



Project Summary Information

Date of Document Preparation/Updating: 08/17/26	
Project Name	Urban Infrastructure Development Project
Project Number	P000837
AIIB member	Cambodia
Sector/Subsector	Urban
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under Preparation
Objective	The Project objective is to improve access to climate resilient sanitation services in the selected secondary cities of Cambodia.
Project Description	Cambodia's urban population is projected to reach one-third of the total by 2030. While the capital city of Phnom Penh remains the country's primary urban center, secondary cities face growing demand for basic urban services such as water supply, sanitation, and drainage. Municipal investment has not kept pace with this shift, leaving these cities with limited access to climate and disaster-resilient urban infrastructure. This is particularly critical given Cambodia's exposure to intense seasonal flooding compounded by inadequate drainage capacity. The Government of Cambodia has set a goal of achieving universal and equitable access to safe and affordable drinking water by 2030 and is prioritizing investment in public water utilities to expand treatment capacity and pipe networks. However, less than 60% of the urban population currently has access to piped water, and less than 40% has access to improved sanitation. The project will address these challenges by investing in climate-resilient sanitation and drainage systems across four secondary cities: Kampong Chhang, Kampong Cham, Don Kaev and Prey Veng, located in the vicinity of Phnom Penh. The Project has the following components: <u>Component 1: Drainage and Wastewater Management in 3 secondary cities.</u> This component will support construction of climate-resilient sewerage, wastewater treatment plant (WWTP), priority stormwater drainage, and paved flood control dyke roads in three secondary cities: Kampong Chhnang, Don Kaev, and Prey Veng.

	<u>Component 2: Drainage and Wastewater Management in Kampong Cham.</u> This component will support construction of sewerage network, wastewater treatment facilities, priority stormwater drainage, and paved flood control dyke roads in Kampong Cham. It is proposed to be co-financed by the Abu Dhabi Fund for Development (ADFD). <u>Component 3: Project Management.</u> This component will support the project management during the implementation, including training and capacity-building activities for national, provincial, and local government entities to strengthen their capacity to support project implementation.
Expected Results	The Project is expected to provide improved access to sewage and sanitation services; reduced pollution from untreated wastewater discharge; and reduced flood-related damage to infrastructure and property in project areas.
Environmental and Social Category	B
Environmental and Social Information	Applicable Policy and Categorization. AIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), will apply to this Project, including the proposed co-financed activities under Component 2. ESS 1 (Environmental and Social Assessment and Management) is applicable to the assessment of environmental and social (ES) impacts of Project activities. ESS 2 (Involuntary Resettlement) is triggered as works related to wastewater pipe networks and facilities and paved flood control dyke roads could affect private property, assets, and livelihoods of informal street vendors operating on sidewalks, and potential for economic displacement of farmers or sharecroppers if present. ESS 3 is not triggered as there are no Indigenous Peoples in the Project areas. The Project has been preliminarily categorized as Category B. Environmental and Social Instruments. The Project will finance a series of subprojects that will be implemented over a 5–6 year time horizon. An Environmental and Social Management Planning Framework (ESMPF), Resettlement Policy Framework (RPF), Stakeholder Engagement Plan (SEP) and a gender assessment and Gender Action Plan (GAP) will be the primary ES Instruments. Each subproject will have a site specific Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) depending on the scale, nature and location of each subproject and the consequent potential risks and impacts. These will be supplemented with Resettlement Action Plans (RAP) under the RPF where needed. Depending on the ESIA findings, additional instruments may be required, such as Biodiversity Actions Plans (BAPs) in case of any Critical Habitat. Environmental Aspects. Key environmental risks of WWTP are from the management of sludge waste, emissions of odor and noise and, during construction, from release of sediments and accidental pollutant releases from outfall works. There is also potential for impacts on aquatic receptors including critical habitat trigger species, if present, and loss of habitat within the project footprint. If impacts on critical habitats are possible a Biodiversity Action Plan (BAP) to achieve net gain will be prepared and implemented. The flood-control dyke roads will be located on riverbanks and have the potential to significantly

impact riverine habitats and species, and result in changes to river geomorphology, sediment deposition and river flood profiles. Increased sediment loading of rivers during construction work will be a significant risk given the proximal location of dykes and measures to prevent releases will be set out in an erosion and sediment control management plan. The installation of new sewerage pipelines within existing roads is expected to have minimal environmental risks.

Social and Gender Aspects. Key social risks include minor land acquisition and involuntary resettlement, resulting in potential economic displacement of land users, residents, businesses, and street vendors, temporary disruption and disturbance to local residents from construction related activities. Although proposed WWTP sites are owned by local provincial authorities, land ownership due diligence and stakeholder acceptance will be critical during appraisal. Construction may also cause traffic, access, utility, flooding, community health and safety impacts, including labor influx, sexual exploitation, abuse and harassment (SEAH), and gender-based violence (GBV) risks. ES due diligence will assess potential social risks and impacts, including associated facilities (i.e. access roads, directly linked facilities).

Occupational Health and Safety (OHS), Labor and Employment Conditions. The Project will comply with Cambodia's labor laws and AIIB's ESP, with careful management of OHS risks across all subprojects. Key risks include construction traffic accidents, WWTP-related odors, noise, and air and water pollution; and construction and operational hazards such as excavation, confined spaces, work at height, hazardous atmospheres, and work near water. Attention will be given to vulnerable workers to ensure that labor and working conditions remain compliant with applicable legal and regulatory requirements. These risks will be managed through contractor, operations and maintenance OHS and labor management plans, with site-specific worker grievance mechanisms established for each construction site.

Stakeholder Engagement, Consultation and Information Disclosure. Stakeholder engagement will be undertaken during preparation of ES documentation. The SEP under preparation will identify project stakeholders, including Project beneficiaries, potentially affected persons, and vulnerable groups. The SEP will assess interests and concerns and set out inclusive engagement strategy during project preparation and implementation. The SEP will guide information disclosure and establish consultation mechanisms throughout project lifecycle. Draft ES instruments will be disclosed in English, with executive summaries in Khmer, as appropriate, on Borrower's and AIIB's websites and through locally accessible channels in accordance with AIIB's ESP.

Project Grievance Redress Mechanism (GRM). The Project will establish and maintain a GRM to receive, register, assess, and resolve concerns and complaints from project-affected people and other stakeholders in a timely and transparent manner. Separate channels will be available for project workers through a worker grievance mechanism. Specific GRM for resettlement will be established according to Cambodian requirements for management of grievances related to land

	acquisition and resettlement. Information on the GRM and AIIB's Project-affected People's Mechanism (PPM) will be disclosed during consultations and through project information materials. Monitoring and Reporting Arrangements. The PMU will be responsible for the overall coordination of Project monitoring. The Project Management/Project Supervision Consultants recruited to support the PMU will also support monitoring and oversight. The PMU will monitor the implementation progress and track the results indicators following agreed baseline, methodology and frequency including the management of ES risks and impacts. AIIB will conduct periodic field monitoring mission to supervise the implementation of ES instruments. Further details will be determined during Project preparation and ESDD.			
Cost and Financing Plan	AIIB: USD230 million ADFD: USD20 million Government of Cambodia: USD30 million			
Borrower	Kingdom of Cambodia			
Implementing Entity	Ministry of Public Works and Transport			
Estimated date of loan closing (SBF)	September, 2033			
Contact Points:	AIIB	ADFD	Borrower	Implementation Organization/Sponsor:
			Ministry of Economy and Finance, Cambodia	Ministry of Public Works and Transport
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Date of Concept Decision	September 1, 2026			
Estimated Date of Appraisal Decision	October 2026			

Estimated Date of Financing Approval	December 2026
Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB 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 Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .