



# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 07-Dec-2023 | Report No: PIDC36756

**BASIC INFORMATION****A. Basic Project Data**

Country Uzbekistan	Project ID P181458	Parent Project ID (if any)	Project Name Second Rural Infrastructure Development Project (P181458)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Apr 01, 2024	Estimated Board Date Oct 15, 2024	Practice Area (Lead) Social Sustainability and Inclusion
Financing Instrument Investment Project Financing	Borrower(s) Republic of Uzbekistan	Implementing Agency Ministry of Economy and Finance	

**Proposed Development Objective(s)**

To: (i) improve access to quality basic infrastructure, (ii) strengthen mahalla institutional capacity for participatory local governance processes, and (iii) enhance the enabling environment for women's economic inclusion in Selected Mahalla Citizens Assemblies.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	325.00
<b>Total Financing</b>	325.00
<b>of which IBRD/IDA</b>	150.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	150.00
IDA Credit	150.00

**Non-World Bank Group Financing**

Counterpart Funding	55.00
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Borrower/Recipient	55.00
Other Sources	120.00
Asian Infrastructure Investment Bank	120.00

Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. **Uzbekistan, a lower middle-income country of 36 million people, has emerged as one of the world's top reformers since 2017.** The World Bank's IDA resource allocation index, a measure of country policy and institutional quality, shows Uzbekistan has been the fourth strongest reformer over the 2017-2022 period.<sup>1</sup> The Government of Uzbekistan (GoU) has implemented an ambitious program of economic and social reform, which includes liberalizing the exchange rate, removing price controls, implementing a comprehensive state-owned enterprise reform program, enhancing fiscal transparency, eradicating systemic forced and child labor, establishing a modern social protection system, strengthening labor laws, and beginning to liberalize the agriculture and energy sectors, among other key reforms.

2. **The GoU's commitment to the economic transition is further reinforced by the Uzbekistan 2030 Strategy.** Uzbekistan's new national development strategy (Uzbekistan 2030) outlines ambitious plans for comprehensive reform across the economy, public services, and the nation as a whole, with a focus on achieving sustainable growth and attaining upper middle-income status by 2030. The seven-year strategy prioritizes creating favorable conditions for individual potential, ensuring prosperity through sustainable economic growth, conserving water resources and protecting the environment, upholding rule of law, and ensuring a safe and peaceful state. To achieve these goals, the GoU aims to liberalize key industries, enhance investment facilitation systems, protect property rights, prioritize agriculture, build a green economy, and promote women's participation in society. With close to half of the population living in rural areas, the reforms aim to address the needs of both urban and rural communities.

3. **Climate change poses serious and immediate risks to the economic development of Uzbekistan.** The country is highly susceptible to climate change, facing elevated risks from a variety of natural and climate-related hazards such as earthquakes, droughts, wildfires, floods, heatwaves, landslides, and avalanches<sup>2</sup>. These climate impacts have the potential to reverse advancements made in poverty reduction and negatively impact food security and economic growth in

<sup>1</sup> <https://ida.worldbank.org/en/financing/resource-management/ida-resource-allocation-index>

<sup>2</sup> [Climate Country Risk Profile: Uzbekistan \(2021\): The World Bank Group and the Asian Development Bank.](#)



vulnerable rural regions. In the context of climate change, women are more susceptible to the impacts of natural disasters when they do not have the same rights and socio-economic status as men. Therefore, empowering women is a crucial component in building climate resilience and mitigating the effects of climate change on vulnerable populations.<sup>3</sup> Uzbekistan has committed to addressing climate change mitigation and adaptation through its Updated NDC (Nationally Determined Contributions), submitted to the UN Framework Convention on Climate Change in 2021.<sup>4</sup> These commitments include reducing specific greenhouse gas emissions per unit of GDP by 35 percent by 2030 compared to the levels in 2010.

#### Sectoral and Institutional Context

4. **Urban-rural and regional disparities in access to public infrastructure and basic services constrain Uzbekistan's human capital development.** Poverty is largely a rural phenomenon in Uzbekistan, with 79 percent of in-need and low-income households living in rural areas (2018). Insufficient public expenditure has contributed to vicious cycle where undermaintained distribution networks, lack of capital budgets to expand services for a growing population, and insufficient operating budgets result in service disruptions and undermine citizen willingness to pay, especially in rural areas.<sup>5</sup> In 2018, only 22 percent of rural households considered water services to be of good quality, compared to 58 percent of urban households.<sup>6</sup> Additionally, nearly all rural households relied on self-built and on-site sanitation facilities. The inadequate access to water and sanitation, primarily in rural areas, imposes a significant cost on Uzbekistan, equivalent to 1.3 percent of GDP.<sup>7</sup> Despite major progress in expanding access to early childhood care and education services since 2017, in 2022, 42 percent of children in rural areas had access to preschool education compared to 51 percent of children in urban areas, with significant differences in enrolment across regions.<sup>8</sup>

5. **Centralization in Uzbekistan's public finances reduces opportunities and incentives to align public spending to local priorities.** Despite the increasing role of subnational government institutions in service delivery since 2019, regional and district khokimiyats lack decision-making authority over budget allocations and local prioritization, hampering their ability to respond to local needs. At the village level, mahalla committees and citizens assemblies face a similar constraint, lacking budgetary authority for direct implementation of small-scale activities. Consequently, even minor infrastructure repairs necessitate higher-level approval and procurements, causing delays and reducing responsiveness. In 2023, the Government of Uzbekistan planned to allocate over UZS 8.8 trillion for village-level infrastructure projects prioritized through participatory processes in state programs like *Obod Qishloq*, *Obod Mahalla*, Open Budget, and Mahalla Budget. While these initiatives enhance responsiveness to citizen demands, challenges persist, including uncoordinated planning, and insufficient accountability for project implementation, leading to reports of subpar infrastructure quality.<sup>9</sup> Additionally, there is a risk of excluding low-income, elderly, and rural households due to limited access to electronic forms and applications required for participation.

6. **Despite significant progress since 2017, challenges to effective citizen engagement remain.** Citizens lack mechanisms to exercise direct accountability over local officials, which is further undermined by a lack of transparency and predictability in subnational budgeting.<sup>10</sup> Information asymmetries on village development program eligibility criteria and implementation modalities lead to mismatches and gaps in coverage. Independent Non-governmental Organizations (NGOs) face regulatory hurdles in registering and operating, limiting their ability to provide oversight of public officials and amplify the voices of excluded and vulnerable groups. Unequal access to quality public services and the lack of

<sup>3</sup> [Gender and Climate Change: Three things you should know](#). World Bank Group (2011).

<sup>4</sup> Republic of Uzbekistan. [Updated Nationally Determined Contribution \(2021\)](#)

<sup>5</sup> World Bank (2022). *Uzbekistan Public Expenditure Review: Better Value for Money in Human Capital and Water Infrastructure*.

<sup>6</sup> Listening to the Citizens of Uzbekistan (2018)

<sup>7</sup> World Bank (2022). *Toward a Prosperous and Inclusive Future: The Second Systematic Country Diagnostic for Uzbekistan*.

<sup>8</sup> State Committee of the Republic of Uzbekistan on Statistics and UNICEF (2022). *2021-2022 Multiple Indicator Cluster Survey (MICS) in Uzbekistan*.

<sup>9</sup> [https://yumh.uz/ru/news\\_detail/603](https://yumh.uz/ru/news_detail/603)

<sup>10</sup> World Bank (2022). *Uzbekistan Decentralization Issues Note*. Unpublished manuscript.



mechanisms for citizens to influence decisions and hold officials accountable have recently become a frequent cause of social tension and discontent.<sup>11</sup>

7. **Gender disparities constrain women's economic and social inclusion.** Women's labor force participation rate is significantly lower than men's, with a difference of approximately 28 percentage points (2018). Rural and peri-urban women from low-income and in-need households are especially vulnerable and at high risk of economic exclusion. Lack of access to services, such as drinking water, electricity, and preschool, increases women's time burden and limits their ability to participate in economic activities. In 2022, around 75 percent of working aged women who were not employed cited homemaking and care responsibilities as the reason for not working.<sup>12</sup> The heavy burden of unpaid domestic work means that women, especially in rural and peri-urban areas, do not have sufficient time for formal work or to manage enterprises, thereby driving women toward low-margin, home-based enterprises. Additionally, women have limited representation in local government administrative and decision-making bodies. The incidence of gender-based violence (GBV) is unknown due to lack of data and underreporting, but is believed to be highly prevalent. While a recent law criminalizing domestic violence marks a significant step in protecting women from GBV, support services for survivors remain limited. Gender stereotypes reinforce attitudes that disadvantage women's economic participation and tolerate violence against women.

8. **Closing gender disparities can unlock Uzbekistan's potential for inclusive economic growth.** Uzbekistan's national income would be about 29 percent higher if women were to participate in the economy in equal measure to men. If working women were to catch up to the wages earned by men, the increased income would pull more than 700,000 people out of poverty.<sup>13</sup> Preliminary findings from a World Bank study show that expansion of preschools rapidly increases female labor force participation.<sup>14</sup> The study found that one new public preschool facility can bring 23 women to work, and a private facility can bring five women to work. The effects were highly progressive, with low-income and in-need women benefiting the most. The GoU aims to achieve universal access to preschool services by 2030.<sup>15</sup>

9. **The GoU's 2030 Strategy aims to promote women's empowerment, build a people's state that engages with citizens, and raise rural living standards.** Objective 1.3 of the strategy aims to enhance support systems for women, enforce women's legal rights and interests, increase women's social, economic, and political inclusion, and ensure gender equality. This includes increasing transparency and accountability in programs targeting women from vulnerable, low-income households included in Women's Notebooks. Objective 4.1 aims to organize people-centered governance and improve public administration, including by transforming mahalla committees into the interface between citizens and the state. Further actions to achieve this objective include disbursing funds directly to mahallas to finance community-level infrastructure projects identified through public voting, tripling its budget allocation for locally prioritized infrastructure projects to UZS 24 trillion in 2024, and creating a people's system for resolving socio-economic problems in mahallas.

10. **The ongoing Rural Infrastructure Development Project (RIDP-P168233), financed by the World Bank and the Asian Infrastructure Investment Bank (AIIB) and implemented by Ministry of Economy and Finance (MEF), supports the Uzbekistan 2030 Strategy objectives.** RIDP's project implementation approach is rooted in principles of community-driven development (CDD). The RIDP has achieved significant milestones to date. 131 infrastructure subprojects have been completed, benefiting over 180,000 people; over half of the beneficiaries are women. Nearly half are drinking water supply systems modernization, and 18 percent improve access and quality of education services. 189 communities have established Mahalla Development Units (MDUs) and completed Qishloq Development Plans (QDPs), involving 3,550 women who have been trained in leadership skills. 62 percent of households participated in planning, decision-making, or

<sup>11</sup> World Bank (2022). *Toward a Prosperous and Inclusive Future: The Second Systematic Country Diagnostic for Uzbekistan*.

<sup>12</sup> World Bank (2023-forthcoming). *Uzbekistan Country Gender Assessment*; World Bank (2017). *Strengthening Livelihoods of Low-Income Rural Women*.

<sup>13</sup> World Bank (2023-forthcoming). *Uzbekistan Country Gender Assessment*.

<sup>14</sup> Dilnovoz Abdurazzakova (CEU), Chiyu Niu (World Bank), EGED Conference Presentation (2023)

<sup>15</sup> State Committee of the Republic of Uzbekistan on Statistics and UNICEF (2022). *2021-2022 Multiple Indicator Cluster Survey (MICS) in Uzbekistan*.



subproject monitoring activities. Women constitute at least half of the members of MDUs and community participatory monitoring teams in nearly all of the 189 MDUs established to date. In addition, 24,476 women participated in the first round of social audits, and 27,060 women participated in the second round. 97 percent of women who participated in the social audits indicated that the subprojects identified for financing reflect their needs.

#### Relationship to CPF

11. **The proposed project is aligned with the World Bank’s mission of eliminating extreme poverty and boosting shared prosperity and the Country Partnership Framework (CPF) 2022-2026.**<sup>16</sup> The project will contribute to Higher-Level Objective (HLO)1: Increase Inclusive Private Sector Employment, HLO2: Improve Human Capital, and two crosscutting themes of (i) Close Gender Gaps, and (ii) Strengthen Citizen Engagement and Accountability in Public Services in the CPF. The project will contribute to “Objective 1.4: Improve the infrastructure for competitiveness and connectivity,” through construction of critical infrastructure, including roads and electricity, and participatory decision-making and citizen engagement. The project will contribute to “Objective 2.2: More efficient and sustainable health and water and sanitation services” by increasing access to clean drinking water in rural areas. The project will support the crosscutting theme of closing gender gaps by supporting earmarked funds for infrastructure that helps to create an enabling environment for women’s economic inclusion, including by reducing the time-burden of care and unpaid housework.

12. **In this envisaged scope, the proposed project does not conflict with the goals set in the Updated Nationally Determined Contribution 2021 (NDC)**<sup>11</sup>, the Third National Communication under the UNFCCC<sup>12</sup>, the 2021-2023 National Strategy on Water Management and Development of Irrigation<sup>13</sup> and is likely to be aligned with the Paris Agreement. The Updated NDC under the UN Framework Convention on Climate Change highlights that the “introduction of energy saving technologies”, “halving the energy intensity of GDP” and “increasing the share of renewable energy” are among the mitigation measures aligned with the national policies of Uzbekistan. Among key adaptation activities identified is the improvement of the use of water resources which play an important role in addressing water scarcity, thus contributing to increasing resilience to climate change. Enhancing awareness, information access on climate change, and incorporating gender perspectives will strengthen the population's adaptation capacity, aligning with one of the country's adaptation goals through 2030. The project has been screened for climate change and disaster impacts, and specific potential resilience-enhancing measures will be identified and properly reflected in project documents before appraisal. No specific risks with respect to the mitigation and adaptation aspects of the Paris Alignment Assessment are flagged at this stage.

### C. Proposed Development Objective(s)

**The Project Development Objective** is to (i) improve access to quality basic infrastructure, (ii) strengthen mahalla institutional capacity for participatory local governance processes, and (iii) enhance the enabling environment for women's economic inclusion in Selected Mahalla Citizens Assemblies.”

13. **The project will support women’s economic inclusion through:** (i) tailored community mobilization and technical assistance to enhance economically vulnerable women’s meaningful participation in mahalla development planning and decision-making, and promote linkages to markets, finance, and skills development; and (ii) infrastructure investments that reduce the time burdens rural women face and improve access to livelihoods activities.

14. **Selected Mahallas** will be in a sub-set of rural districts in Ferghana, Namangan, Andijan, Jizzakh, Syrdarya, and Tashkent regions. Districts will be identified based on: (i) the share of population living below the national poverty line, (ii) share of households that lack access to clean drinking water, and (iii) share of children (3-7 years old) not attending

<sup>16</sup> Country Partnership Framework for the Republic of Uzbekistan for the Period FY2022-FY2026, Report No. 170931-UZ, discussed by the World Bank Board of Executive Directors on May 24, 2022.



preschool. All mahallas in selected districts will be covered by the Project, to better coordinate economic and infrastructure planning.

#### Key Results (From PCN)

15. The key results that will measure progress towards the PDO are:
  - a. Percentage of sampled respondents (male/female) who report improved access to infrastructure and services. *(i)*
  - b. Percentage of beneficiaries (male/female) who participate in planning, decision-making, or monitoring. *(ii)*
  - c. Number of social audits that have been completed across the targeted mahallas. *(iii)*
  - d. Percentage of sampled beneficiaries (female) who report improved access to economic opportunities. *(iii)*

#### D. Concept Description

16. **The proposed Second RIDP (RIDP 2) will build on the RIDP's institutional arrangements, project implementation capacity, and CDD approach to support Uzbekistan 2030 objectives of improving living standards in rural areas; empowering communities to play an active role in the development process; and supporting women's economic inclusion.** It will do so by introducing a new package of technical assistance, facilitation support, planning, and investments in infrastructure and services (public goods and economic infrastructure) that closes gaps in access to basic infrastructure and services and improves the enabling environment for inclusive local economic development. In addition to the current QDP process whereby mahalla leaders and citizens from all neighborhoods identify gaps in access to basic infrastructure and services and prioritize investments to address them, technical assistance will support economically vulnerable women to identify constraints and solutions to promote women's economic participation in the form of Women's Economic Development Plans (WEDPs). Technical assistance will support the convergence of ongoing programs to address local constraints in a holistic manner and improve access to market information and linkage services. The RIDP 2 will also include changes to implementation arrangements to improve subproject designs, civil works, and technical supervision.

17. **Component 1: Strengthening the Enabling Environment for Inclusive Local Economic Development** (\$290m: \$120m IDA, \$120m AIIB, \$55m GoU) aims to ensure all neighborhoods and groups within selected mahallas have access to quality basic infrastructure and services. This component will finance public goods such as power supply, transportation, and water supply, the lack of which increases women's time burdens and constrains women's economic inclusion, as well as economic infrastructure that promotes opportunities for income generation, livelihoods, and self-employment. The average allocation for each mahalla for Subcomponents 1 a and 1b is expected to be ~US\$500,000, or ~\$160 per capita over the five-year period of the project, which can be used to finance one or more subprojects identified in the QDP.

18. **Subcomponent 1a: Demand-Driven Investments in Village Infrastructure and Services.** This subcomponent will finance design services and civil works for public goods-focused subprojects identified by communities in selected mahallas through the participatory Project implementation cycle as defined in the Project Operations Manual (POM), subject to a negative list that includes housing construction and renovation or any investments that require the physical displacement or resettlement of people. Eligible investments in seismic- and climate-resilient basic infrastructure and services subprojects include, but are not limited to (i) modernization of existing rural drinking water supply and sanitation systems to expand access through innovative, off-utility models for rural drinking water supply and sanitation, including in kindergartens and schools; (ii) retrofitting of public buildings for energy efficiency; (iii) construction and modernization of social infrastructure; (iv) rehabilitation of tertiary roads, walkways, footpaths; (v) road drainage and strengthening flood resilience of rural roads and public buildings; (vi) bridge rehabilitation and construction (up to 10 meters long); (vii) street lighting upgrading; (viii) improvements to public spaces; (ix) installation of antennas to provide wireless internet services; (x) construction and rehabilitation of bus terminals and stops; and (xi) renewable energy supply.

19. **Subcomponent 1b: Economic Infrastructure for Women's Economic Inclusion** will finance design services and civil works for investments in economic infrastructure identified in WEDPs, including, but not limited to, preschool





facilities,<sup>17</sup> common service centers (e.g. storage facilities and equipment for dairy processing, recycling, or other environmental services, tailoring, handicraft production, and multi-purpose work), transportation services, and other socially-minded enterprises. A share of each village's total resource allocation will be earmarked to support at least one investment prioritized in the WEDP. The economic infrastructure will be financed, operated, and maintained through a public-private partnership model based on global experience, including the Kyrgyz Republic, as well as the existing model in Uzbekistan for family-based kindergartens. Women's group members (supported under Subcomponent 2b), with support from experienced entrepreneurs within the community, will be invited to submit proposals for socially-minded enterprises that will be selected by community members based on criteria, which may include: (i) a business plan linked to a locally viable value chain; (ii) entrepreneurs' own investment contribution (e.g., equipment, materials, buyers); (iii) the number and timing of expected jobs in the facilities generated for local communities; (iv) the number of preschool places added; and (v) the package of in-kind support offered to help vulnerable men and women join the value chain in a self-employed status. The Project will finance the costs of constructing or rehabilitating the economic infrastructure, which will be owned by the mahalla committee and operated by the successful women's group members and entrepreneurs.

20. **Subcomponent 1c: Block Grants to Mahallas.** This subcomponent will support the GoU in establishing the Mahalla Budget System<sup>18</sup> by piloting the transfer block grants to a small number of mahalla committees selected based on criteria including good performance under the RIDP. Pilot mahallas will receive a block grant to support the provision of basic public social and economic infrastructure and services identified in QDPs, including design services and civil works. Eligible subprojects may include improvements/upgrades to mahalla-level public infrastructure, such as water supply, internal roads, and power supply networks. Further consultations will be held with the MEF to review mandates, avoid duplication, and finalize the positive menu of eligible subprojects. The selected mahalla committees will receive the first round of block grants allocated using a simple formula based on population size and measures of poverty/vulnerability. Block grant transfers will be based on fulfillment of fiduciary requirements and prerequisites, including completion of a QDP. Mahalla committees will also receive additional support and capacity building on community procurement, record-keeping, and reporting. It is expected that subprojects will be small-scale and involve simple designs such that mahalla committee members can directly procure subproject design and civil works following World Bank Procurement Guidelines for CDD projects adapted to Uzbekistan's legal and regulatory context.

21. **Component 2: Mahalla Institutional Strengthening and Community Mobilization** (\$20m: \$20m IDA) aims to enhance: (i) inclusive local governance practices, including community participation in needs assessments, planning, prioritization and selection of subproject investments, and oversight of procurement and subproject implementation through social audits and technical supervision checklists; and (ii) the enabling environment for women's economic inclusion and active participation in local development planning.

22. **Subcomponent 2a: Improving Local Governance Practices** will finance technical assistance and facilitation for social mobilization for mahalla-level stakeholders, including on climate change risks and adaptation strategies, integrated infrastructure and spatial development planning leveraging digital mapping tools, subproject implementation, and good governance practices. The component will include facilitation and technical assistance for (i) participatory implementation cycle; (ii) participatory monitoring and oversight; (iii) subproject design and sustainability; and (iv) mahalla leaders/activists' capacity building, including grassroots leadership training for women leaders. Technical assistance and facilitation support will be delivered through Facilitating Partners contracted by the Project Implementation Unit (PIU).

23. **Subcomponent 2b: Supporting Women's Economic Inclusion** will finance technical assistance and facilitation support for: (i) WEDP development, including (a) outreach to and group formation of female-headed households and

<sup>17</sup> All education facilities and services, including kindergartens and primary schools, will be implemented in line with government policies and standards. The aim of RIDP 2 is to support government efforts to expand services like preschools to the "last mile" in hard-to-reach rural mahallas.

<sup>18</sup> Presidential Resolution No 458 from 26.12.2022 on Mahalla Budget System (<https://lex.uz/ru/docs/6326709>). Presidential Resolution No 300 from 11.09.2023 on NDS-2030 in 2023 foresees scale up of Mahalla Budget System to all districts in 2024 (<https://lex.uz/ru/docs/6600415>).





young women; (b) women’s social empowerment through community mobilization involving men and local leaders and awareness raising around discriminatory social norms that constrain women’s economic inclusion; (c) training for mahalla activists, including on their specific roles and responsibilities related to women’s inclusion, and on GBV referral pathways, working in close collaboration with UNFPA and leveraging UNFPA training modules and trainers; and (d) information dissemination on eligibility criteria and services offered through GoU programs and linkage support; and (ii) addressing livelihoods support needs identified in the WEDPs, including (a) market diagnostics and linkages; (b) digital literacy and skills training; and (c) specialized consultancies. Technical assistance and facilitation support for WEDP development will be provided by FPs. Support to access livelihoods activities will be provided through individual consultants or specialized firms as needed based on needs identified in the WEDPs.

24. **Component 3: Monitoring, Evaluation, and Project Management (\$10m: \$10m IDA).** This component will support (i) Project management activities, including overall coordination and supervision of Project implementation, communications and public outreach, Project audits, and financing of incremental operating costs; (ii) Project M&E; (iii) managing a beneficiary feedback mechanism (BFM), including a grievance redress mechanism (GRM); and (iv) capacity building for PIU and regional hokimiyat staff. The component will finance the PIU, which includes a project director and experts in participatory development (i.e., community mobilization and participatory needs assessments, prioritization, monitoring and oversight), gender, citizen engagement, civil engineering/infrastructure quality, communications, procurement, financial management (FM), management information system (MIS), and M&E. This team will prepare annual workplans and budgets and oversee the design and implementation of the POM, including training manuals and terms of reference for all staff and consultants. Through an engagement with the Abdul Latif Jameel Poverty Action Lab (J-PAL) Europe, which has partnered with the Center for Economic Research and Reforms ([CERR](#)) under the President’s Administration, the team will pursue the feasibility of incorporating a rigorous impact evaluation that would enable government to identify the impacts of including a CDD approach in the operations of mahalla governments on strengthening local institutions and improving governance outcomes.

25. **Component 4: Contingency for Emergency Response (CERC).** This component will finance emergency response and post-disaster emergency recovery eligible expenditures in support of the Government’s rapid emergency response efforts through reallocation of Project funds, which is subject to prior consultation with the Bank. The mechanism for the declaration of emergency will be in accordance with the CERC Manual.

### Contributions to corporate priorities

26. **Gender.** The project seeks to address gender disparities in voice and agency in local development decision-making, access to basic infrastructure and services, and access to economic opportunities through a multifaceted approach across all components of the project. Building on the experience of RIDP, RIDP 2 will: (i) Enhance women’s voice and participation in community decision-making by maintaining a 50 percent quota for women’s representation in MDUs, and further strengthen facilitation methods (including time and location of meetings) to ensure women’s participation. (ii) Address gaps in access to infrastructure and services that particularly burden women by financing investments to improve access to infrastructure such as quality drinking water and preschool services. (iii) Support women’s economic participation through creating women’s economic development plans in each mahalla, providing technical assistance and capacity building, and introducing an earmarked grant to support public investments that enable women’s economic participation.

27. **Citizen engagement.**<sup>19</sup> The Project’s design ensures citizen engagement throughout the Project cycle, including participatory needs assessment, investment prioritization, service delivery monitoring and feedback. Project institutional

<sup>19</sup> As a part of project preparation, consultations were conducted for the conceptualization of the women’s economic empowerment interventions. Consultations engaged with groups of vulnerable women in nine RIDP villages to carry out participatory exercises to identify the key challenges they face in accessing and utilizing government entrepreneurship and self-employment programs. These consultations helped identify options to expand the project’s implementation architecture to deliver support directly to this group of vulnerable women in the form of earmarked resources to expand access to preschool services, that free up time to engage in income generating activities.



and implementation arrangements will include a GRM. The Project will include citizen engagement-specific indicators such as community satisfaction with the quality of investments; community feedback on the effectiveness of engagement processes; and PIU responsiveness to grievances received. Under Component 2, communities will conduct needs assessments and engage in decision-making processes to identify subprojects aligned with beneficiary priorities, including consultations with women specifically on priorities under Component 1b. Women will receive training on public speaking and leadership, social audits, and participatory community monitoring. Public forums will be held to address community issues and grievances. Project facilitators will provide training to community members for these oversight functions.

28. **To improve the inclusion of persons with disabilities, the Project will seek to utilize findings and recommendations of the Accessibility Audit of Tashkent City**, produced under the Disability Inclusion in Uzbekistan ASA (P179589). The Accessibility Audit will develop technical instructions to build barrier-free environments as part of the Accessibility Code of Uzbekistan. Component 2a will include support technical assistance and training for design institutes and civil work contractors to apply the technical instructions, with monitoring and oversight from community members and facilitators, and PIU technical supervisors.

29. **Climate change.** With average temperatures projected to rise significantly by 2090, the frequency of droughts and water shortages is expected to increase, impacting crop yields and public health. Climate change is expected to have a specifically negative impact on the agricultural sector, reducing the yields of major crops by 25-63 percent by the 2050s. Additionally, the Ferghana Valley faces seismic hazards and floods, while the Syrdarya river basin requires investments in water supply and sanitation systems. The project aims to enhance resilience to these hazards through seismic- and climate-resilient infrastructure designs, capacity building, community outreach, and technical assistance. It aligns with Uzbekistan's commitment to a Green Economy<sup>20</sup> and its efforts to reduce climate risks, strengthen institutional reforms, and promote climate-resilient livelihoods. By integrating soft components, the project aims to reduce risks to infrastructure and vulnerable groups while supporting the government's climate and environmental policy objectives.

30. **Climate co-benefits.** The Project is expected to contribute to climate change adaptation and mitigation. The climate change and disaster screening for the Project has identified that Ferghana Valley is highly exposed to seismic hazards and floods. As the analysis indicates, the potential risks to social infrastructure supported by the Project due to flooding and earthquakes are expected to be reduced by the design of infrastructure under Component 1, and the inclusion of soft components under Component 2, which take climate change and disaster risk into account. To address mitigation, the project will assist in updating public buildings for enhanced energy efficiency and integrating activities related to renewable energy supply. For adaptation, the project will ensure that water supply and sanitation subprojects include design features, such as the use of meters and the establishment of community-based organizations for operations and maintenance, that promote efficient use of water resources. In addition, the project includes a large community outreach under Component 2, including dedicated outreach to women at risk of economic exclusion. It also includes technical assistance to inform community planning for local economic development, and to identify livelihoods at risk due to climate change, as well as livelihoods opportunities emerging as part of Uzbekistan's transition to a Green Economy, thereby supporting diversification out of at-risk livelihoods.

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<sup>20</sup> Towards a Greener Economy in Uzbekistan. World Bank (2022). <https://elibrary.worldbank.org/doi/abs/10.1596/37994>



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

31. **Environmental and social risks are assessed as moderate.** Environmental and Social Standards (ESSs) 1, 2, 3, 4, 5, 6 and 10 are considered relevant for the project. The project will have a positive impact on rural communities by improving the quality of infrastructure and services, and engaging women, disadvantaged and vulnerable groups in village-level participatory planning and decision-making. Components 2 and 3 will have limited or no environmental and social risks and impacts. Component 1 will finance small-scale infrastructure, which may have some environmental and social risks and impacts. Social risks relate to (i) land acquisition, land use restriction and involuntary resettlement; (ii) labor management; and (iii) community health and safety. Subprojects that may cause significant impact on communities in terms of land acquisition, resettlement and livelihood related impacts, biodiversity, natural habitats and cultural heritage will be excluded from financing. Given that the subprojects are small-scale, and the PIU has experience implementing Bank safeguards policies under the RIDP, the Environmental risk is moderate. Social risk is moderate based on the scope of the proposed Project and the information available at PCN stage, which may be assessed again at the appraisal stage once more information is available. A series of actions are needed to strengthen PIU capacity in the areas of environmental and social risk management. An Environmental and Social Management Framework (ESMF), Stakeholder Engagement Plan (SEP), Resettlement Policy Framework (RPF) and Labor Management Procedures (LMP), including Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) prevention measures will be prepared, disclosed, and consulted upon with stakeholders prior to appraisal. The Environmental and Social Commitment Plan (ESCP) indicating main environmental and social actions throughout the project implementation will be part of the Financing Agreement.

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Republic of Uzbekistan

**Implementing Agencies**



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