Project Summary Information

	Date of Document Preparation/Updating: 10/29/26
Project Name	Urban Infrastructure Development Project
Project Number	P000837
AIIB member	Cambodia
Sector/Subsector	Water/multi sub-sector
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 its total population by 2030. While the capital city of Phnom Penh remains the country's primary urban center, secondary cities face growing demand for wastewater management, sanitation, and drainage services. Municipal investment has not kept pace with this shift, leaving many cities with limited wastewater collection, treatment capacity and drainage systems that require expansion to meet current and future needs. This is particularly critical given Cambodia's exposure to intense seasonal flooding, which is compounded by rapid urbanization, inadequate drainage capacity, and the increasing impacts of climate change. The Project will address these challenges through investments in climate-resilient wastewater collection and treatment systems, drainage infrastructure, and flood management measures in four secondary cities: Kampong Chhnang, Kampong Cham, Doun Kaev and Prey Veng. The Project has the following components: Component 1: Drainage and Wastewater Management in Kampong Chhnang, Doun Kaev, and Prey Veng. This component will support the development of wastewater and urban drainage infrastructure in Kampong Chhnang, Doun Kaev and Prey

	Veng, through investments in sewerage networks and household and business connections, wastewater treatment facilities, priority stormwater drainage systems, and flood control roads. Component 2: Drainage and Wastewater Management in Kampong Cham. This component will support the expansion of the wastewater management and urban drainage services in Kampong Cham through the construction of a wastewater treatment facility, sewerage and priority stormwater drainage networks, and flood control roads in Kampong Cham. The component is proposed to be co-financed by the Abu Dhabi Fund for Development (ADFD). Component 3: Project Management. This component will support 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 people with access to improved and climate-resilient sanitation services, improve wastewater collection and treatment in accordance with national standards and reduce vulnerability to seasonal flooding- in project areas.
Environmental and Social Category	B
Environmental and Social Information	**Applicable Policy and Categorization.** AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), will apply to the Project, including the proposed co-financed activities under Component 2. ESS1 (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 work related to wastewater pipe networks and facilities and flood control roads could affect private property, assets, and livelihoods of informal street vendors operating on sidewalks, and has the potential for economic displacement of farmers or sharecroppers. ESS 3 (Indigenous People) 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 6 years. An Environmental and Social Action Plan (ESAP), Environmental and Social Management Planning Framework (ESMPF), Resettlement Planning 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 Action Plans (BAPs) in case of any Critical Habitat. In addition, at least two associated facilities (AFs) have been identified which are the existing WWTPs in Kampong Cham and Kampong Chhnang. Other

	potential AFs identified include government-financed access roads. ES instruments relevant to AFs will be developed along with site specific ES depending on the degree of influence on the project. **Environmental Aspects.** Key environmental risks of Wastewater Treatment Plants (WWTPs) arise from the management of sludge waste, emissions of odor and noise and, during construction, from the release of sediments and pollutants being accidentally released from outfall works. The Project may also affect the aquatic ecosystems and areas used by important species, if present, and may cause some loss of natural habitat within the footprint of the Project. If impacts on critical habitats are possible, BAPs to achieve net gain will be prepared and implemented. Flood-control roads will be located on riverbanks and may 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 will be a risk given the proximity of flood control roads. The risks associated with the WWTPs, and flood control roads will be assessed, and potential construction impacts will be avoided or minimized through design and environmental mitigation and management measures in conformity with AIIB ESS1. The installation of new sewerage networks within existing roads is expected to have minimal environmental risks. In addition, there will be subprojects focused on embankment dams for flood protection. These have the potential to significantly impact riverine habitats and species, and result in changes to river geomorphology, sediment deposition and river flood profiles. They can also affect the characteristics and profile of 'dry side' streams and prevent access to tributaries by aquatic fauna. The release of sediments during construction work in and close to waterways is a significant risk that requires careful management. Requirements for assessing and mitigating impacts are established in the ESMPF. **Social and Gender Aspects.** Key social risks include land acquisition and involuntary resettlement, which may cause economic displacement of land users, residents, businesses, and street vendors, as well as temporary disruption and disturbance to local residents during construction. A preliminary assessment conducted at the pre-feasibility stage indicates that no physical relocation is anticipated. The project prioritizes sub-project sites owned by local provincial authorities to minimize resettlement impacts. No private land acquisition is anticipated except for one WWTP in Prey Veng. Land acquisition and resettlement impacts will be addressed through the RPF, and site-specific RAPs will be prepared during implementation. During operation, effluent from WWTPs will be discharged into existing lakes used by fisherfolk and farmers. A census of these fisherfolk and farmers will be conducted before WWTP construction, and water quality in the lakes will be monitored regularly during WWTP operation. Other social impacts include construction-related disruption to communities (e.g., traffic, restricted access, and damage to utilities) and community health and safety risks during construction and operation, including risks associated with labor influx and gender-based violence. A comprehensive gender and social inclusion assessment has been conducted aligning with the ESP. The assessment highlighted that women currently bear disproportionate health and economic burdens from inadequate sanitation and flooding (e.g., waterborne diseases, lost time due to flooding). These impacts will be addressed through site-specific ESMPs.

	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-related traffic accidents, WWTP-related odors, noise, and air and water pollution; construction and operational hazards such as excavation, working in confined spaces, working at height, hazardous atmospheres, and working near water. Measures will be implemented to ensure that labor and working conditions remain compliant with applicable legal and regulatory requirements and ESS1. These risks will be managed through the contractor, operations and maintenance, OHS and labor management plans, and with site-specific worker grievance mechanisms established for each construction site. **Stakeholder Engagement, Consultation and Information Disclosure.** Stakeholder engagement was undertaken during preparation of ES documentation. The SEP identified project stakeholders, including project beneficiaries, potentially affected persons, and vulnerable groups. The SEP assessed interests and concerns and set out an inclusive engagement strategy during project preparation and implementation. The SEP will guide information disclosure and establish consultation mechanisms throughout the Project's lifecycle. Final ES instruments have been disclosed in English, with executive summaries in Khmer, as appropriate, on the Borrower's and AIIB's respective websites, and through locally accessible channels in accordance with AIIB's ESP's requirements[1]. **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. A specific GRM for resettlement will also be established according to Cambodian requirements for management of grievances related to land acquisition and resettlement. Information on the GRMs and AIIB's Project-affected People's Mechanism (PPM) will be disclosed during consultations and through project information materials. **Monitoring and Reporting Arrangements.** The Project Management Unit (PMU) will be responsible for the overall coordination of project monitoring. The project management consultant recruited to support the PMU will support monitoring and oversight. The PMU, with support from the project management consultant, will supervise the management of ES risks and impacts, and report on the implementation progress on a quarterly basis based on agreed format. AIIB will conduct periodic field monitoring missions to monitor implementation of ES instruments.

[1] https://www.aiib.org/en/projects/details/2026/proposed/cambodia-urban-infrastructure-development-project.html

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

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Date of Concept Decision	September 1, 2026
Date of Appraisal Decision	October 20, 2026
Estimated Date of Financing Approval	December 3, 2026

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by 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.