



### Project Summary Information

Date of Document Preparation: August 07, 2024	
<b>Project Name</b>	<b>Karakalpakstan and Khorezm Water Supply and Sanitation Project</b>
<b>Project Number</b>	PD000350-UZB
<b>AIIB member</b>	Republic of Uzbekistan
<b>Sector/Subsector</b>	Water and Waste / Water Supply, Sewage
<b>Status of Financing</b>	Under Preparation
<b>Project Description</b>	<p><b>Component 1 - Investment in Water Supply Infrastructure:</b> Construction and rehabilitation of well fields and intakes, main water lines, water treatment facilities, pumping stations and distribution networks including house connections. This component includes investments in the rehabilitation and/or extension of water supply systems in six districts in the Republic of Karakalpakstan including its capital city Nukus as well as in four districts in Khorezm region.</p> <p><b>Component 2 - Investment in Sewage Infrastructure:</b> Construction of centralized sewage systems in ten district centers in the Republic of Karakalpakstan and seven district centers in Khorezm region consisting of collectors, pumping stations, new construction of sewerage systems and sewage treatment plants as well as discharge and water reuse facilities.</p> <p><b>Component 3 - Capacity Building:</b> Activities to strengthen the capacity of the Regional Water Companies (RWCs) as effective, client-oriented and climate-resilient service providers will complement the infrastructure investments, increasing the financial performance, service quality and sustainability of operations. Activities were identified based on a capacity gap assessment conducted as part of the Feasibility Study in support to the implementation of the national water sector targets to deliver results in line with Presidential Decree #158 dd: 11.09.2023 on Uzbekistan Strategy 2030. Under the component, activities under four impact areas are prioritized: 1) effective service provision, 2) sustainability of operations, 3) climate resilience and energy efficiency, and 4) gender mainstreaming. Technology-enabled solutions will be applied across the impact areas to increase the efficiency of RWC's business practices in terms of strategic planning, technical operations and client management. Identified quick-win actions are expected to achieve early impacts in reducing non-revenue water, while strategic Capacity Building support will strengthen business practices in the four impact areas in the mid-term.</p>

	<b>Component 4 - Project Implementation and Management Support:</b> Project management and implementation support to assist the Project Implementing Entity (PIE) in ensuring seamless coordination, efficient implementation and compliance with the relevant policies.
<b>Objective</b>	The Project Objective is to provide access to safely managed water and sanitation services, and to strengthen the capacity of the RWCs in the Republic of Karakalpakstan and Khorezm region as effective, client-oriented and climate-resilient service providers.
<b>Expected Results</b>	<p><b>Expected Beneficiaries:</b> The Project is expected to benefit about 2.50 million people (1.6 million in the Republic of Karakalpakstan and 0.9 million in Khorezm):</p> <ul style="list-style-type: none"> <li>• 420,000 people with a new piped water supply connection and 980,000 people with improved water supply service in Karakalpakstan, and 185,000 people with new connections to water system and 640,000 people with improved service quality in Khorezm.</li> <li>• 171,000 people with a new access to safely managed sanitation services and 12,400 people with improved service in Karakalpakstan and 81,000 new connections to wastewater system in Khorezm and 12,000 people with improved service quality.</li> </ul> <p><b>Expected Results</b> will be monitored through the following outcome indicators:</p> <ul style="list-style-type: none"> <li>• Number of people provided with access to safely managed water sources in target areas;</li> <li>• Number of people provided with access to safely managed sanitation services through connection to sewerage network in target areas;</li> <li>• The RWCs in Karakalpakstan and Khorezm operating the respective WSS infrastructure in a sustainable manner (Operating Cost Recovery Ratio &gt; 1).</li> <li>• RWCs having adopted a strategy with Key Performance Indicators (KPI) to become effective, client-oriented, and climate-resilient service providers (disaggregated by region).</li> </ul>
<b>Environmental and Social (E&amp;S) Category</b>	Category A

<b>Environmental and Social Information</b>	<p><b>Applicable Policy and Categorization:</b> AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs), and Environmental and Social Exclusion List (ESEL), is applicable to the project. ESS1 – Environmental and Social Assessment and Management and ESS2 – Land Acquisition and Involuntary Resettlement are applicable. ESS3 on Indigenous Peoples (IPs) is not relevant as there are no presence of IPs in, collective attachment to, the proposed area of the Project as they are defined in the standard. The Project has been assigned Category “A,” in accordance with AIIB's ESP due to the construction activities including sewage treatment plants which are spread over a vast geographical area of Karakalpakstan and Khorezm. Such construction activities may have substantial environmental impacts which may be difficult to supervise due to remoteness of the region.</p> <p><b>Environmental and Social Instruments.</b> In accordance with ESP, the Project follows a framework approach as not all investment subprojects have been identified in sufficient detail, and site-specific detailed design works will be completed within the first two years of the project. Accordingly, the Uzsvta'minot Joint Stock Company (UzWJSC) has prepared, consulted on, and disclosed the following draft environmental and social (ES) instruments for each region during project preparation: (1) Environmental and Social Management Planning Framework (ESMPF) including Resettlement Planning Framework (RPF) and (2) Stakeholder Engagement Plan (SEP). These instruments cover the activities to be implemented by the UzWJSC. The final revised ES instruments will be reviewed by AIIB, and approved drafts will be consulted on and re-disclosed timely but at least before the Project Effective Date. The ESMPF includes (1) rules and procedures for environmental and social screening of project activities and subprojects to be supported under the Project; (2) guidance on the implementation of the ES impact assessment (ESIA) of subprojects and/or the preparation of an ESMP (or checklist for ESMP) with monitoring plans; (3) generic mitigation measures for the potential impacts of the proposed activities to be supported by the Project; (4) guidance on assessing cumulative impacts of subprojects; (5) requirements for screening and monitoring of ESIA/ESMP implementation, implementation mechanisms; and (6) review of the capacity of PIU for risk management related to the project ES issues, and related capacity-building activities. For the activities that will be designed and executed during Project implementation, site-specific ES instruments will be prepared, disclosed, and consulted on with relevant stakeholders, and approved by AIIB before issuance of corresponding bidding documents. The Borrower will ensure that the ESMPs for project activities are incorporated into the contractual agreement with the contractors and translated to site specific ESMPs.</p> <p><b>Environmental Aspect.</b> The Project is expected to generate benefits in the Republic of Karakalpakstan and Khorezm region by increasing the efficiency of water use and improving quality of drinking water. The feasibility studies</p>
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recommend the use of tertiary treatment facilities for sewage treatment plans representing international best practice to improve the quality treated wastewater, making it suitable for reuse in irrigation to reduce the pressure on the water resources. The Project will cause temporary adverse environmental impacts during construction and operations. These impacts may include damage to vegetation, generation of solid wastes including hazardous wastes such as asbestos, noise, dust, air pollution, wastewater, impacts on cultural heritage, disturbance to community and traffic, damage to public utilities, influx of labor, civil works and operation and maintenance. Mitigation measures to address these adverse impacts are included in the ESMPFs and will be specified in site-specific ESMPs.

**Social and Gender Aspect.** ESS2 is considered to be relevant due to the potential investments under Components 1 and 2 which may require additional land and necessitate some temporary and/or permanent physical and economic displacement due to works to improve water and sanitation access. The nature and extent of interventions and the impacts thereof are currently unknown and will become clearer when all investment subprojects are identified and site-specific detailed designs will be completed. Therefore, an RPF was prepared, consulted upon, and disclosed. The RPF establishes how site-specific Resettlement Plans (RPs) will be prepared, disclosed, and implemented. All subprojects requiring land acquisition and involuntary resettlement will ensure that the RP(s) are prepared and fully implemented prior to the commencement of civil works. In addition, the Gender Action Plans (GAPs) have been prepared and the project design includes actions to promote gender inclusion, covering improved water supply and sewerage system, sanitation awareness and hygiene promotion activities, capacity building, inclusive engagement during project implementation, and improved employment opportunity. The GAPs include performance targets, measurable indicators, and timelines. The GAP actions will be implemented and monitored and regularly reported to the Project Coordination Unit (PCU) and AIIB.

**Occupational Health and Safety (OHS), Labor and Employment Conditions.** The generic ESMP will include measures to address OHS issues during both construction and operation phases of the Project. The ESMPFs will also include an Asbestos Management Plan, which will be included in the ESMP for rehabilitation activities involving asbestos and be followed by the workers of the contractors. In particular, the ESIA for site-specific activities like sewerage pipelines and sewage treatment plants will assess the OHS risks during the O&M, review the JSC Uzsuvtaminot's policy related to OHS and establish mechanisms for addressing OHS aspects. The site-specific ESMPs will include physical accessibility measures to avoid and limit adverse risks and impacts on project-affected people (PAPs) with restricted mobility during civil works. The site-specific ESMPs will also include Construction Camp Management Plans, if

	<p>applicable, to address the potential impacts of labor influx. In addition, a Code of Conduct for workers will be incorporated into the bidding documents and the contracts with the contractors.</p> <p><b>Stakeholder Engagement, Information Disclosure and Monitoring Arrangement.</b> The SEPs were prepared for the Republic of Karakalpakstan and Khorezm region, providing approaches towards engaging with the affected and interested stakeholders throughout the Project’s life. The SEPs also set out procedures and requirements for stakeholder engagement, public consultation, and information disclosure at site-specific level during the implementation of this Project. The draft ESMPF and SEP documents and executive summary in Uzbek and English language are disclosed on the website of UzWJSC and AIIB. Consultations will be held for the draft ESMPFs with the participation of representatives from the beneficiaries, women’s and youth organizations, relevant Government agencies and other stakeholders. The ESMPFs will be updated to incorporate the stakeholders’ feedback received during the consultations and final drafts will be timely disclosed on the same websites. In addition, during the project implementation, the PCU will prepare semi-annual ES monitoring reports for the Bank’s review. The Bank’s ES Specialists will carry out regular field-based ES monitoring missions as part of the project implementation supervision mission.</p> <p><b>Project Grievance Redress Mechanism (GRM).</b> A project level GRM will be established in accordance with the requirements of AIIB’s ESP. The PCU will establish an accessible GRM that shall ensure relevant ES instruments and multi-layer arrangements for grievance resolution and appeals process. The PCU will have a dedicated team on the site for each project region that will be responsible for the project implementation including the implementation of GRM. The main objective of the project GRM is to ensure a timely, impartial, and free-of-cost solution to complaints received by the PAPs. Locally appropriate public consultation and disclosure processes will be used to disseminate information about the Project GRM. The information on the GRM and Bank’s Project-affected Peoples Mechanism (PPM) is included in the SEP and other ES documents and disseminated to the PAPs. A separate GRM will be established to address workplace complaints and concerns.</p>								
<p><b>Cost and Financing Plan</b></p>	<p><u>Financing Plan:</u></p> <table data-bbox="562 1238 1285 1390"> <tr> <td>Project cost:</td> <td>USD 477.1 million</td> </tr> <tr> <td>AIIB loan:</td> <td>USD 411.6 million (86%)</td> </tr> <tr> <td>GoUz:</td> <td>USD 57.0 million (12%)</td> </tr> <tr> <td>SECO grant</td> <td>USD 8.5 million (2%)</td> </tr> </table>	Project cost:	USD 477.1 million	AIIB loan:	USD 411.6 million (86%)	GoUz:	USD 57.0 million (12%)	SECO grant	USD 8.5 million (2%)
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<b>Borrower</b>	Republic of Uzbekistan
<b>Implementing Entity</b>	JSC Uzsuvtaminot
<b>Estimated date of loan closing (SBF)</b>	January 31, 2030

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<b>Date of Concept Decision</b>	June 9, 2020		
<b>Date of Appraisal Decision</b>	April 26, 2024		
<b>Estimated Date of Financing Approval</b>	November 2024		

<b>Independent Accountability Mechanism</b>	AIIB's Policy on the Project-affected Peoples Mechanism (PPM) applies to this Project. The PPM has been established by the Bank to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of the AIIB Management's processes. For information on how to make submission to the PPM, please visit: <a href="https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html">https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</a>
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