

SBF Project Implementation Monitoring Report

Uzbekistan: Bukhara Region Water Supply and Sewerage Project

1. Project Information

Project ID:	000314	Investment Number:	L0314A
Member:	Uzbekistan	Region:	Central asia
Sector:	Water	Sub-sector:	Sewerage, Water Supply
AIIB Financing Type:	Loan: 385.12 USD million	Co-financier(s):	N/A
E&S category:	A	Borrower:	Government of Uzbekistan
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Kommunkhizmat Agency under Ministry of Housing and Communal Services		
Project Team Leader:	Zacharias Ziegelhöfer		
Project Team Members:	Irish Fe Aguilar, Social Development Specialist Benedetta Magnaghi, Procurement Associate Shodi Nazarov, Financial Management Associate Liu Yang, Counsel Zhixi Zhu, Environmental Specialist Alexander Grieb, Sr. Water & Sanitation Specialist (Consultant) Giacomo Ottolini, Procurement Specialist (Consultant) Pulat Zakirov, Water & Sanitation Engineer (Consultant) Yuyou Guo, Project Assistant		
Completed Site Visits by AIIB:	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. 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. 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.		
Planned Site Visits by AIIB:	Sep, 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. Apr, 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.		

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 PIA 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. 3, 2020	Signing:	Sep. 30, 2020
Effective:	Nov. 26, 2020	Restructured (if any):	
Orig. Closing:	Dec. 30, 2025	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	385.12	b) Cancellation (if any):	
c) Disbursed:	1.06	d) Most recent disbursement: (amount / date)	0.1, Dec. 10, 2020
e) Undisbursed:	384.06	f) Disbursement Ratio(%) ¹ :	0.3

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

In the previous PIMR, delays due to an anticipated sector reform have been identified as a key risk. This risk has now materialized. Project Implementation had commenced in late 2020 but has come to a standstill in January 2021 when the PIA Kommunkhizmat started to operate with a reduced capacity, as key decisions making bodies such as the sectoral tender committee did not convene in expectation of a pending reform decision. The reform decision as per Cabinet of Ministers Resolution, dated March 30, 2021 clarifies the revised responsibilities in the water sector and has unblocked critical decisions required to revive project implementation. The Government has requested AIIB to consider a change in the PIA to Uzsvtominat (UZST), a recently created national water company. The project team has assessed the proposed changes to the implementation arrangements and has found the new implementation arrangements satisfactory. A project change, and subsequently amendment to the legal agreements, is currently being processed. The selection process for the services to develop a detailed design for the water supply and sanitation activities is ongoing. UZST has reaffirmed strong commitment to accelerate the project implementation and project implementation is expected to pick up with the completion of the ongoing selection processes.

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 is ongoing. Expression of Interest of firms will be received by July 19, 2021. A potential non-compliance with Bank's PIR in granting a two weeks' extensions for the submission of EOIs is being reviewed to determine acceptability by the Bank.
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 detailed design for the sanitation activities is ongoing. Expression of Interest of firms will be received by July 19, 2021. A potential non-compliance with Bank's PIR in granting a two Weeks' extension for the submission of EOIs is being reviewed to determine acceptability by the Bank.
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 started.	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 conduct of the EOI shows that additional measures to support PCU might be necessary to mitigate risks and clarify the roles and responsibilities and decision making process.

Financial Management:

Financial Management (FM): The PCU recruited two finance staff: Finance Manager and Chief Accountant. The PCU has prepared a six-month detailed cash forecast which was shared with the Bank. Financial Manager has familiarized himself with the FM Manual. The adoption of FM Manual was as a condition of Effectiveness. The PCU has prepared the first withdrawal application for the Project (amount: USD 100,000), which were processed by the Bank. The first quarterly IFR (February 14, 2021) has been received and found acceptable.

6. Status of the Grievance Redress Mechanism (GRM)

The GRM mechanism has been established at the PCU level. Members for the Grievance Redress Mechanism have been nominated. Capacity-building of members on GRM process has been carried out. Dissemination of GRM to project locations is planned. No grievances received to-date.

7. Results Monitoring

The results will be monitored according to physical progress.

Baseline Year: Jan. 1, 2019 End Target Year: Apr. 30, 2025

Project Objective Indicators #1

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

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

Project Objective Indicators #3

O&M cost recovery ratio

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

Intermediate Result Indicators #1

Length of water supply pipelines constructed (km)

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

Intermediate Result Indicators #2

Length of water supply pipelines rehabilitated (km)

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

Intermediate Result Indicators #3

Number of water intake structures constructed/rehabilitated

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

Intermediate Result Indicators #4

Number of WDUs constructed and rehabilitated

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

Intermediate Result Indicators #6

Length of sewage networks constructed (km)

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

Intermediate Result Indicators #7

Number of sewage pumping stations constructed

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

Intermediate Result Indicators #8

Number of sewage treatment plants constructed

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

Remarks: