

Uzbekistan: Bukhara Region Water Supply and Sewerage Project

1. Project Information

Project ID:	P000314	Instrument ID:	L0314A
Member:	Uzbekistan	Region:	Central Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:385.12 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	A	Borrowing Entity:	Ministry of Finance, Uzbekistan
Implementing Entity:	Uzsuvtaminot JSC		
Project Team Leader:	Zacharias Ziegelhöfer		
Responsible DG:	Supee Teravaninthorn		
Responsible Department:	INF2		
Project Team Members:	Sunhye Park, Team Member; Georgi Georgiev Dzhartov, OSD - Social Development Specialist; Liu Yang, Project Counsel; Véronique Allarousse, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Zhixi Zhu, OSD - Environment Specialist; Chitambala Sikazwe, OSD - Procurement Specialist; Yuyou Guo, Project admin;		
Completed Site Visits by AIIB:	<p>Aug, 2020 Virtual mission to take stock of implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p> <p>Nov, 2020 Virtual mission to take stock of implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p> <p>Apr, 2021 Virtual mission to take stock of proposed change to implementation arrangements, implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p> <p>Dec, 2021 Virtual mission to take stock of implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p> <p>Sep, 2021 Virtual mission to take stock of changes to implementation arrangements, implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p> <p>May, 2022 Physical mission to take stock of implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p>		
Planned Site Visits by AIIB:	<p>Oct, 2022 Virtual mission to take stock of implementation progress, to identify and discuss issues, and recommend actions to be taken to address issues of project implementation.</p>		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021/12		

2. Project Summary and Objectives

The project objective is to provide access to safely managed water and sanitation services in the Bukhara region and strengthen the operational performance of the water utility of Bukhara region. The project is expected to benefit 1.15 million residents of the prioritized areas in the Bukhara region. The proposed project will comprise the following components:

Component 1. Investment in Water Supply Infrastructure. Construction and rehabilitation of main water lines, well fields and intakes, associated electric facilities, water treatment plants, pumping stations, water reservoirs, distribution networks including house connections and equipment. The water supply component covers the districts Bukhara, Rometan, Peshko, Jondor, Kogon and Qorovulbozor.

Component 2. Investment in Sewage Infrastructure. Construction of centralized sewage systems in district centers consisting of house connections, collectors, pumping stations and mechanical-biological sewage treatment plants as well as discharge facilities, optionally tertiary treatment for reuse purposes. The sewage component covers the district centers of Qorakol, Olot, Qorovulbozor, Rometan and Gijduvon.

Component 3. Project Implementation and Management Support. Project management and implementation support to assist the Project Implementing Entity (PIE) in ensuring seamless coordination, efficient implementation and compliance with the relevant policies and standards. Based on the feasibility study, the detailed design for the activities under Component 1 and 2 of the project will be prepared through the consulting services under this component. The consulting services will also ensure the construction supervision during implementation.

3. Key Dates

Approval:	Apr. 03, 2020	Signing:	Sep. 30, 2020
Effective:	Nov. 26, 2020	Restructured (if any):	Oct. 13, 2021
Orig. Closing:	Dec. 30, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	3.69	Most recent disbursement (amount/date):	1.25/Jun. 17, 2022
Undisbursed:	381.43	Disbursement Ratio (%) ¹ :	0.96

5. Project Implementation Update

After initial delays, project implementation progress is accelerating. The selection processes for the services to develop a detailed design for the water supply and sanitation activities have been completed. The contracts for design services were signed on May 13 and 17, 2022. The consulting firms are working and have conducted initial site visits. Once the consulting firms finish the first batch of design works, the tendering for construction works is

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

expected to start. The selection of the consultant for supervision of construction is underway and expected to complete by Q3 2022. The PCU and AIIB are conducting regular stock-taking meetings on critical actions and review progress, through virtual meetings and regular submission of quarterly progress reports.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1. Investment in Water Supply Infrastructure. Construction and rehabilitation of intakes, main water lines, water treatment facilities, pumping stations and distribution networks.	Physical progress will start after the completion of tendering for works contracts.	Environmental and Social (ES) subproject documents to be prepared by detailed design consultant.	The selection process for the services to develop a detailed design for the water supply activities has been completed. The contract for detailed design services of the water supply activities was signed on May 13, 2022. The procurement plan for the construction packages has been reviewed and updated according to the new timeline.
Component 2. Investment in Sewage Infrastructure. Construction of centralized sewage systems in district centers, consisting of collectors, pumping stations and sewage treatment plants, as well as discharge facilities.	Physical progress will start after the completion of tendering for works contracts.	ES subproject documents to be prepared by detailed design consultant.	The selection process for the services to develop a detailed design for the sewerage activities has been completed. The contract for detailed design services of the sewage activities was signed on May 17, 2022. The procurement plan for the construction packages has been reviewed and updated according to the new timeline.
Component 3. Project Implementation and Management Support. Project management and implementation support to assist the Implementation Agency in ensuring seamless coordination, efficient implementation and compliance with the relevant policies.	The PCU has been established with key experts onboarded. The selection process for detailed design services for water supply activities has been completed. The selection process for the construction supervision consultant is ongoing.	TOR of detailed design consultant include preparation of subproject ES documents; GRM at the PCU level established.	The PCU has been established with key experts onboarded. Evaluation Reports for the experts were reviewed by the Bank and NOCs provided. The status of the selection processes for consulting services for detailed design is reported under the respective components above. The selection process for the services for tender documentation, project management, and construction supervision is ongoing. The contract award is expected in Q3 2022. The selection process for the project financial auditor is completed. The

			clients internal review processes are lengthy. The team continues to engage with the client to streamline the process.
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Financial Management:

PCU has been in continuous dialogue with AIIB FM specialist to discuss various FM-related matters including the replenishment of designated accounts, processing of direct payments, preparation of IUFs and SOEs, selection of auditors, etc. The audit should be completed by June 2022, covering the period of 2020 to the end of 2021 as per the Loan Agreement. PCU has been submitting regular quarterly IUFs on time which have been found to be satisfactory to AIIB. The client has requested to prepare an amendment to the Loan Agreement to allow the AIIB loan to finance salary taxes and social contributions, which can be referred to as "Particular Taxes". PCU has also requested to amend the Disbursement Letter to allow direct payments in both USD and Euro currencies. Both requests have been discussed with the AIIB project team which considers those requests valid.

6. Status of the Grievance Redress Mechanism (GRM)

The GRM mechanism has been established at the PCU level. Members for the GRM have been nominated. An "Operating procedures for grievance management" has been developed and used for capacity-building of members. GRM information has been disclosed on the Uzsuvtaminot website and official social media pages. No grievances have been received to-date.

7. Results Monitoring

The results will be monitored according to physical progress.

Project Objective Indicators #1

People provided with access to safely managed water sources (1,000 N°)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	1050	0	

Project Objective Indicators #2

People provided with access to safely managed sanitation services (1,000)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	105	0	

Project Objective Indicators #3

O&M cost recovery ratio (percent)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	> 1	< 1	

Intermediate Result Indicators #1

Length of water supply pipelines constructed (km)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	1260	0	

Intermediate Result Indicators #2

Length of water supply pipelines rehabilitated (km)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	850	0	

Intermediate Result Indicators #3

Number of water intake structures constructed/rehabilitated (number)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	1	0	

Intermediate Result Indicators #4

Number of WDUs constructed and rehabilitated (number)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	43	0	

Intermediate Result Indicators #5

Increase in the volume of water production capacity (1,000 m3)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	125	0	

Intermediate Result Indicators #6

Length of sewage networks constructed (km)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	1480	0	

Intermediate Result Indicators #7

Number of sewage pumping stations constructed (number)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	54	0	

Intermediate Result Indicators #8

Number of sewage treatment plants constructed (number)

Year	Target	Actual	Comments, if any
Apr. 30, 2025	4	0	

Remarks:

No physical progress yet. Subsequent to the delays in early implementation, implementation progress is expected to accelerate as the change in PIE has been completed.
