

Project Implementation Monitoring Report (#7)

Reporting Period From 2023/11 To 2024/05

Uzbekistan : Rural Infrastructure Development Project

1. Project Information

Project ID:	P000328	Instrument ID:	L0328A
Member:	Uzbekistan	Region:	Central Asia
Sector:	Rural Infrastructure and Agriculture Development	Sub-sector:	
Instrument type:	<input checked="" type="checkbox"/> Loan:82.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Economy and Finance, Uzbekistan
Implementing Entity:	Ministry of Economic Development and Poverty Reduction, Uzbekistan		
Project Team Leader:	Zacharias Ziegelhöfer		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Liu Yang, Project Counsel; Yi Geng, OSD - Financial Management Specialist; Jurminla Jurminla, OSD - Procurement Specialist; Gulru Azamova, OSD - Environment & Social Development Specialist; Victoria Pimkina, Team Member; Manuel Cervero Bárcena, Back-up PTL; Yuyou Guo, Project admin		
Completed Site Visits by AIIB:	Jun, 2020 Virtual mission Aug, 2020 Virtual mission Feb, 2021 Virtual mission Jun, 2021 Virtual mission May, 2022 Physical mission Oct, 2022 Physical mission Apr, 2023 Physical mission Nov, 2023 Physical mission,Physical Mission		
Planned Site Visits by AIIB:	Nov, 2024 Site visit by AIIB tentatively scheduled in Q4 2024.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/05		

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2. Project Summary and Objectives

The project objectives are to (i) improve the quality of basic infrastructure and services and (ii) strengthen participatory local governance processes in targeted rural villages.

This is a multi-sectoral rural infrastructure project. The project has the following two components.

Component 1: Demand-driven investments in basic infrastructure and services. The project finances sub-projects comprising investments in basic infrastructure and services. The types of investments include access to water supply for drinking, irrigation, and agricultural production; sanitation services; rehabilitation of social facilities; rehabilitation of roads, footpaths and bridges; rural electrification, and energy efficiency improvements. Investments are subject to a negative list that includes housing construction and renovation or any investments that require physical displacement or resettlement of people.

Component 2: Project management, monitoring and evaluation, and institutional support. This component will support a project implementation structure within the Ministry of Finance and Economy (MoFE). The component provides financing for operational costs, consultants, essential equipment, technical assistance, and training. Funding is also provided for information dissemination, beneficiary assessments, periodic surveys, monitoring and evaluation (M&E) activities, a management information system (MIS), project audits, and a project-level grievance redress mechanism (GRM) that will handle grievances.

3. Key Dates

Approval:	Dec. 12, 2019	Signing:	May. 28, 2020
Effective:	Jun. 24, 2020	Restructured (if any):	Oct. 05, 2020
Orig. Closing:	Dec. 31, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	37.08	Latest disbursement (amount/date):	1.20/May. 14, 2024
Undisbursed:	44.92	Disbursement Ratio (%) ¹ :	45.22

5. Project Implementation Update

Overall Implementation Progress is upgraded to Satisfactory by the lead co-financier World Bank (WB) and AIIB concurs due to the recently completed project restructuring that has : (i) extended the project closing date to June 30, 2026, (ii) amended the components 1 b and 2 descriptions to add activities relevant to RIDP 2 preparation, (iii) updated the name of the implementing agency to Ministry of Economy and Finance (MEF), and (iv) made minor changes to the Results Framework. The WB amendment to the IDA financing agreement has been countersigned by the Minister of Economy and Finance. AIIB's signed amendment has been transmitted and is awaiting the Minister of Economy and Finance's signature. As of May 2024, strong progress in community mobilization activities have been reported and qishloq development planning in the 117 phase 2 communities as well as progress in completing subprojects in the 189 Phase 1 communities. Actions taken by the implementing agency (Ministry of Economy and Finance) to overcome project management and procurement-related bottlenecks, including the recruitment of a

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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new Project Director and facilitating the completion of the Bank's assessment which resulted in the Bank's decision to accept the Shaffof Qurilish e-procurement platform for use by the project. These actions are expected to accelerate implementation progress from 2024H2 onwards. Since October 2023, a further 62 subprojects have been completed, bringing the total to 193, which are benefiting over 426,000 people, over half of whom are women. The total completed subprojects is expected to reach 430 by the end of 2024. Civil works for subprojects which are currently being identified by the 117 phase 2 communities in Namangan, Andijan, and Ferghana regions are expected to commence by the 4th quarter of the 2024 calendar year. The RIDP continues to make satisfactory progress towards achieving its development objective. It has achieved or is on track to achieve two of its three PDO-level indicators. 297 communities, an increase of 108 since October 2023, have established MDUs, 94% of which have at 50% female representation. 189 communities have completed Qishloq Development Plans (QDPs), which draw from the results of a series of community-level participatory exercises to identify local development priorities. The RIDP's community mobilization activities have supported the participation of 62 percent of households in planning, decision-making, or subproject monitoring activities (surpassing the PDO target of 60 percent). 529 social audits have been carried out thus far, surpassing the PDO target of 300). In the second round of social audits carried out in 185 communities, over 32,000 women (47% of all participants) participated. 99% of female participants indicated that the subprojects identified for RIDP financing reflect their needs.

Components	Physical Progress	Environmental & Social Compliance	Procurement
<p>Component 1: Demand-driven Investments in basic infrastructure and services. The project will finance sub-projects comprising investments in basic infrastructure and services which will be planned and prioritized jointly by participating district administrations and communities. The types of investments will include: access to water supply for drinking, irrigation, and agricultural production; sanitation services; rehabilitation of social facilities; rehabilitation of roads, footpaths and bridges; rural electrification, and energy efficiency</p>	<p>193 subprojects have been completed, benefiting almost 426.000 people. The total completed subprojects is expected to reach 430 by the end of 2024.</p> <p>297 communities, an increase of 108 since October 2023, have established MDUs, 94% of which have at 50% female representation. 189 communities have completed Qishloq Development Plans (QDPs), which draw from the results of a series of community-level participatory exercises to identify local development priorities.</p> <p>Implementation progress has accelerated substantially during the 1st semester, Civil works for subprojects</p>	<p>Environmental and Social (ES) Staff at the Project Implementation Unit (PIU) and regional levels are onboard. ES screening and preparation of ES Impact Assessments (ESIAs), ES Management Plans (ESMPs) or ESMP checklists are conducted and implemented in line with the Project's ES Management Framework (ESMF) and the Project Operational Manual (POM).</p>	<p>The project implementation has accelerated recently, with cumulative disbursement over 40%. More than 70% of the planned Phase 1 subprojects have been contracted already, so the disbursement is expected to continue accelerating.</p> <p>Despite the progress achieved the Procurement risk remains Substantial as there are certain issues to be addressed here. It was recommended to combine numerous small contracts into packages and also using the standby/framework contracts for contracting certain activities which are coming difficult to combine into large packages.</p>

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<p>improvements. Investments are subject to a negative list that includes housing construction and renovation or any investments that require physical displacement or resettlement of people.</p>	<p>which are currently being identified by the 117 phase 2 communities in Namangan, Andijan, and Ferghana regions are expected to commence by the 4th quarter of the 2024 calendar year.</p>		
<p>Component 2: Project management, monitoring and evaluation, and institutional support. This component will support a project implementation structure within MoEF. The component will provide financing for operational costs, consultants, essential equipment, technical assistance, and training. Funding will also be provided for information dissemination, beneficiary assessments, periodic surveys, monitoring and evaluation (M&E) activities, a management information system (MIS), project audits, and a project-level grievance redress mechanism (GRM) that will handle grievances.</p>	<p>The RIDP's community mobilization activities have supported the participation of 62 percent of households in planning, decision-making, or subproject monitoring activities (surpassing the PDO target of 60 percent). 529 social audits have been carried out thus far, surpassing the PDO target of 300). In the second round of social audits carried out in 185 communities, over 32,000 women (47% of all participants) participated. 99% of female participants indicated that the subprojects identified for RIDP financing reflect their needs.</p>	<p>ES issues are monitored and reported as part of regular reports as per the POM.</p>	<p>Recent mission to the Regions demonstrated the positive work performed by the Facilitating Partners in the sites. So far, they have provided the basis for the full-scale implementation work. Project Management and Monitoring and Evaluation are upgraded to Moderately Satisfactory due to actions taken by the Ministry of Economy and Finance (MEF), the RIDP implementing agency, to address shortcomings in the quality of project management, including in the areas of technical supervision, procurement and M&E, and commitments to take further actions.</p>

Financial Management:

Financial Management

Project financial management arrangements, such as accounting, budgeting and planning, reporting, internal controls, external audit, funds flow, organization and staffing are considered satisfactory, and the Project's FM

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residual risk is low based on the conducted FM supervision by the WB. **Procurement** Procurement performance "Moderately Satisfactory". The project has made certain progress, so achieving significant progress reaching 20% disbursement ratio in 2024. More than 70% of the planned Phase 1 subprojects have been contracted already. Despite the progress achieved the Procurement risk remains Substantial as there are certain issues to be addressed here. This update follows the Mid-term review mission and thorough review of the current project procurement arrangements' efficiency has been conducted process organization was reviewed and the new developments including discussion of the SPS's capacity to handle procurement, use of consultants for conducting procurement by the Single Purchaser Service (SPS), payment issues, so on. It was recommended to combine numerous small contracts into packages and also using the standby/framework contracts for contracting certain activities which are coming difficult to combine into large packages. The PIU shall develop and the Bank would review the subject procurement documents.

6. Status of the Grievance Redress Mechanism (GRM)

The project has established a telephone hotline, email address, online portal, mailing address and complaint boxes in all project districts and villages whereby anyone can submit queries/complaints regarding the project. These details are included in the GRM Manual annexed to the POM, approved by the WB and adopted by the line Ministry on May 18, 2020, and translated into Uzbek and Russian languages. The MEF, the successor to the Ministry of Economic Development and Poverty Reduction following the administrative reforms introduced in December 2022, continues to operate the GRM.

As of May 2024, the GRM received 209 queries. The majority of queries until 2023 were requests to accelerate implementation of civil works now, as the project implementation advance, the analysis of grievances lodged with the PIU by various stakeholders and local communities during the reporting period reveals two primary challenges: (i) need for improved communication channels between design consultants and civil works contractors and local communities regarding the nuances and procedures of subproject design and execution, and (ii) the need to disseminate information more effectively about the GRM contact details to both contract workers and local communities at the project sites. The WB's April 24 implementation support mission noted actions required by the PIU to strengthen the reporting on case management to provide details on the actions taken to address queries, and confirmation as to whether queries have been resolved to the satisfaction of the complainant.

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

During the WB's May 2024 implementation support mission, RIDP implementing agency agreed to address shortcomings in the quality of project management, including in the areas of technical supervision and M&E, and commitments to take further actions. The completed actions include:

1. Appointing a new Project Director and filling key staff vacancies, including those of the Senior Infrastructure Specialist and the Social Safeguards Specialist;
2. Facilitating the completion of a World Bank assessment of the Shaffof Qurilish e-procurement portal which confirmed that it is acceptable for use for Component 1a procurements. The use of the portal is expected to accelerate these procurements, strengthen the quality of the selection of design consultants and works contractors, and improve the quality of technical supervision;
3. Extending the International Community Driven Development (CDD) Advisory Services contract, which has proven instrumental in completing the revisions to the community mobilization procedures needed to increase women's and youth participation; and
4. Improving the functionality of the Management Information System (MIS), including by adding automated reports to the MIS interface that improve the PIU's ability to extract data quickly.

The PIU agreed to carry out additional actions including:

1. Recruiting an international operations advisor by amending the Facilitating Partner contract; and
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2. Issuing a follow-on International CDD Advisory Services contract which includes key tasks related to RIDP 2 design and evaluation and learning activities.

Remarks:

N/A

Project Objective Indicators	Indicator level	Unit Measure of	Cumulative Target Values													Frequency	Responsibility	Comments
			Baseline		2020		2021		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual			
Percentage of sampled male and female respondents who report improvements in the quality of basic rural infrastructure (Percentage)	Project	%	2020	0.638 (total), 0.651(Female_)	0									2024	60% total,60% women		PIU	
Percentage of beneficiaries (male/female) who participate in planning, decision-making, or monitoring subprojects (Percentage)	Project	%	2020	0					62% total, 38% women					2024	62% total, 38% women		PIU	
Number of social audits that have been completed across the targeted rural qishloqs (Number)	Project	Number	2020	0					176					2024	300		PIU	

Project Intermediate Indicators	Indicator level	Unit Measure of	Cumulative Target Values													Frequency	Responsibility	Comments
			Baseline		2020		2021		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual			
Number of subproject investments (disaggregated by type) (Number)	Project	number	2020	0					52					2024	300		PIU	
Percentage of subprojects that support climate change adaptation or mitigation (Percentage)	Project	%	2020	0					17					2024	25		PIU	
Percentage of beneficiaries in targeted rural qishloqs with improved quality of water supply as a result of project investments	Project	%	2020	0					100					2024	80		PIU	

Number of project beneficiaries (male/female)	Project	Number	2020	0				48,516 total/24,459		99,351 total/52,120		2024	330,000 total women 165,000 women			PIU	
Percentage of district and regional hokimiyats completing agreed local governance training curriculum in procurement and oversight.	Project	%	2020	0				100		100		2024	100			PIU	
Number of targeted rural qishloqs that produce development plans that reflect community members (male/female) priorities.	Project	Number	2020	0				176		176		2024	300			PIU	
Percentage of targeted rural qishloqs that have at least 50% female representation in the MCA project committees and social accountability roles (monitoring and oversight)	Project	%	2020	37% Mahalla Project Social Accountability Role				93% Mahalla, Social Accountability roles, Development Unit,		93% Mahalla, Committees Social, Accountability Roles		2024	50% Mahalla Project Committees Development Unit, 97%, 50% Social, Accountability Roles			PIU	
Percentage of district project committee members that are female	Project	%	2020	11				8.4		8.4		2024	50			PIU	
Percentage of infrastructure subprojects for which procurement data is publicly accessible.	Project	%	2020	0				100		95		2024	100			PIU	
Percentage of grievances (gender disaggregated) which are received that are resolved	Project	%	2020	0				97		92		2024	100			PIU	
Percentage of qishloqs for which the required information is uploaded to the MIS in a timely fashion for project management to	Project	%	2020	0				75		88		2024	80			PIU	

monitor results and for citizens to access																			
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