



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 18-Dec-2019 | Report No: PIDISDSA25337

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

Country Uzbekistan	Project ID P162263	Project Name Water Services and Institutional Support Project	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 20-Dec-2019	Estimated Board Date 16-Mar-2020	Practice Area (Lead) Water
Financing Instrument Investment Project Financing	Borrower(s) Republic of Uzbekistan	Implementing Agency Kommunkhizmat Agency	

## Proposed Development Objective(s)

The Project Development Objectives are to: (i) improve coverage, quality and efficiency of water supply and sanitation services in selected project areas; and (ii) strengthen the planning and regulatory capacity of the water supply and sewerage sector.

## Components

- Component 1. Sector policy, regulations and institutions
- Component 2. Energy efficiency financing facility
- Component 3. Regional infrastructure investments
- Component 4. Professionalization of participating water utilities

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

<b>Total Project Cost</b>	231.80
<b>Total Financing</b>	231.80
<b>of which IBRD/IDA</b>	224.00
<b>Financing Gap</b>	0.00

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

International Development Association (IDA)	224.00
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IDA Credit	224.00
<b>Non-World Bank Group Financing</b>	
Trust Funds	7.80
Swiss State Secretariat for Economic Affairs	7.80

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

**B. Introduction and Context**

Country Context

- Uzbekistan is a lower-middle-income, mineral-rich, doubly landlocked country.** It has the largest population in Central Asia – 32.96 million as of 2018<sup>1</sup>. Over the past decade, Uzbekistan has maintained high and stable economic growth rates<sup>2</sup> and has gradually diversified its economy. Per capita Gross National Income (GNI)<sup>3</sup> rose from US\$ 560 in 2001 to US\$ 2,020 in 2018<sup>4</sup>. Coinciding with this economic growth, official poverty estimates have declined from 27.5 percent in 2001 to 11.4 percent in 2018<sup>5</sup>, accompanied by equity gains, with B40<sup>6</sup> incomes growing faster than T60 over the period 2008–2013. Despite such progress, the economic model’s state-centricity was identified by policymakers as unsustainable in its ability to create more and better jobs for a growing youth population<sup>7</sup>.
- In early 2017, the Government of Uzbekistan announced a radical opening and transformation of economic policy towards competitive, market-led, private sector driven approaches.** Simultaneously, a series of social, political and governance reforms have focused on reorienting the public sector to be responsive, citizen-centric, and focused on delivering high-quality, inclusive public services.
- The Government’s vision is to transform Uzbekistan into an industrialized, upper-middle-**

<sup>1</sup> With annual population growth of 1.7 percent in recent years.

<sup>2</sup> Per official estimates, annual GDP growth averaged 7.2 percent between 2000 and 2016.

<sup>3</sup> Atlas method

<sup>4</sup> These figures are presented in estimated purchasing-power-parity terms. In current U.S. dollars (Atlas method), GNI per capita rose from US\$ 560 in 2001 to US\$ 2,111 in 2016.

<sup>5</sup> The World Bank notes that the methodology for measuring poverty needs to be brought to international standards. Official poverty estimate does not consider nonfood items and the use value of assets. World Bank data sources suggest that the poverty rate at the LMIC line was approximately 9.6 percent in 2018.

<sup>6</sup> B40 -Bottom 40 percent of income distribution. T60 – Top 60 percent of income distribution.

<sup>7</sup> Official estimates suggest that about 1.5 million people permanently emigrated from Uzbekistan between 1991 and 2013.



**income country by 2030.** But achieving this vision requires a sustained effort to further increase the efficiency of resource allocation and to take advantage of new, high-potential sources of economic growth and job creation.

## Sectoral and Institutional Context

4. **Uzbekistan is characterized by high water resource dependency<sup>8</sup> and scarcity of locally available freshwater resources.** The ongoing climate changes have an adverse impact on regime of formation and volume of water resources in the region.<sup>9</sup> Water scarcity, heat waves and increased frequency of high heat days (Max T>39°C) are the most severe risks from climate change in Uzbekistan<sup>10</sup>. Careful long-term planning and integrated water resource management is therefore of utmost importance to address these increasing climatic risks, especially considering high and competing water demands for agriculture.

5. **Access to and quality of water supply and sanitation (WSS) services remains a significant challenge in the country.** WSS infrastructure, largely constructed during the Soviet central planning era, has by-and-large exhausted its useful life and requires extensive rehabilitation and renewal. Public expenditure, whilst increasing substantially in recent years, has not kept pace with requirements for asset replacement, maintenance and system expansion, resulting in the stagnation or decline in water service quality in many areas.

6. **Water Supply, Sanitation and Hygiene data indicates that access to piped connections is relatively high (87 percent) in Uzbekistan, but those that receive safely managed water is considerably lower (59 percent)<sup>11</sup>.** Coverage rates for piped water systems are much lower in rural villages, where existing systems reach around 52 percent of the population<sup>12</sup>.

7. **Compared to water supply, sewerage services are substantially less developed.** Sewerage infrastructure is generally in poor condition and continues to deteriorate. In 2016 roughly 3.7 million people (only 12 percent of the total population) were reported to be served by a centralized sewerage system, most of them in Tashkent city and Tashkent region. In other regions, on average only five percent of the population is connected to a centralized sewerage system.

8. **Recent economic and sector research has identified key challenges and constraints facing the regional water utilities (Suvokovas)<sup>13</sup>.** These are: (i) availability and reliability of data, (ii) institutional and human resource capacity, (iii) conversion of policies into strategic action plans and implementation, (iv) funding for investments in operational and efficiency improvements, (v) difficulties in transitioning from annual to longer-term (five-year) planning, (vi) tariff policy to support conversions from non-metered to metered billing, (vii) consumer awareness for tariff adjustments, and (viii) enabling environment for

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<sup>8</sup> Over 80 percent of the country's water originates in neighboring countries.

<sup>9</sup> Third National Communication of the Republic of Uzbekistan under the UN Framework Convention on Climate Change. 2016. Available at: [https://unfccc.int/sites/default/files/resource/TNC%20of%20Uzbekistan%20under%20UNFCCC\\_english\\_n.pdf](https://unfccc.int/sites/default/files/resource/TNC%20of%20Uzbekistan%20under%20UNFCCC_english_n.pdf)

<sup>10</sup> World Bank Climate Knowledge Portal. URL: <https://climateknowledgeportal.worldbank.org/country/uzbekistan/vulnerability>. Last accessed: June 24, 2019.

<sup>11</sup> Joint Monitoring Program (JMP): Progress on household drinking water, sanitation and hygiene 2000-2017. Special focus on inequalities. New York: United Nations Children's Fund (UNICEF) and World Health Organization, 2019.

<sup>12</sup> Through individual connections to the household.

<sup>13</sup> Water Sector Reform Diagnostics, technical assistance financed by the Water Partnership Program and executed by the World Bank in 2017.



private sector participation in the water sector.

### Institutional Context

9. **The Government recently launched a nationwide reorganization of its WSS institutions and initiated financing and cost recovery mechanisms**, with the objective of improving sector governance and utility management, efficiency, and financial sustainability while maintaining affordability. The first phase of the reforms began in January 2016, when the Suvokovas were created through a merger of urban and rural service providers. Phase 2 was initiated in April 2017<sup>14</sup> and focuses on the institutional framework for improved sector policy and governance. The second phase resulted in the creation of the new Ministry of Housing and Communal Services (MHCS), amongst other elements. Phase 3 of the reform aims to support private-sector participation to improve efficiency and leverage private finance for capital investments.

10. **In parallel, the Government initiated the Program for the Comprehensive Development and Modernization of Water Supply and Sewerage Systems, 2017–2021.** This five-year State Investment Program<sup>15</sup> defines strategic priorities for investments in the WSS sector. It furthermore sets out objectives, including a nationwide increase in access to safe and reliable water supply systems, with targets set to between 84-90 percent depending on the region.

11. **The Government's priorities for development of the sector were reinforced through Presidential Decree #4040, issued November 30, 2018.** Tariff reform and metering – were identified as high-priority actions in the government's sector reform roadmap. Thereafter, the Government demonstrated its strong commitment to tariff reforms by issuing a new tariff policy on April 13, 2019<sup>16</sup>. This policy, and associated procedures, transforms the planning and tariff setting processes, enabling tangible progress towards medium-term service improvement goals.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

12. The Project Development Objectives are to: (i) improve coverage, quality and efficiency of water supply and sanitation services in selected project areas; and (ii) strengthen the planning and regulatory capacity of the water supply and sewerage sector.

#### Key Results

13. Key results towards the specific PDO will be measured using the following indicators:
- People provided with access to “improved water sources” (including female)
  - People provided with access to “improved sanitation services” (including female).
  - Continuity of water supply (hours per day) in participating water utilities.

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<sup>14</sup> Presidential Decree N° UP-5017 dated April 18, 2017.

<sup>15</sup> The State Program, including prioritization of infrastructure investments was developed based on sector analytics carried out during preparation of the WSS Sector Strategy and Road Map, supported by ADB-financed TA.

<sup>16</sup> Cabinet of Minister Resolution #309.



- Reduced energy consumption (kilowatt-hour (kWh)) per cubic meter of water supplied and per cubic meter of wastewater treated under the project.
- State of sector annual reports prepared and disclosed.

#### **D. Project Description**

14. The proposed project is structured in four components. A summary of activities to be financed under each component is provided below.

##### **Component 1: Sector policy, regulations and institutions**

15. This component will finance activities (goods and services) at the national level designed to strengthen policy and regulatory frameworks and institutional capacity to advance sector reform and promote sustainable service delivery. It will also support project management-related activities, including monitoring and evaluation (M&E), project audits, training, safeguards and fiduciary management, beneficiary satisfaction surveys, managing a beneficiary feedback mechanism, including a grievance redress mechanism, and all associated project operating costs. In addition, it will also support preparation activities for future projects, including feasibility studies.

##### **Component 2: Energy efficiency financing facility**

16. This component will finance physical investments, including eligible goods and works, for improving energy efficiency (EE) within the sector, accessible to all countrywide Suvokovas (currently 14 Suvokovas). The component will also provide technical assistance for energy audits, monitoring and verification, communications and outreach and capacity building to support the start-up and sustainable implementation of the energy efficiency financing facility and ensure that the investments achieve the expected EE gains.

##### **Component 3: Regional infrastructure investments**

17. This component will finance resilient infrastructure investments to expand access, improve efficiency and quality of water services (water services (water supply and wastewater) in targeted areas within three regions of Uzbekistan<sup>17</sup>. The component will finance goods, works and services (including engineering design and construction supervision). The three identified sub-projects include:

- Reconstruction and expansion of sewerage systems in Nukus, Takhiatash, Khodjeyli and Kungrad of Karakalpakstan
- Rehabilitation and reconstruction of water supply and sewerage systems in Syrdarya region; and
- Rehabilitation and reconstruction of water supply and sewerage systems in Kattakurgan town in the Samarkand region

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<sup>17</sup> Priority sub-projects (and regions) included under this component correspond with the State Program for the Comprehensive Development and Modernization of Water Supply and Sewerage Systems, 2017–2021. This Program was enacted through Presidential Decree N° UP-5017 dated April 18, 2017 and defines strategic priorities for investments in the WSS sector and their sources of financing (for example, International Development Association, Asian Development Bank (ADB), Islamic Development Bank, etc). The basis for the infrastructure investment prioritization process was established during earlier ADB-financed technical assistance for preparing a WSS Sector Strategy and Road Map with vision till 2020.



#### **Component 4: Professionalization of participating water utilities**

18. This component will finance activities (goods and services) designed to support and strengthen the capacity of participating water utilities – State Unitary Enterprise (SUE) Department for Operation of Interregional Trunk Main Tuyamuyun-Nukus (Karakalpakstan), Syrdarya and Samarkand Regional SUE Suvokovas.

#### **E. Implementation**

##### Institutional and Implementation Arrangements

19. The recipient will be the Republic of Uzbekistan represented by the Ministry of Finance (MoF). The project will be implemented under the responsibility of the Ministry of Housing and Communal Services (MHCS) as the government entity mandated for development of the water and sanitation sector.

20. The Kommunkhizmat Agency, which rests under MHCS, is mandated for implementation of investment projects in Uzbekistan’s water supply and sanitation sector. The Agency and its Project Coordination Unit (PCU) will be primarily responsible for project implementation, and accordingly will enter into a Project Agreement with the World Bank and Subsidiary Agreement with MoF.

21. PCU will be responsible for day-to-day project management including procurement, financial management, disbursements, monitoring and evaluation, safeguards management, audit management, quality and compliance oversight, and progress reporting. PCU will monitor and coordinate project activities including communications with the Bank and government agencies. PCU will be supported by Consultants to strengthen capacity for implementation.

#### **F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The project’s main infrastructure investments (Component 3) will be in the Republic of Karakalpakstan, Syrdarya and Samarkand regions. The Republic of Karakalpakstan is in north-west of the country and is characterized by an extreme continental climate with very low precipitation rates and a desert-like environment. All project settlements are located close to each other at Amudarya River, except Kungrad. At present, only about 28 percent of the population in Nukus, 12 percent in Takhiatash and 5 percent in Khodjeyli towns are connected to the sewerage system. Wastewater in Nukus is pumped to the WWTP, consisting of bio-ponds. However, due to the poor maintenance, wastewater is not treated adequately and infiltrates into the soil contaminating soil and groundwater. In the absence of proper wastewater treatment facilities in Takhiatash and Khodjeyli towns, collected sewage is discharged into irrigation/drainage channels and disposal fields outside these towns. Syrdarya region is in the north-east of the country, adjacent to Tashkent region. Its local economy is largely dependent on agriculture, including cotton, wheat and a variety of fruits and vegetables. The quality of the deep groundwater in three project districts, Gulistan, Saykhunabad and Syrdarya, and Yangiyer town is very good due to their proximity with Syrdarya River. In three districts, there is no existing sewerage system, and majority of population relies on pit-latrines. Around 80 percent of the population in the project area has access to improved water supply, however the



quality of services is limited, with intermittent supplies (less than 12 hours per day) cited as a common issue. Kattakurgan town in the Samarkand region is located 78 kilometers from Samarkand city in Zarafshan valley. The population is largely engaged in agro-based industry. Current coverage of sewerage is around 56 percent. Due to poor maintenance of the system, untreated sewage is discharged into fields where it is used for irrigation. The project areas are predominantly located in a human-influenced environment with little significant environmental features. Considering the proposed project scope, environmental risks are expected to be limited to the typical impacts associated with water supply and sanitation rehabilitation projects. The severity of potential environmental impacts is expected to be moderate and mostly limited to the construction period. Location of Component 2 is country-wide.

**G. Environmental and Social Safeguards Specialists on the Team**

Javaid Afzal, Environmental Specialist  
 Odil Akbarov, Social Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This Policy is triggered as the project will finance infrastructure investment for water supply production, transmission and distribution to households, along with sewerage collection, conveyance, treatment and disposal/ re-use under project component 3. Additionally, the project will support a series of energy efficiency activities, such as (i) replacement of inefficient pumps with efficient pumps; (ii) leak reduction; (iii) load management by shifting pumping loads from peak to off-peak electricity tariff periods; (iv) improved metering and monitoring; (v) optimizing the operation of multiple pumps; (vi) reducing and leveling pressures in the distribution network; (vii) installation of variable speed drives on pumps; (viii) use of renewable energy (such as solar power and biogas from sludge) for pumping or for energy generation to reduce purchased energy costs; and (ix) other energy efficiency and cost reduction measures approved by the World Bank under Component 2.





The nature of works include rehabilitation, expansion and/or upgrading of the existing or construction of some new infrastructure and energy efficiency equipment. Overall, the project will result in positive human and environmental health. Adverse environmental impacts will be limited and temporary, predominantly associated with construction of related activities. Such impacts are site-specific and reversible, remedied through appropriate mitigation measures. The project will support the Suvokovas to manage scarce water resources through inclusion of demand management practices (metering, consumption-based tariffs and other measures) to encourage rational water usage and through improved policies and procedures for integrated water resources management, including monitoring, environmental protection and climate vulnerabilities. Adequate management of sludge from drying beds and treatment facilities along with systems for ensuring water safety and security are key areas where regular monitoring is required. The investments are designed to improve access and quality of water services in project areas which will alleviate current social tensions and discontent, associated with the deterioration of water services. Moreover, through citizen engagement mechanisms and communications strategies, the project will support the Suvokovas to respond to demands for improved public services.

The project is Category "B" under the World Bank Environmental Safeguard Policy OP 4.01. An ESMF has been prepared for the project, including energy efficiency investments proposed through the financing facility under Component 2. At concept stage, it was anticipated that ESIA/ESMPs for year-one investments would also be ready by appraisal. However, the year-one investments are still in the process of being defined / designed and thus the ESIA/ESMPs for such investments cannot be prepared. Instead, such documents will be prepared in line with the ESMF during early stage of project implementation.

The ESMF includes a checklist for screening proposed project investments, and will ensure Category A type activities are not financed. All relevant Terms of Reference (TORs) for technical



assistance under Component 1 (i.e. investment planning, support for preparation of future investments, feasibility studies for future projects or other identified priority water supply and sewage infrastructure and institutional investments) will include environmental and social aspects. Safeguards documentation will be consulted upon and publicly disclosed prior to appraisal. Site-specific ESMPs will be prepared by the contractors. The PCU will establish a simple and accessible grievance redress mechanism (GRM) that shall ensure a number of instruments and levels for grievance resolution and appeals process. The PCU will have a Project Coordinator on the site who will be responsible for the project implementation and therefore the implementation of GRM. The project GRM will not prevent Project Affected People to approach the national/government GRM system to resolve their complaints at any stage of the grievance redress process. The main objective of the project-specific grievance mechanism is to ensure the timely and user-friendly solution of complaints received from affected persons.

Performance Standards for Private Sector Activities OP/BP 4.03	No	N/A
Natural Habitats OP/BP 4.04	No	The project areas and proposed activities are in built-up areas with no natural habitat located within or close by. This policy is therefore not triggered.
Forests OP/BP 4.36	No	The project areas and proposed activities are in the built-up areas with no forests located within or close by. This policy is therefore not triggered.
Pest Management OP 4.09	No	The proposed project activities do not promote the use of or envisage any increase in the use of pesticides as defined in the Bank policy, therefore this policy is not triggered.
Physical Cultural Resources OP/BP 4.11	Yes	Majority of the project infrastructure activities are in built-up areas and within existing rights of way and therefore potential impacts on physical cultural resources are minimal. However, as the feasibility studies and designs progress, potential impacts on physical cultural resources will be reviewed in detail to determine if specific management plans are required for subprojects under preparation. Where needed, such plans will be prepared as part of ESMPs during the project implementation. All



		contracts related to earthworks will include chance find procedures.
Indigenous Peoples OP/BP 4.10	No	Indigenous Peoples as per OP 4.10 are not present in the project areas.
Involuntary Resettlement OP/BP 4.12	Yes	The social risk rating for this project is moderate. Although the end project result will have a number of social benefits, the project activities are likely to have temporary and permanent land-acquisition implications. The nature of impacts and extent of interventions will become clearer once the final designs of subprojects will be finalized. Therefore, OP 4.12 Involuntary Resettlement has been triggered and a Resettlement Policy Framework (RPF) prepared for the project. RPF provides guidance on the preparation of resettlement action plans (RAPs) during project implementation. A site-specific RAP will be prepared consistent with the policy framework and submitted to the Bank for approval before the subproject is accepted for Bank financing. A Grievance Redress Mechanism will be established in order to provide an avenue by which impacted persons can lodge a complaint regarding project activities and receive a timely resolution of concerns and complaints.
Safety of Dams OP/BP 4.37	No	Existing or proposed water systems under the project do not withdraw water from dams. Furthermore, there are no proposals to construct any new dam/weir or rehabilitate any existing dam under the project. This policy is therefore not triggered.
Projects on International Waterways OP/BP 7.50	Yes	OP 7.50 has been triggered because the project will finance rehabilitation, improvement, additions/expansions to drinking water supply and wastewater management systems located within the transboundary basin of the Syrdarya and Zarafshan rivers. However, project interventions are not expected to adversely affect water quality or quantity to other downstream riparian states. It is anticipated that the nature of project activities will not (i) cause appreciable harm to the other riparian states as it will not adversely change the quality or quantity of water flows, and (ii) will not be appreciably harmed by other riparian state's possible water use. Infrastructure rehabilitation and modernization and water supply management



improvements should increase system efficiency, thereby generating water savings and providing users with a reliable water supply. Further, the project aims to improve efficiency of water use and to substantially reduce technical losses and high-water consumption rates. Leakages will be reduced through infrastructure rehabilitation and replacement which will help conserve ground and surface water resources. Water conservation will be promoted through improved demand-management measures, i.e., replacement of continuously running communal stand pipes, replacement of communal stand pipes with household stand-pipes, and installation of individual meters.

Following the Bank’s operational policy and as requested by the Government, the Bank notified other riparians of the project, providing enough time to allow feedback. To date, no comments of objections have been received. If any are submitted, they will be considered and addressed in-line with Bank procedures, prior to initiating project negotiations.

Projects in Disputed Areas OP/BP 7.60	No	The project is not located in any disputed areas as defined in the Bank policy.
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**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Project Components 2 and 3 include procurement of equipment and investments with potential environmental and social impacts and risks to human health. Activities under Component 2 will promote the usage of energy-efficient and climate-friendly equipment integrated into rehabilitated and new water supply and sanitation systems. Activities under Component 3 of the project will support a wide range of demand-driven investments in the rehabilitation and construction of water supply and sanitation systems, and will have positive social and economic impacts (such as improvement of living standards, access to safe, potable water and working sewerage systems).

The proposed investments will result in construction-related adverse social and environmental impacts and risks to human health.

Adverse environmental impacts related to project activities may result from risks of (a) increased waste generation from construction activities to improve infrastructure and services; (b) noise; (c) air pollution with dust, exhaust gases from fuel combustion products; (c) health and safety hazards; (d) increased contamination of groundwater and



surface water as a result of inadequate avoidance and mitigation measures; (e) soil degradation and pollution; (f) threats to human health and safety as a result of improper handling of heavy machinery; (g) temporarily limited access to private and community assets (land, business facilities, roads, markets etc.) during construction activities; (h) temporarily limited or interrupted access to potable water sources during the pipelines construction and connection activities; (i) raising of prices for improved water supply and sanitation; (j) bad practices of utilities use by some groups of population (for example, watering of gardens and yards from potable water pipelines, unregistered connections to water pipelines, damage of sewerage systems by disposing of inappropriate waste, etc.); and (k) other risks and impacts associated with civil works, potential/capacity of local providers of utilities and peoples' behavior.

These impacts will be typical for construction or rehabilitation activities and can be mitigated through the application of better construction practices, community engagement into the planning of project activities and development of appropriate mitigation measures. There are no large-scale, significant or irreversible impacts envisaged under the project.

From the social impacts point of view, project activities related to the rehabilitation of existing and/or reconstruction of water supply and sewerage infrastructure (Component 3) in the project areas and investments for energy efficiency improvements under Component 2 are likely to have temporary and permanent land-acquisition implications. The nature of impacts and extent of interventions are currently unknown and will become clearer once the final designs of subprojects become available. Any large-scale involuntary resettlement is not anticipated.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Long-term and indirect environmental and social impacts are positive: improvement of wastewater collection and treatment; improvement of water supply coverage and network; increased energy efficiency, etc.- all this will lead to reduction in water pollution, water loss, greenhouse gas emissions from operations. Furthermore, improved sanitary conditions will contribute to reduction of waterborne diseases and improved health of the population. With the current settings of the project, there are no anticipated impact of future activities in the project areas.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The Environmental and Social Management Framework, at this stage of project preparation, presents only two alternatives; 'with project' and 'without project'. Currently, water and sanitation services in the project areas are in poor condition and access to clean water and sewage services is limited. The infrastructure and service improvements through this project would be made in target regions to improve water and sanitation services in selected project areas.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

To address the identified safeguards issues, the Borrower prepared an Environmental and Social Management Framework (ESMF) including the Resettlement Policy Framework (RPF). The ESMF will guide the ESIA process and covers the following: rules and procedures for environmental and social screening of subprojects; guidance for conducting subproject-level ESIA's and/or preparing simple ESMPs, as well as related ESMP Checklists; mitigation measures for possible impacts of different proposed activities and types of subprojects to be supported by the project; an outline of ESIA requirements for subprojects to be financed under Component 3; requirements for monitoring and supervision of ESIA/ESMPs, and implementation arrangements. The ESMF also includes an overview of the capacity of the PCU and other involved institutions for environmental and social risk management. Based on this review, the ESMF specifies capacity-building activities for all parties to help mitigate potential environmental and social risks and



for conducting subproject-level ESIA. Special attention will be placed on developing the capacity of regional water utilities («Suvokova») in safeguards management. Lastly, the ESMF document provides a negative list of investments that will not be supported under the project. They include infrastructure investments with large-scale irreversible social or environmental impacts (Category A subprojects), including the sub-projects located in protected areas, critical habitats or culturally- or socially-sensitive areas, and subprojects which might have impact on international waterways. As part of the ESMF, an RPF was prepared for the project. The RPF provides guidance on the preparation of resettlement action plans (RAPs) during project implementation. If any impacts are identified, an individual RAP will be prepared for each subproject consistent with the policy framework.

At concept stage, it was expected that ESIA/ESMPs for year-one investments would be ready by appraisal. However, the year-one investments are still in the process of being defined / designed and thus the ESIA/ESMPs for such investments cannot be prepared. Instead, such documents will be prepared in line with the ESMF during early stage of project implementation.

The project implementing agency is Kommunkhizmat Agency under the Ministry of Housing and Communal Services (MHCS) of the Republic of Uzbekistan. The Kommunkhizmat Agency and its Project Coordination Unit (PCU) will be primarily responsible for project implementation. The PCU will be responsible for day-to-day project management including procurement, financial management, disbursements, monitoring and evaluation, safeguards management, audit management, quality and compliance oversight, and progress reporting.

The PCU will be supported by a Project Management Consultant, Energy Efficiency Consultant, and Detailed Design and Construction Supervision Consultant. The consultants will be contracted by PCU and will have specific responsibilities to be described in their terms of reference. The Project Management Consultant will be an international firm, staffed with a team of International specialists who will work side-by-side with the PCU on a daily basis to support the overall management of the project. The Project Management Consultant will also be tasked with training and professional development activities to ensure strengthening of the Kommunkhizmat Agency's institutional capacity for investment planning, design and implementation.

The Energy Efficiency Consultant will facilitate implementation of Component 2 and provide technical and consultant support to PCU. The Energy Efficiency Consultant will be responsible for energy auditing, identification of energy efficiency measures, selection of equipment and service providers, development of technical solutions, supervision of the project implementation and measurement and verification of energy and cost savings.

The Detailed Design and Construction Supervision Consultant will provide support to the PCU and Kommunkhizmat Agency in advancing the designs and implementation of the infrastructure subprojects under Component 3. The consultant will carry out the remaining detailed engineering designs, prepare technical specifications, cost estimates, procurement documentation, and other associated support to enable timely tendering and contract award. During construction, the Detailed Design and Construction Consultant will act as the Engineer (employers' representative) under FIDIC-based contracts and carry out supervision and contract administration procedures with reference to quality, cost and time controls to support implementation of the infrastructure activities. The Consultant will also be tasked certain activities to support management of environmental and social safeguards procedures to help ensure compliance with the World Bank's policies and procedures.

PCU branches will be established in regional centers of selected project areas and will be located within the premises of the water utilities. Regional branches led by a local coordinator shall employ engineering, institutional, safeguards and administrative staff. Regional branches will be responsible for coordination of local level activities under



Components 3 and 4.

The PCU will also be responsible for interaction with environmental authorities, ensuring effective implementation of safeguards documents and will carry out spot checks, environmental supervision and monitoring, assessment of compliance with environmental standards at workplaces, and advising regional coordination units of Karakalpakstan, Syrdarya and Samarkand regions on environmental and social protection issues. Each regional PCU branch will also include one environmental and one social specialist who will be responsible for ensuring that project activities are carried out in accordance with the World Bank's Safeguards Operational Policy and national environmental assessment rules and procedures.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Public consultations were conducted by the PCU and ESMF (including RPF) were disclosed to inform the public and broader project stakeholders about targeted project investments and associated environmental and social impacts. The protocol, including questions and answers from the meetings, are included in the final ESMF report. The public meetings were announced in the media two weeks before the meeting. Active non-governmental organizations, potential community representatives, and local authorities in the project areas that may be affected by the project were invited. Draft documents were made publicly available on the relevant agency's website in local languages before the date of the public meeting.

The ESMF was updated after the meetings in order to identify the results of the consultations, as necessary, and to document the consultation process.

**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank 26-Nov-2019	Date of submission for disclosure 27-Nov-2019	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure**

Uzbekistan  
27-Nov-2019

Comments  
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**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank 26-Nov-2019	Date of submission for disclosure 27-Nov-2019
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**"In country" Disclosure**

Uzbekistan

27-Nov-2019

Comments

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**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**OP 7.50 - Projects on International Waterways**

Have the other riparians been notified of the project?

Yes

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?

NA

Has the RVP approved such an exception?

NA





### The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

### CONTACT POINT

#### World Bank

David Malcolm Lord  
Senior Water Supply and Sanitation Specialist

Khairy Al-Jamal  
Senior Water Supply and Sanitation Specialist

#### Borrower/Client/Recipient

Republic of Uzbekistan

#### Implementing Agencies



Kommunkhizmat Agency  
Doniyer Muratov  
Director General  
pcu.tashkent@gmail.com

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	David Malcolm Lord Khairy Al-Jamal
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**Approved By**

Safeguards Advisor:		
Practice Manager/Manager:	David Michaud	19-Dec-2019
Country Director:	Sergiy Zorya	19-Dec-2019