

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB1521

Project Name	Tajikistan Municipal Infrastructure Development Project
Region	EUROPE AND CENTRAL ASIA
Sector	Solid waste management (30%);Sewerage (30%);Sub-national government administration (20%);Water supply (20%)
Project ID	P079027
Borrower(s)	THE GOVERNMENT OF TAJIKSTAN
Implementing Agency	
	Government of Tajikistan Tajikistan
	State Unitary Enterprise , KhochagiiManziliu Kommunalii (KMK) 56, N. Karabaev Street Tajikistan Tel: +992-272 (217-789) Fax: +992-272 (217-789) khmk@tojikiston.com
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	October 13, 2005
Date of Appraisal Authorization	October 19, 2005
Date of Board Approval	December 22, 2005

1. Country and Sector Background

With a per capita Gross National Income (GNI) of about US\$ 300 in 2003, Tajikistan is the poorest country in Central Asia and among the poorest in the world. Close to 65 % of the population of about 6.2 million people live below the poverty line. Most of the country's terrain is mountainous and only a fraction is usable for agriculture. Even so, the agricultural sector accounts for about 60% of employment and about 20% of GDP. As a result, the urbanization rate is relatively low with only about 30% of the population living in urban centers Tajikistan suffered widespread physical damage and heavy human losses from a civil war that broke out soon after independence in 1991 and lasted until 1997. Since then, the infrastructure inherited from the Soviet times has continued to deteriorate rapidly as lack of fiscal resources has forced the Government to curtail investments and maintenance expenditure. According to the UNDP '2003 National Human Development Report', 43% of the population is now without access to drinking water. About one third of the distribution networks has broken down and is beyond repair. Even in some of the larger cities where water distribution systems still operate, water supply is unsafe as not more than 10% of distributed water receives adequate treatment. Contamination with untreated sewage is widespread. Outbreaks of typhoid fever are frequent and the incidence of other water-borne diseases is high. Conditions of delivery of other essential basic services such as, solid waste collection and disposal are similarly poor and a major concern for the population.

Tajikistan has a tiered sub-national administration system that still follows, to a large extent, the Soviet system in place before 1991 and has three levels: provinces (oblasts), towns and rayons (rural districts), and sub-districts (jamoats). The relationship between these units is generally but not universally, hierarchical. Local authorities play only a marginal role in delivery of basic municipal services which is primarily a responsibility of central government entities such as the State Unitary Enterprise Khochagii Manziliu Kommunalni (or KMK, and formerly known as TajikKomunServis), albeit without a clear and unambiguous delineation of ownership of assets, and regulatory, operational and investment responsibilities.

2. Objectives

The development objective of the project is to improve the availability, quality and efficiency of basic municipal services for the population of the eight towns participating in the project. This objective will be achieved by: (a) financing the rehabilitation and/or repair of infrastructure installations and equipment belonging to KMK's local subsidiary utility enterprises, and (b) assisting KMK and its local subsidiary utility enterprises, and where appropriate, local government authorities in increasing the effectiveness of the management of basic municipal services. Improved access to basic infrastructure and services will be an important factor in supporting local economic growth and poverty reduction.

3. Rationale for Bank Involvement

The continuing deterioration in the provision of basic municipal services creates serious public health risks and carries high economic costs, especially for the poorer segments of the population. Improving the quality of potable water and reducing exposure to contamination from sewage is essential to protecting people from diseases and allowing Tajikistan to move towards achieving some of the key Millennium Development Goals (MDGs). Bank involvement in supporting the rehabilitation of basic municipal infrastructure thus far has been relatively modest in comparison to the country's needs and limited to the on-going Dushanbe Water Supply Project, which seeks to improve water service provision in Dushanbe, the capital city. The proposed project will therefore provide an opportunity to broaden Bank support and extend it to much needed improvements in the delivery of basic municipal services in other, economically more challenged towns, and contribute to improving the quality of life of their populations.

4. Description

This objective will be achieved by (a) financing the rehabilitation and/or repair of basic infrastructure and utility service installations and equipment, and (b) assisting local utility enterprises in increasing the effectiveness of the management of local infrastructure services. The proposed Municipal Infrastructure Development Project (MIDP) will consist of the following three components: (a) Municipal Infrastructure Rehabilitation; (b) Technical and Institutional Support; and, (c) Implementation Support.

5. Financing

Source:

(\$m.)

BORROWER/RECIPIENT		1.5
INTERNATIONAL DEVELOPMENT ASSOCIATION		15.0
	Total	16.5

6. Implementation

The proposed project will be implemented over a period of five years commencing in March 2006. The key institution involved in its implementation is the State Unitary Enterprise, Khochagii Manziliu Kommunalni (KMK) - formerly known as TajikKommunServis - which was established based on Resolution of the Republic of Tajikistan No 357 of July 31, 2001 as a public sector agency responsible for providing basic municipal services such as water supply, sewerage, district heating, and solid waste management in urban centers of Tajikistan. KMK has a network of local subsidiary enterprises throughout the country. KMK will be responsible for the overall management and implementation of the project. To help implement the project, the Government created a Project Management Unit (PMU), for the implementation of the project.

The daily management of project activities will be the responsibility of the PMU, including preparation of detailed design and bid documentation. An implementation agreement between the PMU, KMK and each subsidiary utility enterprise will define each party's responsibility in the implementation of the project.

7. Sustainability

The Government of Tajikistan has begun developing legislative proposals for decentralization and local government. While several decrees have been enacted to give more power to local governments, the delivery of basic municipal services is still the responsibility of the central government agency, KMK and its subsidiaries. This arrangement recognizes that local governments do not yet have the capacity to manage municipal service provision more effectively, and that even with decentralization implemented, it will take some time before local governments are in a position to assume this responsibility. The involvement of KMK, however, will help ensure sustainability in the short- and medium-term. Achieving longer term sustainability will require a combination of both investments and a policy reform agenda that will be able to build up on the institutional and operational measures which will be initiated under the project and will ensure that the assets it finances are properly operated and maintained.

8. Lessons Learned from Past Operations in the Country/Sector

The proposed project will be the second project in Tajikistan to address problems of basic municipal service infrastructure. The experience of other municipal infrastructure projects in ECA and other regions shows that the successful achievement of the objectives of this type of operation depends on a number of specific elements: (a) it requires a very strong government ownership and commitment to effective project implementation; (b) in an environment of pervasive lack of technical expertise, complexity of project design should be reduced as much as technically possible; (c) trying to combine technical problems with policy or governance issues should be avoided to the extent possible in an environment of weak institutional capacity; (d) even though making one-time investments in infrastructure improvements may be useful, a

significant economic, social or institutional impact can only be achieved through continued support over a number of years; (e) investments in local infrastructure and/or utility services need to be complemented with support to institutional capacity building; and (f) project implementation arrangements must be well defined, and the roles of both central government agencies and local authorities must be clearly defined during project preparation to preempt possible conflicts of interest during implementation.

In designing the proposed project, these important lessons have been taken into account: (a) implementation of the project is entrusted to KMK, a central government agency that is responsible for provision of basic municipal services in Tajikistan. KMK has a countrywide network of subsidiary utility enterprises, and is committed to improving the condition of basic municipal infrastructure; (b) the project complements the investment component with institutional support to KMK and its subsidiary utility enterprises; and improve the sustainability of assets rehabilitated; and (c) the project design has been simplified, focusing mainly on rehabilitation of existing infrastructure, and excluding any attempts to promote sector policy or institutional reforms.

9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (OPN 11.03 , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

10. List of Factual Technical Documents

Draft Interim Report and Assessment of Technical Condition of Infrastructure in Eight towns prepared by SEYAS Consultants

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

11. Contact point

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