

Document of  
The World Bank

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RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
MUNICIPAL INFRASTRUCTURE DEVELOPMENT PROJECT  
IDA GRANT  
TO THE  
REPUBLIC OF TAJIKISTAN

June 27, 2011

Sustainable Development Department  
South Caucasus Country Department  
Europe and Central Asia Region

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## ABBREVIATIONS AND ACRONYMS

FMR	Financial Management Report
ISDS	Integrated Safeguards Datasheet
ISR	Implementation Status and Results Report
KMK	Khochagii Manziliu Komunali
MIDP	Municipal Infrastructure Development Project
PDO	Project Development Objective
PMU	Project Management Unit
RAP	Resettlement Action Plan
SDR	Special Drawing Rights

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# MUNICIPAL INFRASTRUCTURE DEVELOPMENT PROJECT

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<b>Restructuring</b>
<b>Restructuring Type: Level one</b>
June 27, 2011

<b>1. Basic Information</b>	
Project ID & Name	P079027: MUNI INFRA
Country	Tajikistan
Task Team Leader	Pier Francesco Mantovani
Sector Manager/Director	Wael Zakout
Country Director	Motoo Konishi
Original Board Approval Date	01/19/2006
Original Closing Date:	08/31/2011
Current Closing Date	08/31/2011
Proposed Closing Date [if applicable]	02/28/2012
EA Category	B-Partial Assessment
Revised EA Category	B-Partial Assessment-Partial Assessment
EA Completion Date	07/06/2004
Revised EA Completion Date	

<b>2. Revised Financing Plan (US\$m)</b>		
Source	Original	Revised
BORR	1.50	1.50
IDAT	15.00	15.00
<b>Total</b>	<b>16.50</b>	<b>16.50</b>

<b>3. Borrower</b>		
Organization	Department	Location
Government of Tajikistan		Tajikistan

<b>4. Implementing Agency</b>		
Organization	Department	Location
Khochagii Manziliu Komunali		Tajikistan

<b>5. Disbursement Estimates (US\$m)</b>		
<b>Actual amount disbursed as of 06/24/2011</b>		<b>14.05</b>
Fiscal Year	Annual	Cumulative
2011	0.85	14.90
2012	1.70	16.60
	<b>Total</b>	<b>16.60</b>

<b>6. Policy Exceptions and Safeguard Policies</b>	
<b>Does the restructured project require any exceptions to Bank policies?</b>	N
<b>Does the restructured projects trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.</b>	Y

<b>Safeguard Policy</b>	<b>Last Rating</b>	<b>Proposed</b>
Environmental Assessment (OD 4.01)	X	
Natural Habitats (OP 4.04)		
Forestry (OP 4.36)		
Pest Management (OP 4.09)		
Physical Cultural Resources (OP 4.11)		
Indigenous Peoples (OD 4.20)		
Involuntary Resettlement (OP 4.12)	X	X
Safety of Dams (OP 4.37)		
Projects in International Waters (OP 7.50)	X	
Projects in Disputed Areas (OP 7.60)		

<b>7a. Project Development Objectives/Outcomes</b>
<b>Original/Current Project Development Objectives/Outcomes</b>
The development objective of MIDP is to improve the availability, quality and efficiency of delivery of basic municipal services to the population of the towns which participate in the project.

<b>7b. Revised Project Development Objectives/Outcomes [if applicable]</b>

## Restructuring Paper

### A. SUMMARY

1. This Project Paper seeks the approval of the Board of Executive Directors to restructure the Municipal Infrastructure Development Project (Grant IDA H2000, P079027) for the Republic of Tajikistan. The proposed restructuring consists of the following modifications: (1) trigger of a new safeguard policy on Involuntary Resettlement (OP 4.12) as the Project will necessitate some land acquisition which was not originally envisaged during initial appraisal of the Project; (2) re-allocation of the Grant proceeds from the unallocated category to other categories to finance activities which were originally envisaged under the project but were not sufficiently covered by the original scope; and (3) extension of the Closing Date of the Project from August 31, 2011 to February 28, 2012 to allow sufficient time to fully meet the Project Development Objectives (PDO). The restructuring of the Project does not involve any change in the PDO, its scope, or design.

### B. PROJECT STATUS

2. The Project was approved on January 19, 2006 and became effective on April 12, 2006. *The Project Development Objective (PDO) is to improve the availability, quality and efficiency of delivery of basic municipal services to the population of the towns which participate in the project.* The implementation of the MIDP has been rated moderately satisfactory. The achievement of the PDO is highly likely given the fact that many of the outcome indicators, particularly those related to solid waste management are already met. The Project has had systematic positive impact on the delivery of municipal services across all eight participating towns documented by the increase of number of people provided with access to improved water source, increase of number of hours of service and reduction in unaccounted for water.

3. The Project is currently undergoing its third phase investment program which has been agreed with the Bank. The activities of the third phase investment program span six towns and are progressing well. Following floods and mudflows occurred in Garm in August 2010, the third phase of the Project has also had to reconstruct the water supply systems previously rehabilitated in that town under the second phase.

4. **Disbursements.** As of May 13, 2011, an equivalent USD 14.34 million (SDR 8.989 million) of total project financing resources had been disbursed (approximately 84.8% of funding available). Accordingly, about USD 2.568 million (SDR 1.61 million) remain to be disbursed before the Closing Date (out of which approximately 83% are already committed).

5. **Monitoring and evaluation.** Project monitoring and evaluation has been also rated Moderately Satisfactory in the Implementation Status Report (ISR). The reporting of the Project Management Unit (PMU) on the impact of the project has substantially improved since the hire of a Monitoring & Evaluation Consultant responsible for assessment of the impact of investments of second and third phases of the Project in eight participating towns.

6. **Procurement and financial management.** The procurement aspects of the project are being implemented satisfactorily. The financial management arrangements under the project,

including accounting and reporting, internal control procedures, planning and budgeting, external audits, funds flow, organization and staffing arrangements are considered as moderately satisfactory and overall acceptable to the Bank. The FY2009 audit report covering the period from January 1, 2009 to December 31, 2009 was submitted on time and found to be satisfactory to the Bank. The FY2010 audit report is due on June 30, 2011. The level and timeliness of counterpart funding was assessed to be satisfactory.

## **C. PROPOSED CHANGES**

### **Safeguards**

7. **Social.** OP 4.12 Involuntary Resettlement is now triggered for the project. The laying of 10 kV high voltage lines to connect power substations to pumping stations in Istaravshan, Kurgan Tube and Vahdat cities will necessitate some land acquisition under the Project which was not originally envisaged during its initial appraisal, hence, trigger of a new safeguard policy is required. Recognizing the issue, the latest ISR included the policy on involuntary resettlement.

8. There will be no significant or irreversible impacts related to land acquisition, since laws of Tajikistan do not require the permanent acquisition of land for 10 kV lines. This impact will be limited to: (a) temporary acquisition of sections of fields during installation of poles for electric lines, (b) removal and reconstruction of illegal fences encroaching onto the right of way of a public street where poles will be installed, (c) cutting of the trees where unavoidable. The PMU of the MIDP and the KMK developed Resettlement Action Plans (RAPs) to cover the impacts of such land use and acquisition by the Project, detailing compensation rates and procedures as well as implementing and monitoring arrangements. The compensation for fences will be provided at their full replacement value while for standing crops the market value will be used.

9. The RAPs were submitted to the Bank for review and following its review were disclosed in the country (Vahdat and Istaravshan - March 4, 2011, Kurgan Tube – March 11, 2011) and InfoShop (Vahdat and Istaravshan - March 7, 2011, Kurgan Tube – March 22, 2011). The Integrated Safeguards Data Sheet (ISDS) of the Project was updated and disclosed in InfoShop on May 3, 2011.

### **Reallocations**

10. In a letter dated January 10, 2011, the Republic of Tajikistan (“Recipient”) has requested the Bank to re-allocate the Grant proceeds from the unallocated category to other categories in order to finance civil works and other activities which were originally envisaged under the project but were not sufficiently covered by the original scope in the participating towns to support the achievement of the PDO.

11. The proposed reallocation would provide the Recipient with an opportunity to complete the ongoing civil works and utilize the remaining unallocated proceeds for the implementation of the activities which are originally envisaged under the project but were not sufficiently covered in the participating cities. This, inter alia, will include minor works to address the issues raised during the implementation of the 1st and 2nd phases of the Project in an integrated manner, rehabilitation of other parts of the water supply systems in the cities to provide more people in



project areas with access to improved water sources, further increase availability of water supply and enhance the monitoring of its quality. Annex 1 summarizes the current and revised amounts. Financing percentages and disbursement arrangements remain the same.

### **Extension of Closing Date**

12. In a letter dated March 28, 2011, the Recipient has also requested the Bank for Project Closing Date extension of six months from August 31, 2011 to February 28, 2012. The extension is sought to allow timely and quality completion of the remaining activities under the Project to achieve the PDO including the ones that will necessitate some land acquisition under the Project. With the completion of all ongoing and remaining contracts, the quality of the delivery of the municipal services in eight participating towns will continue to improve. This will be the first extension of the Project.

**ANNEX 1:**

**Reallocation of Proceeds**

Proceeds for the Municipal Infrastructure Development Project (IDA Grant H2000, P079027) will be reallocated as follow:

<b>Category of Expenditure</b>		<b>Allocation in SDR</b>		<b>% of Financing</b>	
<b>Current</b>	<b>Revised</b>	<b>Current</b>	<b>Revised</b>	<b>Current</b>	<b>Revised</b>
(1) Goods and works for Part A of the Project	(1) Goods and works for Part A of the Project	6,784,000	7,034,000	87.5%	87.5%
(2) Goods and works under Parts B and C of the Project	(2) Goods and works under Parts B and C of the Project	283,000	311,000	100%	100%
(3) Consultants' services, including audit and training	(3) Consultants' services, including audit and training	2,260,000	2,710,000	100%	100%
(4) Operating cost	(4) Operating cost	495,000	545,000	100%	100%
(5) Unallocated	(5) Unallocated	778,000	0		
<b>Total</b>		<b>10,600,000</b>	<b>10,600,000</b>		