

# STAKEHOLDER ENGAGEMENT PLAN

Innovative Carbon Resources Application for Energy Transition Project (P180432)

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The Republic of Uzbekistan

June 2023

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## Abbreviations

<b>Abbreviation</b>	<b>Term</b>
ERs	Emission Reductions
ERPA	Emission Reduction Payment Agreement
ESF	Environmental and Social Framework
ESS	Environmental and Social Standard
FAQs	Frequently Asked Questions
FGRM	Feedback and Grievance Redress Mechanism
GHG	Green House Gas
GoU	Government of Uzbekistan
ITMO	Internationally Transferred Mitigation Outcomes
MIIT	Ministry of Investment Industry and Trade
MoE	Ministry of Energy
MoEF	Ministry of Economy and Finance
MOPA	Mitigation Outcomes Purchase Agreement
NDC	Nationally Determined Contributions
PIU	Project Implementation Unit
SEP	Stakeholder Engagement Plan
UHM	UzHydromet

# 1 Introduction

This Stakeholder Engagement Plan (SEP) has been prepared by the Ministry of Economy and Finance (MoEF) for the Uzbekistan Innovative Carbon Resource Application for Energy Transition Project (P180432) (the Project) in line with the requirements of Environmental and Social Standard (ESS) 10 Stakeholder Engagement and Information Disclosure of the World Bank's Environmental and Social Framework (ESF). The SEP defines a program for stakeholder engagement, including public information disclosure and consultation, throughout the entire project cycle. Since the project seeks to support the Government of Uzbekistan (GoU) in leveraging its commitments towards policy-based actions to reduce emissions, the SEP has been designed to guide the required engagement under select energy reforms, focusing on electricity and gas tariffs, where result-based payments will be made for measured, reported and verified emission reductions (ERs). Hence, the SEP has been prepared to operate at a policy-level, under the overall coordination by MoEF and with involvement of key technical ministries and agencies responsible for the energy reforms, notably the Ministry of Energy (MoE). The overall objective of the SEP is to ensure that i) potentially affected stakeholders are adequately consulted and their views are heard as part of the reform process and ii) critical measures, such as social protection, are properly coordinated and targeted to cushion the distributional impacts of energy reforms on the poor and vulnerable.

The proposed project will complement the government's increased commitment to climate initiatives, following its announcement of the country's nationally determined contribution (NDC) set at 35 percent below 2010 levels by 2030. Uzbekistan has been historically one of the most energy intensive economies globally with its GDP energy intensity about 50 percent higher than that of neighbouring Kazakhstan and around three times of Turkey. The energy sector accounts for three-quarters of the country's total Green House Gas (GHG) emissions. Hence, there could be potential significant gains by enhancing energy efficiency, by targeting the largest energy-consuming sectors. The residential sector accounts for 40 percent of the total energy consumption, followed by industry (21 percent) and transport (18 percent).

Fossil fuel subsidies account for 6.6 percent of the GDP in 2020. Energy tariffs are around 70 percent of their production costs, making them one of the lowest in the world, both for residential and non-residential. This has created perverse incentives by encouraging overconsumption and at the same time, dampen investments in the renewable energy since they are unable to compete. Furthermore, such heavy subsidies have undermined GoU's fiscal space, leaving limited resources for modernization and further investments in the energy sector.

Addressing inefficiencies and lack of sustainability in the energy sector require a series of reforms that require complex institutional changes and a greater emphasis on transforming high level policy agendas into concrete actions and tangible changes. Key milestones in the energy sector reform include increasing power generation capacity and quality, development of renewable energy sources, and energy pricing that reflects cost of generation. Energy tariff reforms remain a top priority agenda for the GoU. Over the past decade, tariffs for residential and commercial consumers have fluctuated around inflation levels, ranging between 10 – 20 percent. However, such an approach could not fully address fiscal sustainability in the sector due to unpredictability of exchange rates, high inflation, and weak local currency. Recent tariff reforms have contributed to

improving fiscal space. However, they remain to stand around 70 and 50 percent for electricity and gas respectively. COVID-19 pandemic further the required changes since tariffs reforms were halted in 2020 – 2021. Starting in 2022, adjustments in energy tariffs were targeted to select non-residential customers and further reforms will be pursued to achieve cost recovery by 2026.

As observed in many countries, energy subsidy reforms can be sensitive and could potentially result in negative sentiments toward the government and in some cases, protests. Careful public messaging and awareness raising, with clear and transparent processes and rationale as well as timing can potentially improve process legitimacy of the proposed reforms and hence, foster public acceptance. Strengthening coordination on social protection programs across relevant agencies, including improving targeting as well as feedback and grievance redress mechanism (FGRM) by which people can raise concerns, provide feedback, or make complaints about the reforms being supported by the project. The SEP outlines key actions that have been agreed by the GoU on the above measures and to be supported under the project.

In the context of the energy reforms, broad, inclusive, culturally appropriate, and adapted awareness raising activities are particularly important to properly sensitize the public and in particular, individuals that may be disproportionately impacted, including the poor and vulnerable households to enable them to seek redress and access support.

## 2 Project Summary

The project seeks to facilitate clean energy transition and efficient use of energy sources through leveraging policy-based climate and carbon funds. The project will reward the GoU for emission reductions that will be achieved through select energy reforms, particularly electricity and gas tariffs. The project consists of two inter-related components, including:

Component 1: Payments for measured, reported and verified emission reductions (ERs) - Climate Finance (estimated US\$20 million). This component encompasses the results-based payments under the Emission Reductions Payment Agreement (ERPA). ERs will be generated due to the change in end-user energy demand and energy intensity resulting from the gradual adjustment of electricity and natural gas tariffs. Annual payments will be made based on the amount of ERs generated and contracted in the preceding year. The payments will reflect the volume and price outlined in the ERPA to be agreed between the GoU and TCAF contributors. The generated ERs under this component will remain in Uzbekistan and will be used for the country's NDC goals.

This component directly supports Uzbekistan's plans in both its NDC and Climate Change Strategy with respect to engaging international cooperation and mobilizing climate finance. In addition, the ERs and respective payments under this component would serve as a simulation of carbon trading, paving the way for a pilot international carbon transaction under Component 2, as outlined below.

Component 2: Payments for measured, reported, and verified Internationally Transferred Mitigation Outcomes (ITMOs) – Carbon Finance (estimated US\$26.25 million). Similar to the Component 1, under the Component 2 payments would be made for measured, reported, and verified ERs resulting from energy tariff reforms. The key difference from the Component 1 is that the ERs under the Component 2 will be transferred out of Uzbekistan and become ITMOs, that is. Uzbekistan will sell ERs and TCAF donor(s) (contributors) will buy the same. Component 2 will

therefore pilot an international carbon market transaction of Uzbekistan under Article 6.2 of the Paris Agreement. This will require that Uzbekistan comply with the accounting and reporting requirements of the Paris Agreement. An associated Bank-executed Technical Assistance (BETF) will support Uzbekistan's readiness efforts in line with its NDC commitments and to become in compliance with the Article 6 of the Paris Agreement. This pilot transaction is expected to pave the way for Uzbekistan to access international carbon markets, with the potential to subsequently roll out carbon transactions in the future.

The underlying activity, measurement, reporting, and verification of ERs and payments schedule will be outlined in the Mitigation Outcomes Purchase Agreement (MOPA) to be signed between the World Bank with the GoU. The underlying activity—the change in end user energy demand and energy intensity resulting from gradual adjustment in electricity and natural gas tariffs—for this agreement is the same as for the Component 1. The basis for payments under the MOPA is the authorization and international transfer of verified ERs by the GoU, and accordingly payments will be made annually to the GoU. Accordingly, under this Component, the GoU will need to authorize and transfer a portion of ERs to TCAF for distribution to carbon market buyers. This will require the GoU to undertake the necessary tracking, measuring and reporting as required by the Paris Agreement and the transferred portion of ERs will become ITMOs, which will not be used by Uzbekistan for its NDC.

Technical Assistance (TA). This Project will be accompanied by a TA with an estimated amount of up to US\$2 million to be funded by TCAF and administered by the World Bank (BETF). The TA will play a critical role in developing the institutional capacity, systems, and infrastructure to help the GoU meet its NDC goals and those outlined in relevant state programs toward the development of a state system of inventory, reporting, and control of GHG emissions. The TA also aims to support the GoU in developing a robust MRV framework in compliance with Article 6 of the Paris Agreement. A draft Policy Implementation Support Plan (PISP) has been prepared by the GoU towards that goal, which provides stepwise actions to prepare for Article 6 collaboration. It is structured around two main sections: (a) strategizing for Article 6 engagement, which explores high-level opportunities, risks, and conditions for such engagements and identifies key areas to be explored for an engagement strategy and (b) governing Article 6 collaboration, which explores the necessary governance and institutional frameworks that need to be developed to guide and implement Article 6 collaboration..

The MoEF has been leading the preparation of the proposed project and will also lead the project implementation along with the MoE. Based on Presidential Decree #436, dated December 2, 2022, the MoEF is the authorized state body in charge of coordinating the green growth agenda and will facilitate the efforts in preparation for the establishment of a national legal framework for carbon trade and accessing carbon markets and piloting the first carbon transaction under this proposed project as part of Article 6 of the Paris Agreement. A Project Implementation Unit (PIU) will be established under the MoEF for the overall coordination and day-to-day implementation of the Project.

The MoE will be responsible for implementation of the priority energy reforms, using the proceeds of this proposed Project. The MoEF and MoE have been involved directly in all aspects of project implementation and has gained extensive experience in the World Bank's project, including environmental and social policies and operating procedures. However, capacity development will

be needed in the area of carbon transactions, as iCRAFT will be a first of its kind in the country, which will be supported through the accompanying TA.

The Agency for Strategic Reforms (ASR), a sole shareholder of power and gas companies, is a lead state body responsible for the design and implementation of energy sector reforms, including those to be funded through the proceeds of the proposed Project.

The Ministry of Investment Industry and Trade (MIIT) is a central coordinating state body responsible for coordinating of activities of international financial institutions and foreign government financial organizations as well as implementation of the state investment policy programs.

The UHM, the state focal point for NDC and Paris Agreement, will lead the activities on assessing, quantifying, verifying and reporting the expected results of the operation, including potential GHG reductions according to Article 6 of Paris Agreement.

A governmental working group was established in 2022 specifically to prepare the proposed project jointly with the World Bank. The working group is led by MoEF and regarding the following the recent administrative reforms the composition of working group has updated and comprises representatives from the MIIT, MoE, ASR and UHM. The working group has been providing overall strategic and policy guidance as well as facilitating coordination among different ministries and agencies.

The GoU is currently finalizing its decision regarding the Project implementation arrangements, which will be concluded during the Project appraisal.

### 3 Stakeholder Identification and Analysis

#### 3.1 Stakeholders

Identification of stakeholders assists in understanding views across a spectrum of issues as well as their interests. This will also inform how perceptions and public opinions vary and likely change over time with different messaging and/or misinformation.

Under the SEP, project stakeholders are defined as individuals, groups, or other entities who are affected, including those benefitting, and may have an interest to the Project. These include:

##### 3.1.1 *Affected Parties*

**'Affected parties'** include individuals and/or groups that are impacted or likely to be impacted directly or indirectly, positively, or adversely, by the activities being supported by the project. Since this project is leveraging the GoU's proposed energy reforms, this group of stakeholders refers to those potentially affected by the electricity and gas tariff reforms. These include i) urban and rural populations (existing residential consumers); ii) business community, including industrial and commercial enterprises; iii) government agencies and authorities impacted by energy reforms; iv) energy companies.

Under this category, further disaggregation based on the level of potential impacts is critical to understand appropriate risk mitigation measures. For instance, low-income families and residents

will experience more impacts but have less voice, compared to higher-income households who may have more capacity to absorb the impacts but have more access to shape negative public opinions due to access to information and grievance platforms. Further, within the business community, small to medium-scale enterprises that have been operating at the margin may experience great impacts to their business due to profit losses and those informal enterprises that may not have been registered may not be properly targeted for any support and hence, will be at loss.

### *3.1.2 Interested Parties*

**‘Interested parties’** include those that may have an interest in the project. They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way. This group of stakeholders refers to those who may have specific interests on policy changes related to gas and electricity tariffs, but not necessarily impacted by such policy actions. These include i) media and influencers; ii) national civil society organizations; iii) international organizations and partners, including donors.

In defining a communication strategy during project implementation, further analysis of interested parties shall be provided to assess which groups and/or entities that could potentially steer negative opinions on the proposed reforms and require differentiated engagement approaches.

Cooperation and negotiation with the stakeholders throughout the project development often also require the identification of persons within the groups who act as legitimate representatives of their respective stakeholder group, i.e., the individuals who have been entrusted by their fellow group members with advocating the groups’ interests in the process of engagement with the Project. Community representatives may provide helpful insight into the local settings and act as main conduits for dissemination of the project-related information and as a primary communication/liaison link between the project and targeted communities and their established networks. Verification of stakeholder representatives (i.e., the process of confirming that they are legitimate and genuine advocates of the community they represent) remains an important task in establishing contact with the community stakeholders. Legitimacy of the community representatives can be verified by talking informally to a random sample of community members and heeding their views on who can be representing their interests in the most effective way.

### *3.1.3 Vulnerable Groups*

It is particularly important to understand whether project impacts may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project. It is important to ensure that awareness raising and stakeholder engagement with disadvantaged or vulnerable individuals or groups be adapted to take into account such groups or individuals with particular sensitivities, concerns and cultural sensitivities and to ensure a full understanding of project activities and benefits. The vulnerability may stem from person’s origin, gender, age, health condition, economic deficiency and financial insecurity, disadvantaged status in the community (e.g., minorities or fringe groups), dependence on other individuals or natural resources, etc. Engagement with the vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision making so that their awareness of and input to the overall process are commensurate to those of the other stakeholders.



Low-income households (both urban and rural) as well as small to medium scale enterprises are considered as vulnerable. These include individuals and/or groups who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.

Vulnerable groups within the communities affected by the project will be further confirmed and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the Project is provided in the following sections.

### 3.2 Methodology

The methodology for stakeholder engagement was informed by an analysis of various indicators, covering the following: i) potential impacts, factoring their capacity to absorb such impacts; ii) ability to be involved in the process; iii) ability to influence the process. The World Bank commissioned a study towards a report on “Inputs for a Communication Strategy on Tariff Reforms in the Energy Sector of Uzbekistan”<sup>1</sup> in 2022. The report was informed through research of public opinion and perceptions of the energy sector reform and quality of energy, gas and hot water consumption was conducted in February-April 2022.

Based on the above report, the following metric informs priority of engagement based on various factors, including i) capacity to absorb potential adverse impacts; ii) ability to be involved in the reform process and influence.

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<sup>1</sup> Akchabar Media team (Kyrgyzstan) and Info Capital Group research team (Uzbekistan) (2022): Inputs for a Communication Strategy on Tariff Reforms in the Energy Sector of Uzbekistan Report

Table 1: Engagement Priority Matrix

Stakeholder	Capacity to absorb impacts	Ability to be involved in the process	Ability to influence the process	Priority for engagement
Low-income urban population	Low	Medium	Low	High
Upper-middle income urban population	Medium – High	High	High	High
Low-income rural population	Low	Low	Low	High
Upper-middle income rural population	Medium - High	Low	Low	Medium
Small scale enterprises	Low	Low	Low	High
Medium scale enterprises	Medium – High	Medium	Medium	Medium
Large scale enterprises (i.e., commercial industries)	Medium - High	High	High	High
Informal businesses	Low	Low	Low	High
Energy companies	N/A (positive)	High	High	Medium
State, national, and regional authorities	N/A (positive)	High	High	Medium
<b>Interested Parties</b>				
Local civil society organizations	Negligible	High	High	High
International organizations and partners, including donors	Negligible	High	Medium	Low
Media and influences	Negligible	Medium	Medium	High

Energy tariff increases are expected to have a significant impact on all end consumers, both residential and non-residential. However, the capacity to absorb such impacts vary across groups. Hence, it will be critical to target communication and outreach to those most adversely impacted and with low impact absorption capacity, particularly low-income households, small to medium scale enterprises, including informal/unregistered business.

At the same time, it is important to involve other segments of consumers, particularly upper middle households, and businesses with high energy consumption, due to significant financial impacts as a consequence of higher tariffs and hence, may foment negative public sentiments. Credible media and influencers with public legitimacy will need to be identified since they can play a strategic role in effectively and widely communicating key messages and rationale of new tariffs in the energy sector.

A communication campaign is planned to inform the public and address stakeholders' views on tariff reforms and any increases. In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement including as part of the communication campaign:

***Openness and life-cycle approach:*** public consultations for the project(s) will be arranged during the whole lifecycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation.

***Informed participation and feedback:*** information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analysing and addressing comments and concerns.

***Inclusiveness and sensitivity:*** stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women, youth, persons with disabilities, the elderly, and the cultural sensitivities of diverse ethnic groups.

Based on the above analysis on prioritization of engagements and key principles, the SEP has been prepared to provide guidance on differentiated measures and strategy to reach different stakeholder groups as further elaborated in the subsequent sections.

### 3.3 Communication Channels and Public Messaging

The Government of Uzbekistan (GoU) has taken steps to communicate these plans to the public in order to increase transparency and understanding of the rationale behind the tariff increases. For example, in 2018, the government held public consultations on a proposed increase in electricity tariffs, inviting feedback from stakeholders and the public.

Later on, a large-scale public opinion poll held<sup>2</sup> in all regions of Uzbekistan (February 15 – April 10, 2022), complemented by focus group discussions in Tashkent city, Tashkent region, Fergana, and Bukhara covering 1,500 households in 150 mahallas and cities, further analysis was drawn with regards to preferred communication channels and perceptions across different demographic groups. These findings informed options on communication channels that may effectively reach out diverse groups of stakeholders, as well as how key messages will be framed to foster public acceptance.

The GoU will be developing a comprehensive stakeholder engagement and communication strategy on the tariff increase. The strategy is expected to cover public consultations to provide an opportunity for stakeholders and public to voice their opinions and concerns regarding any proposed tariff increases and importance of energy tariff increase toward cost-recovery level. The GoU also considering using various communication channels to disseminate information about the proposed tariff increase and its potential impact on households and businesses.

Key parts of the communication strategy are expected to focus on social protection measures for vulnerable populations. Additionally, communication of energy efficiency measures is an integral part in reducing energy consumption and costs, particularly for households and businesses that are most affected by tariff increases.

This SEP will be revised once the strategy is in place. The SEP will be consulted upon with key stakeholders and redisclosed and implemented.

### *3.3.1 Communication Channels*

Based on the existing findings, the most popular and influential communication channels (traditional media, social media, etc.) were identified for informing different groups of consumers and a wide audience about the proposals of the Government and its plans for the development of the sector. The research gathered opinions through sample surveys of populations from all regions of Uzbekistan, as well as focus group discussions with representatives of businesses and energy industry enterprises, and in-depth interviews with the most popular mass media in Uzbekistan. The SEP incorporates the key findings from the report of the analyses of the key stakeholders and communication channels that can be used to inform and obtain feedback from the people, communication tools, and key messages on the main issues of tariff reform in the energy sector of Uzbekistan.

Popular sources of news include news channels and communication in social networks and instant messengers as well as traditional media such as television and radio stations. Newspapers are no longer widely accessed except in certain demographic groups, mostly in urban areas and with upper middle-income groups.

The most popular social network in all regions is Telegram (45 percent of the respondents), followed by YouTube (24 percent) and WhatsApp (13 percent). Telegram is popular amongst the youth population. Popular telegram channels include kun.uz, Xushnubek.uz, O‘zbekiston,

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<sup>2</sup> The poll was part of the World Bank’s inputs for a communication strategy on tariff reforms as presented in Akchabar Media team (Kyrgyzstan) and Info Capital Group research team (Uzbekistan) (2022): *Inputs for a Communication Strategy on Tariff Reforms in the Energy Sector of Uzbekistan Report*

Toshkentliklar\_24.

Television channels are also popular, particularly for the following channels: Zo'r TV (59.8 percent), Sevimli (58.6 percent), Mening Yurtim (51 percent), Milliy (47.6 percent), Uzbekistan (24 – 35 percent). Some radio stations are also still used by the public, such as Uzbekiston 24, Mahalla and Grand.

More than half of the respondents have access to the mobile internet, particularly in Karakalpakstan (82.5 percent) and Tashkent region (72 percent) and Tashkent (71.3 percent). Least use of mobile internet was observed in Surkhandarya (58.2 percent) and Samarkand regions (54.4 percent). Home internet access is highest in Tashkent (67.5 percent) and Karakalpakstan (52.6 percent), and lowest in Namangan region (8.6 percent). The most viewed websites include kun.uz, daryo.uz and xabar.uz, gazeta.uz.

Engagement and outreach, including dissemination of information related to energy reforms will need to utilize the above platforms, by differentiating framing of public messaging and how messages will be delivered to different groups. Special measures will need to be tailored to reach vulnerable groups who may be impacted, particularly low-income households as well as households in rural and remote areas where the above communication platforms are not accessible. This may include public information dissemination through Mahala chiefs and/or community facilitators, schools, religious leaders, etc.

### 3.3.2 Public Messaging

The majority of the survey respondents desire improved quality of services the energy sector, particularly due to frequent outages during the winter periods. 89 percent of the surveyed were not satisfied with the quality of services, with 21 percent of respondents indicating more 200 power outages in 2022, particularly in Fergana, Tashkent and Andijan. Around two-thirds were against any tariff increases for electricity and gas.

On electricity tariffs, some respondents conditionally accepted higher tariffs provided that that energy supply becomes more stable (25.3 percent), they have higher household income (28.5 percent), and they receive social assistance (15.9 percent). Only 11.6 percent were completely against electricity tariff increases. Similar patterns were observed for gas, where 35 percent were willing to pay more if the quality of supply improves, whereas 26.7 percent agreed with higher household income, and 16.2 percent with social assistance support. 15.3 percent were completely against any gas tariff increases. Around 37 percent (presumably from the upper middle-income levels) believed that such tariff increase will have minor impacts.

In terms of level of public awareness, there has been limited awareness on how tariffs were calculated and the rationale for tariff increases as well as benefits of such increases, including how additional tariffs will be re-invested. Other information that the public also requires is how to access social protection and support following tariff increases.

The above analytics may suggest the following key areas where public messaging can be enhanced and re-framed to target specific groups:

- Emphasis on public awareness that existing tariffs do not cover the full costs of production and distribution and heavy subsidies undermine sustainability and hinder investments in the energy

sector, including by private investors that may offer competitive packages. Energy tariffs in Uzbekistan are one of the lowest in the region.

- Public messaging on energy tariff increases needs to be equipped with understanding that the government is committed to improving quality and reliability of services. Reforms must be followed by tangible investments in the energy sector, or otherwise public support may likely dissipate. There needs to be a clear public message that any gains generated from tariff increases will be re-invested in the energy sector to improve quality and reliability of services and other sectors that have public benefits, such as health and education. This also includes how ER payments generated through the reforms will be invested.
- Differentiated tariffs (e.g., use of block tariffs) to protect the poor and households from experiencing disproportionate impacts and in parallel, improving targeting and (and potentially expanding) social assistance programs. Other measures to protect small businesses that may have been operating at a margin will need to be developed. These measures shall be clearly communicated to groups impacted, through a transparent process.
- Public communication will need to emphasize clear linkages between tariffs and social assistance measures (and any related improvements) in a timely manner (ideally in parallel). Information where people can access for support if they feel excluded will also need to be provided.
- Since different groups will have different expectations and requirements for support, means and modalities to reach them effectively will need to be fully tailored based on their needs and constraints in accessing public information. Use of differentiated communication channels based on preferences and accessibility shall be considered.

Delivery of public messaging needs to be carefully planned, and key lessons-learnt from similar experiences in tariff reforms include:

- Provide the public with timely and accurate information, through differentiated approaches to effectively reach the target groups.
- Clearly explain the rationale for tariff increases and what support and impact mitigation measures are available to cushion the shocks of tariff increases.
- Clearly explain what is included in the energy prices, how tariffs are set and how increases in tariffs will be re-invested (to improve quality and reliability of the energy supplies).
- Provide information on energy saving and energy efficiency, including provisions of support for adoption of renewable energy options such as solar panels.
- Address concerns in a timely manner and proactively.

To promote the public awareness on tariffs, MoEF and/or MoE can explore additional improvements in their respective websites, for instance, by incorporating a widget to allow consumers to calculate their bills for electricity, and gas based on their estimate consumption with new tariffs and measures to save energy to reduce costs. In addition, an additional platform that has been used in the country that can be enhanced is an automatic notification if energy usage have exceeded limits (such as through SMS notification, or app notifications).

## 4 Stakeholder Engagement Programme

### 4.1 Summary of stakeholder engagement done during project preparation

The GoU already has started communication to public about the plans on energy tariff increase. One of the examples would be the recent interview of the Deputy Minister of Economy and Finance, who highlighted that there are several options of tariff increase are being considered<sup>3</sup>. Moreover, The Ministry of Energy, Ministry of Economy and Finance, and Agency for Strategic Reforms of Uzbekistan with the support from the World Bank organized a workshop<sup>4</sup> on international best practices in implementing energy tariff reforms, social protection measures and respective communication campaigns explaining the purpose of these reforms to the public. Practitioners of energy tariff reforms from countries, including Egypt, India, Latvia, Vietnam, Azerbaijan, Georgia, and Türkiye, shared their experience.

### 4.2 Summary of project stakeholder needs and methods, tools, and techniques for stakeholder engagement

The following sections outline the proposed disclosure arrangements and engagement activities across the project cycle, which will be aligned with the GoU's planned energy reforms. The following disclosure and stakeholder engagement program is built upon lessons-learned and understanding of key stakeholders' preferences in accessing information as well as specific constraints and needs of vulnerable groups. The proposed activities will be flexible and adjustable depending on the project's contexts and resources will be calibrated to any issues and/or risks that may emerge prior and following the roll-out of the energy reforms across the country. The SEP will be updated from time-to-time to reflect the dynamic nature of the reforms and subsequent implications.

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<sup>3</sup> <https://kun.uz/en/news/2023/03/29/ministry-of-economy-and-finance-clarifies-whether-it-is-planned-to-increase-gas-and-electricity-prices-this-year>

<sup>4</sup> <https://telegra.ph/International-best-practices-in-implementing-energy-tariff-reforms-are-presented-in-Tashkent-04-20>

### 4.3 Proposed Strategy for Engagement including Information Disclosure

Project stage	Target stakeholders	List of information to be disclosed	Methods	Timing
Preparation, prior to reform rollouts.	<ul style="list-style-type: none"> <li>Government (national and sub-national authorities)</li> <li>Local Communities</li> <li>Mass organizations, CSOs, NGOs</li> <li>Mass Media</li> </ul>	<ul style="list-style-type: none"> <li>Project environmental and social documents, including Stakeholder Engagement Plan (SEP) and Grievance Redress Mechanism (GRM), Environmental and Social Commitment Plan (ESCP).</li> <li>Project brief, including project's objective and scope, payment agreements, etc.</li> </ul>	<ul style="list-style-type: none"> <li>National public consultations, with representatives from sub-national stakeholders, including community representatives.</li> <li>MoEF and MoE's websites.</li> </ul>	Prior to effectiveness and/or signing of ERPA (Component 1) and/or MOPA (Component 2)
	<ul style="list-style-type: none"> <li>Vulnerable groups</li> <li>Rural populations</li> </ul>	<ul style="list-style-type: none"> <li>As above, with messaging being tailored to their accessibility and needs (i.e., language, media, and approaches)</li> </ul>	<ul style="list-style-type: none"> <li>As above, but additional measures such as outreach, community meetings, etc.</li> </ul>	
Prior to reform rollouts	<ul style="list-style-type: none"> <li>Government (national and sub-national authorities)</li> <li>Local Communities</li> <li>Mass organizations, CSOs, NGOs</li> <li>Mass Media</li> <li>Business associations</li> <li>Energy companies</li> </ul>	<ul style="list-style-type: none"> <li>Basic information about reforms, such as calculation of energy tariffs, how tariff increases will be re-invested (i.e., fact sheets, Frequently Asked Questions/FAQs)</li> <li>Energy reform plans (i.e., draft decree/law), covering phasing of reforms, target groups subjected to such reforms, and risk mitigation measures (including social assistance).</li> <li>FRGMs, including public engagement and feedback platforms for energy reforms.</li> </ul>	<ul style="list-style-type: none"> <li>National public consultations, press-releases</li> <li>Public outreach, including national and sub-national consultations on reform plans</li> <li>Dissemination of information through public communication platforms (i.e., social media, television, radio, newspapers, leaflets, brochures, etc.)</li> <li>Multi-stakeholder forums with business associations and energy companies.</li> </ul>	In advance of reform rollouts, to enable public opinions and concerns to be accommodated prior to actual decision making.
	<ul style="list-style-type: none"> <li>Vulnerable groups</li> <li>Rural populations</li> </ul>	<ul style="list-style-type: none"> <li>As above, with messaging being tailored to their accessibility and needs (i.e., language, media, and approaches)</li> </ul>	<ul style="list-style-type: none"> <li>As above, but additional measures such as outreach, community meetings, etc.</li> </ul>	
Implementation	<ul style="list-style-type: none"> <li>Government (national and sub-national authorities)</li> <li>Local communities, including Mahallas, local leaders</li> </ul>	<ul style="list-style-type: none"> <li>Feedback of reform implementation, including key issues (i.e., exclusion of social assistance, mistargeting, etc.).</li> <li>Progress that the government has made on the energy sector and future investments.</li> </ul>	<ul style="list-style-type: none"> <li>Communication campaign, including public consultations</li> <li>Electronic publications and press releases on the MoEF and MoE's websites, dissemination through public platforms and production of</li> </ul>	Regularly during reform implementation, focusing on initial stages to test public acceptance and identify issues.



Project stage	Target stakeholders	List of information to be disclosed	Methods	Timing
	<ul style="list-style-type: none"> <li>Vulnerable Groups</li> <li>Mass organizations, CSOs, NGOs</li> <li>Mass Media</li> <li>Business associations</li> <li>Energy companies</li> </ul>	<ul style="list-style-type: none"> <li>FAQs and fact sheets including additional FGRMs (based on lessons-learnt during initial phase)</li> </ul>	<ul style="list-style-type: none"> <li>leaflets, brochures, etc.</li> <li>Public notices.</li> <li>Community outreach (i.e., through Mahallas, community leaders, and community facilitators)</li> <li>Multi-stakeholder forums</li> </ul>	
	<ul style="list-style-type: none"> <li>Vulnerable groups</li> <li>Rural populations</li> </ul>	<ul style="list-style-type: none"> <li>As above, with messaging being tailored to their accessibility and needs (i.e., language, media, and approaches)</li> </ul>	<ul style="list-style-type: none"> <li>As above, but additional measures such as outreach, community meetings, etc.</li> </ul>	
ER payments	<ul style="list-style-type: none"> <li>Government (national and sub-national authorities) eligible as beneficiaries</li> <li>Local community, including vulnerable groups that will receive benefits</li> <li>Mass organizations, CSOs, NGOs.</li> <li>Energy companies.</li> </ul>	<ul style="list-style-type: none"> <li>Volume of ERs generated (through the energy reforms) and amounts of payments received and their tranches</li> <li>Use of the above payments and beneficiary groups, including selection criteria and process.</li> <li>FAQs and fact sheets including additional FGRMs</li> </ul>	<ul style="list-style-type: none"> <li>Communication campaign, public consultations, and outreach (through Mahallas, community leaders, and facilitators)</li> <li>Electronic publications and press releases on MoEF and MoE's websites and dissemination through public platforms</li> </ul>	Prior to ER payments (following ER verification) and during delivery of the payments.
	<ul style="list-style-type: none"> <li>Vulnerable groups</li> <li>Rural populations</li> </ul>	<ul style="list-style-type: none"> <li>As above, with messaging being tailored to their accessibility and needs (i.e., language, media, and approaches)</li> </ul>	<ul style="list-style-type: none"> <li>As above, but additional measures such as outreach, community meetings, etc.</li> </ul>	

Once the communication strategy on the tariff increase is in place the above table will be updated to provide further details.

#### 4.4 Stakeholder Engagement Program

Project stage	Topic of consultation / message	Method used	Target stakeholders	Responsibilities
Preparation, prior to reform rollouts	<p>Public information and disclosure of reform policy and rationale for energy tariffs, timing, priority groups for any increases, mitigation measures, and how the public can access information and file grievances.</p> <p>Reform implications and benefits across stakeholder groups (residential, business, government, etc.)</p>	<ul style="list-style-type: none"> <li>MoEF and MoE's websites and press releases.</li> <li>Public campaigns and outreach through Telegram channels and social media networks, television, radio, face-to-face dialogues, and dissemination to energy companies, Mahallas, and local champions.</li> <li>Community meetings, particularly on access to social assistance, in collaboration with MoEF departments administering social assistance programs.</li> <li>Multi-stakeholder forums, particularly with the business community</li> </ul>	<p>Affected and interested stakeholders as appropriate, including vulnerable groups through affirmative approaches</p> <p>Relevant Ministries and sub-national authorities, including companies, working in, or with an interest in energy sector and social protection</p> <p>NGOs and CSOs, media, business associations.</p> <p>Energy companies.</p>	<p>Green Economy Department of the MoEF;</p> <p>Department for Transformation of State-owned Enterprises of the MoEF ;</p> <p>Communications Department of the MoEF;</p> <p>Department for financial flows, tariff policy and internal audit of the MoE;</p> <p>Press service of the MoE.</p>
Reform Implementation (throughout project's cycle)	<p>Disclosure of implementation progress, including phasing of reforms (if applicable) and how social assistance measures have been implemented.</p> <p>Soliciting public concerns, grievances, and views, as well as feedback on the initial phase of implementation.</p>	<ul style="list-style-type: none"> <li>MoEF and MoE's websites and press releases</li> <li>Consultations (face to face and/or virtual consultations), including tailored consultations with vulnerable groups</li> <li>Community outreach, including community facilitated meetings</li> <li>Multi-stakeholder forums</li> <li>Correspondence by phone/email, letters to national authorities and sub-national authorities (i.e., on progress reports, request for</li> </ul>	<p>Affected and interested stakeholders as appropriate, including vulnerable groups.</p> <p>Relevant Ministries and sub-national authorities, including companies working in, or with an interest in energy sector and social protection</p> <p>NGOs and CSOs, media, business associations.</p> <p>Energy companies.</p>	<p>Department for Transformation of State-owned Enterprises of the MoEF;</p> <p>Communications Department of the MoEF;</p> <p>Department for financial flows, tariff policy and internal audit of the MoE;</p> <p>Press service of the MoE;</p> <p>ASR.</p>

Project stage	Topic of consultation / message	Method used	Target stakeholders	Responsibilities
		<ul style="list-style-type: none"> <li>coordination and troubleshooting, etc.)</li> </ul>		
ER Payments (following verification)	<p>Disclosure on ER payments and how such payments will be invested and used, who will be the target beneficiaries</p> <p>Soliciting public concerns, grievances, and views, as well as feedback on the reform implementation</p>	<ul style="list-style-type: none"> <li>MoEF and MoE's websites and press releases</li> <li>Community outreach</li> <li>Correspondence by phone/email, letters to national and sub-national authorities on use of payments and targeting.</li> </ul>	<p>Affected people, including vulnerable groups</p> <p>Relevant ministries and sub-national authorities managing ER payments</p> <p>NGOs and CSOs, media as applicable.</p>	<p>Green Economy Department of the MoEF;</p> <p>Department for Transformation of State-owned Enterprises of the MoEF ;</p> <p>Communications Department of the MoEF;</p> <p>Communications Department of the MoEF.</p>

Once the communication strategy on the tariff increase is in place the above table will be updated to provide further details.

## 4.5 Future of the Project

Stakeholders will be kept informed as the project develops, particularly on energy reform plans and how potential impacts will be and/or have been mitigated and addressed. The SEP includes pro-active engagement during different phases of energy reforms as being supported by the project and will ensure effective FGRMs throughout the project implementation. The project's environmental and social performance will be measured in terms of how effective stakeholder engagement activities have been performed and how requisite impact mitigation measures, focusing on vulnerable groups, have been coordinated and delivered by relevant government agencies. Such performance will be reported and disclosed on a regular basis through MoEF and MoE's websites as well as other platforms as specified in Section 4.3.

## 5 Resources and Responsibilities for SEP

### 5.1 Management Functions and Responsibilities

MoEF will be leading the implementation of the SEP, along with MoE. MoEF is leading an inter-governmental working group with an overall mandate for coordination and strategic and policy guidance.

MoE, through its Public Relations Department, will be responsible for communicating priority energy reforms, and hence, will be responsible for the overall public communication and engagement for the purpose of the reforms in coordination with other agencies, including MoEF's department managing social protection programs.

To support the overall coordination and capacity requirements, including resource allocation, the project will have a provision to strengthen MoEF and MoE's capacity and skills through additional consultants or advisors (individuals and/or firms). The additional consultants or advisors will be used for strengthening the MoEF and MoE's capacities, through the working group, on stakeholder engagement for the energy reforms and associated impact mitigation measures.

### 5.2 Resources

MoEF and MoE will be in charge of stakeholder engagement activities. Budget for implementing the SEP and related activities, including coordination, consultations, publication and disclosure of information, development of a communication strategy and hiring of additional experts is preliminary set to be \$2 million USD by MoEF and to be financed through climate and carbon funds of the proposed project.

Additional provisions, in case there are resource gaps, will be provided through the project's allocation, following the first ER payments.

## 6 Feedback and Grievance Redress Mechanism

The main objective of a FGRM is to receive feedback on services and benefits and assist to resolve complaints and grievances in a timely, effective, and efficient manner that satisfies all parties involved. Specifically, it provides a transparent and credible process for fair, effective, and lasting outcomes. It also builds trust and cooperation as an integral component of broader community

consultation that facilitates corrective actions. Multiple channels are currently in use within MoEF and MoE.

Within MoEF, the following communication channels have been used not only to disseminate public communication:

No	Channels	Link	Focal point
1.	Official website	<a href="https://www.imv.uz/">https://www.imv.uz/</a> ( <a href="https://www.mf.uz/">https://www.mf.uz/</a> )	Isaxonov Farrux Deputy Head of Public Relations Department (90 910 77 74) <a href="mailto:fishonov@mf.uz">fishonov@mf.uz</a> <a href="mailto:fishonov@gmail.com">fishonov@gmail.com</a>
2.	Telegram	<a href="https://t.me/minecofinuz">https://t.me/minecofinuz</a>	
3.	Facebook	<a href="http://facebook.com/mineconomfin">http://facebook.com/mineconomfin</a>	
4.	Instagram	<a href="https://www.instagram.com/minfinuzb">https://www.instagram.com/minfinuzb</a>	
5.	Twitter	<a href="http://twitter.com/minecofinuz">http://twitter.com/minecofinuz</a>	
6.	LinkedIn	<a href="http://linkedin.com/company/min">http://linkedin.com/company/min</a>	
7.	You Tube	<a href="https://www.youtube.com/channel/UCx1cbw2mBlfpYuTHoKHxBOw">https://www.youtube.com/channel/UCx1cbw2mBlfpYuTHoKHxBOw</a>	

Moreover, there is a grievance mechanism established for contacting directly to the Ministry of Economy and Finance. Currently grievance mechanism envisages receipt of requests from currently available public through hot-line number +99871 203 00 50, or issuing e-mail to [info@mf.uz](mailto:info@mf.uz) or writing official letter to the Ministry of Economy and Finance.

**Within MoE, the following channels have been used:**

No	Channels	Link	Focal point
8.	Official website	<a href="https://www.minenergy.uz">https://www.minenergy.uz</a>	Isaxonov Farrux Deputy Head of Public Relations Department (90 910 77 74) <a href="mailto:fishonov@mf.uz">fishonov@mf.uz</a> <a href="mailto:fishonov@gmail.com">fishonov@gmail.com</a>
9.	Telegram	<a href="https://t.me/minenergy_uz">https://t.me/minenergy_uz</a>	
10.	Facebook	<a href="https://www.facebook.com/minenergyuz">https://www.facebook.com/minenergyuz</a>	
11.	Instagram	<a href="https://www.instagram.com/energetika_vazirligi">https://www.instagram.com/energetika_vazirligi</a>	
12.	Twitter	<a href="https://twitter.com/minenergyuz">https://twitter.com/minenergyuz</a>	
13.	You Tube	<a href="https://www.youtube.com/@energetika_vazirligi">https://www.youtube.com/@energetika_vazirligi</a>	

The MoE also uses hot-line, e-mail ([info@minenergy.uz](mailto:info@minenergy.uz)) and official letters as the main communication channels for grievance mechanism.

As part of the finalization of the SEP, these channels are currently being assessed in terms of their effectiveness and suitability for the proposed energy reforms and will be calibrated to ensure that such channels are fit-for-purpose and enable effective management of grievances, particularly with regards to social protection programs.

The SEP will be revised to provide details of the selected FGRM. The FGRM will also be communicated as part of the messaging as part of the communications strategy on tariff increases

and that is still be developed

Under the project, the FGRM will serve the following main functions:

- Provide affected stakeholders with access to information and avenues to enable their views and voices to be captured as part of the energy reform plan, including any associated strategy and reform design(s).
- Provide channels to affected people, particularly the poor and vulnerable groups, to seek redress and/or access to support in case that they are excluded. These grievance channels will be calibrated with potentially existing grievance mechanisms for social assistance programs.

For this purpose, the choice of channels, including complementary engagement activities through community outreach activities and engagement and potentially media monitoring will be designed to also capture feedback and grievances as they arise from such engagements. MoEF's focal point will be supported by a qualified public communication team to ensure that these are documented systematically to responsive resolution of issues as well as to enable institutional learning under the project.

## 6.1 Description of FGRM Procedure

An agreed procedure for the project's FGRM is currently being developed, once appropriate and fit-for-purpose channels and an institutional arrangement for FGRM under the inter-governmental working group, led by MoEF with technical support from MoE has been defined and agreed. The SEP will be updated once the above is available.

## 7 Monitoring and Reporting

### 7.1 Reporting Back to Stakeholder Groups

The SEP will be periodically revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP.

Monthly summaries and internal reports on feedback, public grievances, enquiries, together with understanding of public perceptions and sentiments on the proposed energy reforms and relevant action plans will be collated by responsible staff assigned for the SEP implementation (under MoEF and MoE) and referred to the senior management overseeing the project, including members of the inter-government working group. The monthly summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in two possible ways:

- Publication of an annual report including project's interaction with the stakeholders.

- A number of Key Performance Indicators (KPIs) will also be monitored by the project on a regular basis, including the following parameters:
  - Communications campaign;
  - number of public hearings, consultation meetings and other public discussions/forums conducted regularly (refer to the stakeholder engagement program);
  - frequency of public engagement and outreach activities;
  - number of public grievances received monthly and number of those resolved within the prescribed timeline;
  - number of press materials published/broadcasted in the local, regional, and national media; and
  - views of citizens on tariff reform collected and used for decision making.