

Project Implementation Monitoring Report (#3)

Reporting Period From 2024/01 To 2024/09

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:	Konstantin Limitovskiy		
Responsible Department:	PSC2		
Project Team Members:	Odil Akbarov, SFD - Social Development Specialist; Aleksandr Prodan, Co-PTL; Yogesh Malla, SFD - Financial Management Specialist; Rizal Rivai, SFD - Procurement Specialist; Drona Ghimire, SFD - Environment Specialist; Liu Yang, Project Counsel; Sabah Iqbal, SFD - Environment Specialist; Alisher Kuchiev, Team Member; Aleksandr Prodan, Back-up PTL		
Completed Site Visits by AIIB:	Jun, 2022 Joint ADB-AIIB Loan Review Mission Nov, 2022 Short Project Discussion Visit to Uzbekistan Railways (UTY) HQ Mar, 2023 Joint ADB-AIIB Loan Review Mission		
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/12		

2. Project Summary and Objectives

The project 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

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electrified high-speed railway line between the country's capital Tashkent, and cities of Samarkand and Bukhara. High-speed trains 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:	35.73	Latest disbursement (amount/date):	0.47/Sep. 16, 2024
Undisbursed:	72.27	Disbursement Ratio (%) ¹ :	33.09

5. Project Implementation Update

Implementation Monitoring The Quarterly Project Progress Report (QPR) for the period of July-September 2024 was submitted by the Client with a delay on 10/30/2024.

Procurement

The Procurement progress is on track, and the Procurement Plan was already updated to reflect the current progress. The majority of procurement lots are awarded, with the rest being under preparation for tendering out. For contracts awarded before the loan effectiveness, Uzbekistan Railways (UTY) was financing the contracts from corporate sources.

Below is a 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	\$48,751,308.97
BX-02 Plant (Design, Supply, Installation) for data transmission infrastructure	BX-02-1: Signaling and telecoms	Renumbered into BX-07	-
	BX-02-1: SCADA	Renumbered into BX-08	-
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

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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	BX-03-3: Upgrade of existing traction substations and sectioning posts	Canceled	-
BX-04 Machinery and equipment for railway maintenance, and equipment for depots	BX-04-1: Draisine for signaling and telecom	Excluded	-
	BX-04-2: Draisine for signaling and telecom	Awarded	€2,781,720.00
	BX-04-3: Draisine for track	Awarded	€1,260,300.00
	BX-04-4: Silent pile driver on rail track	Excluded	-
	BX-04-5: Truck with elevator	Awarded	\$1,776,000.00
	BX-04-6: Track laying machine 21.5 tons	Excluded	-
	BX-04-7: Track laying machine 25 tons	Awarded	€2,413,920.00
	BX-04-8: Equipment for Depots	Renumbered into BX-09	-
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 Scada System	BX-07: Scada System	In Progress	-
BX-08 Signaling and telecoms	BX-08: Signaling and telecoms	In Progress	-
BX-09 Equipment for Depots	BX-09: Equipment for Depots	In Progress	-

*Procurement packages and lot updates:

- **BX-01-3 (Upgrade of existing traction substations and sectioning posts):** Marked as **Cancelled** and removed from active tracking.
- **BX-04-1 (Draisine for signaling and telecom), BX-04-4 (Silent pile driver on rail track), BX-04-6 (Track laying machine 21.5 tons), and BX-04-8 (Equipment for Depots):** These lots have been **Excluded** from the project
- **BX-02-1 (Signaling and Telecoms):** The initial tender failed and has been **Renumbered** as **BX-08**. The tender submission was done, and it is now still in the process of tender evaluation. It is expected that the award can be made in Q1/2025.
- **BX-02-2 (SCADA):** Contracting efforts failed, and the lot has been **Renumbered** as **BX-07 Scada System**, was also intended for retendering. The retendering was conducted, and the tender evaluation of the technical parts was completed. It is expected that the award of contract can be made in by the end of Q4/2024.
- **BX-04-8 (Equipment for Depots):** Now **Renumbered** as **BX-09**, with retendering preparations underway. The tender document is being finalized.

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) supervises the execution of works by

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checking the work of the Contractors to ensure compliance with the project schedule, budget, quality, and safety requirements, including environmental requirements. Key SCC activities include preparing semi-annual Environmental Monitoring Reports, developing Environmental Management Plans (EMPs) for specific contractor sites, and conducting site visits to monitor environmental compliance.

The SCC also assists the PIU in:

- (i) monitoring of Contractor compliance with the mitigation measures in accordance with the EMP for Contractors for project activities;
- (ii) advising and approving Contractor Site-Specific EMPs prior to submission to the PIU for approval prior to commencement of physical works;
- (iii) preparing an Environmental, Health and Safety (EHS) section in the monthly and quarterly project progress reports;
- (iv) assisting the PIU on updating the Initial Environmental Examination (IEE)/EMP as needed;
- (v) assisting the PIU in the preparation of semi-annual environmental monitoring reports; and
- (vi) conducting a training program on environmental protection for the PIU's labor protection staff and Contractor environmental specialists.

With most project activities in the contract finalization or mobilization stage, environmental monitoring has recently begun. Initial site visits and observations by the SCC environmental specialist have highlighted areas for improvement, such as continuous compliance, systematic record-keeping, and targeted workforce training on environmental protocols. While no major environmental non-compliance has been reported, these observations suggest enhancements like instrumental monitoring of air quality, noise, and vibration in high-activity zones, along with comprehensive record-keeping and maintaining logs of incidents, complaints, and workforce training activities. 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. Development of railway infrastructure along and adjacent the Bukhara – Miskin – Urgench – Khiva line.	On track	In compliance	On track
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, Uzbekistan Railways (UTY) shall provide AIIB with: (i) quarterly Project Report including interim unaudited financial report; and (ii) annual audited Financial Statements. It was agreed with Uzbekistan Railways (UTY) that in fulfillment of the Loan Agreement's requirement for quarterly interim unaudited financial reporting, Uzbekistan Railways (UTY) will incorporate details encompassing financial utilization, categorized uses of funds, and their respective sources from ADB, AIIB, and the UTY within the quarterly

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Project Progress Reports. This information has been provided as part of the quarterly reports.

Generally, there have been delays in the submission of the audit reports. This is mainly due to delay in hiring the auditor as proposed audit contract amount is low. The Audited Project Financial Report for FY23 was received on September 16, 2024, and is under ADB's review. The UTY audit report has not yet been received. UTY hired an auditor who is working on the Entity audit report. AIIB will follow-up with UTY and ADB. The Audited Entity Financial Report and Financial Covenants report for FY2023 is 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 has been established by Uzbekistan Railways (UTY) with support of Engineering and Works Supervision Consultant. UTY ensures 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 ensures 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 has been disseminated via the LARP information leaflet/brochure that has been distributed to affected persons. The project information has been 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 have been distributed to the affected persons. All relevant information in local language (Russian and Uzbek) were also 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 has also established 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) has been considered. The Contractor is required to report complaints received and actions taken to address them to the PIU.

No GRM cases have been raised to date.

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 railway operation upon the completion of the electrification.

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 the second 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		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		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		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		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		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		TBD		TBD		2027	465		Annually and first year of operation	UTY		
1.2. Traction substations constructed	Project	units	2021	0	TBD		TBD		TBD		2027	8		Annually and first year of operation	UTY		
1.3. Existing traction substations upgraded	Project	units	2021	0	TBD		TBD		TBD		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		TBD		TBD		2027	Implemented		Annually and first year of operation	UTY		

1.5. External power supply facilities constructed	Project	km	2021	0	TBD		TBD		TBD		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		TBD		TBD		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		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		TBD		TBD		2027	Implemented		First year of operation	UTY	