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

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tajikistan</td>
<td>P163734</td>
<td>Dushanbe Water Supply and Wastewater Project</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE AND CENTRAL ASIA</td>
<td>17-Apr-2019</td>
<td>11-Jun-2019</td>
<td>Water</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance, Republic of Tajikistan</td>
<td>State Unitary Entity &quot;Obu Korezi Dushanbe&quot;</td>
</tr>
</tbody>
</table>

#### Proposed Development Objective(s)

The PDOs are to improve the reliability of water and wastewater services in selected areas in Dushanbe and to improve the operational performance of the utility.

#### Components

- Institutional strengthening and capacity building (ISCB) of the “DVK”
- Water and Wastewater Systems Improvements
- Project Management

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>32.00</td>
</tr>
<tr>
<td>Total Financing</td>
<td>32.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>30.00</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### DETAILS

**World Bank Group Financing**

<table>
<thead>
<tr>
<th>International Development Association (IDA)</th>
<th>30.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Grant</td>
<td>30.00</td>
</tr>
</tbody>
</table>
B. Introduction and Context

Country Context

Tajikistan, with a population of 8.92 million\(^1\) and an annual gross national income (GNI) per capita of US$990 in 2017, is classified as a low-income country.\(^2\) The country is landlocked, with mountains covering over 90 percent of its surface. About 73 percent of the population is rural, heavily reliant on agriculture for livelihoods. While the mountainous areas of the country are sparsely populated, approximately 8 million of Tajikistan’s population resides in the valleys. These densely populated areas divide the country into four regions (viloyat) and 62 districts (nohiya), including four districts within Dushanbe City.\(^3\)

In the last decade, Tajikistan’s economy has sustained robust growth rates despite its heightened vulnerability to an uncertain external environment, shrinking fiscal space, and rising debt service obligations. Official statistics suggests that the economy grew on average by 7.7 percent per year between 2000 and 2017, and monetary poverty declined from 83 percent to 29.5 percent over the same period. Relatively high economic growth rates stemmed from high public consumption driven by large-scale public investments and growing remittances. The current account deficit is estimated at 3.8 percent of the gross domestic product (GDP) in 2018; foreign direct investments remain low, suffering because of the general business climate. Despite the sustained growth, the prospects remain overshadowed by the protracted resolution of the banking crisis, long-awaited improvements in the performance of state-owned enterprises, and highly imbalanced economic position of the country.

---

\(^1\) Official data of the Agency on Statistics under the Government of Tajikistan (GoT), 2018.

\(^2\) With a per capita GNI at US$990 in 2017, Tajikistan is an IDA-only country that, in FY19, has been just below the IDA threshold for low income. World Bank Development Indicators accessed at https://datacatalog.worldbank.org/dataset/world-development-indicators.

\(^3\) Official data of the Agency on Statistics under the GoT, 2017.
Dushanbe is the capital and the largest city of Tajikistan with a population reaching 846,000 people in 2018. Resident population of Dushanbe is relatively young with the growth rate of 1.8 percent and labor force accounting for 62 percent. In addition to the growing population, a rapidly growing construction sector in Dushanbe makes it attractive to returning skilled migrants. The state administration of Dushanbe is the local governing body of the city, also referred to as the ‘Khukumat’ of Dushanbe City. The city’s territory of 12,700 ha is also administratively divided into four districts: Shohmansur, Firdavsi, Ismoil Somoni (I. Somoni), and Sino, with the latter covering the largest territory and population.

Dushanbe demonstrated robust economic growth of 6.5 percent in 2017 and 7.3 percent in 2018. The overall share of Dushanbe in the total GDP grew from 18 percent to 20.1 percent during the same years. Capital investments in Dushanbe City largely associated with accelerated construction rates account for around 30 percent of the total capital investments in the country. Services represent the largest contribution to the local GDP at 75.4 percent, followed by manufacturing at 21.2 percent and taxes at 3.4 percent. While the poverty rate in Dushanbe has declined significantly from 43.3 percent in 2007 to 20 percent in 2017, its growth elasticity has also declined.

The city’s development is guided by the recently approved Master Plan up to 2040. The plan and further supporting documents were approved by the ‘Khukumat’ of Dushanbe on April 28, 2017, to create a vision for socioeconomic development of the city and to accommodate its growing population, which is expected to reach 1,100,000–1,200,000 people by 2030. The plan envisages further expansion of the city to the south (areas adjacent to the Kofarnihon River), to the west (to include the territory of Urtabaz mountain and adjacent agricultural lands), and to the north (hilly pasture lands with subsidence soils). The territory of Dushanbe is expected to include 18,000 ha by 2025 and 25,000 ha by 2040; the intended expansion will include the territories of Hissar, Rudaki, and Varzob districts adjacent to the city. Infrastructure development plans supporting an ambitious City Master Plan are yet to be developed.

---

4 Official data of the Agency on Statistics under the GoT, reported at the website of the Executive Authority of Dushanbe. Available at [http://dushanbe.tj/info/socioecondevelop/](http://dushanbe.tj/info/socioecondevelop/).

5 Local government institutions derive their legal basis from the Constitution and the Constitutional Law on ‘Local State Governing Bodies’ (No. 1012 dated 22.07.2013). Dushanbe council and local administration have the status of an oblast government. The Law on the Status of the Capital City details the organizational, legal, economic, and social requirements for the performance of local government functions in the capital city. The head of the State Administration (Khukumat) of Dushanbe City wields executive authority and acts as the local council chairman. He is appointed and dismissed by the President and presented to the Dushanbe City Council for approval. Source: Local governments in Eastern Europe, in the Caucasus and Central Asia, Chapter 11 “Local Government in Tajikistan.”

6 These are second-tier administrations subordinated to the Dushanbe Khukumat. Source: Local governments in Eastern Europe, in the Caucasus and Central Asia, Chapter 11 “Local Government in Tajikistan.”


11 Earlier version of the plan up to 2015 was prepared based on the original Master Plan of Tajik SSR #382 approved as of December 30, 1983.
Seventy-five percent of the current Dushanbe territory is no longer suitable for construction of new residential buildings, health facilities, or resort areas. The Master Plan outlines current territorial constraints the city is facing and suggests a number of critical measures to enable further development of the city, for example, relocation of the current wastewater treatment facility, increasing density of existing residential micro-districts, using existing territories in the western part of the city for construction of residential micro-districts, and prioritizing further expansion of the city in the southern and southwestern direction. The plan prioritizes development of high-rise residential buildings in the southern and southwestern part of Dushanbe in the next 10–20 years, reshaping the concept of the ‘old city’.

Located in the Hissar Valley, temperature in Dushanbe ranges from −14°C to 42°C, with precipitation from 453 mm to 810 mm and 65 percent of the rainfall happening in spring. In line with assumptions of climate projections, reliable availability of water resources per capita may be jeopardized in the long term due to increased risks of higher temperatures, droughts, and floods and, overall, less predictable weather patterns. In such circumstances, any interventions aimed at improving water efficiency will increase adaptive capacity and resilience to these risks in Dushanbe, which is located at an altitude of 750–930 m along two sides of the Dushanbe River in the upper basin of the Varzob River.

Sectoral and Institutional Context

The GoT has stated its commitment to structural reforms aimed at creating a more sustainable basis for economic development. The Government’s National Development Strategy for the period 2016-2030 emphasizes the need for investment-led growth. This strategy reinforces the focus on rehabilitating rural social and economic infrastructure to contribute to agricultural productivity, poverty reduction, and the expansion of the middle class. Policy reforms to increase incentives for private sector investment together with higher levels of public investments in infrastructure and human capital are considered critical to achieving this overarching objective.

Tajikistan’s water sector has suffered from a set of challenges in the past decades. The sector is largely underfunded and dependent on international development support to fill in the existing financing gap in capital investments. The existing infrastructure, predominantly built before the 1980s, is now in poor condition and very inefficient, with technical water losses estimated at 60 percent on average. The high cost of operating and maintaining water supply infrastructure also poses a significant fiscal burden as revenues cover only a small share of the system’s operation and maintenance (O&M) costs, resulting in a vicious circle of low service quality, low willingness to pay, underfunded operating budgets, and lack of investment funding. Inadequate and unequal access to water supply and sanitation (WSS) is estimated to cost the country about US$275 million per year (or 3.9 percent of GDP).

Reform of the water sector has been initiated in the country. The GoT has adopted the 2016–2025 Water Sector Reform Program that aims to ensure (a) the use of integrated water resources management (IWRM) with river basins as the organizing principle in the sector, (b) regulatory policies to ensure effective coordination between different stakeholders and enable the transition to the IWRM, and (c) the establishment of transparent and accountable water governance institutions that are responsible for policy and strategic guidance. Establishment of the Ministry of Energy and Water Resources (MEWR) in 2013 was a first step in this reform process.

The institutional framework of the sector is fragmented, and specific responsibilities are often ill-defined. The current structure and definition of roles and responsibilities in the water and wastewater sectors reflects the legacy of Soviet-era institutions combined with newly created institutions that have not transformed or adapted their roles and responsibilities in the sector.

Although access to water and wastewater services in Dushanbe is high, access to safely managed water supply services (which is the yardstick for measuring Sustainable Development Goals) is significantly lower. According to the results of the Poverty Diagnostic of Water Supply, Sanitation and Hygiene (WASH) Conditions in Tajikistan (WASH Poverty Diagnostic), 98 percent of households in Dushanbe have access to improved water on premises, while only 61 percent report that water from this source is available when needed. Results of the same study reveal that only 49 percent of water supply services is safely managed in Dushanbe. Planned expansion of the city and its changing landscape are likely to result in a rapid increase of the city’s population and will affect access to water and wastewater services. The Drinking Water Law (under consideration of the Parliament) and Drinking Water Supply Improvement Program (2008–2020) are the two key program documents that outline specifically the subsector’s objectives and outcomes. There is no program document for wastewater/sanitation and/or detailed analysis/needs assessment covering this subsector even in Dushanbe.
The Dushanbe WSS utility was set up as a SUE ‘Obu Korezi Dushanbe’ or ‘Dushanbe Vodokanal’ (DVK) under the Khukumat of Dushanbe City in September 2005 and re-registered in 2017. The utility is one of the 74 water utilities in the country and one of only six with a delegated responsibility over communal infrastructure, which is owned by the city. In accordance with the Civil Code of the Republic of Tajikistan, the enterprise is a commercial organization and does not have ownership of the assigned property. The principal activity of the DVK is to provide Dushanbe City consumers with quality water supply and also ensure receiving and treatment of sewage water. The current organizational structure of ‘Dushanbe Vodokanal’ includes several departments and units with a total of 1,325 staff.

Dushanbe features a fairly developed yet degraded WSS infrastructure. Dushanbe is supplied by water from four water treatment plants (WTPs) with a total capacity of 520,000 m$^3$ per day. The two in the north, Napornaya and Samotechnaya WTPs, use the Varzob River as a main water source, while the Kafernigan and Southwest water treatments plants located in the southeast and southwest of the city rely on groundwater sources. The Dushanbe water supply system comprises approximately 750 km of pipelines, some of which date back to 1920. Most residents have a home or yard connection, but the availability of water is still an issue also due to the large water losses in the water distribution network. System pressure is often insufficient, and the service is frequently interrupted in summer due to decades of underinvestment. Improving the system performance in terms of quality and quantity will require significant infrastructure financing, coupled with institutional development support. The DVK priority investment program is estimated at more than US$150 million to rehabilitate and upgrade the existing water supply network.

The World Bank has been a long-standing partner of the Dushanbe water system. Since 2002, the total IDA investments in the water supply systems of Dushanbe amount to about US$50 million. The first World Bank ‘Dushanbe Water Supply Project (DWSP) (US$25 million)’ (closed in 2011) targeted emergency measures designed to reduce the water turbidity and to improve distribution of disinfected water through rehabilitation of selected intakes, replacement of 40 km of pipelines, rehabilitation of pumping facilities for groundwater in Kafernigan, installation of the re-chlorination system, and rehabilitation works at the Napornaya station.

The second ‘Dushanbe Water Supply Project 2’ (DWSP2) and its ‘Additional Financing’ (DWSP2-AF) (US$26 million) are effective since October 2011 (expected to close in March 2020). The objectives of this project is to assist the DVK in “improving water utility performance in the water sector services in selected areas of Dushanbe” and includes four main activities: (a) improving water metering and demand management through installation of meters for 46 percent of DVK customers and development of customer communication and outreach strategy, establishment of the call center, and so on; (b) water quality

---

15 The Tajikistan Water Public Environmental Expenditure Review of the United Nations Development Programme estimated that in 2014, 70 percent of total public expenditure in the water sector was funded through donor funding.
16 Water Sector Reform Program, 2016–2025.
17 Central Asia Water Series - Volume 2: Economic Impact Assessment of Inadequate Water Supply and Sanitation Services in Central Asia, World Bank, June 2016 (draft analytical report);
Comparative costs of poor access to Water Supply, Sanitation and Hygiene (WASH) services in other countries in the region are significantly lower: 0.38 percent of GDP in Kazakhstan; 1.79 percent in the Kyrgyz Republic; 0.94 percent in Turkmenistan; and 1.24 percent in Uzbekistan.
18 Decree No. 379 of the Chairman of Dushanbe City dated September 20, 2005, and Decree of the Chairman of Dushanbe City No. 153 dated April 5, 2017.
19 Total production of water by the SUE DVK is estimated at 16 million m$^3$ per year.
improvement through reconstruction of Samotechnaya WTP with a total capacity of 280,000 m$^3$, rehabilitation of pumping stations, installation of re-chlorination systems, and procurement of equipment for sedimentation dredging; (c) institutional strengthening and capacity building through installation of modern billing and accounting systems, development of the Water Supply Master Plan, introduction of a new organizational structure, development of the financial management (FM) improvement plan, and so on; and (d) implementation support.

**Previous World Bank operations have also contributed to significant improvements in distributed water quality supplied** due to modernization of the coagulation, sedimentation, and disinfection processes at the Samotechnaya and Napornaya WTPs, upgrading of the water quality testing equipment and training of laboratory staff. Water quality parameters in the city have improved as demonstrated by the turbidity level reduced from above 300 mg per L to 10 mg per L following rain events.$^{20}$ Reported improvements are also reflected in the percentage of customers satisfied with the water quality increased from 70 percent to 96 percent.$^{21}$

**Similar to many other SUEs in the country, corporate governance and financial accountability at the DVK still show weaknesses.** The DVK’s independent auditors have rendered qualified opinions on its financial statements in the past owing to inability to sufficiently account for its revenues because of systemic and accountability issues. Auditors have also observed deficient technical capacity in the company’s FM Unit, impeding maintenance of proper accounting records and preparation of credible financial statements. Issues have included weaknesses in the accounting and internal control environment; deficient knowledge and application of accounting standards; and incomplete records of inventories, property, plant, and equipment. Significant improvements, which need to be sustained, have been observed in 2017 when the auditor was able to issue a nonqualified opinion on the DVK’s financial statements.

**Tariffs and cost recovery ratio at the SUE DVK are limited.** Cost recovery has traditionally not been a priority in the water sector. However, recent increase of water supply tariffs in Dushanbe$^{22}$ was necessitated by the accumulated losses of the DVK estimated at around US$3.5 million in the end of 2017. The analysis demonstrated that the losses were incurred mainly due to (a) low WSS tariffs that do not cover O&M costs, (b) suboptimal operating efficiency and high depreciation charges, (c) increasing financing costs due to the DVK’s high leveraging and significant foreign exchange losses on credits dominated in U.S. dollars, and (d) impairment of receivables (risk of uncollectible old receivables). A threefold increase in tariffs for residential consumers was approved by the city-level Anti-Monopoly Agency and the State Administration of Dushanbe on September 2018 (#625)$^{23}$ and became effective from October 1, 2018.$^{24}$ The increase has triggered significant negative feedback from consumers, especially in the areas currently not covered by meters, because their experience with nonvolumetric consumption was resulting in excessive water consumption and wastage.

$^{20}$ DVK’s official records for 2010 and 2018.


$^{22}$The tariffs were also increased before by Decrees of the Chairman of Dushanbe City dated November 12, 2014 and June 29, 2016.


$^{24}$ The water supply tariff of TJS 2.34 per m$^3$ is now the highest tariff in the country, compared to Khujand Vodokanal, Kurgan-Tyube Vodokanal, and rural water utilities operated under the SUE KMK.
C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The PDOs are to improve the reliability of water and wastewater services in selected areas in Dushanbe and to improve the operational performance of the utility.

Key Results

Achievement of the PDO is measured through the following indicators:

- People benefiting from enhanced water supply services (Number (Thousand))
- People benefiting from new wastewater services (Number)
- Sewer pipe breaks per km/year reduced in Sino District (Number)
- Improved Operating Cost Coverage Ratio (OCCR25)
- Increased coverage of customers in Sino District by meters (Percentage)

D. Project Description

The proposed project will include three components: Component 1: Institutional Strengthening and Capacity Building (ISCB) of the “DVK”; Component 2: Water and Wastewater Systems Improvements; and Component 3: Project Management

Component 1: Institutional Strengthening and Capacity Building (ISCB) of the “DVK”

Main activities under this component are aimed at extending technical assistance for the DVK for corporate development, operations, and FM improvements. The proposed component will finance the next phase of the institutional-strengthening and capacity-building (ISCB) activities being implemented under DWSP2 and will encompass a scaled-up institutional support to improve the operational and managerial capacity of the DVK in the areas of business planning, customer relations, financial systems and procedures, and technical capacity of the organization. By improving the operational efficiency and financial management of DVK, the residents of Dushanbe will benefit from improved and more reliable water and wastewater services, thereby increasing their resilience to droughts and floods. This component will also support the supply and installation of household water meters (demand management) in Sino District. This activity will facilitate the monitoring and billing of water consumption, and promote water conservation—measures that will likewise increase the beneficiaries’ resilience to droughts and floods.

This component will also include design and delivery of the technical capacity-building program targeting the staff of the DVK at all levels. The project will provide a support training program for directors/managers in critical financial and customer service functions; new technicians to enable them to operate/maintain modern electromechanics and infrastructure and development of training models for young engineers on design, hydraulic modelling, and NRW. All of these activities will enable the utility to improve its operations, thereby ultimately benefiting its customers by increasing their resilience to the

25 The end target for this indicator, currently defined as 0.85, will be linked to the Business Plan recommendations and reconfirmed once the Business Plan is endorsed
identified risks. The training program will be designed to ensure high participation rates from female staff of the DVK at all levels.

The proposed activities will be complemented by an Asian Development Bank (ADB)-financed Dushanbe Water Supply and Sanitation Project, which includes the following activities toward improving financial accountability of the enterprise: (a) upgrading of the DVK’s corporate business planning capacity, (b) introduction of a staff performance management system, (c) introduction of an automated meter reading and data transmission system in Shohmansur District, and (d) implementation of a water loss reduction and monitoring mechanism. Implementation of this component shall require strong coordination efforts from the DVK.

This component will also finance technical assistance for consultancy services for the preparation of the ‘Development of the Wastewater Master Plan for Dushanbe City, including reuse of treated effluent’ as well as the ‘Development of an Integrated Urban Water Resilience Plan’ with the aim to inform the process of relocation of the existing wastewater treatment plant (WWTP), as envisaged under the city’s Master Plan.

This component will also finance a baseline, midterm and final project evaluations as well as beneficiaries’ satisfaction surveys envisaged under the project.

Component 2: Water and Wastewater Systems Improvements

This component will support physical investments and preparation of engineering designs and construction supervision services aimed at improving priority water supply and wastewater systems in Dushanbe City.

Subcomponent 2A. This subcomponent will finance water supply investments for the replacement of main water pipelines and booster pumps and construction of two water storage tanks in Sino District of Dushanbe City. The location and diameter of the pipelines to be replaced will be based on the hydraulic model to be completed under the ongoing DWSP2-AF. The NRW (as high as 60 percent in Sino District) poses a significant financial drain on the DVK; hence, project investments under this sub-component are expected to reduce physical water losses, which will translate into overall cost savings for the DVK. As such, it will increase water availability for the population and reduce the incidence of intermittent water supplies, thereby making the residents of Dushanbe City more resilient to droughts and increasing its adaptation capacity. The direct benefits of this subcomponent also include significant energy savings as a result of investments in booster pumps and rehabilitation of the network. The total expected investment is about US$18 million.

Subcomponent 2B. This subcomponent will finance the replacement of sewer collectors and sewer pipelines in the southwestern part of Sino District of Dushanbe City. The total length is about 23 km and the required investments are estimated at US$7 million. The direct benefits of this subcomponent include increased coverage with wastewater services in the project area and reduced leaks from the main sewers. These activities will not only benefit the beneficiaries directly (through improved sanitation services) but also indirectly—by reducing the contamination of water bodies and the impact of floods (improved infrastructure reduces the chance of it becoming damaged or overwhelmed during extreme weather events), thereby increasing residents’ resilience to droughts and floods. The current existence of
overflowing sewers and cesspools present a health and water quality risk that climate-induced floods risk exacerbating without the project’s investments.

Component 3: Project Management

This component will finance general operating costs of the DVK and its Project Implementation Unit (PIU) to coordinate, implement, administer, and monitor the project. In addition, this component will finance technical assistance to support the PIU to (a) carry out project monitoring and evaluation (M&E) activities, (b) conduct annual audits for the project and DVK, and (c) update the existing communication including citizen engagement measures to apply transparent criteria for the grievance redress mechanisms for the project activities.

E. Implementation

Institutional and Implementation Arrangements

The SUE DVK will be the agency responsible for overall project implementation through the existing PIU for the DWSP-AF. The DVK is operating under the control of the Khukumat of Dushanbe City. The PIU has experience in implementing investment programs in the water and sanitation sector and will be held responsible for overall project management, FM, safeguards compliance, M&E, and project reporting. The DVK technical engineering, financial and accounting, communications, and customers departments are fully involved in the project preparation. The PIU will closely work with the DVK staff during project implementation. The DVK staff will review the quality of the subprojects, ensure their compliance with Tajik and World Bank standards; it will be responsible for procurement and contract management and will also be responsible for the administration of activities and investment subprojects (see annex 3 for detailed implementation arrangements).

The roles and line of communication with the Khukumat of Dushanbe City will be assessed to ensure that necessary support is extended to implementation of envisaged activities under Component 1. The outputs of these activities and targets agreed need to be aligned with the strategic business development plan. The terms of reference of these activities will be developed jointly with the DVK and the progress and end results will also be assessed jointly. The DVK will ensure that the ISCB activities of both IDA and ADB grants are complementary and there is no duplication.

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

Dushanbe is the capital and largest city of Tajikistan and consists of 4 districts: Sino, Somoni, A.Firdavsi and Shohmansur. The project area is located in the west part of Dushanbe in Sino District. The proposed project will support water supply and wastewater investments in the select areas of Sino district of Dushanbe city. The Sino district is the largest district in Dushanbe with approximately 350,000 people residing in the district. The area is represented largely by built-up environment. The suburb of the district also represent area under agriculture, with no natural and undisturbed environment present there. There are no natural
habitats or forest areas present in the project area. There are also no landmarks which have cultural heritage significance as defined in the Bank Policy.

G. Environmental and Social Safeguards Specialists on the Team

Kristine Schwebach, Social Specialist
Javaid Afzal, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The project scope is limited to support rehabilitation and/or replacement of the existing main water supply pipelines and booster pumps, sewer collectors/pipelines and installation of household water meters. It is therefore assessed that majority of the adverse environmental impacts will be associated with construction related activities. Likely identified adverse impacts associated with the medium scale construction activities in the project area are: (i) increased pollution due to construction waste; (ii) generation of dust, noise, and vibration due to the movement of construction vehicles and machinery and their effect on surrounding population in the streets; (iii) associated risks due to improper disposal of construction waste and handling of asbestos, or minor operational or accidental spills of fuel and lubricants from the construction machinery; (iv) soil, air and water pollution due to inadequate disposal of salvaged material from the wastewater treatment facility (v) improper restoration of construction sites upon completion of works, (vi) temporary lack of access to streets and street functions to people in the area, and (vii) OHS related issues for the workers in particular and communities in general. These impacts are since site-specific, temporary and reversible and could therefore be managed by applying appropriate mitigation measures. The</td>
</tr>
<tr>
<td>Policy Area</td>
<td>Relevance</td>
<td>Notes</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Performance Standards for Private Sector</td>
<td>No</td>
<td>Not relevant.</td>
</tr>
<tr>
<td>Activities OP/BP 4.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>The project is located within Dushanbe city and does not have any natural or critical habitat located within. The Policy is therefore not triggered.</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>No forests as defined in the Policy are located within the project area. The Policy is therefore not triggered.</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>The project activities will not result in the use of or promote the use of pests as defined in the Policy. Therefore the Policy is not triggered.</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>No</td>
<td>The project is located within Dushanbe city and does not have any places of cultural heritage significance in the project area. The Policy is therefore not triggered.</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>The project activities do not envisage any resettlement as they mainly envisage replacement/rehabilitation of existing water supply and sewerage network. However, as rehabilitation or/and reconstruction works may require rerouting of existing pipes, they may have effects closely associated with resettlement - temporary or permanent loss of land, crops, and other means of income generation and hence, it is recommended to prepare a Resettlement Policy Framework (RPF) together with the ESIA laying out the key principles of the World Bank’s OP 4.12 and a strategy to fulfill the policy’s requirements that are mutually agreed upon. Resettlement Action Plans (RAP) if needed, will have to be prepared during project implementation for each sub-project that is found to trigger land acquisition, displacement and/or loss of physical/economic assets, once the project site (s) is identified.</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>No</td>
<td>The project activities do not involve any interventions on the existing dams or construction of a new dam. The Policy is therefore not triggered.</td>
</tr>
<tr>
<td>Projects on International Waterways</td>
<td>Yes</td>
<td>The project involves the rehabilitation of ongoing schemes relying on the source ow water already rehabilitated under the ongoing DWSP2 and its Additional Financing, hence it will not adversely</td>
</tr>
</tbody>
</table>
change the quality or quantity of water flows to other riparian countries. Given the nature of investments, an exception to the external notification requirements of OP 7.50 was approved by the Europe and Central Asia Regional Vice President on March 13, 2019.

### Projects in Disputed Areas OP/BP 7.60

**No**

The project is not located in Disputed Areas as defined in the Policy. The Policy is therefore not triggered.

---

**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:

The adverse environmental and social impacts associated with the project activities are mainly construction related, and are moderate in scale, temporary in nature and largely reversible. The potential impacts can be effectively prevented, minimized, or mitigated. The project has been therefore rated as Category B - and triggers environmental and social safeguards policies: OP 4.01 (Environmental assessment), OP 4.12 (Involuntary Resettlement) and OP 7.50 (Projects on International Waterways).

The proposed project has three components: Component 1: Institutional strengthening and capacity building (ISCB); Component 2: Water and Wastewater Systems Improvements; and Component 3: Project Management. The overall environmental impacts of the project investments in the select communities in Dushanbe (project area) will be largely positive and include (i) improved public health due to reduction in water-borne diseases (ii) the overall improvement in health and sanitation conditions due to efficient wastewater collection and disposal system; and (iii) help in protecting ground and surface water resources due to environmentally sound sanitation facilities. The environmental adverse impacts of the project as identified in the ESIA report are: (i) pollution by construction run-offs; (ii) disturbance during construction including dust, noise, vibration, access restriction, closure of roads, and increased traffic; (iii) improper disposal of construction waste including some asbestos containing material; (iv) damage to existing utility services during pipe repairs/ replacement, and installation; (v) OH and safety hazards from construction activities; (vi) pillage of fuel and oil from construction machinery; and (vii) damage to trees and vegetative cover.

As all project activities will be implemented within the city’s boundaries the project will not have impact on wildlife and natural habitats and thus OP 4.04 ‘Natural habitats’ is not triggered. It is also expected there will be no impacts on physical cultural resources which are not placed in the vicinity of the water supply and sanitation infrastructure and respectively OP 4.11 ‘Physical/Cultural Resources’ is not triggered. OP 7.50 is triggered because given the nature of investments, which involves the rehabilitation of ongoing schemes relying on the source ow water already rehabilitated under the ongoing DWSP2 and its Additional Financing, hence it will not adversely change the quality or quantity of water flows to other riparian countries. Therefore, an exception to the external notification requirements of OP 7.50 was approved by the Europe and Central Asia Regional Vice President on March 13, 2019.

The adverse social impacts associated with reconstruction and upgrading of the water and sewerage network are
related to affecting some people’s assets and properties such as trees, buildings and structures which are built above the water and sewerage pipes or are too close to the pipes and as such, restrict access to the network.

The Project will be screened for resettlement impacts, and if necessary site specific resettlement plans will be prepared. The Resettlement Policy Framework prepared at the project preparation stage will guide the process of identification and addressing of resettlement issues including compensation as per OP 4.12 guidance.

The client has the obligation to prepare a resettlement action plan, if the proposed project will have involuntary resettlement impacts. The objective of the resettlement plan is to ensure that the livelihoods and standards of living of project affected persons are improved, or at least restored to pre-project (physical and/or economic) levels and that the standards of living of the displaced poor and other vulnerable groups are improved by providing adequate housing, security of land tenure and steady income and livelihood sources. The resettlement plan will address all relevant requirements specified in OP 4.12, and the level of detail and comprehensiveness of the resettlement action plan will be corresponding to the significance of involuntary resettlement impacts.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
The expected long term and cumulative impacts of the proposed activities are mostly positive and include improved water supply and sanitation infrastructure as well as improved health and livelihood of the local population.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
The “No Action” Alternative in this instance has been considered and is defined as a decision not to undertake the proposed Project. The “No Action” Alternative would result in the continued deterioration of the water supply and sewage network in the Project area. This will have several negative consequences on pollution of surface and ground water, health and sanitation conditions.

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.
The required mitigation measures for the project activities are standard and widely used in construction practices. They are well prescribed in the Environmental and Social Management Plan (ESMP). The ESMP stipulates all contracts for construction works will include requirements for implementation of the specific measures as per ESMP provisions and good construction practices. Furthermore, daily control and monitoring of construction works will be part of responsibilities of the utility operator. The quality of drinking water supply will be monitored according to international and local standards. The borrower also has laboratories performing regular monitoring of all essential parameters for water and wastewater quality. The Borrower, the Dushanbe Vodokanal and the Project Implementation Unit have previously managed the ongoing Dushanbe Water Supply Project and are familiar with the World Bank’s Safeguard Policies. DVK has one member of staff responsible for health and safety issues but does not currently have any staff responsible for managing environmental or social issues. Implementation performance of environmental safeguards has improved in the recent years, following specific supervision and advice provided by the Task Team and strengthening of contractors’ team by including OHS inspectors. The WB team will continue closely monitor ESMP implementation, providing relevant assistance and capacity building. In addition, an environmental capacity building and training program has been specified and budgeted to provide additional support to ESMP implementation.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies,
Robust stakeholder consultations were conducted, especially throughout the ESIA preparation process. Consultations with different groups and entities were conducted for the purposes of informing communities about the project, seeking their inputs to the design. The consultation process, which is well documented in the ESIA, was intended to improve transparency and accountability of decision-making; and increase public confidence in the ESIA process. The range of stakeholders’ consultations included the chairmen of sub-districts (mahalla) councils and housing sites, as well as the heads of the staff of the district chairman and key bodies of the Sino district of Dushanbe, non-governmental organizations, residents of sub-districts, various departments/units of Sino district and Dushanbe city.

In January-February, 2019, during the project preparation stage the Client conducted individual, group and online consultations with local experts, government officials, NGOs and community members of the Sino district of Dushanbe to identify initial potential environmental and social project impacts. The final ESIA in English and Russian languages was made available on the DVK’s website on April 10, 2019. In parallel, the DVK had finalized preparation of the RPF and had it disclosed at the DVK’s website on April 12, 2019. Both documents were published at the WB’s external website on April 15, 2019.

In 2018 DVK established a call center to provide 24/7 support to water users. However, the capacity of the center staff is weak and requires investments in terms of staff training, connection with billing system, technical solutions to referral system to other departments. To increase consumer engagement and to establish efficient feedback mechanism the project will support the following processes: i) improved public outreach channels, ii) enhanced complaint registration and management system, iii) simplified annual beneficiary feedback surveys to receive customer feedback, and iv) biannual meetings of the Advisory Council to inform the stakeholders on the project accomplishments and intentions and to voice on water user concerns and recommendations. The PIU will be supported by an NGO/firm that will facilitate, train and build capacity of DVK staff in implementation of simplified beneficiary feedback surveys, as well as customer complaint and grievance processes. Annual beneficiary surveys will measure the beneficiary satisfaction with the consumer engagement process.

Annual Communication Plan. The public awareness campaign will be implemented by the DVK Department on Public Relations. It will design and implement appropriate customer awareness campaigns explaining the need for tariff adjustments, revenue collection improvements, bill payment discipline, reduction of water leakage and wastage at all levels, investment projects and water conservation measures. Methods employed will include explanatory meetings in communities, radio and TV interviews, coverage in the press, distribution of leaflets and posters and promotional videos, social media postings. The outreach work will be planned, implemented, assessed and updated by the DVK Department on Public Relations in collaboration with the Call Center and the IT Department on annual basis.

B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</td>
<td>08-Apr-2019</td>
<td>12-Apr-2019</td>
</tr>
</tbody>
</table>
"In country" Disclosure
Tajikistan
10-Apr-2019

Comments
The ESIA and its Executive Summary in Russian and English languages was published at the DVK's website (and also subsequently published at the World Bank's external website) on April 14, 2019.

Resettlement Action Plan/Framework/Policy Process

<table>
<thead>
<tr>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-Apr-2019</td>
<td>12-Apr-2019</td>
</tr>
</tbody>
</table>

"In country" Disclosure
Tajikistan
12-Apr-2019

Comments
The was disclosed at the DVK's website: http://dvk.tajnet.tj on April 12, 2019, and also subsequently published at the World Bank's external website on April 14, 2019.

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 4.12 - 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?
No

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?
Yes

Has the RVP approved such an exception?
Yes

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

Sana Kh.H. Agha Al Nimer
Senior Water Supply and Sanitation Specialist

Farzona Mukhitdinova
Borrower/Client/Recipient
Ministry of Finance, Republic of Tajikistan

Implementing Agencies
State Unitary Entity "Obu Korezi Dushanbe"
Nematullo Ubaydov
Director
info@obidushanbe.tj

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

<table>
<thead>
<tr>
<th>Task Team Leader(s):</th>
<th>Sana Kh.H. Agha Al Nimer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Farzona Mukhitdinova</td>
</tr>
</tbody>
</table>

Approved By

<table>
<thead>
<tr>
<th>Safeguards Advisor:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice Manager/Manager:</td>
<td>David Michaud</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Sascha Djumena</td>
</tr>
<tr>
<td></td>
<td>22-Apr-2019</td>
</tr>
<tr>
<td></td>
<td>25-Apr-2019</td>
</tr>
</tbody>
</table>