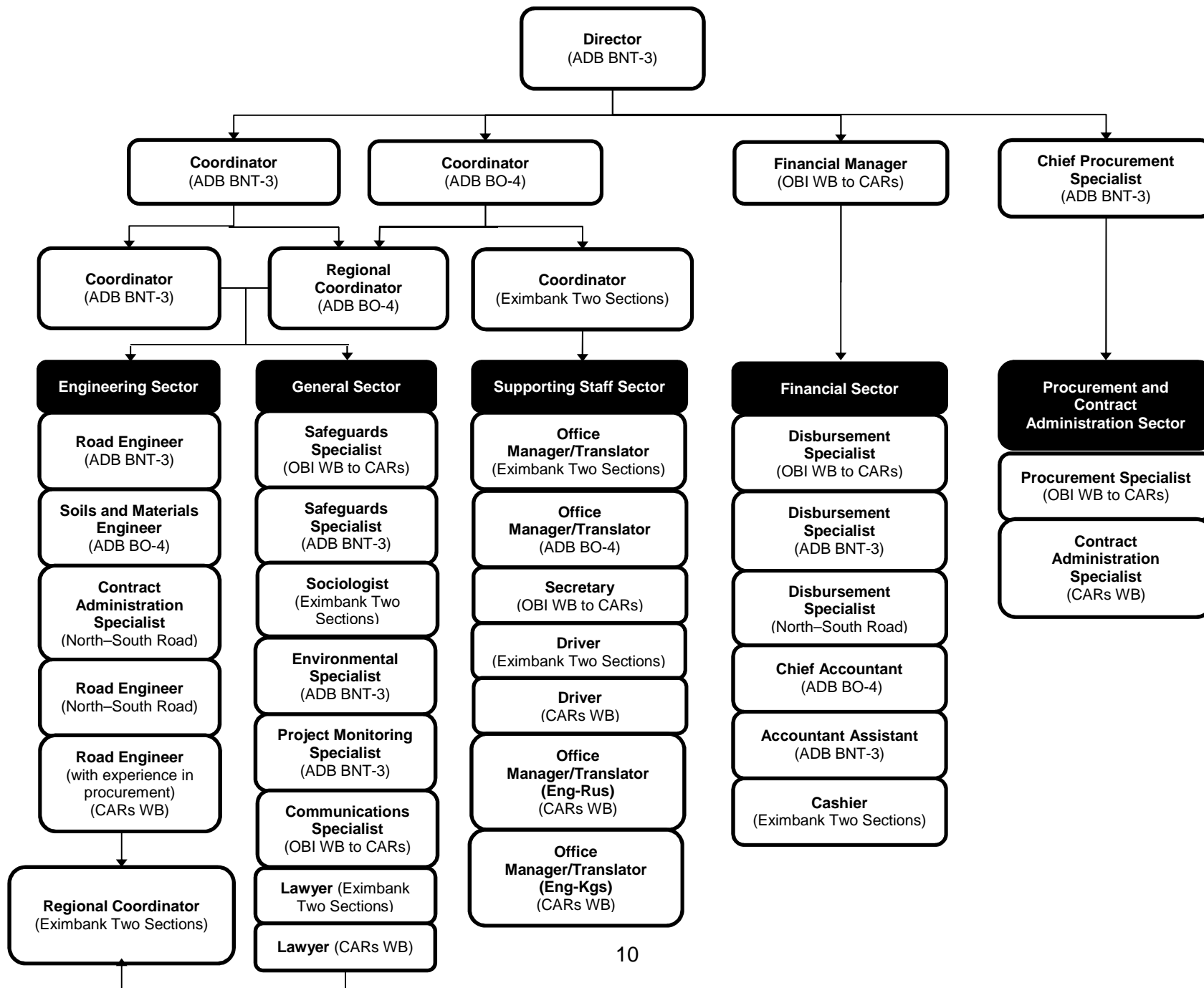
### C. Project Organization Structure (Unchanged)



ADB = Asian Development Bank, CTL = ADB Controllers Department, CWTC = Transport and Communications Division of ADB's Central and West Asia Department, IPIG = investment project implementation group, KYRM = Kyrgyz Resident Mission, MOF = Ministry of Finance, MOTC = Ministry of Transport and Communications. Sources: ADB and MOTC.



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#### IV. COSTS AND FINANCING

5. The project shall comprise the following components:
- (i) rehabilitating or reconstructing a road section (Km 479 to Km 539) of the Bishkek–Torugart Road to meet national Category III road standards with roadside truck parking facility and specific features for protecting the environment, preserving the road structure, and reducing vehicle crashes; and
  - (ii) providing consultancy support for construction supervision, project management and improvement of infrastructure management skills of MOTC and other government agency staff responsible for long-term sustainability of the road network.

6. The project with additional financing is expected to be completed by 31 August 2017. The Beneficiary will use the current loan to the extent possible before utilizing the additional financing from the loan and grant on a pro rata basis for contract payments of civil works and consulting services.

7. In addition to the current loan which is equivalent to SDR 35,041,000, the government has requested from ADB (i) a loan in various currencies equivalent to SDR7,258,000; and (ii) a grant not exceeding \$4.3 million, both from ADB's Special Funds resources, to provide additional financing for the project. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% per annum during the grace period and 1.5% per annum thereafter, and such other terms and conditions set forth in the draft loan and project agreements. The government will finance the balance, mainly in the form of taxes and duties, and part of the contingencies. The cost and financing plan are summarized in the Table below.

#### A. Detailed Cost Estimates by Expenditure Category

##### Current Loan 2755-KGZ

Item	(\$ Millions)			
	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Investment Cost<sup>a</sup></b>				
1. Civil Works for Km 479-Km 539	45.0	10.0	55.0	89.1%
2. Consulting Services				
a. Construction supervision	3.6	0.4	4.0	6.5%
(i) Supervision	2.0	0.2	0.8	
(ii) Environmental management	1.6	0.2	0.2	
b. Project management <sup>b</sup>	1.5	0.2	1.7	2.8%
c. Infrastructure Management Skills Development	0.8	0.2	1.0	1.6%
(i) Training	0.6	0.2	0.8	
(ii) Workshops, seminars, and conference participation	0.2	0.0	0.2	
<b>Total Base Cost (A)</b>	<b>50.9</b>	<b>10.8</b>	<b>61.7</b>	<b>100%</b>
<b>B. Contingencies</b>	<b>6.1</b>	<b>1.2</b>	<b>7.3</b>	<b>11.8%</b>
<b>C. Financing Charges<sup>c</sup></b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.6%</b>
<b>Total Project Cost</b>	<b>58.0</b>	<b>12.0</b>	<b>70.0</b>	<b>113.4%</b>

ADB = Asian Development Bank.

<sup>a</sup> In mid-2010 prices.

<sup>b</sup> Includes salaries of IPIG staff plus employer's social fund contributions (26% of project management budget), computer software and hardware, transport, consumables, and audits and monitoring (17% of total project management budget).



<sup>c</sup> Interest charges financed from the loan.  
Source: Asian Development Bank estimates.

## Additional Financing

Item	(\$ Millions)			
	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Investment Cost<sup>a</sup></b>				
1. Civil Works for Km 479-Km 539	11.48	2.52	14.0	94.6%
2. Consulting Services				
a. Construction supervision	0.72	0.08	0.8	5.4%
(i) Supervision	0.72	0.08	0.8	
(ii) Environmental management	0.0	0.0	0.0	
b. Project management	0.0	0.0	0.0	
c. Infrastructure Management Skills Development	0.0	0.0	0.0	
(i) Training	0.0	0.0	0.0	
(ii) Workshops, seminars, and conference participation	0.0	0.0	0.0	
<b>Total Base Cost (A)</b>	<b>12.2</b>	<b>2.6</b>	<b>14.8</b>	<b>100%</b>
<b>B. Contingencies</b>	<b>2.7</b>	<b>0.3</b>	<b>3.0</b>	<b>20.2%</b>
<b>C. Financing Charges<sup>b</sup></b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>1.4%</b>
<b>Total Project Cost</b>	<b>15.1</b>	<b>2.9</b>	<b>18.0</b>	<b>121.6%</b>

<sup>a</sup> In mid-2014 prices.

<sup>c</sup> Interest charges financed from the loan.  
Source: Asian Development Bank estimates.

## Combined (\$ million)

Item	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Base Cost</b>				
1. Civil Works	56.5	12.5	69.0	90.2%
2. Consulting Services				
a. Construction supervision	4.3	0.5	4.8	6.3%
(i) Supervision	2.7	0.3	3.0	
(ii) Environmental management	1.6	0.2	1.8	
b. Project management	1.5	0.2	1.7	2.2%
c. Infrastructure Management Skills Development	0.8	0.2	1.0	1.3%
(i) Training	0.6	0.2	0.8	
(ii) Workshops, seminars, and conference participation	0.2	0.0	0.2	
<b>Total Base Cost (A)</b>	<b>63.1</b>	<b>13.4</b>	<b>76.5</b>	<b>100.0%</b>
<b>B. Contingency</b>	<b>8.8</b>	<b>1.5</b>	<b>10.3</b>	<b>13.3%</b>
1. Physical	1.2	0.3	1.5	2.0%
2. Price	7.6	1.2	8.8	11.3%
<b>C. Financing Charges<sup>a</sup></b>	<b>1.2</b>	<b>0.0</b>	<b>1.2</b>	<b>1.6%</b>
<b>D. Total Project Cost (A+B+C)</b>	<b>72.8</b>	<b>15.2</b>	<b>88.0</b>	<b>115%</b>

<sup>c</sup> Interest charges financed from the loan.  
Source: Asian Development Bank estimates.

### Financing Plan

Source	Current <sup>a</sup>		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank						
Special Funds resources (grant)	0.0	0.0	4.3	23.9	4.3	4.9
Special Funds resources (loan)	55.0	79.0	10.8	60.0	65.8	74.8
Government	15.0	21.0	2.9	16.1	17.9	20.3
<b>Total</b>	<b>70.0</b>	<b>100.0</b>	<b>18.0</b>	<b>100.0</b>	<b>88.0</b>	<b>100.0</b>

<sup>a</sup> Refers to the original amount and any previous additional financing.  
Source: Asian Development Bank estimates.

### B. Allocation and Withdrawal of Loan Proceeds

#### Current Loan 2755-KGZ

Category			ADB Financing Basis
Number	Item	Total Amount Allocated for ADB Financing (\$ million)	Percentage of ADB Financing from the Loan Account
		Category	
1	Works (Design-Build)	45.0	82 percent of total expenditure claimed
2	Project management	1.5	90 percent of total expenditure claimed
3	Construction supervision and environmental management	3.6	90 percent of total expenditure claimed
4	Infrastructure management skills development	0.8	80 percent of total expenditure claimed
5	Interest	1.0	100 percent of amount due
6	Unallocated	3.1	
<b>Total</b>		<b>55.0</b>	

**Additional Financing - ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS**

Category			ADB Financing Basis
Number	Item	Total Amount Allocated for ADB Financing (\$)	Percentage of ADB Financing from the Loan Account
		Category	
1	Works (Design-Build)	4,300,000	30.7 percent of total expenditure claimed
<b>Total</b>		<b>4,300,000</b>	

**Additional Financing - ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS**

Category			ADB Financing Basis
Number	Item	Total Amount Allocated for ADB Financing (SDR)	Percentage of ADB Financing from the Loan Account
		Category	
1	Works (Design-Build)	4,82,5000	51.3 percent of total expenditure claimed
2	Construction supervision	484,000	90 percent of total expenditure claimed
3	Interest	135,000	100 percent of amount due
4	Unallocated	1,814,000	
<b>Total</b>		<b>7,258,000</b>	

### C. Detailed Cost Estimates by Financier

#### Current Loan 2755-KGZ (Unchanged)

Item	Cost				
	ADB Loan		Government		Total (\$ million <sup>a</sup> )
	Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category	
<b>A. Investment Costs</b>					
1. Civil works	45.0	82	10.0	18	55.0
2. Consulting services					
a. Construction supervision	3.6	90	0.4	10	4.0
(i) Supervision	2.0		0.2		2.2
(ii) Environmental management	1.6		0.2		1.8
b. Project management <sup>b</sup>	1.5	90	0.2	10	1.7
c. Infrastructure Management Skills Development	0.8	80	0.2	20	1.0
(i) Training	0.6		0.2		0.8
(ii) Workshops, seminars, and conference participation	0.2		0.0		0.2
<b>Total Base Cost</b>	<b>50.9</b>		<b>10.8</b>		<b>61.7</b>
<b>B. Contingencies<sup>c</sup></b>	<b>3.1</b>		<b>4.2</b>		<b>7.3</b>
<b>C. Financing Charges<sup>d</sup></b>	<b>1.0</b>	<b>100</b>	<b>0.0</b>	<b>0</b>	<b>1.0</b>
<b>Total Project Cost</b>	<b>55.0</b>		<b>15.0</b>		<b>70.0</b>
<b>% Total Project Cost</b>	<b>79.0</b>		<b>21.0</b>		<b>100.0</b>

ADB = Asian Development Bank.

<sup>a</sup> In mid-2010 prices.

<sup>b</sup> Includes salaries of IPIG staff plus employer's social fund contributions (26% of project management budget), computer software and hardware, transport, consumables, and audits and monitoring (17% of total project management budget).

<sup>c</sup> Approximately 12% of the total base cost.

<sup>d</sup> Interest charges financed from the loan.

Source: Asian Development Bank estimates.

## Additional Financing<sup>a</sup>

Item	ADB Loan		ADB Grant		Government <sup>d</sup>		Total
	Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category	
<b>A. Investment Costs</b>							
1. Civil works	7.18	51.3	4.3	30.7	2.52	18	14.0
2. Consulting services							
a. Construction supervision							
(i) Supervision	0.72	90	0.0	0.0	0.08	10	0.8
(ii) Environmental management							
b. Project management							
c. Infrastructure Management Skills Development							
(i) Training							
(ii) Workshops, seminars, and conference participation							
<b>Total Base Cost</b>	<b>7.9</b>		<b>4.3</b>		<b>2.6</b>		<b>14.8</b>
<b>B. Contingencies<sup>b</sup></b>	<b>2.7</b>	<b>90</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>10</b>	<b>3.0</b>
<b>C. Financing Charges<sup>c</sup></b>	<b>0.2</b>	<b>100</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
<b>Total Project cost</b>	<b>10.8</b>		<b>4.3</b>		<b>2.9</b>		<b>18.0</b>

ADB = Asian Development Bank.

<sup>a</sup> In mid-2014 prices.

<sup>b</sup> Physical contingencies computed at 10% for civil works and consulting services. Price contingencies computed according to the ADB price escalation factors, including provision for potential exchange rate fluctuation and price adjustment under the civil works contract.

<sup>c</sup> Interest charges financed from the loan.

<sup>d</sup> Includes taxes and duties of about \$2.6 million to be financed from government resources.

Source: Asian Development Bank estimates.

**D. Detailed Cost Estimates by Year**

**Current Loan 2755-KGZ (Unchanged)**

(\$ million) <sup>a</sup>							
Item	Total Cost <sup>b</sup>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>A. Investment Costs</b>							
1. Civil Works	55.00	0.00	18.15	13.75	16.50	4.95	1.65
2. Consultants							
a. Construction Supervision	4.00	0.12	1.20	1.00	1.20	0.36	0.12
b. Project Management	1.70	0.05	0.51	0.43	0.51	0.15	0.05
<b>Subtotal (A)</b>	<b>60.70</b>	<b>0.17</b>	<b>19.86</b>	<b>15.18</b>	<b>18.21</b>	<b>5.46</b>	<b>1.82</b>
<b>B. Infrastructure Management Skills Development</b>							
1. Training	0.30	0.00	0.06	0.06	0.06	0.06	0.06
2. Workshops and conference participation	0.70	0.02	0.21	0.18	0.21	0.06	0.02
<b>Subtotal (B)</b>	<b>1.00</b>	<b>0.02</b>	<b>0.27</b>	<b>0.24</b>	<b>0.27</b>	<b>0.12</b>	<b>0.08</b>
<b>Total Base Cost</b>	<b>61.70</b>	<b>0.19</b>	<b>20.13</b>	<b>15.41</b>	<b>18.48</b>	<b>5.59</b>	<b>1.90</b>
<b>C. Contingencies</b>	<b>7.30</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>4.00</b>	<b>1.00</b>
<b>D. Financing Charges</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>70.00</b>	<b>0.19</b>	<b>20.13</b>	<b>15.41</b>	<b>20.48</b>	<b>9.59</b>	<b>2.90</b>
<b>% Total Project Cost</b>	<b>100.00</b>	<b>3.00</b>	<b>30.00</b>	<b>25.00</b>	<b>30.00</b>	<b>9.00</b>	<b>3.00</b>

<sup>a</sup> In mid-2010 prices.

<sup>b</sup> Inclusive of taxes and duties.

Source: Asian Development Bank estimates.

## Additional Financing

(\$ million) <sup>a</sup>						
Item	Total Cost <sup>b</sup>	Year 1	Year 2	Year 3	Year 4	
<b>A. Investment Costs</b>						
1. Civil Works	14.0	1.4	9.8	2.1	0.7	
2. Consultants						
a. Construction Supervision	0.8	0.2	0.3	0.2	0.1	
b. Project Management	0.0	0.0	0.0	0.0	0.0	
<b>Subtotal (A)</b>	<b>14.8</b>	<b>1.6</b>	<b>10.1</b>	<b>2.3</b>	<b>0.8</b>	
<b>B. Infrastructure Management Skills Development</b>						
1. Training	0.0	0.0	0.0	0.0	0.0	
2. Workshops and conference participation	0.0	0.0	0.0	0.0	0.0	
<b>Subtotal (B)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Base Cost</b>	<b>14.8</b>	<b>1.6</b>	<b>10.1</b>	<b>2.3</b>	<b>0.8</b>	
<b>C. Contingencies</b>	<b>2.9</b>	<b>0.3</b>	<b>2.0</b>	<b>0.4</b>	<b>0.1</b>	
<b>D. Financing Charges</b>	<b>0.3</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Project Cost (A+B+C+D)</b>	<b>18.0</b>	<b>2.0</b>	<b>12.4</b>	<b>2.7</b>	<b>0.9</b>	
<b>% Total Project Cost</b>	<b>100.0</b>	<b>11.0</b>	<b>68.7</b>	<b>15.1</b>	<b>5.2</b>	

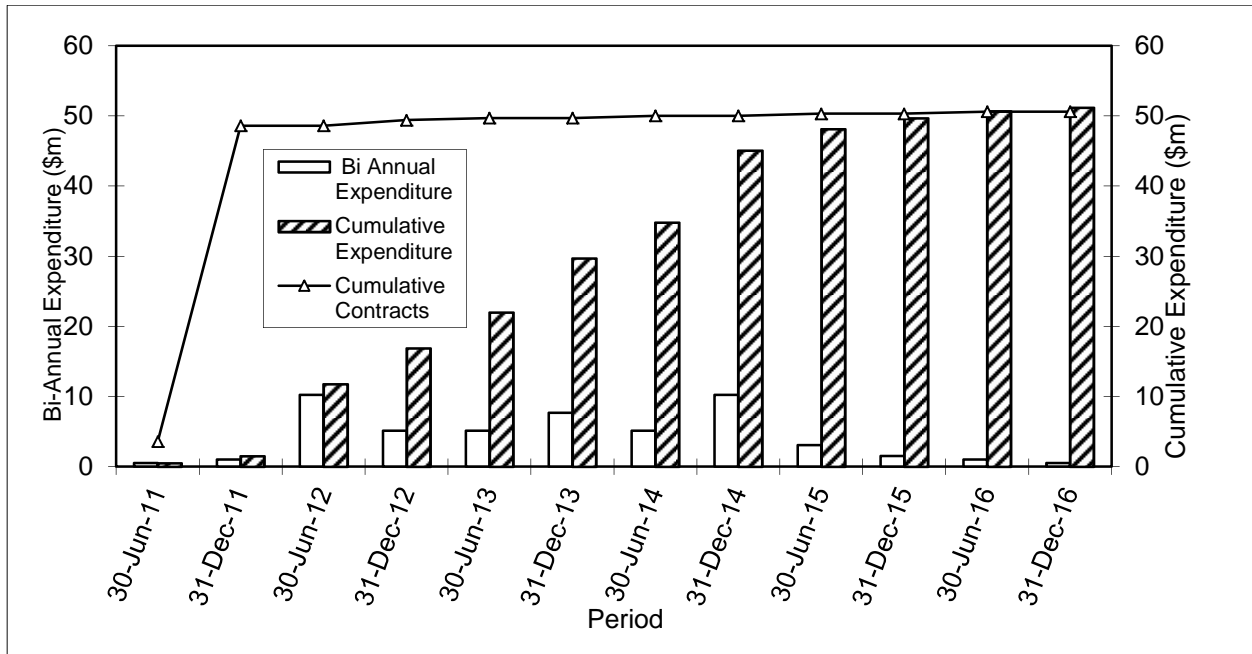
<sup>a</sup> In mid-2014 prices.

<sup>b</sup> Inclusive of taxes and duties.

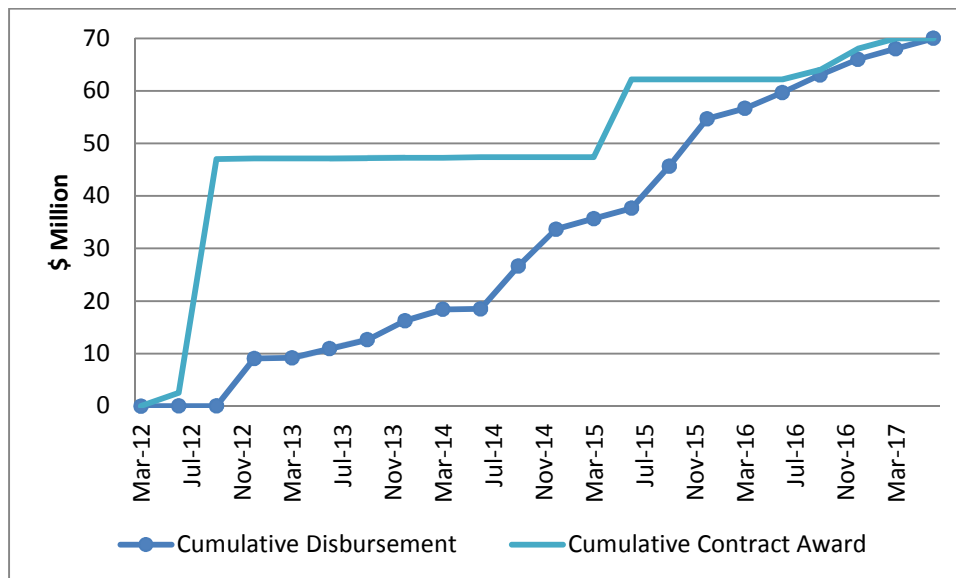
Source: Asian Development Bank estimates.

**E. Contract and Disbursement S-curve**

**Current Loan at Appraisal (Unchanged)**



**Combined with Additional Financing**





**F. Fund Flow Diagram**

Please see Section III C.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

#### (i) Risk Analysis

8. The objectives of the project's financial management system are:

- (i) to ensure that funds are used only for their intended purposes in an efficient and economical way;
- (ii) to ensure that funds are properly managed and flow smoothly, adequately, regularly and predictably in order to meet the objectives of the project;
- (iii) to enable the preparation of accurate and timely financial reports;
- (iv) to enable project management to monitor the efficient implementation of the project; and
- (v) to safeguard the project assets and resources.

9. Table below identifies the key risks that the project management may face in achieving these objectives and provides a basis for determining how management should address these risks.

Risk	Risk Assessment *	Risk Mitigation Measures
Government's failure to provide counterpart fund on time during project implementation	M	Government assurances to include counterpart funds in the annual budget
Budget of some project elements are underestimated due to price escalation	N	Provision of contingencies to cover price fluctuations. Budget to be revised where necessary. The FM staff will monitor actual expenditure against budget.
Break-down of the accounting system	N	Frequent system back-ups.
Delays in submitting audit reports	N	The audit will be carried out on TORs with submission schedule of audit reports agreed with the ADB.
Weak vetting controls over payments to contractors and consultants	N	Strict adherence to the guidelines and procedures outlined in the PAM and Operational Manual
Staffing	N	Introduction of a market-based salary structure and promotions to offer financial and non-financial rewards and incentives for additional work performed by staff
Accounting Policies and Procedures	N	The current accounting policy and financial management manual should be updated periodically in accordance with prevailing MOF and ADB requirements.

\* H = High, S = Substantial, M = Moderate, N = Negligible or Low

## **(ii) Project Financial Management System: Strength and Weaknesses**

10. MOTC with its IPIG is responsible for overall project financial management, i.e. planning, accounting, disbursement, replenishment, reporting, maintaining adequate control of the accounting information, and ensuring its timely, full and proper registration in the accounting system.

11. IPIG has a strong financial management capability and maintains separate project accounts and records by funding source for all expenditure incurred on the Project. Project accounts are follow international accounting principles and practices including the procedures outlined in the manual prepared for IPIG by the World Bank.

12. Audits of project accounts have been carried out in the past and no major deficiencies have been noted by auditors.

13. The project financial management is strengthened by the following features:

- (i) The accounting personnel within IPIG are adequately qualified and experienced
- (ii) The accounting system is computerized
- (iii) Adequate accounting policies and procedures are in-place.
- (iv) Budgeting arrangements are adequate;
- (v) External auditing arrangements are adequate; and
- (vi) Funds flow arrangements are adequate.

## **(iii) Implementing Entity**

14. The Automobile Roads Act gives the main responsibility for planning and administering road policies, programs and projects to the Ministry of Transport and Communications of Kyrgyz Republic (MOTC), which is responsible for policy making and regulating, planning and developing transport and communications, including the road, railway and civil aviation sectors.

15. MOTC is the Executive Agency on preparation and implementation of investment projects in road sector development.

16. In compliance with provisions of Loan and Grant Agreements on the implementation of investment projects, MOTC established by Order dated 01.02.2010 No.10-k/1, with the concurrence of Ministry of Finance, the Investment Projects Implementation Group (IPIG) for coordination, management, monitoring and evaluation of all projects implementation aspects.

17. The main objectives of IPIG are:

- (i) Implementation of investment projects in road sector development;
- (ii) Preparation of investment projects in the sector of road infrastructure development;
- (iii) Assistance in implementation of loan commitments towards donors, in compliance with signed international agreements on the investment projects.

## **(iv) Investment Projects Implementation Group (IPIG)**

18. IPIG will handle day-to-day implementation activities, in particular (i) advising MOTC on procurement of best quality goods, works and consulting and audit services at the least cost, (ii) designing the learning and development program, (iii) verifying supporting documents submitted by contractors and consultants (iv) obtaining ADB approvals, (v) monitoring and evaluating project activities and outputs, (vi) reporting the Project's progress to MOTC and ADB, (vii) reviewing the Project with ADB missions, and (viii) consulting with the public and disclosing project information to them in consultation with ADB.

19. The Director of the IPIG is responsible for the day-to-day supervision of implementation activities. Additional staff, including professional staff with experience in procurement, financial management, construction supervision, and safeguards supports the project implementation.

20. To achieve the objectives set out in the Order from MOTC, IPIG's scope of works include:

- (i) Jointly with international consultant, timely preparation of appropriate documents and agreements, on investment projects implementation issues.
- (ii) Holding meetings and negotiations with donors on preparation and implementation of investment projects, as well as on discussion, execution, conclusion and making amendments in the contract and other agreements.
- (iii) Preparation of tenders on investment projects, strictly in compliance with donors procurement procedures.
- (iv) Submission to the Government of Kyrgyz Republic, Ministry of Finance, Ministry of Economic Regulation, Ministry of Transport and Communications and donors, information on planned investment projects in the sector of road infrastructure development and information on the implementation of investment projects. Provide assistance in solving issues, regarding visits of construction sites by the representatives of donors involved in the projects, inspections and examining its conditions, assessment of projects execution and putting into operation the projects after their completion.
- (v) Carrying out necessary actions on the acceptance of and payment of the executed works in compliance with donors' procedures based on the agreements and signed contracts.
- (vi) Monitoring and controlling work progress and quality, fulfillment of project obligations by the consultants, contractors and suppliers, assessment of draft decisions and making amendments, also performing other duties arising out contents of agreements and signed contracts.
- (vii) Coordination of consultants, contractors and suppliers relations with local and republic authorities in the sphere of taxation and social payments.
- (viii) Timely submission of audit reports on the project accounts to donors and Ministry of Finance of Kyrgyz Republic.
- (ix) Preparation draft decisions, orders, decrees, correspondence related to the department, for the consideration of Ministry of Transport and Communications management.
- (x) Evaluation of bidding proposals, expression of interests, CVs, price quotations and preparation of appropriate evaluation reports to submit for consideration of suitable tender committees.
- (xi) Preparation recommendations for contract awards.
- (xii) Taking part in working out of budget and other programs with necessary justifications in cooperation with departments of the Ministry of Transport and

Communications, and participation in working out of current and perspective plans of investments in the sector of road infrastructure.

- (xiii) Participation in research, design-technical, technological and exploratory projects.
- (xiv) Carrying on correspondence on the matters of investment projects implementation with donors, ministries and agencies, local administrations of Kyrgyz Republic, as well as on matters related to IPIG competence. By order of the Ministry of Transport and Communications IPIG performs other functions on the implementation of investment projects.

21. Presently IPIG is implementing 15 investment projects financed by ADB, World Bank, European Commission, EBRD, EXIM Bank, and China Development Bank. It had been acknowledged that MOTC through IPIG possessed considerable experience of handling internationally financed projects.

## **B. Disbursement**

22. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time), and detailed arrangements agreed upon between the Government and ADB.<sup>2</sup>

23. IPIG established an imprest account for the original loan (Loan 2755-KGZ) at a commercial bank acceptable to ADB, with an initial advance equivalent to \$50,000 for the anticipated expenses in the following 6 months. These expenses will include IPIG staff salaries and project management expenses. MOF and MOTC may request ADB to increase the advance to the maximum, which is 10% of the loan amount if there is adequate justification. The statement of expenditure (SOE) procedure will be used to reimburse eligible expenditure and to liquidate and replenish the imprest account for individual payments of \$10,000 and below. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. ADB will make direct payment for expenses under the civil works contract and consulting services for construction supervision.

24. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet setting out the estimated expenditures for project implementation, and submission of evidence satisfactory to ADB that the imprest account has been duly opened. For every liquidation and replenishment request of the imprest account, the MOTC must furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement reconciling the above mentioned bank statement against the IPIG's records.

25. IPIG's Finance Division will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds from MOF, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. Before the submission of the first withdrawal application of each loan, the MOF shall submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB.

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<sup>2</sup> Available at: <http://www.adb.org/documents/loan-disbursement-handbook>

## **C. Accounting**

26. IPIG will maintain separate project accounts and records by funding source for all expenditure incurred on the project. Project accounts will follow international accounting principles and practices including the procedures outlined in the manual prepared for IPIG by the World Bank.

## **D. Auditing**

27. IPIG will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing and the Government's audit regulations by a firm acceptable to ADB. MOTC will submit the audited accounts in the English language to ADB within 6 months of the end of the fiscal year. The annual audit report will include a separate audit opinion on the use of the imprest accounts, and the SOE procedures. The Government and MOTC have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

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

### **A. Advance Contracting (Not applicable for the additional financing)**

28. All advance contracting will be undertaken in conformity with ADB's Procurement Guidelines (March 2013, as amended from time to time) and ADB's Guidelines on the Use of Consultants (March 2013, as amended from time to time).<sup>3,4</sup> The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower, executing, and implementing agency have been advised that approval of advance contracting does not commit ADB to finance the project.

29. Advance contracting will be limited to civil works and consulting services for construction supervision. MOTC will carry out (i) prequalification of contractors, tendering, and bid evaluation; and (ii) recruitment of consultants. The investment project implementation group (IPIG) will be responsible for day-to-day administration of project activities. MOTC set up IPIG in 1996. Since then, it has delivered more than 12 road projects valued at nearly \$500 million, and currently implementing 15 projects with an estimated total value of \$520 million. It now has 29 full-time staff. MOTC's project deliver performance to date has been satisfactory.

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

30. Procurement of goods, civil works, and related services financed from the loan will be done in accordance with ADB's Procurement Guidelines.

31. Design-build project delivery method will be used for civil works. Bidders will be pre-qualified and allowed at least 60 days for bid preparation. The single-stage two-envelope procedure will be used for bidding. International competitive bidding procedures

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<sup>3</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>4</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

will be used for civil works contracts estimated to cost \$1 million or more. Shopping will be used for contracts for procurement of equipment worth less than \$100,000.

32. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages, and the procurement schedule is shown below in Section C.

33. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants. The terms of reference for the consulting services for construction supervision, skills development, environmental monitoring, and technical audits are outlined in Section D.

34. The consultant selection for the various services will be as follows:

35. Construction supervision: An estimated 435 person-months (60 international, 375 national) of consulting services are required to oversee construction quality and schedule adherence, and undertake ecosystems rehabilitation and or restoration if necessary. An international engineering firm will be recruited using the quality-and-cost-based selection (QCBS) method.

36. Project management: An estimated 384 person months of services of individual national consultants and 20 persons-months of services of individual international consultants are required to assist IPIG. Separate firms will be required to perform environmental monitoring, annual financial auditing and technical (procurement) auditing, respectively. These firms will also be selected using the CQS method.

37. Skills development: An estimated 6 person months of services of international individual consultants and 40 person-months (20 international, 20 national) of services of a firm will be required to improve the infrastructure management skills of staff from MOTC and from other government agencies such as the Ministry of Finance and the Ministry of Environment. The firm will be selected using the QCBS method.

## C. Procurement Plan

### Basic Data

<b>Project Name:</b> CAREC Transport Corridor I (Bishkek–Torugart Road) Project 3	
<b>Project Number:</b> 42399-023	<b>Approval Number:</b> L2755/L3204/G0418
<b>Country:</b> Kyrgyz Republic	<b>Executing Agency:</b> Ministry of Transport and Communications
<b>Project Financing Amount:</b> \$ 88,000,000 <b>ADB Financing:</b> US\$ 70,000,000 <b>Cofinancing (ADB Administered):</b> <b>Non-ADB Financing:</b> US\$ 18,000,000	<b>Implementing Agency:</b> N/A
<b>Date of First Procurement Plan:</b> 7 June 2011	<b>Date of this Procurement Plan:</b> 4 June 2015

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

#### a. Procurement and Consulting Methods and Thresholds

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

**Procurement of Goods and Works**

Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$3,000,000	
International Competitive Bidding for Goods	\$1,000,000 <sup>1</sup>	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

**Consulting Services**

Method	Comments
Consultants Qualification Selection for Consulting Firm	
Quality- and Cost-Based Selection for Consulting Firm	
Individual Consultants Selection for Individual Consultant	

**b. ADB Prior or Post Review**

39. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
ICB Works	Prior	
Shopping for Goods	Prior	
<b>Recruitment of Consulting Firms</b>		
Quality- and Cost-Based Selection	Prior	
Quality-Based Selection	Prior	
Other selection methods	Prior	
<b>Recruitment of Individual Consultants</b>		
Individual Consultants	Prior	

**c. Goods and Works Contracts Estimated to Cost More Than \$1 Million**

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

General Description	Contract Value	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
None					

**d. Consulting Services Contracts Estimated to Cost More Than \$100,000**

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

Package No.	General Description	Estimated Value	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments



Tbd-1	Technical/Procurement Audit	100,000	CQS	Prior	Q4 2015	BTP	Assignment: International
Tbd-2	Staff Skills Development	610,000	QCBS	Prior	Q2 2015	BTP	Assignment: International Q-C ratio: 80:20

**e. Goods and Works Contracts Estimated to Cost Less than \$1 Million Million and Consulting Services Contracts Less than \$100,000**

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

**Goods and Works**

Package No.	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
None								

**Consulting Services**

Package No.	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Tbd-3	Infrastructure Management Skills Dev	40,000	2	ICS	prior	Q3 2014	BTP	Recruitment of international consultant is ongoing

**2. Indicative List of Packages Required Under the Project**

43. The following table provides an indicative list of all procurement (works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

**Goods and Works**

Package No.	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

**Consulting Services**

Package No.	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

**3. List of Awarded and On-going, and Completed Contracts**

44. The following table lists the awarded and on-going contracts, and completed contracts.

### Goods and Works

Package No.	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
BNT3-1/ICB/CW	Civil works	50,000,000	44,153,616	ICB	Q2 2011	15 Aug 12	

### Consulting Services

Package No.	General Description	Estimated Value	Number of Contracts	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
BNT3-QCBS/CS-1	Construction supervision	2,500,000	2,772,808	QCBS	Q2 2011	11 May 2012	
CS-IC-11	Environmental Monitoring	200,000	180,458	ICS	Q3 2013	18 Oct 2013	
Various	Project management	896,000	various	ICS	Various	various	Ongoing contracts subject to annual extension
CQS-CS-2	Financial Audit	150,000	79,473	CQS	Q3 2013	26 May 2014	

### 3. Review of Contract Modifications

45. ADB will review contract modifications in accordance with the procedures set forth in the loan agreement between the Borrower and ADB.

### 4. Draft Outline Terms of Reference for Consulting Services (unchanged)

#### a. Civil Works Supervision and Environmental Management (To be finalized after preparation of bid document for civil works)

##### (i) Scope of Consulting Services

46. The Ministry of Transport and Communications (MOTC), as the executing agency (the Employer), is soliciting proposals from internationally renowned firms for serving as the supervisor (Engineer) of the civil works component of the CAREC Corridor 1 (Bishkek–Torugart Road) Project 3. The works comprise repair, rehabilitation, and/or reconstruction of the existing asphalt concrete pavement or gravel surfaces, associated structures, and roadside elements between Km 479 and km 539 of the 536-km Bishkek–Torugart road. The broad scope of the services include, and may not be limited to, ensuring the quality of works; approving payments to contractors, collecting, analyzing, and reporting to the Employer and ADB on the project's social, economic, and environmental, and poverty impact of the civil works, and sharing knowledge, wherever possible, with MOTC staff, and routinely checking on the performance of the civil works.

**(ii) Experience and Qualifications Required of the Engineer and Personnel**

47. To be considered eligible for consideration as the Engineer, a firm should be internationally recognized as a civil engineering consulting firm with a record of enabling successful and efficient completion of road construction or rehabilitation projects, particularly in environmentally sensitive and permafrost sites. The Engineer's team must comprise specialists that have obtained, at a minimum, a bachelor's degree from an accredited university, experience in the Kyrgyz Republic and/or in central Asian countries. The team leader and at least one other international specialist must have valid (active) licenses or memberships in an accredited and internationally affiliated professional organization, and have undergone recent professional development training related to his or her field. The specialists in the Engineer's team should have demonstrated their capacity to successfully complete assignments, supported by references from clients whose complete names and addresses should be included in the resumes. The registration (or license) numbers and periods of membership in the professional organizations should be provided.

48. The team leader and the team member with the second highest person-months of input should provide letters from at least two clients in the past five years, confirming successful completion of the assignments. The Employer may randomly select those clients to verify details provided by the selected firm, prior to signing the contract.

**(iii) Scope of Work**

49. The work will be divided into two parts. One is supervision of works, and the other will be environmental management.

50. **Supervision of Works.** The Engineer will undertake the following tasks aside from the standard tasks as required under FIDIC, except the following General Conditions of the Civil Works Contract:

- (i) Sub-Clause 4.4: Giving consent to other proposed subcontractors than the ones named in the Contract;
- (ii) Sub-Clause 4.12: Agreeing or determining an extension of time and/or additional cost;
- (iii) Sub-Clause 8.1: Issuing the instruction to commence the works;
- (iv) Sub-Clause 12.3: Determining rates;
- (v) Sub-Clause 13.1: Instructing a variation, except in an emergency situation as determined by the Engineer;
- (vi) Sub-Clause 13.3: Approving a proposal for variation submitted by the Contractor in accordance with Sub-Clause 13.1 or 13.2; and
- (vii) Sub-Clause 13.4: Specifying the amount payable in each of the applicable currencies.

51. And the additional tasks, listed below:

- (i) Review the geometry, pavement, bridge, and other structural designs, specifications, construction method etc. prepared the employer and revise or update if possible to achieve greater economy, safety, reliability, and/or durability

- (ii) Prepare working drawings, and provide written confirmation to the Employer indicating the acceptance of ownership of the drawings
- (iii) Undertake a complete baseline survey of social, environmental, economic, technical and financial data for estimating the performance indicators agreed with the Employer and ADB
- (iv) Design a simple MS Excel or similar system for recording the baseline and periodic data<sup>5</sup>
- (v) Collect the data collected during the baseline survey at least once every year, and analyze trends and variations and report include in the subsequent monthly report to the Employer and ADB
- (vi) Introduce a state-of-the art quality assurance system (QAS) aided with modern information technology (IT) based quality monitoring so that results are readily available to monitor and report on progress online monitoring;
- (vii) Assist MOTC evaluate civil works tenders and negotiate the mutually beneficial terms and conditions as well as construction schedule
- (viii) Ensure the contractor adheres to the agreed schedule at the time of signing the contract for submitting all documents (performance bonds, insurance policies, etc.) completing the Engineers facilities, and all other requirements.
- (ix) Prepare an IPC submission and review schedule in consultation with the contractor, and hold joint monthly meetings with the Employer and the Ministry of Finance to review the approved payments and agree on the submissions to ADB
- (x) Maintain an up to date accounting and document management system that could instantaneously provide information on approved payments, and interim payment certificates, variations, claims, etc, under review; dates and times of instructions to the contractor, etc.
- (xi) Maintain up to date financial and other records for review, if and when needed, by ADB
- (xii) Assist the Employer prepare progress reports to ADB by incorporating the required information and submitting at the required frequency according the project administration memorandum
- (xiii) Conduct a complete joint review of the works with all stakeholders and ADB, as well as a safety audit, prior to handover of the site to the Employer
- (xiv) Preparing a complete set of as built drawings in paper and electronic formats for archiving in the Employers repository

**52. Environmental Management.** The Karatal–Japyryk State Preservation Office is responsible for regulatory oversight in the Chatyr Kul protected area, including independent monitoring of air and water quality parameters. The Engineer will be primarily responsible for the pollution source control and monitoring track. The scope of work will include, but not limited to: (i) reviewing construction contractors design for drainage and run-off control, including retention ponds; (iii) conducting pollution source environmental monitoring and analyses (air, dust, noise, vibration, and water quality) including baseline surveys; (iv) identifying ecological preservation and restoration opportunities, (v) implementing preliminary biodiversity preservation and restoration activities; (vi) assisting MOTC in presenting environmental management information in the progress reports; (vii) training for MOTC and other government agency staff on collection, analysis, and reporting environmental data in general and the project in particular; (vii) ensuring that the contractor is in compliance with its stated environmental,

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<sup>5</sup> Socioeconomic impacts of the Project should be conducted through selective household surveys and participatory research methods; ensure gender equality in employment opportunities, non-gender-based discrimination in labor standards, risk of HIV and human trafficking.

health, and safety (EHS) policy.

**(iv) Team Composition, Skills, and Input**

53. The Engineer's team would be expected to include the following international and national specialists that could provide the indicated input at the least.

<b>International Team</b>					
<b>Title</b>	<b>Min. &amp; Max. Experience (Years)</b>	<b>Area of Specialization</b>	<b>Special Skills and Knowledge</b>	<b>Indicative Field Input (months)</b>	<b>Indicative Home Office Input (months)</b>
Project Manager/ Highway Design Engineer	15–25 and Professional Engineering License	Civil Engineering— Geometric Design and Construction Management	<ul style="list-style-type: none"> <li>• Geometric design of two lane highways in mountainous terrain</li> <li>• Design review and safety auditing</li> <li>• Project management software</li> <li>• State of the art QC/QA implementation</li> <li>• Multidisciplinary team leadership</li> <li>• Report writing and oral presentation</li> </ul>	15	5
Pavement Design Engineer	15–25 and Professional Engineering License	Civil Engineering— Asphalt Pavement Design	<ul style="list-style-type: none"> <li>• Asphalt pavement design in cold climates</li> <li>• Latest AASHTO pavement material and mix design methods</li> <li>• Design optimization</li> <li>• Asphalt plant construction and operation</li> <li>• Hot mix paving and pavement maintenance</li> </ul>	6	2
Hydraulic and Structural Engineer	15–25	Civil Engineering— Structural Engineering with experience in	<ul style="list-style-type: none"> <li>• Bridge and hydraulic structure design</li> <li>• Seismic retrofitting</li> <li>• Design review</li> <li>• Bridge condition assessment and maintenance</li> </ul>	4	-
Geotechnical Engineer	15–25	Civil Engineering— Geotechnical Engineering and Soil Mechanics	<ul style="list-style-type: none"> <li>• Slope and embankment construction</li> <li>• Seismic retrofitting</li> <li>• Design review</li> </ul>	4	-

International Team					
Title	Min. & Max. Experience (Years)	Area of Specialization	Special Skills and Knowledge	Indicative Field Input (months)	Indicative Home Office Input (months)
Contracts Specialist	15–30	Civil Engineering—Procurement, contract law, and FIDIC contract administration	<ul style="list-style-type: none"> <li>• Civil works contract negotiation</li> <li>• Evaluation and settlement of variations and claims</li> </ul>	2	2
Environmental Specialist/Safeguard Compliance Specialist	10–20	Environmental Science — environmental impact assessment	<ul style="list-style-type: none"> <li>• Environmental plan review</li> <li>• Water and air quality analysis</li> <li>• Construction and operational noise abatement</li> <li>• Report preparation</li> <li>• Project performance management systems design</li> <li>• Worker compensation and benefits assessment</li> <li>• Community participation programming</li> <li>• Awareness campaigning</li> </ul>	12	3
IT Specialist	10–20	Computer Science—web-based applications	<ul style="list-style-type: none"> <li>• Quality assurance system design and application</li> <li>• End-user training</li> <li>• IT systems maintenance</li> </ul>	2	2
<b>Total</b>				<b>45</b>	<b>15</b>

National Team					
Title	Min. Experience (Years)	Area of Specialization	Special Skills and Knowledge	Indicative Field Input (months)	Indicative Home Office Input (months)
Deputy Project Manager/Highway Design Engineer (1 structural and 1 road works position)	15	Civil Engineering—Highway Design and Construction Management	<ul style="list-style-type: none"> <li>• Geometric design of roads</li> <li>• Design review and safety auditing</li> <li>• Project management software</li> <li>• QC/QA review</li> <li>• Report writing</li> </ul>	20	4

<b>National Team</b>					
<b>Title</b>	<b>Min. Experience (Years)</b>	<b>Area of Specialization</b>	<b>Special Skills and Knowledge</b>	<b>Indicative Field Input (months)</b>	<b>Indicative Home Office Input (months)</b>
			and oral presentation		
Pavement Design Engineer (2 positions)	15	Civil Engineering— Asphalt Pavement Design and Management	<ul style="list-style-type: none"> <li>• Asphalt mix design</li> <li>• Asphalt plant construction and operation</li> <li>• Hot mix paving and pavement maintenance work supervision</li> <li>• Laboratory and in-situ testing</li> </ul>	6 each =12	-
Structural Engineer	15	Civil Engineering— Structural Engineering	<ul style="list-style-type: none"> <li>• Bridge and hydraulic structure design</li> <li>• Bridge condition assessment</li> <li>• Sampling and testing</li> </ul>	4	1
Geotechnical Engineer	15	Civil Engineering— Geotechnical Engineering and Soil Mechanics	<ul style="list-style-type: none"> <li>• Slope and embankment construction</li> <li>• Geosynthetic and other advanced materials</li> <li>• Seismic retrofitting</li> <li>• Laboratory and in-situ testing</li> </ul>	4	1
CAD Specialist	10	Engineering Technology Diploma – geometric design of highways	<ul style="list-style-type: none"> <li>• Roadway design</li> <li>• Training</li> </ul>	5	-
IT Specialist	10	Computer Science- web-based applications	<ul style="list-style-type: none"> <li>• End-user training</li> <li>• Local area and remote location networking</li> <li>• IT systems maintenance</li> </ul>	5	3
Inspectors (8 positions)	10	Diploma — quality control	<ul style="list-style-type: none"> <li>• Sampling</li> <li>• Laboratory and in-situ testing</li> <li>• Reporting</li> </ul>	15 each = 120	-
Environmental Specialists	10	Environmental Science — environmental impact assessment	<ul style="list-style-type: none"> <li>• Environmental plan review</li> <li>• Water and air quality analysis</li> <li>• Report preparation</li> <li>• Project performance</li> </ul>	10	2

National Team					
Title	Min. Experience (Years)	Area of Specialization	Special Skills and Knowledge	Indicative Field Input (months)	Indicative Home Office Input (months)
			management systems design • Worker compensation and benefits assessment • Community participation programming • HIV and human trafficking awareness campaigning		
Field Surveyors (10 positions)	5	Environmental and Social Sciences	• Traffic and origin-destination surveys • Personal interviews • Statistical analysis using standard software	8 each = 80	2 each = 4
Quantity Surveyors and Highway Laboratory Technicians	5	Technical School or College Diploma	• Land surveying • Materials testing • Quantity estimates	10 each = 100	-
<b>Total</b>				<b>360</b>	<b>15</b>

**b. Skills Development (to be finalized after inception of transport master plan study)**

**Scope of Consulting Services**

54. MOTC requires the services of two firms to improve the skills of its staff and staff of the Ministry of Finance, Ministry of Economy, and Ministry of the Environment in managing road infrastructure. Advanced skills are needed in (a) technical aspects; and (b) commercial aspects. Accordingly, one firm is required to undertake skills development in subjects such as contracting, contract administration, quality assurance; and a one firm is required to cover subjects such as budgeting, tariff setting, toll/tariff collection, and internal financial auditing. The total estimated input of the two firms is 40 person-months (20 international, 20 national) over a period of approximately 30 months. QCBS method will be used to select the firms based on short technical proposals. The firms will be expected to use lectures, interactive workshops, field visits, or other efficient delivery methods to enhance the staff skills.

55. An estimated 24 person-months of services will also be required from international individual consultants provide training in technical/procurement auditing and safeguards, particularly on the application of ADB's safeguard policy statement. All consultants will be required to carry out pre- and post- staff evaluations, and issue competency certificates.



- c. **Environmental Monitoring and Financial Auditing and Technical Auditing (Refer to the TORs in the relevant contracts that have been awarded under the project)**

## VII. SAFEGUARDS

### A. Environment

56. The project is classified as environment category A. The additional financing is classified as environment category C.

57. The environmental impact assessment (EIA) of the project showed that the: (i) impacts during construction are mostly acute, temporary, and reversible, with the exception of possible hazardous materials spills; (ii) potential impacts during operations are expected to be much greater as the road has a design lifetime of 20 years, and pollutants entering the Chatyr Kul aquatic ecosystem could accumulate because the lake has no outlet; (iii) some improvements in dust, noise, and vibration are expected; and (iv) long-term impacts due to increased traffic, vehicle emissions, and possible hazardous materials spills pose potential risks to the Chatyr Kul ecosystem.

58. The draft EIA report was discussed with the stakeholders and disclosed to the public in November 2010, which was subsequently updated prior to civil works commencement and publically disclosed in January 2014. It contains a 2-track EMP aimed clearly at: (i) pollutant source control, and (ii) receptor [biodiversity] protection. MOTC, update the EIA report and obtain ADB's approval before handing over the civil works site to the contractor.

59. The government will ensure that MOTC:

- (i) engages qualified and experienced external experts or qualified NGOs under a selection process and terms of reference acceptable to ADB, to verify information produced through the project monitoring process, and facilitate the carrying out of any verification activities by such external experts;
- (ii) promptly informs ADB of the occurrence of any risks or impacts, with detailed description of the event and proposed corrective action plan if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the project that were not considered in the EIA and the EMP;
- (iii) reports any actual or potential breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of the breach; and
- (iv) submits at least semiannual monitoring reports during project construction, and at least annual reports during operation.

### B. Land Acquisition and Resettlement, and Indigenous Peoples

60. The current project was initially classified as resettlement category C and indigenous peoples category C. Upon the finalization of detailed design, it was reconfirmed that there are no indigenous peoples in the project area, however, 11 roadside mobile trailer units providing rudimentary accommodation and refreshment facilities at the border holding area will have to be relocated about 100 meter away due to road rehabilitation and construction of a roadside truck parking facility. Accordingly, the project is re-categorized as resettlement category B, a resettlement plan was prepared and consulted with affected persons and was disclosed, while indigenous peoples category C remains unchanged. Preparatory work for the mobile trailers relocation is ongoing and the actual movement will take place in mid-2015 when the harsh

winter is over. The additional financing will not entail any additional involuntary resettlement impacts and is classified as resettlement category C, however, for any mitigation on unanticipated involuntary resettlement impacts, MOTC will consult with ADB and will prepare appropriate plan in accordance with the ADB Safeguard Policy Statement (2009).

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

### **C. Execution of Civil Works Contracts**

62. MOTC will make any changes to the road alignment or any related facilities only with prior approval by ADB. MOTC will update the EIA, including the EMP, based on the refined road alignments and ecological survey. ADB clearance of the updated EIA will need to be obtained prior to commencement of civil works by a contractor.

### **D. Labor, Gender, Health, and Social Protection**

63. MOTC will include a specific provision in the works and service contracts to ensure that its Employees: (i) comply with national labor standards, applicable laws and regulations and incorporate applicable workplace occupational safety norms; (ii) do not differentiate payment between men and women for work of equal value; (iii) do not employ child labor in the construction activities; (iv) eliminate forced or compulsory labor; (v) eliminate employment discrimination; (vi) allow freedom of association; and (vii) to the extent possible, maximize employment of local poor and disadvantaged persons for project construction purposes, provided that the requirements for job and efficiency are adequately met.

64. MOTC will coordinate with the Ministry of Internal Affairs and other relevant agencies to implement adequate surveillance measures in the Bishkek–Torugart road to prevent human and narcotic trafficking, poaching in Chatyr Kul lake area, and other unlawful activities. Through the contractor and Engineer, MOTC will disseminate information on prevention of sexually transmitted diseases and to workers employed in road construction and communities living adjacent to the project road.

## **VIII. GENDER AND SOCIAL DIMENSIONS**

65. People residing along the road will be able to find employment in physical works and ancillary services during construction. The increased in traffic will help sustain the service businesses that people started during construction. Civil works and service contracts financed by ADB will require equal employment opportunities, equal wages for equal work, and full observance of Core Labor Standards. The Government has gradually increased border and internal security monitoring, and will implement a national road safety awareness program in the local communities. These measures will help prevent possible negative social effects such traffic accidents, human and drug trafficking, and spread of sexually transmitted diseases, which may result from increased travel and trade.

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

**A. REVISED DESIGN AND MONITORING FRAMEWORK**

<b>Design Summary</b>	<b>Performance Targets and Indicators with Baselines</b>	<b>Data Sources and Reporting Mechanisms (Overall Project)</b>	<b>Assumptions and Risks (Overall Project)</b>
<p><b>Impact</b></p> <p><b>Current project</b> Increased regional trade, particularly between the Kyrgyz Republic and the People's Republic of China</p> <p><b>Overall project</b> Unchanged</p>	<p><b>Current project</b> By 2020: Increased average daily traffic crossing the border at Torugart to 400 from 100 in 2010 Increased number of registered businesses in the Naryn Province to at least 350 from 250 in 2010</p> <p><b>Overall project</b> By 2021: Increased average daily traffic crossing the border at Torugart to 310 from 100 in 2010 (changed) Increased number of registered businesses in the Naryn Province to at least 350 from 250 in 2010 (unchanged)</p>	<p>Economic and social statistics published by the National Statistical Committee of the Kyrgyz Republic</p> <p>Economic and social statistics published by the National Statistical Committee of the Kyrgyz Republic</p> <p>State Customs Committee data</p>	<p><b>Assumptions</b> Current bilateral and multilateral agreements with neighboring countries unchanged or strengthened Other sections of the Bishkek–Torugart road to be improved by 2016</p> <p><b>Risk</b> Tariffs, taxes, and road user charges arbitrarily imposed</p>
<p><b>Outcome</b></p> <p><b>Current project</b> Higher mobility for people and goods with origins and destinations in the road corridor between Naryn and Torugart</p>	<p><b>Current project</b> By 2016: Reduced average travel time between Naryn and Torugart border crossing to no more than 4 hours from 6 hours in 2010 Increased number of freight operators offering services in the Naryn–Torugart section to at least 5 from 2 in 2010</p>	<p>MOTC's traffic and origin–destination surveys</p>	<p><b>Assumptions</b> Regulations and legislation that encourage provision of more transport services are in place Skills development programs help improve maintenance of Bishkek–Torugart road and other parts of the corridor</p> <p><b>Risk</b> Political and public opposition to increasing user charges to generate</p>

			more maintenance revenue
<p><b>Overall project</b> Unchanged</p>	<p><b>Overall project</b> By 2017: Reduced average travel time between Naryn and Torugart border crossing to no more than 4 hours from 6 hours in 2010 (unchanged) Increased number of freight operators offering services in the Naryn–Torugart section to at least 5 from 2 in 2010 (unchanged)</p>		
<p><b>Outputs</b> <b>Output 1</b> <b>Current project</b> The last 60-km section of the Bishkek–Torugart road (km 479–km 539), repaired, rehabilitated, or reconstructed to meet national Category III road standards with roadside truck parking facility and special hydraulic features for protecting the environment and preserving the road structure</p> <p><b>Overall project</b> Unchanged</p>	<p><b>Current project</b> By 2016: Average international roughness index of the road surface to be reduced to less than 4.0 from 8.5 in 2010 Safety audit score after completion of civil works at least 90% Monthly rate of compliance with environmental management plan no less than 90%</p> <p><b>Overall project</b> By 2017: Average international roughness index of the road surface to be reduced to less than 3.0 from 12 in 2010 (changed) Road safety audit conducted with at least 90% of recommendations adopted (changed) Monthly rate of</p>	<p>Civil works progress reports prepared by MOTC, and the project completion report</p>	<p><b>Assumption</b> Construction cost and time unaffected by political or social factors</p>

	compliance with environmental management plan no less than 90% (unchanged)		
<b>Output 2</b> <b>Current project</b> Improved infrastructure management skills of MOTC and other government agency staff  <b>Overall project</b> Unchanged	<b>Current project</b> By 2016: Training and conference participation opportunities offered to at least 25 staff  At least 15 staff successfully complete the training courses  At least 10 formal presentations are made by staff at national and international meetings  <b>Overall project</b> Unchanged	Progress reports prepared by MOTC, and the project completion report	<b>Assumption</b> Sufficient time provided by MOTC to allow staff to participate in the training and development programs
<b>Activities with Milestones</b> (Overall Project)			<b>Inputs<sup>a</sup></b>
<b>1. 60-km section of the Bishkek–Torugart road (km 479–km 539) repaired, rehabilitated, or reconstructed meeting required national road standards</b>			<b>ADB</b> \$55.0 million (current) \$10.8 million (additional; ADF loan) \$4.3 million (additional; ADF grant) \$70.1 million (overall)  <b>Government</b> \$15.0 million (current) \$2.9 million (additional) \$17.9 million (overall)
1.1 Request for proposals for construction supervision consultancy services issued by 31 October 2011 (changed, completed)			
1.2 Civil works contractor prequalification completed by 15 August 2011 (completed)			
1.3 Bidding documents issued by 30 August 2011 (completed)			
1.4 Supervision consultancy service contract signed by 31 May 2012 (changed, completed)			
1.5 Civil works contract signed by 31 August 2012 (changed, completed)			
1.6 Civil works completed by 31 August 2017 (added)			
1.7 MOTC completes project completion report by 15 October 2017 (changed)			
1.8 ADB completes project completion report by 15 December 2017 (changed)			
<b>2. Improved infrastructure management skills of MOTC and other</b>			

<p><b>government agency staff</b></p> <p>2.1 Skills development program proposal submitted to ADB by 31 December 2014 (changed)</p> <p>2.2 First training program commences before 15 May 2014 (changed)</p> <p>2.3 Skills development program completed by 31 December 2016 (added)</p>	
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km = kilometer, MOTC = Ministry of Transport and Communications.

Notes:

1. "Current project" refers to the original project with past additional financing (if any).

2. "Overall project" refers to the original project with past (if any) and proposed additional financing.

<sup>a</sup> Includes taxes and duties.

Source: Asian Development Bank.

## B. Monitoring

66. **Project performance monitoring.** IPIG will establish a project performance monitoring system similar to the systems that are already in place for on-going ADB financed projects. A sample template of the system is shown in the Table below. The current base data will be updated prior to commencement of civil works. Thereafter, IPIG staff together with the Engineer and contractor will collect data at least once every 12 months and included in its annual reports. ADB through the project performance reporting (PPR) system will monitor the overall performance of the project.<sup>6</sup>

<sup>6</sup> ADB's project performance reporting system is available at:  
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

Indicator/Measure	Observation Period														
	Observation Location/Section Length	Base	Observation Date	1	Observation Date	2	Observation Date	3	Observation Date	4	Observation Date	5	Observation Date	@Completion	Observation Date
Population Within 2 km of Road Center Line Over the Length of the Project Road															
Average Income of People Living Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Schools (elementary, middle or high schools) Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Formal Markets or Trading Places Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Employment Opportunities (industries, enterprises, etc.) Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Local People Engages in Project Activities															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															



Indicator/Measure	Observation Period														
	Observation Location/Section Length	Base	Observation Date	1	Observation Date	2	Observation Date	3	Observation Date	4	Observation Date	5	Observation Date	@Completion	Observation Date
Length of Improved Sections of Road Open to Traffic (km)															
Average Pavement Roughness of Improved Section (IRI)															
Average Surface Roughness of Unimproved Section (IRI)															
Average % of Daily Operational Time (hours open/24 hours)															
Average % of Annual Operational Time (days open/year)															
Reflectivity of Road Markings and Signs															
Adequacy of Road Markings and Signs															
% of Bridges in Good Condition															
% Culverts in Good Condition															
% of Other Structures in Good Condition (retaining walls, snow galleries, causways, tunnels, etc.)															
% of Length of Ditches and Drainage Facilities in Good Condition															
% of Shoulders in Good Condition															
Average depth of snow permitted on road surface (mm)															
Frequency of inspection of road by consultants engineers during warranty															

Indicator/Measure	Observation Period														
	Observation Location/Section Length	Base	Observation Date	1	Observation Date	2	Observation Date	3	Observation Date	4	Observation Date	5	Observation Date	@Completion	Observation Date
Population Within 2 km of Road Center Line Over the Length of the Project Road															
Average Income of People Living Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Schools (elementary, middle or high schools) Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Formal Markets or Trading Places Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Employment Opportunities (industries, enterprises, etc.) Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Local People Engages in Project Activities															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															
Number of Hospitals or Healthcare Facilities Within 2 km of Road Center Line Over the Length of the Project Road															

### C. Compliance Monitoring

Specific Covenants	Due Date	Status
1. The government will provide the counterpart portion of finance for the project, as and when needed, so as to avoid any delays and cost increases.	Periodic	
2. MOTC will ensure that the requirements in the EIA, and in particular the environmental management plan, are met at all times during and after implementation of the project.	Periodic	
3. The government will require MOTC to impose vehicle weight limits on all national roads to comply with the design axel load	1 January 2013	
4. The Government will revise vehicle licensing and other road user fees based on weights and dimensions, and introduce different fees for foreign vehicles entering or transiting the Republic	1 January 2013	

67. **Safeguards monitoring:** MOTC will implement this EMP through the civil works contractor and the construction supervision consultant (Engineer). IPIG staff will maintain direct and regular contact with the Engineer's staff and make periodic site visits to participate them in data collection, analysis, and observation of construction activities. These staff will be further trained on monitoring, public consultation, communications, and reporting on environmental performance. Outline of the training requirements are in the EIA report.

68. **Gender and social dimensions monitoring:** Gender and social data will also be input by IPIG into the performance monitoring system.<sup>7</sup>

### D. Evaluation

69. In addition to the periodic monitoring, ADB and MOTC will evaluate the project's impact. Within 3 months of physical completion of the project, MOTC will submit its project completion report to ADB.<sup>8</sup> Thereafter, ADB will conduct its own evaluation based on MOTC's report and other assessments and prepare a report for discussion with the Government. ADB's Independent Evaluation will also examine the project within 3 years of completion.

### E. Reporting

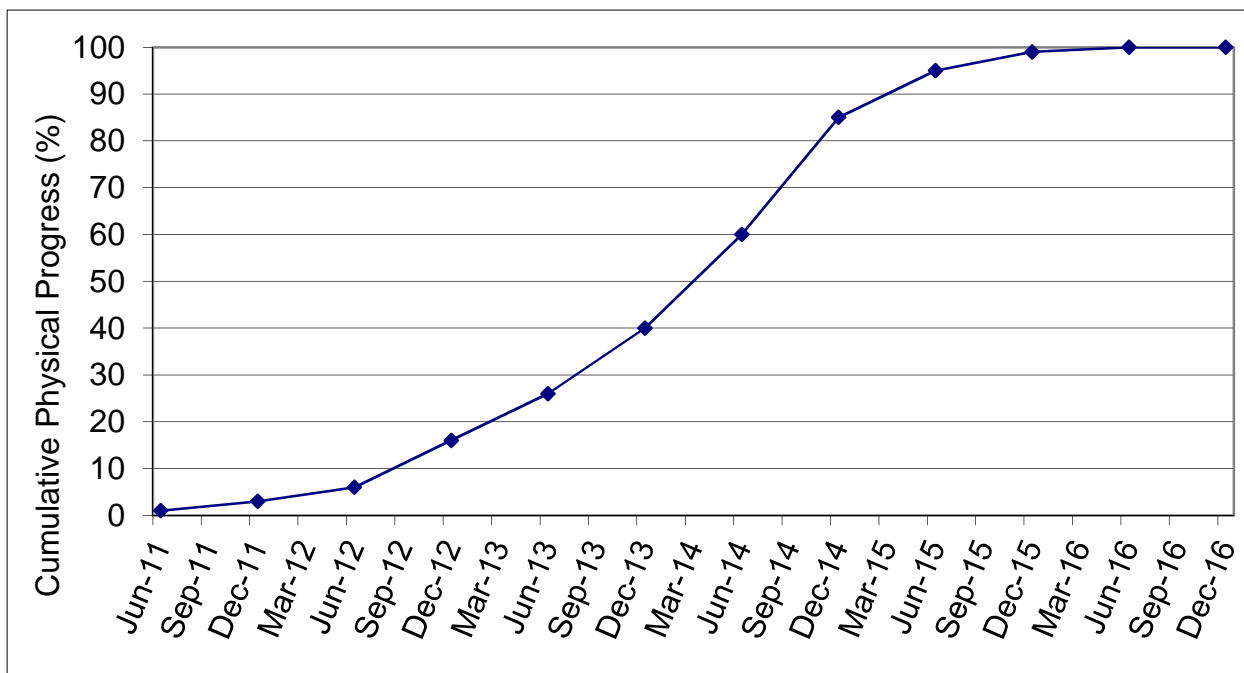
70. IPIG will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system which will also contain a section on compliance

<sup>7</sup> ADB's *Handbook on Social Analysis: A Working Document*, is available at: <http://www.adb.org/Documents/Handbooks/social-analysis/default.asp>, *Staff Guide to Consultation and Participation*: <http://www.adb.org/participation/toolkit-staff-guide.asp>, and, *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: <http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>

<sup>8</sup> Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

with environmental safeguards and implementation of the EMP and Ecological response plan (EcoRP); (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; (iii) a project completion report within 6 months of physical completion of the project, and (iv) Bi-annual environmental monitoring reports submitted for disclosure at ADB and MOTC websites, within one month of each half calendar year. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed. Progress must be shown in the tabular and graphical formats in the samples below or similar formats must be provided in the monthly and quarterly reports. The weights in progress Table were agreed between MOTC and ADB during preparation, and will be used throughout the project. The outline format and minimum contents shown below must be followed for the progress reports submitted to ADB.

Project Components	Physical Progress			Financial Progress			
	Weight (%)	Actual Progress (%)	Weighted Progress (%)	Budget (\$ million)	Weight (%)	Actual Progress (%)	Weighted Progress (%)
Project Management			0.00	1.50	2.95	0.00	0.00
Construction Supervision			0.00	3.60	7.07	0.00	0.00
Civil Works			0.00	45.00	88.41	0.00	0.00
Infrastructure Management			0.00	0.80	1.57	0.00	0.00
Skills Development							
<b>Total</b>	<b>0.00</b>		<b>0.00</b>	<b>50.90</b>	<b>100.00</b>		<b>0.00</b>



## Progress Report Format

### Purpose

To inform the Borrower and Asian Development Bank of the:

- actual versus programmed (planned) rate of completion and rate of disbursement up to the reporting time of main activities in each component (for example):
  - detailed design
  - land acquisition and Resettlement
  - recruitment of consultants
  - procurement of works
  - physical works
  - consultants' services
  - IPIG staff services
  - safeguards monitoring (meetings with stakeholders, environmental tests, etc.)
  - training and education (technical, health, social, etc.)
  - institutional reorganizations
  - legislative and procedural reform
- reasons or justification for the deviations from the program (plan)
- summary of actions proposed in previous report and their results
- continuing or new deviations<sup>9</sup>, if any, from the scope, schedule, budget, covenants, etc.
- consequences of the deviations (financial, environmental, social, technical, etc.)
- planned (target) rate of completion the main activities, and any new activities planned for the next reporting period
- major events such as public complaints, instructions from government agencies (e.g., environmental authority), serious traffic accidents, etc.
- steps taken to correct the deviations, responsibility for the action and the expected action date

### Required Information and Data

- Key project data (<= half a page)
- Gantt charts of planned and actual completion of all major activities (details of each major activity in separate charts if necessary)
- Cumulative graphs (S-curves) of planned and actual expenditure
- Matrix of the rate of completion (meeting) the main covenants
- Complete information, if ADB approval is requested, for change orders or reallocation of funds:
  - Description of change in scope or design
  - Reason for the change-- technical
  - FIDIC condition(s) that requires or allows the change (i.e., clause(s))
  - Agreement on the change between the Engineer and Contractor

<sup>9</sup> The Borrower or Recipient must inform ADB if it wishes to make changes that would vary one or more of the following:

- *The alignment (e.g., a spur road to a new locate on or a deviation through a town/city not previously included in the scope);*
- *The physical site or location of the infrastructure that involves an entirely new set of stakeholders and distribution of benefits and impacts;*
- *The road classification (e.g., type of paving and/or vehicle capacity such as changing from a two-lane bitumen road to a four-lane concrete road)*
- *The initial contract price by more than 25%*
- *The project's outputs, outcomes, impacts, total cost, financing plan, completion time, etc; and/or*
- *The covenants.*

- Employer's acceptance of the change
- Cost or saving due to the change (material, labor, time)
- Implications on construction and supervision schedule, economics, covenants
- New financing plan
- Expected date of ADB's approval of change
- IPIG Management letter

**Contract Variations**

Before granting an extension of the stipulated time for completion of a contract for Goods or Works, before agreeing to any modification or waiver of the terms and conditions of such contract, including issuing any change order or orders under such contract, the Borrower shall seek ADB's no objection to the proposed extension, modification, or change order. If ADB determines that the proposal would be inconsistent with the provisions of the Loan Agreement and/or Procurement Plan, it shall promptly inform the Borrower and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to ADB for its record.

**Reporting to ADB and MOF (starting from the date of signing the financing agreement)**

- Monthly reports- before the 15<sup>th</sup> of the following month (<=6 pages of main text- app. if needed)
- Quarterly reports- before the 15<sup>th</sup> of January April, July, October (<=12 pages of main report)

**F. Stakeholder Communication Strategy**

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience(s)</b>
Project Information Document (PID)	ADB's website	ADB	initial PID no later than 30 calendar days of approval of the concept paper; quarterly afterwards	General Public
Design and Monitoring Framework (DMF)	ADB's website	ADB	draft DMF post fact-finding mission	Project-affected people
Environmental Impact Assessment	ADB's and IPIG's websites	ADB	at least 120 days before Board consideration	General Public, project-affected people in particular
Report and Recommendation of the President	ADB's and IPIG's websites	ADB	no later than 14 days of Board approval of the project	General Public
Loan Agreement	ADB's and IPIG's websites	ADB	no later than 14 days of Board approval of the project	General Public
Project Administration Manual	ADB's and IPIG's websites	ADB	no later than 14 days of Board approval of the project	General Public
Project Performance Management System	IPIG's website	ADB	routinely disclosed, no specific requirements	General Public, project-affected people in particular
Major Change in Scope	ADB's website	ADB	within 2 weeks of approval of the change	General Public

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience(s)</b>
Completion Reports	ADB's and IPIG's websites	ADB	within 2 weeks of circulation to the Board for information	General Public
Evaluation Report	ADB's website	ADB	no later than 14 days from the date of circulation to Management and the Board	General Public

## X. ANTICORRUPTION MEASURES

71. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>10</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project. The ADB Office of the General Auditor is the point of contact to report allegations of fraud and corruption among ADB-financed projects or its staff. Within that office, the Anticorruption Unit is responsible for dealing with all matters related to allegations of fraud and corruption.<sup>11</sup> Please refer to the ADB's Anticorruption Policy Handbook. Anyone coming across evidence of corruption associated with the Project may contact the Anticorruption Unit by telephone, facsimile, by mail, or by email as follows:

Integrity Division (OAGI)  
Office of the Auditor General  
Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
0401 Metro Manila, Philippines  
Postal Address: P. O. Box 789  
0980 Manila, Philippines  
Telephone No.: (63-2) 632 5004  
Facsimile No. : (63-2) 636 2152  
E-mail: [anticorruption@adb.org](mailto:anticorruption@adb.org) or [integrity@adb.org](mailto:integrity@adb.org)

72. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the project.

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<sup>10</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>11</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>



## XI. ACCOUNTABILITY MECHANISM

73. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.<sup>12</sup> MOTC will maintain the present grievance redress mechanism outlined in the Table below, and ensure that:

- (i) All action taken are in full compliance with ADB Safeguard Policy Statement (2009)
- (ii) IPIG posts project information together with names and contact information of its focal persons as well as those of the Contractor and the Engineer (construction supervision consultant) for grievance redress at the project site and in Bishkek focal persons
- (iii) IPIG will ensure that the Consultant's and Contractor's Safeguards Specialists are carrying out their tasks adequately, and Safeguards Specialists consult with local communities and local authorities every month and include a summary of the discussions in its progress reports to ADB

Steps	Actors / Actions	Time for Action
1	AP directly or through the appropriate local official/authority reports a grievance verbally or in writing to the Engineer	
	The Engineer records the report and determines the appropriate action as per the EMP, the works contract, or both, and instructs the contractor in writing with copies to the AP, IPIG, and local authority.	1 week
	Contractor implements proposed action, and the Engineer follows up with the AP to ensure satisfactory resolution of the grievance. This event and action are included in the subsequent MOTC progress report to ADB.	4 weeks
<b>If grievance is not resolved</b>		
2	AP reports the grievance with all the details in writing to MOTC	
	IPIG examines the grievance and consults the Engineer and the Contractor to determine the best course of action, and discusses it with the AP	2 weeks
	If the action requires variations to the schedule, cost, or implementation arrangements, IPIG seeks ADB's no objection	1 week
	Once all parties agree, MOTC instructs the Engineer to ensure that the contractor takes immediate action. This event and action are included in the subsequent MOTC progress report to ADB.	4 weeks
<b>If grievance is not resolved</b>		
3	AP complains to the Director of the Transport and Communications Division of ADB's Central and West Asia Department	
	The Director will discuss the issue with IPIG, field a mission if needed, and agree on the best course of action, and inform the AP of the agreement	4 weeks
	ADB will inform the AP of the agreed action, and request IPIG to implement the action immediately	4 weeks
<b>If grievance is not resolved</b>		
4	AP complains to ADB and requests the review of ADB's compliance under the Accountability Mechanism. Details of this procedure can be found under ADB's website at <a href="http://compliance.adb.org/">http://compliance.adb.org/</a> .	

<sup>12</sup> For further information see: <http://compliance.adb.org/>.

## XII. RECORD OF PAM CHANGES

74. 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 PAM.

**Table 12.1: PAM Changes**

Created Date	Revision Date	Reasons of Change	Main Contents of Change
2 March 2011			
	1 April 2011	Updated Procurement Plan	Procurement Plan – added Section C
	26 September 2013	<ul style="list-style-type: none"> <li>• Updated Key Persons Involved in Implementation</li> <li>• Updated Procurement Plan</li> </ul>	
	6 October 2014	Additional financing to cover project cost overrun	Various related parts of PAM
	27 October 2014	Loan Negotiations	
	04 June 2015	Effectiveness of the Additional financing	Project readiness activities PIU organization structure Procurement plan