

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA1157**

**Date ISDS Prepared/Updated:** 27-Jan-2015

**Date ISDS Approved/Disclosed:** 27-Jan-2015

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Tajikistan	<b>Project ID:</b>	P133449
<b>Project Name:</b>	Communal Services Development Fund (P133449)		
<b>Task Team Leader(s):</b>	Soraya Goga, Yarissa Lyngdoh Sommer		
<b>Estimated Appraisal Date:</b>	09-Feb-2015	<b>Estimated Board Date:</b>	17-Mar-2015
<b>Managing Unit:</b>	GSURR	<b>Lending Instrument:</b>	Specific Investment Loan
<b>Sector(s):</b>	Sub-national government administration (40%), Water supply (30%), Wastewater Collection and Transportation (15%), Solid waste management (15%)		
<b>Theme(s):</b>	Urban services and housing for the poor (50%), Municipal finance (50%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	30.00	Total Bank Financing:	30.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			30.00
Total			30.00
<b>Environmental Category:</b>	F - Financial Intermediary Assessment		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The proposed project development objective (PDO) is to improve basic communal and municipal services in participating cities and towns. This will be achieved through: i) assistance in establishment of a Communal Services Development Fund (CSDF); ii) financing grants and loans aimed at developing communal services and municipal infrastructure; and iii) enhancing the

institutional capacity of local governments and local utilities.

### 3. Project Description

The Proposed Project will consist of the following components:

Component A: Support for the Establishment of the Communal Services Development Fund and for Required Reforms (IDA Grant USD 0.67million)

Sub-Component A1: Support for Establishment of the CSDF (IDA Grant USD 0.25million)The Component will finance procurement of consultant services and goods (such as office equipment, computers etc.) to support activities required for the establishment of the Communal Services Development Fund (CSDF).

Anticipated activities to be performed by a consulting firm hired for this sub-component include assistance to the Government for determining:

- (a) the structure and institutional arrangements for CSDF
- (b) grant financing policy;
- (c) loan financing policy;
- (d) Fund Capitalization Strategy
- (e) operational policies and procedures (including appraisal, financial management, procurement, audit, environment and social, monitoring and evaluation, disbursement)
- (f) human resource policies and staffing plan
- (g) finalization of the an operational manual which would incorporate all of the above.

The World Bank will consider the fund as ‘established’ when the following conditions are met:

- (a) decree establishing CSDF is passed by the Government
- (b) CSDF Supervisory Structure as per the decree is established;
- (c) the established Supervisory Structure has approved all appropriate policies and procedure as described in the preceding paragraph (apart from loan policy) ;
- (d) required staff including for management, appraisal, procurement, audit, disbursement, safeguards etc. have been hired, as per approved staffing plan;
- (e) operational manual for CSDF is adopted by the Government

The World Bank will conduct an assessment of the Fund, once established, to determine that the Bank is satisfied with its establishment. Only thereafter would the CSDF manage any World Bank financing.

Subcomponent A2: Technical Assistance to the National Government (IDA Grant USD \$0.42million) : This sub-component will finance assistance to the national government entities in undertaking reforms identified in the Municipal and Communal Services Development Strategy (MCSDS), and in the Government's emphasis on enactment of decentralization reforms in the Housing and Communal Services sector . Assistance will focus on strengthening the autonomy of local entities through:

- (a) rationalizing a rule based inter-governmental fiscal transfer system;
- (b) strengthening the own source revenue base for Local Governments through designing and passing relevant reforms;
- (c) support water supply tariff reform
- (d) support development of new energy-saving regulations

Component B: Grants and Loans for Municipal and Communal Services Investments (IDA Financing USD 25.58 million)

The component will provide financing in the form of results based grants and loans for investments for municipalities and utilities in participating cities and towns both prior and after the set-up of CSDF. It will also provide assistance to the participating cities and towns in developing feasibility studies for investments and in improving their results, as per the terms of the grant. The component will finance procurement of goods, works and consultants services.

Proposed participating cities and towns (i.e. eligible participating entities) for the World Bank financing include all those defined as ‘cities’ by TajStats in their Annual demographics report for 2013, (17 cities). However, Dushanbe, Khujand, Nurek and Rogun will be excluded based on their size. Instead, the towns of Hissar, Dangara, Vose, and Farhor will be included based on indicated Government priorities .

Eligible sectors would comprise communal and municipal services including water supply and sanitation, solid waste management, local roads, street lighting and storm water drainage. However, with regards to water supply, the project will only support the rehabilitation, improvement or minor additions/expansions of the existing networks in the participating towns and cities. In addition, any new small scale water supply networks that may draw water from an ‘international waterway’ will not be eligible for the project financing. Furthermore, cities and towns currently being funded under the on-going EBRD projects would not be eligible for financing of water supply sub-projects.

The component will include three sub-components, as described below.

Sub-Component B1: Grants and Loans to Municipalities and Utilities (IDA Financing USD \$22.5million)

Results-Based Grants for Municipalities and Utilities in targeted cities and towns: Grants will be financed both prior to and after the set up of the CSDF. Prior to CSDF set up, allocation will be determined as follows :

- (a) Results-based Grant allocation for each city and town will be determined on the basis of the following proposed interim formula: Population (40%) + Water and Sanitation and Solid Waste Management Service Coverage (60%). Refer to Allocation table in Annex 2 Project Description.
- (b) to access financing, a city/town would have to present a yearly Integrated Investment Plan (IIP) jointly agreed between the vodokanals (local service provider/utilities) and the Local Government. The IIP should be acceptable to KMK and City Administration prior to establishment of CSDF, following which all IIPs will be submitted to the CSDF and endorsed by the CSDF Supervisory Board/Committee. This criteria will be waived for a set of sub-project investments identified for retroactive financing in the cities of Farkhor and Vosse. The criteria shall be met by the cities of Farkhor, Vosse , Hissar and Sarband which have already identified priority projects for first year of project implementation by Project Effectiveness. The IIPs will identify investment priorities and sub-projects for the city/town and will also propose those sub-projects that will be financed through the grant. It is expected that the proposed sub-projects would include investments under the authority of both the vodokanal and the local government. Civil works on proposed sub-projects may not start until appropriate safeguards documents (including EMPs, RPs etc.) have been prepared.
- (c) Based on the choice of the sub-project financed by the results based grant, a series of results

will be agreed with the municipality and the utility. Once CSDF is established producing IIPs and meeting agreed results between utilities and municipalities will be the conditions for receiving future grant allocations for those cities that do not yet meet borrowing capacity criteria. A basic menu of results is expected to include (i) integrated investments; (ii) improved financial management; (ii) optimizing the efficiency of local vodokanals; (iii) improved citizenship engagement and community participation efforts (see Sub-Component B3);

Subsequent to the set-up of the CSDF, its grant financing policy will be followed; provided that this is deemed satisfactory to the Bank.

Investment sub-projects that would be implemented prior to signing of the Project legal documents and meet Bank policies and procedures will be eligible for retroactive financing of up to USD 1.0 million under this component.

Loans for Basic Municipal and Communal Services Investments: Subsequent to the CSDF establishment to the satisfaction of the World Bank, the development of a loans policy to the satisfaction of the World Bank, and an institutional assessment of the repayment capacity of eligible utilities, the project will pilot the administration of a loan window for the Fund. This is anticipated to occur in year 4-5 of project implementation. Such financing will be limited only performing local KMK subsidiaries/utilities with adequate borrowing capacity.

The actual allocations to grants versus loans is unknown at present as it would be dependent on the borrowing capacity of local governments and utilities in year 3 of the project. However, its is estimated that by year 3 of project implementation 3 utilities and 7 LGUs would be eligible to borrow an estimated USD 2.0 million amount of IDA grant/credit blend on IDA terms. Consequently, in years 1-3, USD17,5million will be allocated as IDA grants; and in year 3 the remaining amount will either be allocated as all grants or as a blend of IDA grant and loans to eligible local governments and utilities.

Sub-Component B2: Support for Sub-Project Design Development (IDA Grant 0.50million). The sub-component would provide support to the participating cities/towns and their service providers to prepare feasibility studies and develop detail designs for identified sub-projects to be financed by the results based grant.

Sub-Component B3: Institutional Strengthening Support to Cities and Towns in Achieving Results as Stipulated by the Results Based Grant (under Sub-Component B1) (IDA Grant USD \$2.30million). Assistance will be provided to the targeted cities and town to achieve results as stipulated by the Results-Based grant. As described above, expected results under each of the grants would be tailored for each participating city/town and its local government and its local utilities based on the chosen sub-project to be financed under the grant. However, there will a basic menu of the expected results, as supported by the following types of assistance:

- (a) Integrated Investments: Participating cities and towns will be assisted in preparing an integrated investment proposals for accessing the project financing;
- (b) Improved Financial Management: Participating cities and towns will receive assistance aimed to reinforce their financial management through investments in accounting and billing systems ; improvements in asset inventories/management and in strengthening internal controls and auditing;
- (c) Optimizing the Efficiency of Local Vodakanals: Participating cities and towns will receive

assistance in optimizing the efficiency of the local vodokanals including reducing in water loses through wastage, introducing more equitable application of tariff collection based on consumption, and improving billing and collection through a metering program and improved pumping efficiency/energy audits;

(d) Improved Citizens Engagement and Community Participation efforts: Selected participating towns will receive support in ensuring community engagement for management and maintenance of investments in water supply and sanitation. This will occur in partnership with the Water and Sanitation Program (WSP) and will involve both women and men of varying ages;

(e) Training and Capacity Building: Training and technical capacity building support will be provided to all utilities and municipalities to improve their capacity to implement and operate the new infrastructure that will be financed under the project.

#### Component C: Implementation Support, Monitoring and Evaluation (USD 4.03 million)

The Component will finance project management costs for the Project Management Unit and the Communal Services Development Fund (CSDF) once it is established. In particular, the component will finance:

a) operating costs of the Project Management Unit (PMU), including staff salaries both of current and planned to be hired staff, in-country travel costs, relevant social tax contributions, consumables, communications, trainings, vehicle insurance and maintenance, as well as rehabilitation of office equipment, and furniture;

b) audits including annual financial as well as carry out regular technical audits of sub-project design and implementation standards including environmental and social safeguards. It will also finance the technical audit of sub-projects financed and implemented under retroactive financing.

c) Project Management Consultant (PMC) to secure additional support in successful project implementation.

d) Surveys: In order to assess the potential success of both physical investments and pilot activities (such as provision of improved water supply connection, coupled with installation of water meters, or electronic billing and collection systems) envisioned under the project, it is quite important to perform basic public services inventory surveys among the population of targeted cities. Such surveys are aimed at identifying basic socio-economic data of the population, with a larger emphasis on assessing the current quality of public services, and households' financial affordability thresholds for receiving improved services (i.e. their willingness to pay regularly for improved services). In turn, project impacts will be assessed by means of a more broader Impact Assessment survey, conducted over the timespan of project implementation (baseline, follow-up and final impact assessments). Surveys will also be geo-located as piloted under MIDP AF. Upon establishment of the CSDF, the operating costs shall be transferred accordingly to support Fund's management.

e) Communication and public awareness campaigns (IDA Grant USD\$0.08million) in all project participating towns: Improvements in services delivery will require behavioral changes by the benefiting population, both with respect to conserving water but also habituating consumers to pay for the services they receive. The project will finance public information campaigns to raise awareness on water conservation, solid waste disposal issues, and advantages of a metering program.

Upon establishment of the CSDF to the satisfaction of the Bank the operating costs shall be transferred accordingly to support Fund's management.

The PMU of the on-going Bank funded Municipal Infrastructure Development Project Additional Financing scheduled to close on August 3, 2014 will be retained as the PMU for CSDFP. This will require an amendment of its existing Charter to include activities under CSDFP. There will be an overlap of implementation responsibilities between MIDP-AF and CSDFP that would increase the work burden on the PMU, to avoid implementation delays the PMU will need to hire an additional procurement, financial management and engineer.

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

The project will be implemented in 18 participating municipalities located both in southern, northern, eastern and central parts of Tajikistan (i.e. Sughd, Khatlon, GBAO and RRP regions), which are geographically dispersed. The list is the following: Chkalovsk, Dangara, Somonien, Gissar, Isfara, Istaravshan, Kairakkum, Kanibadam, Khorog, Kulyab, Kurgan-Tyube, Penjikent, Sarband, Taboshar, Tursunzade, Vakhdat, Vose, and Farhor.

#### **5. Environmental and Social Safeguards Specialists**

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	Indigenous Peoples as defined in OP 4.10 are not present in the project area.
Involuntary Resettlement OP/BP 4.12	Yes	Subprojects may result in involuntary resettlement impacts as detailed in OP 4.12.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	
Projects in Disputed Areas OP/BP 7.60	No	

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

<b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify</b>
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<p><b>and describe any potential large scale, significant and/or irreversible impacts:</b></p>
<p>The project will support various urban sub-projects (water supply, sanitation, domestic wastewater/sewage, drainage/storm water, solid waste management, roads &amp; terminals, community infrastructure and electrification) which might generate along with a series of environmental and social benefits also adverse environmental impacts which can be summarized as follows: (a) air pollution; (b) health &amp; safety impacts; (c) groundwater and surface water contamination; (d) changes in hydrology/drainage due to laying of water or sewage pipelines; (e) solid waste generation arising out of construction/rehabilitation of community infrastructure such as schools &amp; hospitals; etc. All these impacts will be mostly site specific and temporary by nature and can be mitigated and managed through good projects design and implementation practices. Taking this into consideration, in accordance with the Bank's safeguard policies the project is classified as Category B. The project trigger the WB OP 4.01 as it might generate some environmental and social impacts. At the same time the client proposed and the project Environmental Management Framework (EMF) specifies the in cases where sub-projects which may cause significant impacts which require a full EIA (Category A projects), such subprojects will be not financed under the project. Also the subprojects located in protected areas, critical habitats or culturally or socially sensitive areas, will be excluded from the project financing.</p>
<p><b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b></p>
<p>The expected long term impacts of the proposed activities are mostly positive and include improved water supply, sanitation, and solid waste infrastructure as well as improved health and livelihood of the local population of participating cities.</p>
<p><b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</b></p>
<p>There are no alternative project options.</p>
<p><b>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.</b></p>
<p>To address all potential environmental and social impacts the borrower has prepared an EMF which outlines: the project background/context; the EA policy and regulatory framework; description of the environmental impacts and mitigation measures of possible CSDF sub-projects; EA procedures &amp; guidelines; institutional arrangements, and requirements for EA reports consultation and disclosure. All sub-projects to be supported by the CSDF will be subject to environmental screening as per criteria laid down in the EMF. The EMF specifies in cases where sub-projects which may cause significant impacts which require a full EIA (Category A projects), such sub-projects will be not financed under the project. It is expected most of the sub-projects will fall under Category B projects, which will require a simple Environmental Impact Assessment and/or preparation of a simple Environmental Management Plan. In the case of small scale construction and/or rehabilitation activities it is proposed to be applied the EMP Checklist. It is also expected that many sub projects will have insignificant environmental impacts and will fall under Category C projects which don't require further EA activities. Although the PMU has experience with implementation of the safeguards issues for the ongoing Bank financed Municipal Infrastructure Development Project-Additional Financing, the project will provide additional EA capacity building activities.</p> <p>On involuntary resettlement, a Resettlement Policy Framework has been prepared to guide the preparation of any sub-projects that result in involuntary resettlement impacts as per OP 4.12. In addition, any sub-projects eligible for retroactive financing (under Subcomponent B1) will be</p>

screened for previous involuntary resettlement impacts. No retroactive financing will be provided for projects that had involuntary resettlement impacts, or were linked to activities that had resettlement impacts, as detailed in OP 4.12.
<b>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</b>
The key stakeholders are KMK, a central government utility agency, local municipalities, local utilities and the beneficiaries. As part of the social assessment, consultations were carried out with consumers to determine their needs and ensure that they are taken into account in project design. Periodic consultations will continue during project implementation and after project completion to determine the level of beneficiary satisfaction with the project and its impact. The EMP will be disclosed as per World Bank policies and also sent to InfoShop.
The draft RPF will be disclosed prior to appraisal and will be subject to in-country consultations

### ***B. Disclosure Requirements***

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	22-Dec-2014
Date of submission to InfoShop	23-Jan-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Tajikistan	02-Dec-2014
<i>Comments:</i>	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	09-Jan-2015
Date of submission to InfoShop	14-Jan-2015
"In country" Disclosure	
Tajikistan	13-Jan-2015
<i>Comments:</i> Disclosed online	
<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	

### ***C. Compliance Monitoring Indicators at the Corporate Level***

<b>OP/BP/GP 4.01 - Environment Assessment</b>			
Does the project require a stand-alone EA (including EMP) report?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>OP/BP 4.12 - Involuntary Resettlement</b>			



Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>OP 7.50 - Projects on International Waterways</b>			
Have the other riparians been notified of the project?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
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 [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Has the RVP approved such an exception?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>The World Bank Policy on Disclosure of Information</b>			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
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 [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>All Safeguard Policies</b>			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]

### III. APPROVALS

Task Team Leader(s):	Name: Soraya Goga, Yarissa Lyngdoh Sommer	
<b><i>Approved By</i></b>		
Practice Manager/ Manager:	Name:	Date: