



Project Summary Information

Date of Document Preparation: June 11, 2020	
Project Name	Karakalpakstan and Khorezm Water Supply and Sanitation Project
Project Number	PD000350-UZB
AIIB member	Republic of Uzbekistan
Sector/Subsector	Water and Waste / Water Supply, Sewage
Status of Financing	Under Preparation
Project Description	<p>Component 1 - Investment in Water Supply Infrastructure: Construction and rehabilitation of well fields and intakes, reservoirs, 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 10 districts in the Republic of Karakalpakstan and its capital city of Nukus as well as in 11 districts in Khorezm Region and its capital city of Urgench and the city of Khiva.</p> <p>Component 2 - Investment in Sewerage Infrastructure: Construction of centralized sewage systems in 10 district centers in the Republic of Karakalpakstan and 8 district centers in Khorezm Region consisting of collectors, pumping stations, new construction of sewerage system and sewage treatment plants as well as discharge and optional reuse facilities.</p> <p>Component 3 - Capacity Building and Implementation Support:</p> <p>Component 3a - Capacity Building:</p> <p>A capacity gap assessment and mapping of Capacity Building activities of development partners will be conducted as part of the Feasibility Study. Based on the findings, activities will be identified in dialogue with the Ministry of Housing and Communal Services (MHCS) to improve business practices of Karakalpakstan and Khorezm Regional Water Companies (RWCs). Areas of Capacity Building may include activities to support the MHCS's Priorities for the Reform of the Water</p>

	<p>Sector 2030, and related systems such as asset management, client management and complaint handling as well as billing and collection system and the strengthening of the capacity for operation and maintenance.</p> <p>Component 3b - Project Implementation and Management Support: Project management and implementation support to assist the Implementation Agency (IA) in ensuring seamless coordination, efficient implementation and compliance with the relevant policies.</p>
Objective	The Project Objective is to provide access to safely managed water and sanitation services, and to strengthen the operational performance of the RWCs in Karakalpakstan and Khorezm.
Expected Results	<p>Expected Beneficiaries: The project is expected to benefit about 1.25 million people (492,000 in Karakalpakstan and 756,000 in Khorezm)</p> <p>Expected Results will be monitored through the following outcome indicators:</p> <ul style="list-style-type: none"> • People provided with access to safely managed water sources in target areas • People provided with access to safely managed sanitation services through connection to sewerage network in target areas • The RWCs in Karakalpakstan and Khorezm operate in a financially sustainable manner (Operating Cost Recovery Ratio > 1).
Environmental and Social Category	Category A
Environmental and Social Information	<p>AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs), and Environmental and Social Exclusion List, is applicable to the project. ESS 1 (Environmental and Social Assessment and Management) is applicable. The appraisal will determine the applicability of ESS 2 (Involuntary Resettlement). The project has been assigned a preliminary Category 'A', in accordance with AIIB's ESP due to large-scale construction activities spread over a vast geographical area that may have substantial environmental and social (ES) impacts.</p> <p>A phased approach has been proposed for Project implementation, as the details and locations of the activities are not yet identified. Consequently, two Environmental and Social Management Planning Frameworks (ESMPFs) will be developed covering the two regions respectively, and will include a generic Environmental and Social Management Plan (ESMP) and</p>

	<p>a Resettlement Planning Framework (RPF). The ESMPFs including the RPF will provide policy, methodology and procedures for ES assessments of the site-specific activities.</p> <p>The project is expected to generate benefits in terms of improving the efficiency of water use and enhancing water, environment and public health security in Karakalpakstan and Khorezm regions. The project may generate adverse impacts during construction and operation phases. Mitigation measures to address those adverse impacts will be included in the generic ESMPs. Occupational Safety and Health measures will also be developed for both construction and operation phases. Chance Find Procedures will be delineated for construction works.</p> <p>During the preparation of detailed designs, efforts will be made to avoid or minimize physical and economic displacement. The project affected people's (PAP's) income and livelihoods loss will be compensated in accordance with the provisions of ESS 2 and the principles laid in the RPF (Resettlement Planning Framework). Women and children will particularly benefit from the project as a result of access to clean and safe water supply at the household level. A Gender Action Plan (GAP) will be prepared for the project.</p> <p>Stakeholder consultations will be carried out during the preparation of the ESMPFs in line with the government's COVID-19 guidelines for social distancing. The ESMPFs will also set out procedures and requirements on stakeholder engagement, public consultation and information disclosure at site-specific level during the implementation of the project. The ESMPF will be disclosed in English on the websites of the MHCS (link to be updated) and of AIIB promptly after its completion. The Executive Summaries of ESMPFs in local language(s) will also be disclosed on the website of MHCS. The hard copies of the documents in local languages will also be available in the project area.</p> <p>A multi-tier Grievance Redress Mechanism (GRM) for PAPs will be developed in accordance with the requirements of the Bank's ESP. A separate GRM for construction workers will also be developed.</p>						
Cost and Financing Plan	<p><u>Financing Plan:</u></p> <table data-bbox="504 1204 1232 1305"> <tr> <td>Project cost:</td> <td>USD 488.8 million</td> </tr> <tr> <td>AIIB loan:</td> <td>USD 430.1 million (88%)</td> </tr> <tr> <td>GoUz:</td> <td>USD 58.7 million (12%)</td> </tr> </table>	Project cost:	USD 488.8 million	AIIB loan:	USD 430.1 million (88%)	GoUz:	USD 58.7 million (12%)
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Borrower	Republic of Uzbekistan						

Implementing Entity	Ministry of Housing and Communal Services (MHCS)		
Estimated date of loan closing (SBF)	December 31, 2026		
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Date of Concept Decision	June 9, 2020		
Estimated Date of Appraisal Decision	February, 2021		
Estimated Date of Financing Approval	April 2021		

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (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 Bank's Management.</p> <p>For information on AIIB's PPM, please visit: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</p>
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