



# Uzbekistan: Integrated Urban Development Project

Project Name	Integrated Urban Development Project	
Project Number	54017-001	
Country / Economy	Uzbekistan	
Project Status	Active	
Project Type / Modality of Assistance	Grant Loan	
	<b>Grant 0854-UZB: Integrated Urban Development Project</b>	
Source of Funding / Amount	High Level Technology Fund	US\$ 500,000.00
	<b>Loan 4230-UZB: Integrated Urban Development Project</b>	
	Concessional ordinary capital resources lending US\$ 59.00 million	
Operational Priorities	OP1: Addressing remaining poverty and reducing inequalities OP2: Accelerating progress in gender equality OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability OP4: Making cities more livable OP6: Strengthening governance and institutional capacity OP7: Fostering regional cooperation and integration	
Sector / Subsector	<b>Water and other urban infrastructure and services</b> / Other urban services - Urban policy, institutional and capacity development - Urban sanitation - Urban sewerage - Urban solid waste management - Urban water supply	
Gender	Effective gender mainstreaming	
Description	The proposed project will support inclusive, resilient, and sustainable urban infrastructure and services in four secondary cities (Djizzak, Havast, Khiva, and Yangiyyer) experiencing low livability and lagging growth exacerbated by the coronavirus disease (COVID-19) pandemic. It will demonstrate integrated and innovative solutions, and strengthen institutional capacity for "building back better". These measures will (i) enhance livability for residents and visitors, including persons with disabilities; (ii) support green and resilient economic recovery targeting women; (iii) accelerate digital transformation, particularly in the tourism and water sectors; and (iv) increase the quality, coverage, efficiency, and reliability of urban services. The project supports the government's national development strategy, 2022-2026, which aims to accelerate growth and reduce poverty through improved urbanization and balanced regional development.	

Sector context and trends. Since Uzbekistan became independent in 1991, urbanization has lagged, leading to significant regional imbalances. More than half of the urban population is concentrated in its easternmost regions--around the capital city of Tashkent and in the Fergana Valley, an industrial center. Although a considerable share of the urban population lives in the largest cities, the fastest population increases have been in medium-sized cities with untapped potential for generating jobs. The lifting of internal mobility restrictions in 2020 and a significant youth bulge will continue to put pressure on the internal labor market and drive migration. To absorb this growth and provide livability, secondary cities must confront challenges of urban sprawl, polluted environments, degraded infrastructure, water insecurity, and the lingering economic impact of COVID-19, particularly on the poor and women. The project will demonstrate how urban planning concepts--embodying smart, green, resilient, inclusive urbanism--and integrated solutions can improve livability and economic competitiveness in secondary cities.

Government strategy. In 2019, the government issued Presidential Decree No. 5623 to support the integrated development of cities. In 2020, the government established the Department of Urbanization Policy Development under the Ministry of Economic Development and Poverty Reduction to oversee its urban agenda. Reforms in the last three years include a new urban planning code requiring citizen participation, fiscal decentralization, and new agencies for public-private partnership, water supply, solid waste management (SWM), and cadaster. However, weak institutional capacity and coordination for strategic urban development remains a significant challenge for cities. To enhance coordination, the government appointed the Ministry of Investments and Foreign Trade (MIFT) as the focal agency to work with development partners in formulating integrated urban development projects that demonstrate international practices in sustainable urbanization for further replication.

Key issues in project cities. The three project regions of Djizzak, Sirdaryo, and Khorezm have historically ranked at the bottom nationally in terms of quality of life, economic competitiveness, and infrastructure development. Key issues facing the project cities include (i) an economic slowdown because of COVID-19 combined with a lack of economic diversity, unskilled workforce, and high unemployment, especially among women and youth; (ii) underinvestment in aging infrastructure leading to poor quality of water supply and sanitation (WSS) services with a lack of universal coverage and limited operation and maintenance (O&M); and (iii) a deficit of green, usable, and safe public spaces, especially for women and persons with disabilities. In Djizzak, high in-migration, inadequate basic services, and the poor quality of the urban environment contribute to low livability and imbalanced socioeconomic development. In Khiva, a 90% decrease in tourists because of COVID-19, a lack of visitor services, weak linkages with other "Silk Road" destinations, and disconnected tourism value chains prevent diversified, inclusive growth. In Havast, low-quality solid waste services, a lack of public spaces, and a young, unskilled workforce constrain competitiveness; and in Yangiyer, poor solid waste collection services inhibit livability.

Water supply services delivery in the project cities is constrained by intermittent supply (4-8 hours per day), low pressure, aging pipelines built 40-50 years ago, high nonrevenue water (NRW) estimated at 40%, and defective disinfection systems. These pose health risks, with a disproportionate impact on women and the poor. Sewerage and solid waste collection coverage are low in the four project cities. Sewerage coverage ranges from 13% to 37% while solid waste collection ranges from 41% to 91%, with no formalized recycling programs and limited public awareness in waste minimization. There is a need to upgrade Soviet-era infrastructure with modern solutions to improve efficiency, O&M, asset management, and to support water, sanitation, hygiene, and health (WASH+H) measures in communities to reduce the spread of infectious diseases such as COVID-19.

Institutional issues. A legacy of centralized governance left city hokimiyats (local governments) with technical, organizational, and financial capacity constraints, inhibiting their ability to effectively manage, plan, invest, and deliver services in an integrated manner. Utility operators operate with low efficiency, weak O&M, low revenues, outdated technology, poor financial and asset management, weak customer service, and limited knowledge of modern solutions and best practices. There is a need to professionalize their capacities in strategic planning and budgeting, operational efficiency, O&M, municipal finance, citizen participation (particularly women), high-level technology, and private sector cooperation, to ensure high-quality, responsive, and sustainable urban services delivery.

Climate change risks. Average temperatures are expected to increase by 2

C-3

C in the next 50 years in Uzbekistan. The project areas are vulnerable to more extreme and frequent heat waves particularly in the western provinces. Water scarcity is a significant risk linked to climate change that is expected to worsen and severely affect the country's urban water supplies. There is a need to improve the efficiency of water supply systems, expand water-saving technologies, and support green spaces to counteract the heat-island effect in urban areas.

Lessons. This is the first integrated urban development project of the Asian Development Bank (ADB) in Uzbekistan, as past projects focused separately on water supply, sanitation, or SWM. Key lessons from sector and country operations include (i) aligning with the government's reform agenda; (ii) supporting sustainability measures, including O&M and revenues; (iii) ensuring local participation; (iv) improving project readiness to avoid start-up delays; and (v) providing technical assistance (TA) for institutional support throughout the project period.

Development partner coordination. ADB is closely coordinating with other partners in the urban sector, including the World Bank, the Asian Infrastructure Investment Bank, the European Bank for Reconstruction and Development, and the Islamic Development Bank. The World Bank's ongoing Medium-Size Cities Integrated Urban Development Project supports strategic city investments and provides institutional support at the national level.

Strategic relevance. The project is aligned with (i) the national development strategy, 2022-2026; (ii) updated national climate change strategies; (iii) ADB's country partnership strategy for Uzbekistan, 2019-2023; (iii) the Central Asia Regional Economic Cooperation (CAREC) Tourism Strategy 2030; and (iv) the following operational priorities (OPs) of ADB's Strategy 2030: OP1--addressing remaining poverty and reducing inequalities; OP2--accelerating progress in gender equality; OP3--tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; OP4--making cities more livable; OP6--strengthening governance and institutional capacity; and OP7--fostering regional cooperation and integration. The project is aligned with the overall goals of the Paris Agreement, through improved SWM to reduce greenhouse gas emissions, improved water management to enhance water security, and greening of urban areas to adapt to more intense heatwaves.

Description of Outcome Access to inclusive, resilient, and sustainable urban services in secondary cities enhanced.

Progress Toward Outcome

### Implementation Progress

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Description of Project Outputs Inclusive municipal and tourist infrastructure and services provided.  
Climate-resilient drinking water, sanitation, and solid waste services enhanced with smart systems.  
Urban governance, institutional capacity, and livelihood support strengthened.

Status of Implementation Progress (Outputs, Activities, and Issues) Following project effectiveness in Q4 2023, two packages have been awarded and the project implementation unit established in Q1 2024.  
Mobilization of contractors expected within Q2 2024.

Geographical Location Havas, Jizzakh, Khiva, Yangiyer

### Safeguard Categories

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Environment B

Involuntary Resettlement B

Indigenous Peoples C

### Summary of Environmental and Social Aspects

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Environmental Aspects A few potential adverse impacts were identified. Impacts anticipated during construction include impediments to movements of people (due to transportation of materials and equipment and construction works themselves), soil erosion, noise, dust, water pollution, occupational health and safety risk (including the risk from handling of asbestos containing materials and risk of COVID-19), and social conflicts between local people and workers from other regions, if any. Impacts during operation include waste generation and occupational and community health and safety risk. Especially for SWM component, nuisance to areas neighboring waste collection points and impacts associated with transport of wastes to the disposal site are also anticipated during operation. They will be addressed through implementation of the Environmental Management Plans (EMPs). Upon effective implementation of the mitigation measures, it is anticipated that no significant residual adverse impacts will occur. MIFT-PIU will have the right to suspend works or payments if any contractor is in violation of any of its obligations under the EMPs and the IEEs. Urban development component in Khiva (improvement of Polvon Canal Area and construction of new tourist visitor center) will be implemented close to the historical area, but outside of buffer zone of Dishan Kala. The proposed works are not anticipated to negatively impact on heritage sites while chance find procedure will be applied in case physical cultural resources are identified during the construction phase. No other civil works will be carried out in environmentally sensitive areas. If there are any unanticipated impacts, the relevant IEE/EMP will be updated to account for any additional or new environmental impacts and relevant corrective actions

Involuntary Resettlement	During the project preparation stage, involuntary resettlement impacts are expected only from the rehabilitation of 12.5 km of water conduit in the Modernizing and improving bulk water supply and operational efficiency for Djizzak. In total, approximately 60 affected households with 383 household members will experience economic displacement due to the subproject. It will cause temporary impacts on approximately 9.17 hectares (ha) of land. It will also cause crops loss in 2.61 ha of agricultural land, loss of approximately 4,476 of trees, loss of one privately owned structure, and loss of one business activity. No severely affected households are identified
Indigenous Peoples	There are no indigenous people in the settlements along the project sites. About 97% of the affected persons are Uzbeks. Other ethnic groups are Tajiks and Russians and they have all been mainstreamed in the Uzbekistan culture and do not have characteristics that may be categorized as IP as defined in ADB SPS.

### **Stakeholder Communication, Participation, and Consultation**

During Project Design	Public support and sustainability of the improved livability in the four cities required increased public awareness of the benefits of these investments to their well-being, particularly that of women, and better understanding of proper system uses. Water, sanitation, hygiene, and health (WASH+H) measures in communities were introduced through awareness campaigns. Transparency during project implementation will lead to improved project quality and provide an effective mechanism for receiving and addressing public feedback.
During Project Implementation	Regional coordinators and field offices in the three key areas have been established. Water, sanitation, hygiene, and health (WASH+H) measures in communities were introduced through awareness campaigns. A Urban Governance and Institutional Strengthening Consultant (UGISC) firm will also be hired. Part of the mandate of the coordinators and UGISC is designing and carrying out various awareness campaigns related to the sectors of intervention in all four project cities.
Responsible ADB Officer	Naik Singru, Ramola
Responsible ADB Department	Sectors Group
Responsible ADB Division	Water and Urban Development Sector Office (SG-WUD)
Executing Agencies	<i>Ministry of Investments and Foreign Trade (MIFT)</i>

### **Timetable**

Concept Clearance	14 Jun 2021
Fact Finding	14 Feb 2022 to 25 Feb 2022
MRM	28 Jun 2022
Approval	17 Oct 2022
Last Review Mission	-
Last PDS Update	28 Mar 2024

## Grant 0854-UZB

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Oct 2022	28 Apr 2023	24 Oct 2023	31 Dec 2025	-	-

### Financing Plan

### Grant Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	0.50	Cumulative Contract Awards			
ADB	0.00	08 Apr 2024	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.50	08 Apr 2024	0.00	0.00	0%

## Loan 4230-UZB

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Oct 2022	28 Apr 2023	24 Oct 2023	31 May 2028	-	-

### Financing Plan

### Loan Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	67.65	Cumulative Contract Awards			
ADB	59.00	08 Apr 2024	12.38	0.00	21%
Counterpart	8.65	Cumulative Disbursements			
Cofinancing	0.00	08 Apr 2024	0.31	0.00	1%

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