ENHANCING PROJECT GOVERNANCE IN IFI-FUNDED TRANSPORT INFRASTRUCTURE PROJECTS: INSTITUTIONAL LESSONS FROM UZBEKISTAN

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Abstract: Effective project governance is considered to be a key determinant of successful implementation of transport infrastructure projects finances by International Financial Institutions (IFIs). While existing studies have extensively examined implementation risks and critical success factors, less attention has been given to governance mechanisms that enable public institutions to improve project performance. In this paper the institutional aspect of project governance in IFI-funded transport infrastructure projects in Uzbekistan are examined. Based on a review of international literature and analysis of current implementation practices, the study highlights the importance of governance structures, Project Implementation Units, procurement oversight, contract management, and performance monitoring. The conclusion of this paper includes institutional recommendations that strengthen project governance and improve the effectiveness of future IFI-financed infrastructure investments.

Keywords: project governance, transport infrastructure, critical success factors, international financial institutions, project management, Project Implementation Unit, contract management Uzbekistan.

Introduction.

Transport infrastructure has become one of the principal drivers of economic and social growth in Uzbekistan, with substantial financial support provided by International Financial Institutions (IFIs), like Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), and the World Bank (WB). These investments not only improve national connectivity but also promote regional trade and sustainable economic growth.

Despite having enough investment, successful project implementation depends on more than adequate funding. Previous studies have shown that infrastructure projects frequently experience delays, budget overruns, procurement challenges, and institutional constraints (Flyvbjerg, 2014). Consequently, researchers have increasingly emphasized the role of project governance as a mechanism for improving transparency, accountability, and decision-making throughout the project lifecycle (Muller, 2009).

This paper is aimed to examine the institutional components of project governance that influence the effective implementation of IFI-funded transport infrastructure projects and to identify governance lessons applicable to Uzbekistan.

Research Methodology

The research uses a qualitative approach based on a comprehensive review of existing academic literature, international project governance frameworks, and practical implementation experience from IFI-funded projects in Uzbekistan.

Relevant studies from project management, infrastructure governance, and development finance literature were reviewed to identify governance mechanisms associated with successful project delivery. In addition, international guidance issued by multilateral development banks was examined to compare recommended practices with institutional arrangements currently applied in Uzbekistan.

Main Findings and Discussion

Project Governance as the Foundation of Project Performance

Project governance has evolved into a distinct discipline within project management, providing the institutional framework through which strategic decisions are made, authority is distributed, and accountability is maintained throughout the project lifecycle. The main difference between project management and project governance, is that the latter establishes decision-making structures, oversight mechanisms, and stakeholder relationships necessary to ensure that projects remailer aligned with strategic objectives (Too & Weaver, 2014).

The Organization for Economic Cooperation and Development (OECD, 2017) emphasized that to maximize the social and economic benefits of public investments the sound infrastructure governance is essential. Effective governance boosts transparency, strengthens accountability, optimizes resource allocation, and enhances public confidence in infrastructure development. Similarly, Muller (2009) states that governance is not only an administrative function, but also a strategic mechanism that directly impacts project performance and long-term organizational success.

In the context of IFI-funded transport infrastructure projects, governance becomes particularly significant due to the involvement of multiple stakeholders, complex procurement procedures, and rigorous compliance requirements established by international financial institutions. Consequently, when the governance arrangements are strengthened, it not only improves the project efficiency, but also enhances institutional resilience and sustainable infrastructure delivery.

Institutional Capacity and Project Implementation Units

Institutional capacity is widely regarded as one of the most influential factors affecting the performance of development projects. Based on the analysis of World Bank-funded projects, Ika, Diallo, and Thuller (2012) indicate that competent personnel, effective coordination mechanism, and clearly defines institutional responsibilities in a company are more likely to achieve successful project outcomes. Their study highlights the importance of strong public institutions alongside sound technical project management.

Withing IFI-funded projects, Project Implementation Units (PIUs) play a central governance role by coordinating interactions among executing agencies, contractors, consultants and donors. Their responsibilities are not limited to administrative coordination, to include procurement oversight, financial management, contract administration, environmental and social safeguard compliance, and performance reporting. According to the World Bank (2020), institutional capacity development and continuity withing PIUs enhance implementation efficiency by allowing experience gained in one project to inform future investments. Therefor, strengthening institutional capacity should be viewed as a long0term governance priority rather than project-specific activity.

Governance Mechanisms: Procurement, Contract Management and Performance Monitoring

Governance effectiveness depends on the quality of institutional mechanisms that support project implementation. Critical components include procurement frameworks, contract administration, and performance monitoring.

Implementation risks are reduced by transparent and competitive procurement systems that promote fairness, accountability and value for money. Chan, Scott and Lam (2002) identify procurement management as one of the principal contributors to project success, while the World Bank procurement Framework (2023) emphasizes that effective procurement extends beyond regulatory compliance and should help efficient project delivery throughout the contractual lifecycle. Early procurement planning, clear

evaluation procedures, and proactive contract administration contribute to minimizing delays and reducing contractual disputes.

Performance monitoring is another essential governance mechanism. Continuous monitoring helps stakeholders identify implementation challenges, assess project progress, and introduce corrective measures before risks affect project outcomes. Khan et al. (2019) emphasized that weak monitoring systems and unclear institutional responsibility matrixes often lowers governance effectiveness in infrastructure projects. Similarly, Project Management Institute (PMI, 2021) points out that governance should incorporate measurable performance indicators, regular reporting, and evidence-based decision-making to support effective project oversight.

Institutional Lessons for Uzbekistan

The reviewed literature shows that governance maturity is achieved through continuous institutional development rather than isolated project interventions. As the result, it is needed to strengthen the governance structures across entire project cycle to improve the implementation of IFI-funded transport infrastructure projects.

Several institutional priorities emerge from this analysis. First, continuous professional development should be provided for PIU personnel to enhance expertise in procurement, financial management, contract administration and IFI policies. Secondly, the governance procedures should be applied uniformly across all projects financed by different donors to promote consistency and organizational learning. Thirdly, greater reliance on digital monitoring systems and integrated reporting platforms could improve transparency, accelerate information exchange, and support evidence-based decision making.

Moreover, it is crucial to establish formal mechanisms to capture and disseminated lessons learnt from previous projects, which helps strengthen institutional memory and reduce the recurrence of implementation challenges. Such improvements would not only benefit the effectiveness of individual projects, but also develop the overall institutional capacity of Uzbekistan to manage increasingly complex transport infrastructure programs financed by international development partners.

Conclusion

Effective governance has become an indispensable component of successful implementation of IFI-funded transport infrastructure projects. While sufficient financing remains important, project outcomes are majorly determined by institutional arrangements, governance structures, procurement transparency, monitoring systems, and organizational capacity.

The findings suggest that the project performance can be enhanced through strengthening governance mechanisms within PIUs and improving institutional coordination. Future research may focus on developing governance maturity models specifically designed for IFI-funded transport infrastructure projects in developing economies

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