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# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 09-Mar-2017 | Report No: PIDISDSC21459



**BASIC INFORMATION**

**A. Basic Project Data**

Country Uzbekistan	Project ID P162929	Parent Project ID (if any)	Project Name Uzbekistan Medium-Size Cities Integrated Urban and Territorial Development Project (P162929)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Nov 13, 2017	Estimated Board Date Mar 29, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency State Committee of Architecture and Construction	

**Proposed Development Objective(s)**

The Project Development Objective is to support the GoU to enhance livability in targeted medium sized cities in Uzbekistan through selected demonstration investments to improve urban infrastructure, public spaces and access to services.

**Financing (in USD Million)**

Financing Source	Amount
International Development Association (IDA)	90.00
<b>Total Project Cost</b>	<b>90.00</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



## B. Introduction and Context

### Country Context

1. **Uzbekistan demonstrated persistent growth over the last decade. The drivers of such growth are unlikely to continue over the next decade and present particular challenges on jobs for the growing labor force of the country.** Increased exports of gas, gold, and other minerals over the past decade, combined with high commodity prices generated the state revenues that financed large increases in investment and salary increases to bolster consumption. Uzbekistan’s labor force has been growing at an average of 2.9%/year over the past years and is projected to continue growing at least until around 2040, but job creation to accompany this growth will present a particular challenge going forward, as neither the extractive nor heavy industry are likely to generate the jobs needed to employ them. Extractive industry exports are expected to stagnate/stabilize, and Uzbekistan’s largest trading partners, Russia, China, and Kazakhstan, are all likely to grow more slowly in the near and medium term. These trends call for alternatives to diversify the economy of the country, exploring opportunities for locational advantage, considering that Uzbekistan is the largest market of Central Asia (pivotal for the various “new silk road” initiatives), centrally located relative to China, Russia, Europe, the Middle East, and South Asia.

2. In December 2016, Shavkat Mirziyoyev was elected as the new president. He started his appointment with a vision for Uzbekistan focused on the introduction of reforms, further cooperation with neighboring countries, and economic diversification and liberalization of the economy. These priorities are reflected in the “Strategy of action on five priority areas of development of the Republic of Uzbekistan for 2017-2021”, issued in February 2017 through a Presidential Decree. The Strategy introduces the integrated approach to the development of regions, giving priority to lagging cities and districts, with the aim of putting in place reliable infrastructure for the economic sectors and population living in both urban and rural areas. Moreover, 2017 has been declared the year of the “dialogue with the people”, seeking to strengthen the role of local authorities and regions in the development of the country and to increase transparency and accountability of authorities to the population.

### Sectoral and Institutional Context

3. **Cities and urbanization have played a key role in Uzbekistan’s economic achievements.** The urbanization process has been inclusive with a rising share of urban growth and job creation in the country’s cities. A young and growing Uzbek population, increasing rural-to-urban migration<sup>1</sup> and an average of 2.9%/year labor force growth, a larger share of jobs created every year in Uzbekistan is located in urban areas and/or directly gravitate around cities (e.g. civil and public works, manufacturing, construction and services). Integrated and efficient delivery of local services and infrastructures, replacement/upgrading of aging infrastructure, and creation of livable urban environment are urgently needed to cope with the development challenges and manage urban growth, while also creating the necessary environment to continue to attract investments, support job creation and increase resilience and competitiveness. Agglomeration of economies

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<sup>1</sup> a decline of 1 million agriculture job is estimated by 2020 – CER Development Focus Issue #16



and services in well-functioning cities connected to their hinterland/region also play the role of powerful engines of growth for the whole province.

4. **Even though the majority of population lives in bigger cities, medium and small sized cities are growing the fastest.** More than 63% of the urban population lives in cities with more than 100,000 inhabitants, but fastest growth rates of population were observed in medium and small sized cities (22% growth) from 2000 to 2014<sup>2</sup>. These cities have become important regional economic centers, which on one hand have the highest potential for generating local jobs away from the larger urban agglomerations, on the other are experiencing rapid unmanaged growth, and resulting in inefficiencies and a growing demand for infrastructures and services/utilities.

5. **Rapidly growing urban centers are increasingly playing a key role in job creation, as most new jobs are being created there.** Improving the efficiency of urban growth and expansion, creating livable and greener cities and ensuring integration and coordination in the delivery of municipal services and infrastructures with a particular focus on fast-growing medium-sized cities would be essential to address spatial inequalities, increase efficiency of public expenditures at local level and meet the objective of the GoU of “creating the conditions for rapid job creation”, while also ensuring balanced socio-economic development of the regions.

6. **A number of emerging challenges affect urban centers in Uzbekistan.** Although the country has been more proactive than most of its neighbors in addressing infrastructure needs since independence, over time, the limited capacity of sector institutions to maintain, renew and expand such assets has led to the degradation of access to public utilities services, such as energy and water supply and sanitation. Some of the current challenges faced by urban infrastructures include aging infrastructure inherited from the old soviet system, incapacity of the current service delivery system to keep up with the rapid urban sprawl, energy inefficiencies and high costs in relation to housing, public buildings and municipal services, low level of tariffs and cost recovery, heavy reliance on public funds and limited capacity to leverage public investments to mobilize private capital. Moreover, a lack of reliable municipal services and infrastructure has been reported as one of the main obstacles for development of entrepreneurship, particularly female-run. While there has been a decline in gender disparities in the labor market, some sectors demonstrate a strong gender dimension. Infrastructure, construction and transport sectors tend to attract more men, while, services, including tourism and catering, are dominated by women<sup>3</sup>. The project activities to upgrade urban infrastructure upgrading and improve access to services will benefit both men and women of urban areas.

7. **The Government of Uzbekistan has recently approved the new Action Strategy for Development of Uzbekistan for 2017-2021,** with a strong focus on comprehensive and balanced socio-economic development of the regions and cities, accelerated development of relatively low-performing or lagging regions and cities, and active growth of small towns. The Strategy aims to develop Uzbekistan through the modernization and diversification of the leading sectors of the economy of the territories to ensure the optimal and effective use of their economic potential. These sectors include industry, services and specially tourism, a sector identified as a key driver for the economy of Uzbekistan in the following years.

<sup>2</sup> In 2008, as a result of territorial-administrative changes, over 1000 residential centers were classified as centers and the size of urban population grew. From: World Bank ASA - Cities in ECA: A story of Growth/Decline.

<sup>3</sup> World Bank 2017 (forthcoming). Diagnostic Study of Barriers for Strengthening Livelihoods of Low-Income Rural Women in Uzbekistan.



Relationship to CPF

8. **The project is consistent with the ongoing World Bank Group Country Partnership Framework (CPF) for Uzbekistan (2016-2020) and is focused towards the focus area 3: Public service delivery.** This is key in both social services and infrastructure, to generate the human capital and infrastructure services needed for job creation, as well as for the realization of the private sector-driven objectives of Focus Areas 1 and 2.

**C. Proposed Development Objective(s)**

**Note to Task Teams:** The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

9. **The Project Development Objective** is to support the GoU to enhance livability in targeted medium sized cities in Uzbekistan through selected demonstration investments to improve urban infrastructure and public spaces, and access to services.

10. **The Government of Uzbekistan has identified a list of cities for the proposed project as follows:** The signed Presidential Decree (25th July, 2016) that confirmed the CPF agreement between the World Bank and GoU identified three priority cities for the project: Gulistan, Djizak and Termez. In addition, the Ministry of Economy requested the inclusion of two additional cities (i.e. Kagan and Yangiyul) for the purpose of analytical work in the letter of July 12, 2016. Djizak, Termez and Gullistan are regional capitals, and play the role of economic centers of their region (oblast). The two other cities, Kagan and Yangiyul, are secondary cities that became part of an urban agglomeration, due to their close proximity to some of the rapidly growing urban centers of the country (Kagan related to the agglomeration of the city of Bukhara, and Yangiyul to the agglomeration of the city of Tashkent).

11. **Project beneficiaries:** The primary beneficiaries for this project are the inhabitants of participating municipalities and visitors who will benefit directly from improved urban infrastructure and services. Both male and female inhabitants of participating municipalities are also expected to indirectly benefit from increased job opportunities.

Key Results (From PCN)

12. **PDO Indicators will capture improved livability in the selected areas of the targeted medium sized cities.** In particular, in line with the new Bank Corporate Result Indicators (CRIs) for Urban interventions, the indicator will be measured by the cumulative number of people living in urban areas that have been provided with access to improved services, neighborhoods, public spaces, parks, resilience, and/or urban environmental conditions, through the direct interventions of the Project. They will capture also levels of beneficiary satisfaction enhanced infrastructure and services. Special attention will be paid to gender-focus of results and



data generated under the project. The specific sub-set of indicators will be identified based on the specific investments proposed under the project.

#### D. Concept Description

13. The Medium Size Cities Integrated Urban Development project responds to the request by the GoU to support the demonstration of innovative approaches to integrated urban and territorial development in Uzbekistan, in order to improve livability and support local development in medium sized cities, and demonstrate a viable model for replication across the regions of the country.

14. **The project would be composed by the following components:** (1) Urban infrastructure rehabilitation and upgrading to address the service gap; (2) targeted public infrastructure investments to attract private investments, and (3) institutional and capacity strengthening for long-term sustainability.

15. **Component 1: Urban Infrastructure Rehabilitation and Upgrading.** This component will aim to ensure minimum standards of infrastructure, services and connectivity to be achieved in areas of intervention within target cities. The investments will be selected based on the priorities for each of the selected project cities, and could include street upgrading, recreational services like parks and other public spaces improvements, intra city transport, drainage rehabilitation, water supply and sewerage rehabilitation, support to solid waste management systems, social infrastructure upgrading (e.g. energy retrofitting of schools, hospitals) etc. Community participation and engagement of women will be key criteria in determining investment priorities.

16. **Component 2: Public investments to attract private investments in selected project cities.** This component would pilot the delivery of targeted public investments that have high potential to leverage private investments, such as improved access to tourist sites, provision of services and access to productive and logistical areas, parking facilities, servicing of market areas in support of agri-businesses, etc. Gender consideration will be given to economic sector selection to ensure parity in benefits to men and women under the project. Public investments could include rehabilitation of access roads, sidewalks, parking lots, water and sewerage, visitor centers, upgrading of tourism infrastructure, etc.

17. **Component 3: Institutional and Capacity Strengthening for long-term sustainability.** This component will support capacity building activities that would strengthen the role of the local, regional and central governments in urban development. Areas for possible support under this component would include organization of training on integrated spatial/territorial planning, improved municipal finance, Asset Management, Green Growth, civic engagement and gender inclusion, software and hardware for analytical tools for improved decision making/monitoring.

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#### SAFEGUARDS

##### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)



Three regional capitals Gulistan, Jizzak and Termez have been included in the proposed list of cities for the project. These are regional capitals and economic centers of the oblasts. Two secondary cities Kagan and Yangiyul are also added for consideration by the Ministry of Economy. The latter cities are de-facto part of larger urban agglomerations due to their proximity of to primary urban centers (respectively Bukhara and Tashkent). The identified cities present high concentration of residents, economic and social activity. Further analysis of the identified project cities will be carried out during the project preparation.

**B. Borrower’s Institutional Capacity for Safeguard Policies**

The State Committee of the Republic of Uzbekistan for Architecture and Construction (SACC), designated as the Project Implementing Unit under the supervision of the Ministry of Economy, has no prior experience in implementing WB-financed projects and may have limited knowledge of the WB safeguards policies and reporting requirements. The Institute for Social Research (ISR), also identified as a support agency during project preparation, would be expected to play a leading role in managing social safeguards. The safeguards team will carry out a further assessment of the PIU’s capacity vis-à-vis social and environmental safeguards during project preparation and identify what additional capacity building measures would be required for the smooth implementation of the environmental and social safeguards.

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

Ekaterina Romanova, Rustam Arstanov

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Component 1 and 2 of the project will include civil works in street upgrading, recreational services like parks and other public spaces improvements, intra city transport, social, drainage, water supply, solid waste management, schools, hospitals upgrading. While required civil works are still to be defined, they are expected to be minor in scope and the related risks will have low severity of harm to people and environment. Such risks are usually mitigated with good construction practices and adequate supervision by the Borrower. Nevertheless, the relevant safeguards documents will have to be developed to define the screening and the environmental impact assessment procedure for the investments. The project was assigned safeguards Category "B". Relevant safeguards instruments will incorporate a screening procedure to eliminate infrastructure investments that would potentially cause significant harm to the environment and people, i.e. such investments that would be assigned Category "A"



		according to the World Bank OP 4.01.
Natural Habitats OP/BP 4.04	No	Since the project is focused on existing infrastructure in urban areas no natural habitats will be impacted.
Forests OP/BP 4.36	No	No forest areas are involved in the project. Procurement of timber products is not expected.
Pest Management OP 4.09	No	No pest management issues are expected since the investments will target urban infrastructure/ will not involve infrastructure related to agricultural activities
Physical Cultural Resources OP/BP 4.11	No	The environmental screening process will screen for the presence of physical cultural resources. In addition, chance find procedures will be included in all works contracts.
Indigenous Peoples OP/BP 4.10	No	Indigenous Peoples' as per OP 4.12 are not present in the project area.
Involuntary Resettlement OP/BP 4.12	Yes	The policy is triggered due to the potential need for small scale land acquisition (temporary or permanent), restriction of access and economic resettlement in relation to activities under Component 1 and 2 to upgrade and invest in urban infrastructure. The project areas are characterized by significant levels of social and economic activity of an urban setting. An RPF will be prepared prior to Appraisal. In case designs of and priority investments for subprojects are identified, RAP(s) to be also prepared by Appraisal.
Safety of Dams OP/BP 4.37	No	The project activities will be implemented inside the urban areas and will not be dependent on the functionality of dams.
Projects on International Waterways OP/BP 7.50	No	The project does not include activities related to international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is focused on urban areas in Uzbekistan. No disputed areas involved

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Nov 13, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The preparation of the safeguards instrument such as ESMF or Framework ESMP and the RPF will start in June 2017 and be completed by October 1, 2017. The ESMF and RPF will be disclosed prior to appraisal (November 2017).

In case some of the investments are detailed before appraisal, site specific safeguards instruments (ESMP and RAPs) will be prepared accordingly and as necessary.



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**APPROVAL**

Task Team Leader(s):	Rosanna Nitti
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**Approved By**

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