Report Number: ICRR0022496

1. Project Data

Project ID	Project Name
P146328	Pap-Angren Railway
Country	**Practice Area(Lead)**
Uzbekistan	Transport

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IBRD-84650	31-Mar-2019	60,915,313.51
Bank Approval Date	**Closing Date (Actual)**	
13-Feb-2015	31-Mar-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	195,000,000.00	0.00
Revised Commitment	60,915,313.51	0.00
Actual	60,915,313.51	0.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objectives (PDOs) as stated in the Loan Agreement (Schedule 1, page 6) and in the Project Appraisal Document (PAD, page 4) were:

"To reduce transport costs and to increase transport capacity and reliability through the construction of a railway link between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan".

This assessment is based on the three sub-objectives:

- To reduce transport costs through the construction of a railway link between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan.
- To increase transport capacity through the construction of a railway line between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan.
- To increase transport reliability through the construction of a railway line between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

There were six components (PAD, pages 5 - 6).

1. Railway main Infrastructure. The estimated cost at appraisal was US$1,438.8 million. The actual cost was US$1,475. 6 million (this component was not Bank financed). It planned to construct a new railway line (including embankments, ballast, bridges and a tunnel) between the Ferghana valley and the rest of Uzbekistan.

2. Rail Electrification, signaling, track maintenance and railway video surveillance system. The estimated cost at appraisal was US$152.0 million. The actual cost was US$44.5 million (this component was fully Bank financed). This component planned to finance four investments: (i) installation of a microprocessor- based train control signaling system; (ii) new traction substations and a Supervisory Control and Data Acquisition (SCADA) system; (iii) track maintenance equipment; and (iv) a railway surveillance and broadcasting system. A US20.0 million contingency was included in this component to cover for possible technology changes.

3. Power distribution Line. The estimated cost at appraisal was US$35.0 million. The actual cost was US$10.7 million (this component was fully Bank financed). This component planned to finance three investments: (i) dismantling overhead power lines; (ii) new power lines; and (iii) expanding the Obihayot power station and new power distribution lines.

4. Technical Assistance (TA) to the Uzbekistan Railway (UTY) for supporting railway construction. The estimated cost at appraisal was US$0.5 million. The actual cost was US$0.5 million (this component was fully Bank financed). This component planned to provide TA to UTY activities for: (i) strengthening their financial and asset management capacities; (ii) modernizing their marketing arrangements; and (iii) capacity development.

5. TA to UTY for improving railway logistics. The estimated cost at appraisal was US$1.5 million. The actual cost was US$1.0 million (this component was fully Bank financed). This component planned to prepare a logistics plan for the rail line.

6. Implementation Support. The estimated cost at appraisal was US$6.0 million. The actual cost was US$4.5 million (this component was fully Bank financed). This component planned to provide implementation support in the areas of monitoring and evaluation and fiduciary management.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. The estimated cost at appraisal was US$1,633.7 million. The actual cost was US$1,536.5 million.

Financing. The project was financed by an IBRD loan of US$195.0 million. The amount disbursed was US$60.9 million. US$73.0 million of the financing was not utilized and cancelled (discussed below). There was financing for constructing the rail line from the China Export - Import Bank. The appraisal estimate was US350.0 million. This amount was provided as planned.

Borrower contribution. Counterpart funding was estimated at US$1,088.7 million at appraisal. Their contribution was more than planned at US$1,125.6 million.

Dates. The project approved on February 13, 2015, became effective on September 15, 2016, and was scheduled to close on March 31, 2019. The project closed one year behind schedule on March 31, 2020.

Other changes. The project was formally restructured twice during its lifetime.

- The first restructuring on September 12, 2015 changed the legal covenants. Specifically, a condition of project effectiveness regarding the Resettlement Audit and Social Action Plan (RASAP) was deleted, and replaced with a dated covenant to implement the RASAP and the Livelihood Restoration Plan (LRP).

Substantial changes were made through the second project restructuring on February 3, 2019.

- A Bank-financed activity - installing the automated signaling system - was cancelled in 2018, due to misprocurement (discussed in Section 5), and the project closing date was extended by one year from March 31, 2019, to March 20, 2020, for completing the ongoing works. This restructuring also stipulated that no new activities would be initiated during the extension period and that the balance of uncommitted IBRD funds would be cancelled. As a result, the net loan commitment was reduced to US$70.3 million.

3. Relevance of Objectives

Rationale

Country context. Uzbekistan is strategically located in Central Asia (borders with Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan). Uzbekistan is double landlocked (requiring crossing of at least two national territories to reach a coast line), and its connectivity is hampered by the legacies of a transport system from the Soviet era. Following the dissolution of the Union of Soviet Socialist Republics (USSR) and establishment of new national boundaries, Uzbekistan and its neighbors found that many of their transport links crossed into adjacent countries, before crossing back into their territories. Ferghana valley, the easternmost region of Uzbekistan, with 30% of the country's population, is one of the poorest regions of Uzbekistan. Prior to the construction of the PAP-Angren Railway line, the region was largely isolated from the rest of Uzbekistan, with limited air service and only two transport routes between the valley and the capital, Tashkent: (i) *via* rail through Tajikistan on a route 90 kilometer (Km) longer than the PAP - Angren line; and (ii) *via* road through a four lane highway through mountainous region. The PAP - Angren rail route was a direct route from the Ferghana that allowed Uzbekistan to bypass Tajikistan for reaching the rest of Uzbekistan.

Government strategy. At appraisal, the PDOs were consistent with two development goals of the Government's medium term strategy - *Industrial Modernization and Infrastructure Development Program* - for 2011 - 2015: (i) increasing infrastructure efficiency; and (ii) enhancing competitiveness of industries. The PDO was relevant to the Government strategy for 2017 - 2021, which articulated the need for accelerating economic development and reducing regional disparities through: (i) modernizing transport communications; and (ii) reducing regional disparities. The PDOs were relevant to three of the five focus areas of the "*Reform Roadmap*" adopted in 2019: (i) accelerating transition to a market economy; (ii) transforming government's role in the market economy; and (iii) preserving environmental sustainability.

Bank strategy. The PDOs were well aligned with the Bank strategy. At appraisal, the Country Partnership Strategy (CPS) for 2012 -2015 articulated the need for improving service delivery for Uzbekistan's competitiveness and diversification agenda. The Country Partnership Framework (CPF) for 2016 -2020 highlighted the need for alleviating poverty and reducing income inequality. The Bank realigned its program for Uzbekistan in June 2018 to respond to the Government's new agenda through a Performance and Learning (PLR) of the CPF. The Bank's revised program placed less emphasis on physical infrastructure and more on factors such as institutional development.

This project was the first Bank railway project in Uzbekistan. The Bank was willing to accept a small role in a large civil-works project to establish an entry point for longer-term involvement in the sector. Although Bank-financing for the project was limited to 12% (US$195.0 million out of US$1,633.7 million), the Bank's value added was seen as bringing global experience to applying competitive procurement processes, social and environmental safeguards, modernizing technical and quality control standards, and bringing new approaches for asset and logistics management.

Although the activities would reduce transport costs and reliability between the Ferghana valley and the rest of Uzbekistan, the PDOs did not specifically mention institutional reform outcomes, the Bank's revised priorities for Uzbekistan. Given that the level of ambition was fairly modest, the relevance of the PDOs is rated as substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To reduce transport costs through the construction of a railway link between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan.

Rationale

Theory of change. The PAP - Angren railway line that bypassed Tajikistan (along with the tunnel, tractor substations, power lines, and the Supervisory Control and Data Acquisition (SCADA) system to optimize electricity supply on the line and maintenance equipment) was likely to reduce transport cost for moving passengers and freight between the Ferghana valley and the rest of Uzbekistan. The causal links between activities, outputs, and outcomes were logical, and the intended outcomes were monitorable.

Outputs (ICR, pages 29 -37)

The PAP -Angren railway line was constructed (with embankment, ballast, rail bridges and a tunnel), as targeted through UTY funding.

These activities were completed as targeted using IBRD funding.

- The railway line was electrified. The two tractor substations were completed, and the SCADA system was installed.
- The overhead power lines were dismantled. New power distribution lines were installed.
- TA was provided to the UTY for implementation support.

This IBRD funded activity was not completed.

- The automated signaling system that was to be financed by the Bank was not completed, when the project closed (discussed in section five).

Outcomes (ICR, page 12)

The project outputs were expected to reduce transport cost from the Ferghana valley and the rest of Uzbekistan.

- The passenger transport cost declined by 33% (from US$15/passenger at the baseline to US$10), exceeding the target of US$16.0). The baseline was based on the transport cost per passenger in a private taxi or minibus, and the target was the cost of a rail trip per passenger. The target was higher than the baseline due to a factored annual rate of increase of 10% (historical rate of increase for the period from 2009 -2014).

Three indicators were used for the cost of moving freight through new rail line: oil and oil products per tank and fertilizers and automobiles per wagon.

- The freight cost for moving oil and oil products declined from US$3,596.0/tank at the baseline to US$1,057.0 at closure and further to US$974.0 by November 2020. This was slightly short of the

target of US$930.0 (The baseline was based on the cost of moving foil and oil products through the existing rail link via Tajikistan. The baseline was high because Tajik Railways (TDJ) charged premium rates for transporting oil tanks).
- The freight cost for moving fertilizers declined from US$979.0 at the baseline to US$368.0, exceeding the target of US$980.0.
- The freight cost for moving automobiles declined from US$979.0 at the baseline to US$568.0, exceeding the target of US$604.

Given that outcomes were realized for the most part, efficacy is rated substantial.

Rating
Substantial

OBJECTIVE 2

Objective
To increase transport capacity through the construction of a railway line between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan.

Rationale
Theory of change. Installing rail line power supply transmission lines, together with the activities described above, were likely to increase transport capacity for movement of passengers and freight between the Ferghana valley and the rest of Uzbekistan. The causal links between activities, outputs and outcomes were logical. The intended outcomes were monitorable.

Outputs (ICR, page 37)

In addition to the outputs described above, these activities were relevant to this objective:

- The manual microprocessor-based train control system was installed by UTY as targeted.

This activity was completed with IBRD funding as targeted.

- TA was provided to UTY on topics such as logistics plan, marketing, asset management and financial accounting systems.

This IBRD funded activity was not completed.

- The video surveillance system that was to be financed by the Bank was not completed (discussed in section five).

Outcomes

The project activities were expected to increase transport capacity between the Ferghana valley and the rest of Uzbekistan.

- There were on average three passenger trains between the Ferghana valley and the rest of Uzbekistan. This exceeded the target of two.
- There were on average eight freight trains as targeted. The ICR (paragraph 27) notes that there is substantial capacity for meeting future growth in demand, as capacity was designed for 1,000 wagons per day, as compared to the current demand for 550 wagons per day.

Given that the outcomes were realized, efficacy is rated as substantial.

Rating
Substantial

OBJECTIVE 3
Objective

To increase transport reliability through the construction of a railway line between the Uzbek part of the Ferghana Valley and the rest of Uzbekistan.

Rationale
Theory of change. Acquiring track maintenance equipment, together with the activities discussed above, were likely to increase transport reliability between Ferghana valley and the rest of Uzbekistan. The causal links between activities, outputs and outcomes were logical and the intended outcomes were monitorable.

Outputs (ICR, page 37)

In addition to the outputs discussed above, the following outputs were relevant for this objective:

- The track maintenance equipment was acquired as targeted.
- A grievance response mechanism was set up and 67% of the grievances were addressed, short of the target of 90%.
- Two railway safety trainings were held during implementation.

Outcomes

The transport reliability between the Ferghana valley and the rest of Uzbekistan was monitored through the percent of trips that was delayed by more than a day.

- Ten percent of rail services on the PAP Angren rail line were delayed by over a day, short of the target of five percent (the baseline for this indicator was the percentage of delays on the existing link through Tajikistan). The ICR (paragraph 28) notes that the target shortfall could be due to factors such as the lack of a permanent automated signaling system or logistical limitations.
- 744,929 beneficiaries expressed satisfaction with the service quality on the PAP-Angren line, as compared to the target of 611,740.

Given that the outcomes were realized for the most part, efficacy of this sub-objective is substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale

Although the activities associated with the automated signaling system and the video surveillance equipment were not completed, overall efficacy is substantial, given that the outcomes were realized for the most part.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic analysis. A cost-benefit analysis of project activities (accounting for 99% of the total cost) was conducted. The benefits were assumed to come from direct user benefits (for moving passengers and freight), benefits to generated traffic, benefits to road users from reduced congestion, and reduced Greenhouse Gas (GHG) emissions. The Net Present Value (NPV) at a 12% discount rate was US$558.0 million at closure, as compared to the NPV of US$722.0 at appraisal. The ex post Economic Internal Rate of Return (EIRR) was slightly higher at 16%, as compared to the ex ante EIRR of 15%, due to a combination of factors, including reduced construction cost, increased freight demand in the early part of the evaluation period, and relatively rapid construction period which caused benefits to flow 18 months earlier than assumed at appraisal. The ICR (paragraph 32) notes that the cost of the signaling system and video surveillance system, which could have contributed significantly to the efficiency of rail operations, was not factored in the ex post economic evaluation.

Administrative and operational shortcomings. The construction of the PAP-Angren rail line financed by UTY was fairly advanced at appraisal in 2014, and the line was complete nine months after project effectiveness. The Bank financing for the project (12% of the cost) was intended for financing some civil works and limited institutional strengthening activities. In addition to providing financing, the Bank's main contribution was to be in improving safeguards and fiduciary compliance. There were significant administrative and operational shortcomings with respect to all of these, as discussed below.

One, the Bank-financing for activities included the installation of automated signaling and video surveillance equipment. The ICR (paragraph 50) notes that the Government and the Bank had agreed at negotiations on the use of retroactive financing, but this was not applied. Although the selection process for signaling equipment was initiated twice during implementation, the procurement for this activity was subject to delays. Eventually this activity was not completed, with the Bank declaring misprocurement for this activity on October 29, 2019, and cancellation of Bank financing for this activity. The procurement for the activity associated with installing video surveillance equipment had not started by December 2018 - nearly four years into project implementation and only three months before the project closing date, and eventually Bank financing for this activity was cancelled as well.

Two, the activities associated with institutional strengthening of UTY were limited (less than US1.5 million) of the project cost. The ICR (paragraph 47) notes that the Bank team had envisioned a much larger TA component of US$8.0 million, but in the end the Government limited the project's TA components. The ICR (paragraph 46) notes that UTY was strongly resistant to using the Bank loan for institutional development. The institutional strengthening activities completed under the aegis were moreover of limited use to this project, as these activities were only delivered in January 2020, shortly before closure.

Three, given that the Bank financing was approved after work on the rail line had already begun, the Bank's safeguards policies were to be applied retroactively to the project. The retroactive application of safeguards proved to be problematic. The construction of the rail line entailed resettlement of houses and livelihoods. Prior to Bank's involvement, resettlement was under national laws. There was limited ownership for the Bank's safeguard policies among middle and lower-level officials of the Government, UTY and local authorities, as the policies were perceived to be either complicated or excessively generous. There was a lack of coordination on resettlement and compensation between the PAP and Angren districts. The ICR (paragraph 67) notes that in April 2016, the Bank issued a letter to the Government warning of suspension of disbursements, if measures were not taken to resolve pending resettlement issues. Although social safeguards compliance was achieved, as reported, a year after completion of civil works in 2017, the Livelihood Restoration Plan remained incomplete, as there was no data to determine if the targeted people were better or worse off compared to a pre-project level. According to the information provided subsequently by the team, 16 project affected people - 14 in the PAP region and 12 in the Akhangaran region - were compensated to date with better-off conditions.

Four, the design overestimated the cost of Bank-financed activities, with the actual cost considerably lower than estimated at appraisal. The savings realized from the IBRD loan were not ploughed back for expanding project activities, due to the Bank's concerns about procurement delays, low disbursements, and eventually the shift in 2018 of the Bank's program away from physical infrastructure investments and towards institutional strengthening activities in Uzbekistan.

As a result of these shortcomings, over a third (37%) of the IBRD financing was cancelled, the Bank disbursed US$60.9 million out of an US$195.0 million loan, and the project closed a year behind schedule.

In sum, efficiency is rated modest, in view of the administrative and operational shortcomings, and the limited contributions made by the Bank for this project.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)

Appraisal	✓	15.00	99.00 ☐ Not Applicable
ICR Estimate	✓	16.00	99.00 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDOs to the Government and Bank strategy is substantial. Efficacy of the three sub-objectives - to reduce transport cost, to increase transport capacity and reliability, through the rail link between the Ferghana Valley and the rest of Uzbekistan is substantial, as the outcomes were realized for the most part. Efficiency is modest, in view of the administrative and operational shortcomings with the Bank-financed project activities. Taking these ratings into account, outcome is assessed as moderately satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Government commitment. The ICR (paragraph 80) notes that the PAP - Angren rail line that is entirely within Uzbekistan, is important for its population, economy and interregional connections. As described, there are no indications that could seriously undermine the government's commitment to the rail line.

Technical risk. There is a technical risk, given that the UTY has not replaced the manual signaling system with a permanent automated one, and is yet to install the video surveillance system.

Natural events risk. There is a risk associated with seasonal landslides or avalanches in the Kamchik pass.

8. Assessment of Bank Performance

a. Quality-at-Entry

This was the first railway project executed by the Bank in Uzbekistan. To assist in preparation, the preparation team mobilized a grant of US$700,000 from the Europe and Central Asia Capacity Development Trust Fund, for aiding in the project's safeguards documents and monitoring, conducting a Poverty and Social Impact Analysis and a baseline survey (ICR, paragraph 36). The implementation arrangements were appropriate, with the two Project Implementation Units (PIUs) located in the premises of the two implementing agencies (Uzbekistan Railways (UTY) and Uzbekenergo (UE - the state Joint Stock Company) (PAD, paragraph 31).

There were shortcomings at Quality-at-Entry. As analyzed by the ICR (para 73), the Bank underestimated the risks of applying its safeguards instruments, procurement rules, and M&E plans. In particular, (i) it proved challenging and costly in terms of Bank staff effort to retroactively implement the project's resettlement instruments to the bulk of the civil works (the rail line and tunnel) that had started long before the Bank's involvement and were near completion when the Bank loan became effective. (ii) The Bank's appraisal of procurement capacity failed to take into account the complex country authorizing environment for procurement of large contracts. (iii) The Bank's expectation of a project impact evaluation—mentioned in the PAD and initiated with the ex-ante PSIA- was not fulfilled, as the Bank was unable to persuade the Borrower to carry out the ex post survey.

In addition, institutional strengthening was not part of the PDO, and there were no key outcome indicators for assessing the extent to which the activities contributed to the institutional strengthening of UTY. As indicated in section five, the actual cost of Bank-financed activities was overestimated, with the actual cost of these activities well under the appraised cost. Finally, the lack of coordination between the two implementing agencies caused significant delays during implementation.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision

Ten Implementation Status Reports (ISRs) were filed over the project lifetime of five years, implying twice a year supervision missions. The ICR (paragraph 43) notes that the local presence of Bank fiduciary sector specialists aided in resolving many time-sensitive operational questions. The ICR (paragraph 75) notes that the threat to suspend disbursements was effective in expediting the correction of faults in the funding and implementation of resettlement work. According to the information provided by the team, there were four Task Team Leaders (TTLs) during the project lifetime, with three of them based in Washington DC. The final TTL based in the country office in Tashkent, Uzbekistan, was a project co-TTL from the beginning of project implementation.

There were shortcomings in supervision. It is not clear if the Bank made serious efforts to motivate the Government or UTY in institutional strengthening activities (although the Bank urged the client to give more attention to institutional strengthening activities). It is unclear if the Bank made serious efforts to make to the client to carry out the Poverty and Social Impact Analysis (PSIA) at closure. The mitigation measures for addressing procurement issues were inadequate, and these led the Bank to declare misprocurement and part cancellation of Bank loan. Implementation during the first two years was very challenging to obtain the client's full safeguards compliance. The ICR (paragraph 76) notes that the mid-term review (MTR) if held as scheduled in 2017, could have helped in taking corrective action for the issues encountered during implementation.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The PDOs were narrowly focused on users of the new rail line, with the quantitative key outcome indicators pertaining to transport cost, transport capacity and reliability due to the rail link. The key indicators and targets were simple and unambitious, as described by the ICR (para 60). The results framework did not include any key indicators aimed at institutional strengthening of UTY.

The M&E design envisioned an impact evaluation of the project to capture the project's impact on welfare, human development, labor market outcomes, the bottom 40% of the population, unemployment of youth and female headed households, before and after the operationalization of the rail line (PAD, paragraph 33).

The UTY's PIU was responsible for data collection for monitoring performance.

b. M&E Implementation

The ICR (paragraph 58) notes that the data for monitoring project performance was collected by UTY during implementation. One intermediate indicator aimed at the working ratio of UTY (the ratio of operating cost to operating revenue) was not monitored as envisioned at design. Likewise, while the impact evaluation was undertaken at preparation, a second survey was not conducted after the rail line became operational. This precluded data on assessing the project's impact on poverty reduction.

c. M&E Utilization

The ICR (paragraph 59) reports that although values for user satisfaction were reported by UTY, these were based on informal feedbacks, not rigorous surveys. The ICR also notes that key outcome indicators of transport costs, transport capacity and reliability, were collected and reported, even before the Bank-financed components had been implemented. The ICR (paragraph 60) notes that the M&E played a limited role in decision making.

In sum, M&E is rated modest, in view of the shortcomings at design and implementation.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as a Category A (Full Assessment) project under World Bank safeguard policies. Three safeguard policies were triggered at appraisal: Environmental Assessment (OP/BP 4.01): Physical Cultural Resources (OP/BP 4.11): and Involuntary Resettlement (OP/BP 4.12). (PAD, page iv).

Environmental assessment. The key environmental issues identified at appraisal included: (i) pollution of streams and rivers during construction; (ii) radioactivity while constructing the tunnel; (iii) the risks of landslides and rockfalls; and (iv) locating sites for waste/excess material, borrow pits and construction staging. An Environmental Impact Assessment (EIA) was conducted at appraisal, and an Environmental Management Framework (EMF) was prepared and publicly-disclosed (PAD, paragraph 65).

The environmental issues during implementation included: (i) absence of site-specific Environment Management Plans (EMPs); (ii) inadequate workplace safety and health, especially in cases of rock bursts in the tunnel construction; (iii) deposits of solid waste rocks in riverbeds; (iv) improper storage and disposal of waste materials; and (v) inadequate treatment of wastewater discharges. The retroactive application of safeguards proved to be problematic (ICR, paragraph 47). These issues were however addressed by the Government and UTY at project closure.

Physical Cultural Resources. The PAD (paragraph 68) notes that the some project sites were of historical and archeological importance to the Ferghana valley, Uzbekistan and the entire Central Asia Region, as the rail line alignment went through the historic/cultural heritage "Settlement Chihudzhra", near PAP. The ICR (paragraph 68) notes that prior to Bank's involvement, the works of the rail alignment caused damage to the site. The ICR notes that the Bank halted the works in this area and required UTY to prepare an action plan for physical cultural resources, as part of the EMF. The ICR does not mention of any problems with the historic site during implementation.

Involuntary Resettlement. The PAD (paragraph 59) notes that involuntary resettlement was expected. A Resettlement Policy Framework (RPF) and a Resettlement Action Plan (RAP) for addressing site-specific impacts was prepared and publicly-disclosed by UTY at appraisal.

The ICR (paragraph 66) notes that there were several resettlement issues during implementation. The UTY did not fulfill the loan effectiveness condition on implementing thee Resettlement Audit/Social Action Plan (RASAP) by July 2015. The project effectiveness deadline was extended twice, and in September 201, the effectiveness condition regarding the RASAP was dropped and converted into a dated covenant, and a Livelihood Restoration Plan was added as an addendum to the RASAP. As indicated in section 5, there was a lack of coordination between the PAP and Angren districts on the modalities of the resettlement process. According to the information provided subsequently by the team, the Livelihood Restoration Plan was completed.

b. Fiduciary Compliance

Financial management. A financial management assessment of the Uzbekistan Railways (UTY) was conducted at appraisal. UTY had prior experience in executing International Financial Institutions (IFIs), it was adequately staffed, and its financial arrangements were deemed to be satisfactory at appraisal (PAD, paragraph 46).

The ICR (paragraph 69) notes that there were minor issues with financial management during implementation. Although the UTY regularly submitting Interim Financial Reports, the second implementing agency was not doing so. However, this was resolved by closure. According to the information provided by the team, the audits were unqualified.

Procurement management. An assessment of the procurement management assessment of the implementing agencies conducted at appraisal concluded that the arrangements were deemed to be satisfactory (PAD, paragraph 51).

As indicated in section 5, there were procurement issues, with the Bank declaring misprocurement for the contract associated with automated signaling equipment for the rail line. The contract associated with installing the video surveillance equipment was subject to procurement and cancelled. These led to the cancellation of a third of the IBRD-financing for the project.

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Efficiency is rated as modest in view of the administrative and operational shortcomings associated with Bank-financed project activities.
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

12. Lessons

IEG uses the following main lessons from the experience of implementing this project, with some adaptation of language.

1. The difficulties associated with Bank engagement in project activities, where it has limited financial leverage, need to be carefully assessed at appraisal. The leverage of the Bank in this project was limited, in view of its relatively low contribution to project activities. The lesson from this project is that, while the Bank must take some risks in order to enter new areas of engagement, it should assess the institutional and sectoral engagement more attentively at appraisal.

2. Sufficient time to train stakeholders in the required Bank instruments such as Resettlement Policy Framework and Resettlement Action Plan is especially required in situations, where the application of safeguards is complex. In this project, the implementation of resettlement depended on a government approach that was disjointed, inadequately funded, and hampered by weak capacity. The Bank's resettlement rules were retroactively applied to a major rail line that had been mostly completed. This did not leave sufficient time to train the stakeholders in the Bank's resettlement policies and procedures.

3. Post impact evaluations could be especially of high value for projects of a large financial, geographic, and socio-economic magnitude. In this project, while an evaluation was conducted at appraisal, there was no ex-post evaluation once the new rail line became operational. This precluded the extent to which the project contributed to socio-economic benefits and alleviating poverty.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clear and candidly discusses factors associated with the lack of leverage of the Bank over the project. It also candidly discusses the resettlement, given that these activities were to be completed retroactively over the project. The ICR also candidly discusses the procurement issues that led the Bank to declare misprocurement and cancellation of the loan for the activity associated with the automated signaling equipment for the rail line. The ICR draws reasonably good lessons from the experience of implementing this project.

There were minor shortcomings. The ICR provides no information on the continuity of leadership and the quality of audits (information was subsequently provided by the team). The main body of the text is at 23 pages, as compared to the recommended length of 15 pages. The ICR could have benefitted from editing.

a. Quality of ICR Rating

Substantial