# Uzbekistan: Second Tashkent Province Water Supply Development Project

<table>
<thead>
<tr>
<th>Project Name</th>
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<tr>
<td>Project Number</td>
<td>51240-001</td>
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<tr>
<td>Country</td>
<td>Uzbekistan</td>
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<tr>
<td>Project Status</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
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<td>Source of Funding / Amount</td>
<td>Loan 3782-UZB: Second Tashkent Province Water Supply Development Project concesional ordinary capital resources lending / Asian Development Fund</td>
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**Strategic Agendas**
- Environmentally sustainable growth
- Inclusive economic growth

**Drivers of Change**
- Governance and capacity development
- Knowledge solutions
- Partnerships
- Private sector development

**Sector / Subsector**
- Water and other urban infrastructure and services
  - Other urban services
  - Urban sanitation
  - Urban water supply

**Gender Equity and Mainstreaming**
- Effective gender mainstreaming

**Description**
The project will support the Government of Uzbekistan in the rehabilitation and expansion of a regional water supply system located in the Yangiyul and Chinaz districts of Tashkent province. Responding directly to the water supply shortage of the population in the project area, it will improve water supply and sanitation services, pilot the decentralized wastewater disposal systems, and strengthen institutional capacity in the province's water supply and wastewater utility. The project is listed in the Asian Development Bank (ADB) country operations business plan for Uzbekistan, 2019 2021.
Living standards, health and economy in Tashkent province improved.

Opportunities and constraints. Uzbekistan is one of Central Asia's fastest-growing economies. The nation's primary economic driver is Tashkent province, the largest urban agglomeration and most economically advanced region. The province is endowed with natural resources and vibrant industries and generates almost 25% of the nation's gross domestic product. Instrumental to the province's future growth is the continued development of its southwestern economic corridor, which extends along primary road and rail arteries that link Tashkent city with towns and cities to the southwest. The project's two contiguous districts of Yangiyul and Chinaz, located 20-60 kilometers (km) to the southwest of Tashkent city, are integral to the province's future development through this corridor.

Despite its strong economic growth potential, the province suffers from pervasive urban service limitations, primarily in water supply and sanitation (WSS). Much of its Soviet-era WSS infrastructure has deteriorated, resulting in unreliable services, high leakages and non-revenue water, and elevated pollution risks. Over time, many WSS utilities became almost bankrupt, with obsolete and non-functional assets, unsustainable modes of operation, and limited capacity to attract investment.

Reform initiatives. Historically, sector deficiencies included a fragmented regulatory framework, limited sector planning, acute funding constraints, ineffective regulatory compliance, and a virtually absent private sector. With ADB assistance, the government has responded by reorganizing WSS sector institutions, and implementing sector-wide management, financial, and cost recovery reforms. Since 2000, ADB has provided over $500 million of funding for improving water and sanitation services. Commencing in 2015, and driven by the Decree of the Cabinet of Ministers 306, the first reform phase focused on consolidating regulatory reforms and institutional consolidation, including the reorganization of provincial WSS utilities, known as suvokovas (state unitary enterprises), and the absorption of individual city and district water companies into them. Suvokovas are implementing extensive time-bound corporate governance enhancements to strengthen utility capacity. A second reform phase, initiated in 2017, is overhauling the wider WSS institutional framework. A new ministry, the Ministry of Housing and Communal Services (MHCS) was established in 2017, and is responsible for WSS sector policy formulation, coordination, and implementation. MHCS manages government policy and coordination for WSS and other communal services. The Communal Services Agency (CSA) reports to the MHCS and is responsible for WSS sector policy formulation, coordination, and implementation. MHCS manages government policy and coordination for WSS and other communal services. The Communal Services Agency (CSA) reports to the MHCS and supervises ADB-funded and other externally-funded projects. Other national agencies have also been instituted during this phase. A third reform phase is envisaged to create an enabling environment for public private partnership (PPP) arrangements in the sector.

These reforms are yielding substantial improvements in Tashkent province through the operationalization and capacity strengthening of the Tashkent Provincial Suvokova (TPS), which is responsible for all provincial WSS services. Since its reorganization in 2016, the TPS has implemented key reforms such as, completed district branch inventories, consolidated smaller water supply systems, strengthened public accountability, modernized management systems, expanded its consumer base, increased tariffs, and recruited personnel. The ADB-funded first Tashkent Province Water Supply Development Project (TPWSDP) is assisting the TPS to (i) revitalize the water supply systems of Kibray and Zangiota districts, located to the northeast of and contiguous with Yangiyul and Chinaz districts; and (ii) improve the TPS's financial and operational management. Under close supervision and monitoring of CSA, its financial performance continues to improve as the project progresses. In recent years, the World Bank, the Islamic Development Bank, Arab Coordination Group, Swiss State Secretariat for Economic Affairs, and Swiss AGENCY for Development and Cooperation have also been working in the WSS sector in other regions of Uzbekistan. Priority needs. There are two priority WSS sector needs in Tashkent province: (i) expanding the network of Yangiyul and Chinaz districts; and (ii) providing additional capacity support to further strengthen the TPS to improve efficient management and to adopt innovative technologies.

Water supply improvements in these two districts are critical because only about 20% of inhabitants in the proposed project area currently receive municipal water supplies, while the 80% unserved are forced to purchase expensive trucked water, or to obtain unsafe water from wells and irrigation canals. Water scarcity causes public health risks and constrains economic growth. Institutional constraints primarily relate to capacity limitations in corporate management, financial and asset management, and WSS system operations. Currently, only major cities and urban centers in Tashkent Province have centralized wastewater systems. The project supports the government in rural sanitation development by introducing a pilot program for decentralized wastewater systems.

Proposed project. Complementing the first project (footnote 8), the project will rehabilitate and expand the VU-1 regional water supply system, delivering some 200,000 cubic meters per day to 220,000 inhabitants of the project area. In addition, the project will extend capacity support to further increase TPS efficiency and sustainability. It will do so by incorporating (i) a corporate development and capacity building program, targeting improvements in asset and financial management, operation and maintenance (O&M), procurement, public accountability, internal auditing, and human resource management; (ii) a sanitation and hygiene improvement program; and (iii) strengthening of geographic information system (GIS) and hydraulic modeling capabilities. It will include a sanitation component and pilot PPP initiatives such as private sector contracting of the O&M of water distribution networks and facilities, and retail distribution of water supplies, including customer service, in selected settlements. The project is consistent with ADB's Water Operational Plan, 2011-2020 and Urban Operational Plan 2012-2020; supports WSS sector government decrees (footnote 5 and 7); and aligns with previous and ongoing ADB-assisted sector projects contributing to key operational priorities under ADB's Strategy 2030.

Lessons incorporated in the project design from previous ADB sector experience include (i) extending the project implementation schedule to accommodate recently adopted government approval procedures; (ii) securing timely counterpart support by engaging government agencies at an early stage of project preparation; (iii) adding adequate price contingencies in response to the 2017 currency devaluation and potential high inflation; and (iv) mitigating suvokova capacity constraints by providing training on financial management, O&M, and customer service support. Value added by ADB assistance. The following features provide ADB value addition:

(i) Project design and innovation. The ADB intervention initiated smart technology features, such as installing a supervisory control and data acquisition, and a geographic information system (GIS) for network management; and (ii) meters for improved billing and increased water revenue.

(ii) Public-private initiative. The project will include a pilot PPP initiative pursuing the private sector contracting of O&M of water supply facilities in selected settlements.

(iii) Climate change resilience. The proposed metering, prioritization of climate-resilient materials, adoption of advanced technologies, and a public awareness program will significantly improve urban water resilience. The project will enable an overall decrease in energy consumption and carbon dioxide emissions through the replacement of old pipes and pumps contributing to climate change mitigation.

Impact
Living standards, health and economy in Tashkent province improved.

Project Rationale and Linkage to Country/Regional Strategy

Project Description
Access to reliable, sustainable, and affordable water supply services in Chinoz, Yangiyul districts of Tashkent province improved and expanded.

Progress Toward Outcome

Implementation Progress

Description of Project Outputs
Vu-1 regional water supply system improved. Institutional capacity strengthened.

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location
Chinoz, Yangiyul

Safeguard Categories

Environment
B

Indwontaneous Resettlement
B

Indigenous Peoples
C

Summary of Environmental and Social Aspects

Environmental Aspects
Project impacts are expected to be limited in magnitude and of short-duration, mostly related to the construction and rehabilitation of the groundwater wellfield, distribution centers, transmission trunks and distribution networks. These impacts include the generation of dust, noise, hazardous solid wastes, labor and public safety, temporary access blockages, traffic disturbances, and construction material production and transportation. Mitigation measures to address construction and operational impacts are in the environmental management plan (EMP) that forms part of the initial environmental examination (IEE). The IEE has been disclosed on the ADB website on 30 August 2018. Six meetings of public consultation were conducted in the project districts.
Involuntary Resettlement

The project will require the permanent acquisition of 4 hectare (ha) of land, 3.3 ha of which is arable/crop cultivation land, and 0.7 ha which is orchard/garden land. Similarly, 22.6 ha of land is likely to be impacted temporarily due to the construction of transmission mains/trunk lines, of which 20.66 ha is arable/crop cultivation land and 1.94 ha is classified as orchard/garden land. The census carried out during project preparation identified approximately 68 affected households nine with permanent impact and 59 with temporary impact. Out of the 68 affected households, 1 household (12 members) will experience severe impact on their livelihood due to loss of 16% of productive assets, and 5 households were found to belong to vulnerable groups.

Indigenous Peoples

There are no indigenous peoples, as defined in ADB’s SPS 2009, in the project area.

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services

To support project readiness and facilitate timely implementation, advance contracting will be considered for certain preliminary, eligible expenditures, potentially including the recruitment of design engineering and project implementation support consultants. Advertisement of the latter will precede the ADB quality assurance meeting, wherever possible.

Procurement

Procurement activities will include civil works, equipment, and consulting service contracts. Procurement (including consulting services) to be financed by ADB will follow ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

Responsible ADB Officer

Kim, Jung Ho

Responsible ADB Department

Central and West Asia Department

Responsible ADB Division

Urban Development and Water Division, CWRD

Executing Agencies

Agency “Kommunhizmat” (CSA) formerly Uzbekistan Communal Services Agency "Uzkomkommhizmat"

KOMMUNHIZMAT@GMAIL.COM

1, Niyozbek Yuli Str.

Tashkent 100035

Republic of Uzbekistan

Tashkent Province State Unitary Enterprise "Suvokova"

TASHVILSUVOVAOAQ@MAIL.RU

1, U. Yusupov Str., Kibray Settlement, Kibray District

Loan 3782-UZB

Milestones

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<td>16 Apr 2019</td>
<td>04 May 2019</td>
<td>30 Aug 2019</td>
<td>30 Sep 2025</td>
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Financing Plan

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Project Page

https://www.adb.org/projects/51240-001/main

Request for Information

http://www.adb.org/forms/request-information-form?subject=51240-001

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