

Project Summary for Public Disclosure
(after approval of NDB financing)

Project Name	The Development of Water Supply and Sanitation Systems Project
Country	The Russian Federation
Type	Sovereign
Area of Operation	Water & Sanitation
Concept Approval Date	21 November 2017
Financing Approval Date	28 May 2018
Total Project Cost	USD 400 million
Initial Limit of NDB Financing	USD 320 million
Current Limit of NDB Financing	USD 320 million
Borrower	The Russian Federation
Project Entity	The Saint Petersburg Foundation for Investment Projects (FISP)
Project Context	<p>The Volga River is widely viewed as the mother river of Russia. 11 out of the 20 largest cities of Russia are situated in the Volga River Basin. Contamination of water in the Volga River has become one of the most pressing environmental issues in the country. Wastewater from households, farms and industries are flushed through rain and floods into the Volga River, accounting for more than one-third of total discharges in Russia. Deteriorating conditions of existing infrastructure along the Volga River have significantly impacted the quality of water supply and sanitation services. Concerns on water quality affect the life of the residents and the development of the local economy. Currently, over 65% of water supply systems and 63% of wastewater collection and treatment systems are in need of an upgrade or replacement. The Russian Government's Policy for Economic Development until 2030 aims to ensure ecologically oriented economic growth. In this context, the Project is designed with financing from NDB to help modernize water supply and sanitation systems in five competitively selected cities in the Volga River Basin. The Project is in close alignment with NDB's mandate of supporting sustainable infrastructure development.</p>
Project Description	<p>The Project envisages reduction in water losses due to reduced leakage of water in the water supply network; reduction in energy consumed for treatment of water and sanitation due to upgraded in technology and introduction of more efficient treatment systems; increase in number of households connected to the centralized water supply and sanitation services.</p>

Project Objective	<p>The objective of the Project is, through modernizing and constructing integrated water supply and sanitation systems, to reduce ecological damage and increase health security of the residents in the five participating cities in Russia. The NDB will support the Project through a Sovereign Project Loan up to USD 320 million. The content of the Project includes: i) constructing advanced facilities of water treatment, water supply network, water drainage network, sewage treatment, and storm water collection and treatment system; ii) improving process efficiency of existing infrastructure with advanced technology and equipment.</p>		
Implementation Arrangements	<p>The Project is estimated to be implemented between 2019 and 2024. Suppliers for the Project will be selected through a competitive and transparent bidding process.</p>		
Environmental and Social Information	<p>The Project will bring benefits of: (i) increased operating efficiency of water supply and sanitation systems, (ii) reduced growth of utilities tariffs for the population, (iii) reduced investments in capital repairs for rehabilitation of water supply and sanitation systems, (iv) significant reduction of environmental damage of Volga River with wastewater treatment, (v) increased health security for citizens with improved quality of water supply, (vi) easy maintenance of infrastructure built with application of advanced technology. The Project is categorized as “B” in accordance with the NDB Environment and Social Framework with limited adverse social and environmental impacts. Potential cases of land use during construction of pipelines will be regulated by the country system requirements. Appropriate compensation will be provided for land temporary use to the owners of the land. No conversion of natural habitats or negative impacts on biodiversity or indigenous peoples was found.</p>		
Financing	<p>The total cost of the Project is estimated to be USD 400 million. NDB will support the Project through a Sovereign Project Loan of USD 320 million. Counterpart financing is USD 80 million, out of which USD 49 million is from federal budget of the Russian Federation and USD 31 million is from the city governments and water service providers.</p>		
	Source of Fund		Amount (USD million)
	NDB		320
	Federal Budget		49
City Governments and Water service providers		31	
Contacts	NDB		Project Entity
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