

Project Implementation Monitoring Report (#2)

Reporting Period From 2023/06 To 2023/12

Uzbekistan : Bukhara-Miskin-Urgench-Khiva Railway Electrification Project

1. Project Information

Project ID:	P000341	Instrument ID:	L0341A
Member:	Uzbekistan	Region:	Central Asia
Sector:	Transport	Sub-sector:	Rail transport
Instrument type:	<input checked="" type="checkbox"/> Loan:108.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	Asian Development Bank
ES category:	B	Borrowing Entity:	Ministry of Economy and Finance, Uzbekistan
Implementing Entity:	Uzbekistan Railways		
Project Team Leader:	Igor Popkov		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Odil Akbarov, OSD - Social Development Specialist; Duran Moy, Alternate Counsel; Yogesh Malla, OSD - Financial Management Specialist; Liu Yang, Project Counsel; Jurminla Jurminla, OSD - Procurement Specialist; Muzaffar Ahmad, OSD - Environment Specialist; Sabah Iqbal, OSD - Environment Specialist; Komron Rajabiyon, Back-up PTL		
Completed Site Visits by AIIB:	Jun, 2022 Joint ADB-AIIB Loan Review Mission Nov, 2022 Short Project Discussion Visit to UTY HQ Mar, 2023 Joint ADB-AIIB Loan Review Mission		
Planned Site Visits by AIIB:	Apr, 2024 Joint ADB-AIIB Implementation and Monitoring Mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/05		

2. Project Summary and Objectives

The Project's Objective is to improve railway services for passengers and freight and support tourism development in Western Uzbekistan by electrifying the existing railway line linking Bukhara, Miskin, Urgench and Khiva (BMUK).

The project will upgrade the current railway along Bukhara – Miskin – Urgench – Khiva line, by adding electrification, signaling and telecommunication, and traction power management systems to the recently built 465 km railway line. The line was designed to support train speed of up to 250 km per hour and is connected to the electrified high-speed railway line between the country's capital Tashkent, and cities of Samarkand and Bukhara. High-speed trains

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will reduce travel times between Bukhara and Khiva to 3.0 hours, compared to the current 5.2 hours. The total journey from Tashkent to Khiva will take approximately 7.0 hours.

3. Key Dates

Approval:	Jan. 26, 2022	Signing:	Mar. 25, 2022
Effective:	Feb. 23, 2023	Restructured (if any):	
Orig. Closing:	Dec. 31, 2026	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	15.75	Latest disbursement (amount/date):	1.72/Nov. 24, 2023
Undisbursed:	92.25	Disbursement Ratio (%) ¹ :	14.58

5. Project Implementation Update

Implementation Monitoring The Quarterly Project Progress Reports (QPR) for the period of June-December 2023 were timely submitted by the Client. The Banks' project teams made suggestions to the Client on the improvement of the structure and contents of the QPRs.

Procurement

The majority of procurement lots are awarded with the rest being under preparation for tendering out. For contracts awarded prior to the loan effectiveness, UTY was financing the contracts from corporate sources. Below is summary of the procurement activities of the Project:

Package	Lots	Status	Contract Amount
BX-01 Plant (Design, Supply, Installation) for power-related infrastructure	BX-01-1: New traction substations and sectioning posts	Awarded	\$37,200,000.00
	BX-01-2: External power supply	Awarded	\$48,751,308.98
	BX-01-3: Upgrade of existing traction substations and sectioning posts	In progress	-
BX-02 Plant (Design, Supply, Installation) for data transmission infrastructure	BX-02-1: Signalling and telecoms	In progress	-
	BX-02-1: SCADA	In progress	-
BX-03 Overhead Catenary System	BX-03-1: Contact system main components	Awarded	\$53,002,371
	BX-03-2: Steel-copper wires, sectional strain insulators and fixing clamps	Awarded	\$13,540,563.58
BX-04	BX-04-2: Draisine for signaling and	Awarded	€2,743,340.00

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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Machinery and equipment for railway maintenance, and equipment for depots	telecom		
	BX-04-3: Draisine for track	Awarded	€1,221,920.00
	BX-04-5: Truck with elevator	Awarded	\$1,776,000.00
	BX-04-6: Track laying machine 21.5 tons	In progress	-
	BX-04-7: Track laying machine 25 tons	Awarded	€2,413,920.00
	BX-04-8: Equipment for Depots	In progress	-
BX-05 Engineering and Works Supervision Consultants	BX-05: Engineering and Works Supervision Consultants	Awarded	€5,032,292.20
BX-06 Specialized wires for catenary system	BX-06: Specialized wires for catenary system	Awarded	\$4,081,552.00
BX-07 Specialized machinery for sand cleaning, track condition monitoring and vibratory pile driving	BX-07-1: Sand cleaning machine	In progress	-
BX-08 Signalling and Telecommunication	BX-08-1: Signalling and Telecommunication	In progress	-

Environmental Safeguards:

In accordance with the applied ADB Safeguard Policy Statement (2009, SPS), the project belongs to category B.

During the construction, the project Supervision Consulting Company (SCC) will supervise the execution of works by checking the work of the Contractors to ensure compliance with the project schedule, budget, quality and safety requirements, including environmental requirements. The SCC will assist the PIU to: (i) monitor Contractors' compliance with the mitigation measures in accordance with the EMP for Contractors for project activities; (ii) advise and approve Contractors Site-Specific EMPs prior to submission to the PIU for approval prior to commencement of physical works; (iii) prepare an Environment, Health and Safety (EHS) section in the monthly and quarterly project progress reports; (iv) assist PIU in updating the IEE/EMP as needed; (v) assist PIU in the preparation of semi-annual environmental monitoring reports; and (vi) conduct a brief training program on environmental protection for the PIU's labor protection staff and contractors' environmental specialists.

Majority of the project activities are at the stage of concluding contracts or mobilisation for the provision of services. Thus, monitoring of environmental indicators has not yet been carried out. At the same time, a general audit of the project area was carried out and some general recommendations were shared with PIU and contractors for consideration.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1. of Development	On track	In compliance	On track

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railway infrastructure along and adjacent the Bukhara – Miskin – Urgench – Khiva line.			
Component 2. Development of tourism economic corridor Bukhara–Miskin–Urgench–Khiva.	On track	In compliance	On track

Financial Management:

Financial Management: According to the Loan Agreement, UTY shall provide AIIB with: (i) quarterly Project Report including interim unaudited financial report; and (ii) annual audited Financial Statements. It was agreed with UTY that in fulfillment of the Loan Agreement's requirement for quarterly interim unaudited financial reporting, UTY will incorporate details encompassing financial utilization, categorized uses of funds, and their respective sources from ADB, AIIB, and the UTY within the quarterly Project Progress Reports. This information has been provided as part of the quarterly reports Q3 and Q4 2023.

In alignment with ADB, there is no audit outstanding or due for FY23. The Audited Project Financial Report will be due on 30 June 2024 and the Audited Entity Financial Report and Financial Covenants report for FY2023 will be due by 31 December 2024.

6. Status of the Grievance Redress Mechanism (GRM)

A grievance redress mechanism to handle both environmental and social safeguard issues will be established by UTY with support of Engineering and Works Supervision Consultant. UTY will ensure that grievances and complaints on any aspect of environment, land acquisition, compensation and resettlement are addressed in a timely and satisfactory manner through the GRM. UTY through the hired Engineering and Works Supervision Consultant will ensure that meaningful consultations are carried out with the Affected Peoples throughout the project cycle with particular attention to the needs of the vulnerable and the disadvantaged groups. The project level grievance mechanism shall not impede an aggrieved person's access to the country's judicial or administrative remedies. The aggrieved persons can approach a court of law at any time and independent of the project level grievance redress process. UTY will keep records of complaints received for its use and monitoring as well as for review by ADB. The GRM was presented to the communities during the Project preparation stage. However, all the relevant information on the GRM will be disseminated via the LARP information leaflet/brochure that will be distributed to affected persons. The project information will be disseminated through the disclosure of the IEE, the LARP, the social due diligence report and regular safeguards monitoring reports on the ADB and UTY websites. LARP related information leaflets/ brochures in local language will be distributed to the affected persons. All relevant information in local language (Russian and Uzbek) will also be made available at the district level.

The PIU is responsible for serving as the secretary of the GRM to ensure that the GRM operates to effectively address the environmental and social concerns of project-affected persons. Each contractor will also establish a mechanism to receive, register and document complaints at construction sites. Both types of complaints from workers and surrounding communities in any form (anonymous or signed) will be considered. The Contractor will be required to report complaints received and actions taken to address them to the PIU.

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7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Summary of the project results is provided as below:

Remarks:

According to RMF, all Project Objective Indicators will be measured after the first year of operation.

Intermediate Results Indicators for two project components are measured annually, with the exception of Indicators 2.2 and 2.3, which will be assessed following the inaugural year of operation. It is still the first year of project implementation, and hence there is not much data to be reported on Intermediate Results Indicators.

Project Indicators	Objective	Indicator level	Unit of Measure	Cumulative Target Values										Frequency	Responsibility	Comments	
				Baseline		2021		2022		2023		End Target					
				Year	Value	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
1. Travel time reduction for passengers between Bukhara to Khiva	Project	hours	2021	5.2	TBD	N/A	TBD	-	TBD	-	2027	3.0		First year of operation	UTY		
2. Travel time reduction for freight trains between Bukhara to Urgench	Project	hours	2021	13.0	TBD	N/A	TBD	-	TBD	-	2027	8.0		First year of operation	UTY		
3. Annual freight traffic increase on the Bukhara to Khiva line	Project	tons	2021	9.2	TBD	N/A	TBD	-	TBD	-	2027	11.8		First year of operation	UTY		
4. Annual passenger traffic increase on the Bukhara to Khiva line	Project	passengers	2021	280,000	TBD	N/A	TBD	-	TBD	-	2027	1,080,000		First year of operation	UTY		
5. GHG emission reduction, tons of CO2 equivalent per year	Project	tons/year	2021	N/A	TBD	N/A	TBD	-	TBD	-	2027	81,000		First year of operation	UTY		

Project Indicators	Intermediate	Indicator level	Unit of Measure	Cumulative Target Values										Frequency	Responsibility	Comments	
				Baseline		2021		2022		2023		End Target					
				Year	Value	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
1.1. Railway line between Bukhara – Khiva electrified	Project	km	2021	0	TBD	N/A	TBD	-	TBD	0	2027	465		Annually and first year of operation	UTY		
1.2. Traction substations constructed	Project	units	2021	0	TBD	N/A	TBD	-	TBD	0	2027	8		Annually and first year of operation	UTY		
1.3. Existing traction substations upgraded	Project	units	2021	0	TBD	N/A	TBD	-	TBD	0	2027	12		Annually and first year of operation	UTY		
1.4. Signaling, communications and power traction control facilities installed on 465 km of track	Project	N/A	2021	0	TBD	N/A	TBD	-	TBD	-	2027	Implemented		Annually and first year of operation	UTY		

1.5. External power supply facilities constructed	Project	km	2021	0	TBD	N/A	TBD	-	TBD	0	2027	370		Annually and first year of operation	UTY	
2.1. Number of train station workers trained to apply knowledge and skills on tourism promotion and marketing	Project	staff	2021	0	TBD	N/A	TBD	-	TBD	0	2027	75, incl. 38 women		Annually and first year of operation	UTY	
2.2. Concept for international railway industry-compliant electronic ticketing system prepared and adopted	Project	N/A	2021	0	TBD	N/A	TBD	-	TBD	-	2027	Implemented		First year of operation	UTY	
2.3. Guidelines on sound urban development around stations, including access and safety features for the elderly, women, children, and people with mobility impairments, prepared and adopted	Project	N/A	2021	0	TBD	N/A	TBD	-	TBD	-	2027	Implemented		First year of operation	UTY	