



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 04/01/2020 | Report No: ESRSC01213



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Uzbekistan	EUROPE AND CENTRAL ASIA	P171683	
Project Name	Electricity Transmission Modernization and Market Development		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	8/3/2020	11/19/2020
Borrower(s)	Implementing Agency(ies)		
Republic of Uzbekistan	JSC "Uzbekistan National Power Networks", Ministry of Energy		

Proposed Development Objective(s)

The Project development objective is to improve the reliability of the power transmission system and operation of the newly established transmission company to facilitate electricity market development in Uzbekistan.

Financing (in USD Million)	Amount
Total Project Cost	535.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed Project would have the following four components: (i) Digitalization of the electricity transmission sector; (ii) Power grid strengthening and modernization; (iii) JSC 'Uzbekistan National Power Networks' (NES) institutional development and project implementation; and (iv) Electricity market development.

COMPONENT 1: Digitalization of the electricity transmission sector (estimated cost: US\$80 million). The proposed Project will take advantage of the modern digital technologies to support the enhanced monitoring, automation and control of the power system in Uzbekistan. Digital technologies to be deployed under the proposed Project would



comprise of Supervisory Control and Data Acquisition (SCADA), Energy Management System (EMS) and substation Remote Terminal Units (RTUs). The component will also support an upgrade of NES's digital telecommunication network to enable those systems to be fully functional.

COMPONENT 2: Power grid strengthening and modernization (estimated cost: US\$200 million). The proposed investments under the Component 2 will support: (a) modernization of 23 priority substations that were identified for rehabilitation across the country; (b) construction of three new substations, including the 220 kV 'Azamat' and two 500 kV substations ('Koltsevaya' and 'Altinsay') to release overloading on neighboring substations and to meet the growing demand in the respective regions; (c) construction of associated transmission lines at 500 kV, 220 kV, and 110 kV voltage levels to connect the aforementioned substations to the national transmission network; and (d) rehabilitation of 24 obsolete transmission lines that were commissioned in 1940–1965. The detailed scope of priority infrastructure investments will be identified and confirmed during the project preparation and appraisal.

COMPONENT 3: NES Institutional Development and Project Implementation Support (estimated cost: US\$15 million). This component will support developing and improving the institutional capacity and technical capabilities of NES to ensure it can effectively carry its functions of reliable operation of the transmission system and electricity market in Uzbekistan. The component will include the following sub-components: (i) Introduction of ERP, (ii) NES Financial Sustainability and Preparatory Work to Access Commercial Financing, (iii) NES Institutional Capacity Building and Project Implementation Support, and (iv) Technical Supervision Consultants.

COMPONENT 4: Electricity Market Development (estimated cost: US\$5 million). This component will provide technical assistance for the design and implementation of the electricity sector's transition plan towards wholesale electricity market including required policy, regulatory, institutional market rules and technical codes. component scope includes the strengthening of NES and MoE project offices, support to establishment of a Single buyer (with further evolving as a market operator) and Transmission system operator (TSO) functions and related investments, establishment of Regulatory functions toward a responsible body and improvement of new tariff methodology implementation.

Relationship to CPF. The proposed Project is consistent with the Performance and Learning Review (PLR) of the Country Partnership Framework (CPF) for Uzbekistan (FY2016–20). Specifically, it is consistent with and contribute to PLR's following objectives: (a) Objective 1.1. Enhanced economic growth and transition towards a market economy; (b) Objective 2.1. Strengthening fiscal institutions and financial sustainability of SOEs; and (c) Objective 2.2. Increased access, efficiency and reliability of power supply and heating services, and Objective 1.5. Improved efficiency of infrastructure service delivery, including through PPPs.

The PLR identifies key priorities for WBG engagement in the energy sector, among others, (i) SOE reforms, (ii) energy sector strategy development, (iii) scaling up clean energy development and energy efficiency, and (iv) strengthen regional energy trade and market development. The proposed Project would contribute to the aforementioned four priorities in the energy sector.

D. Environmental and Social Overview



D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
The Project will operate in almost all regions of Uzbekistan. Uzbekistan is a resource-rich, doubly landlocked, lower middle-income country that is uniquely positioned to border all of the other countries in Central Asia. Uzbekistan has a territory of 458,000 square km and lies between the Syr Darya and Amu Darya Rivers. Most of the country is occupied by vast plains, and the rest by mountains with heavily dissected relief. The mountain region is in the eastern and south-eastern parts and links with the Tien Shan and the Altay Ranges. Diversity of soil forming rocks, ecological regimes, vegetation, extreme continental climate, and vastness of the territory contribute to great diversity and complexity of soil cover in the republic. On most plains with continental climate, a desert type of soil prevails, while on contemporary river plains with their favorable soil moisture, there are as a rule hydromorphic soils - meadow-desert, meadow-swamp, swamp and solonchak soils. Uzbekistan's geographical position contributes to the dryness and continentality of its climate. The country has dry hot summers, cool and wet autumns, and cold winters with thaws. Agro-ecologically, Uzbekistan is divided into eight regions: Ustyurt, Low Amudarya and Kyzylkum regions in the plains, the other five regions, Middle Syrdarya, Ferghana, Zarafshan, Kashkadarya and Surkhandarya, are in foothills and mountains. Uzbekistan is the most densely populated country in Central Asia: the average population density is 67.9 people per km². Among the regions of Uzbekistan, the most densely populated regions are Andijan and Ferghana regions.

Uzbekistan is one of the most energy-intensive countries in the world and energy efficiency remains a key priority. While Uzbekistan's energy intensity declined by about 45 percent during the last 15 years, the country's energy use per unit of GDP is 3.1 times higher than the average for the Europe and Central Asia region. The high level of energy intensity is common for all parts of the entire economy.

The proposed Project will support modernization of 23 priority substations and 24 transmission lines that were preliminarily identified for rehabilitation throughout the country. The mentioned substations are located in various regions (all peri-urban and urban). All works for 23 substations are expected to take place within an existing secured substation perimeter. The Project would also finance the construction of three new substations, , and constructions of associated transmission lines at 500, 220, and 110kV levels, the details of which will be defined during the preparation of the Project. Potential application of digital solutions and elements under this sub-component will also be discussed with NES (National Electricity Networks) company that was formed after the unbundling of Uzbekenergo) and the Ministry of Economy during the project preparation. Preparation of feasibility studies for future investment projects will also be financed under the project.

D. 2. Borrower's Institutional Capacity

The overall responsibility of the Project implementation, including the environmental and social assessment and monitoring, lies with NES (National Electricity Networks Company). NES, as it was formed after the unbundling of Uzbekenergo, has had experience with two World Bank-funded projects, Talimarjan Transmission Project (P119939) and Modernization and Upgrade of Transmission Substations (P156584). Based on Uzbekenergo's delivery of those projects, NES is has a moderately satisfactory environmental and social management capacity. The core staff responsible for these projects is being transferred to NES and will form the Project Management Unit (PMU) within it. The PMU will need additional capacity support and their activities should be monitored.

The day-to-day Project activities will be the major responsibility of the PMU, which will be also responsible for ensuring that project activities are assessed from environmental and social points of view and that requested environmental and social documents are prepared and adequately implemented in line with the Bank's ESF. For the purpose of implementing environmental and social standards, both Environmental and Social Specialists will be hired



within the PMU - their main responsibility will be to coordinate environmental and social management, including adequate implementation of Environmental and Social Management Framework (ESMF), site-specific Environmental and Social Impact Assessments/Environmental and Social Management Plans (ESIAs/ESMPs), Resettlement Policy Framework (RPF), site-specific Resettlement Action Plans (RAPs), Labor Management Procedure (LMP), and Stakeholder Engagement Plan (SEP).

During the Project implementation, the Environment and Social Specialist would perform regular supervision of the sites to confirm compliance with ESMF and site specific ESIA/ESMP requirements. In the case of non-compliance, the Environment and Social Specialists would investigate the nature and reason(s) for non-compliance, suggest corrective action or recommend sanctions against non-compliant contractors. Institutional arrangements for Environment and Social Management, including responsibilities of NES, its contractors and other relevant parties will be set forth in the Project Operational Manual.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The Proposed Environmental Risk Rating is “Substantial”, due to the nature and scale of activities supported by the Project, as well as limited capacity of the PMU to manage such risks. Environmental risks and occupational health and safety hazards will mostly originate from activities under Component 2: Power Grid Strengthening and Modernization. This component is expected to support the rehabilitation of 23 transmission substations, 24 transmission lines and construction of three new substations with associated transmission lines. Most of the expected impacts are likely to occur during the construction phase (occupational health and safety hazards, generation of solid waste, air pollution and noise, disruption of traffic, etc.). Some additional construction activities may occur under Component 1: Digitization of Electricity Transmission Sector, which will be associated with laying optical ground wire (OPGW) fiber optic cables or putting them overhead, and associated with the design and establishment of national dispatch center, backup dispatch center, and five regional centers.

Even if the number of investments is defined, this may be revisited during project preparation and the decision on locations isn’t final and will be phased out. Therefore, the main instrument will be ESMF, acceptable to the World Bank, developed, consulted on with stakeholders, and disclosed prior to Project Appraisal. In addition, at least 2 site-specific ESMPs on early substation rehabilitation investments will also be prepared and disclosed prior appraisal. The ESMF will analyze the overall environmental and social situation related to the Project, including details on which Environment and Social Standards (ESSes) are relevant; identify risks and appropriate mitigation; provide screening criteria that spell out scope of site specific Environmental and Social Impact Assessments (ESIAs)/ ESMPs for the proposed Project activities; suggest template for a simplified checklist ESMP for small-scale rehabilitation construction works; environment and social monitoring and reporting requirements; a section on proposed capacity building activities to help the PMU comply with the ESF; and expected costing implications. The Borrower, in coordination with the World Bank Environment and Social Team, will also prepare an Environment and Social Commitment Plan (ESCP) that details the timing for the above-mentioned documents and capacity building needs for strengthening NES’s environmental and social management system. The Borrower will ensure that the preparation and implementation of any Associated Facilities is carried out in the manner consistent with the World Bank’s ESF. At

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this stage of project preparation, the main premises of the National Dispatch Center has been identified as a potential Associated Facility because it might be subject to renovation works to house digital technologies financed by the project– others may be identified during project preparation. All known Associated Facilities as well as their financing arrangements will be described in Appraisal stage ESRS.

Social Risk Rating

Substantial

Proposed social risk is Substantial. The Project’s key interventions relate to commercialization and digitization of the electricity grid company, which is expected to result in the improved and reliable electricity supply. Social issues and adverse impacts emanate on two fronts: one, construction-related activities financed under Component 2, including potential land acquisition; and two, engagement with local communities and other relevant stakeholders nearer to the facilities (substations, digital cables, transmission lines). They will be substantial and will be managed through instruments such as ESMF, RPF (possibly, if resettlement risks and impacts including livelihoods impact due to land use restrictions are confirmed during preparation stage), LMP and SEP. No significant risks related to labor influx, or community health and safety are expected under the Project, as most project workers will be recruited locally. This will need to be monitored and confirmed throughout project implementation, and in case workers are recruited externally, necessary measures will need to be reflected in the LMP and ESMF. At this stage, the GBV risk is assessed as moderate mostly due to the status of national GBV legislation, gender norms, and the peri-urban and urban location of proposed project activities. The GBV risks specifically in the context of the proposed activities will be assessed during preparation as part of the environment and social assessment process. Since the Project will be implemented nationwide, its stakeholders are highly diverse and from different walks of life with highly differential capacity to interface with the Project. Moreover, there are risks related to broader country context in respect of forceful evictions and forced labor (as described under Section on Other Relevant Project Risks). Taking due note of all these, including the lack of necessary information on the extent of certain social risks and impacts at this stage (i.e. particularly ESS 5 risks and GBV risks),_the social risk at preparation is rated to be ‘substantial’. The following Standards will be particularly relevant to address these social risks -- ESS 1, ESS 2, ESS 4, ESS 5, and ESS 10. The Project does not pose any social risks associated with ESS 7.

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B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project recognizes the following standards as relevant: ESS 1, ESS 2, ESS 3, ESS 4, ESS 5 and ESS 10. The environmental and social risks are both rated Substantial.

Towards addressing these risks, the following instruments will need to be prepared: (i) Environmental and Social Management Framework (ESMF); (ii) Environmental and Social Impact Assessments/Environmental and Social Management Plans (ESIA/ESMP) for sub-projects per criteria detailed in the ESMF, with at least 2 of them ready and disclosed prior appraisal for early substation investments; (iii) Resettlement Policy Framework (RPF); (iv) Stakeholder Engagement Plan (SEP); and (v) Labor Management Procedures (LMP).

The proposed civil works, construction activities, the dismantling or installing electrical equipment at substations, putting OPWG underground or overhead cables would generate some adverse impacts related to dust and noise; air



and water pollution; construction wastes; asbestos; and health and labor safety issues. All of them would be minor, of limited duration, influence a relatively small area, and occur primarily during the construction phase. While replacing old transformers, there might also be some serious health and environmental impacts related to presence of polychlorinated biphenyls (PCBs), which represent Persistent Organic Pollutants (POPs) and may provoke carcinogenicity, reproductive impairment, immune system changes, and the loss of biological diversity, if not handled properly and disposed of with care. Operational phase environmental risks, such as the risk of impact (or perception of impact) of electric and magnetic fields on population is considered low as siting of the existing substations is remote and they are at safe distances from houses. Substations with closely situated residences will be identified at ESMP stage, where such risk will be described with appropriate mitigation measures and discussed with affected parties during public consultations. Any plans for the use of pesticides (also POPs) to control vegetation under transmission lines during operation is not known at this stage and will be identified during project preparation.

Because modernization of power transmission infrastructure will lead to significant reduction in energy losses, it will contribute to reduction in greenhouse gas (GHG emissions). The Project will bring positive economic and social impacts as the proposed activities would increase efficiency and reliability of electricity supply for the population and economy nationwide.

Prior to Appraisal, the Borrower will produce an ESMF with detailed criteria and guidance for the development of site-specific ESIA/ESMPs for project activities. These criteria and guidance will determine the level of ESIA/ESMP needed for specific activities – from detailed documents for more complex or higher risk activities to simple checklists for more basic activities. The Project is using the framework approach through the preparation of an ESMF because the specific characteristics of the activities to be financed are not yet fully known. While the scope of a few activities to be financed may be generally known before Appraisal (mostly on substation investments), the design and thus final environment and social footprint, are not expected to be known until after implementation has begun – at which point the ESMF will be applied and the appropriate level of site-specific ESIA/ESMP determined. The ESMF will also source from General or Power Sector Specific Environment, Health and Safety (EHS) Guidelines to identify specific environmental risks and their mitigation measures. It was also agreed that, in addition to ESMF, Borrower will prepare and disclose prior appraisal at least 2 site-specific ESMPs for early and known substation investments. At this stage, potential social risks and impacts relate to physical footprint/construction activities under Component 2, as well as ensuring effective engagement with local communities and other relevant stakeholders nearer to the facilities (substations, digital cables, transmission lines). No significant risks related to labor influx or community health and safety are expected under the project, as most project workers will be recruited locally. At this stage, the GBV risk is assessed as moderate mostly due to the status of national GBV legislation, gender norms, and the peri-urban and urban location of most project activities. The GBV risks specifically in the context of the proposed activities will be assessed during preparation as part of the environmental and social assessment process. Since the project is nationwide, its stakeholders are highly diverse and from different walks of life with highly differential capacity to interface with the project. Moreover, there are risks related to broader country context in respect of forceful evictions and forced labor (as described under Section on Other Relevant Project Risks). Moreover, there are risks related to broader country context in respect of forceful evictions and forced labor, as described in Section on Other Relevant Project Risks below. In terms of social impacts deriving from construction works, the proposed Project will support modernization of 23 priority substations and 24 transmission lines that were identified for rehabilitation. The mentioned substations and lines are located in various regions. All works for 23 substations and 24 transmission lines are expected to take place within an existing secured substations and transmission lines perimeter, and it is



highly unlikely that there will be any need for land acquisition (or in the context of Uzbekistan, termination of land user rights) in most of these locations. However, the extent of ESS 5 impacts and risks related to the construction of three new substations need to be further assessed (to be confirmed during preparation). It is expected that the high voltage transmission lines to be financed under the Project (including for proposed new substations and their right-of-way areas) will follow the existing linearity that does not go through any lands used or owned by private entities/persons – this will be confirmed during preparation. If, during preparation, permanent land acquisition or land use restrictions on privately owned/used lands, or economic displacement are found to be unavoidable, a Resettlement Policy Framework (RPF) containing criteria for the preparation of site-specific Resettlement Action Plans (RAPs) will need to be prepared. The Project will not finance any low-voltage distribution lines that would cause impacts on privately used lands. The Project will attempt avoiding, to the extent possible, adverse impacts on private or privately-used land and property, and will clearly document all efforts made to avoid land restriction and resettlement impacts. Where such impacts are unavoidable, they will be minimized to the extent possible, and the Project will follow the procedures laid out in the RPF to ensure that adequate compensation and rehabilitation measures have been provided to the project affected people.

In order to ensure that a consistent, comprehensive, coordinated and culturally appropriate approach is taken to stakeholder engagement and disclosure of Project-related information, NES will have to prepare Stakeholder Engagement Plan (SEP). NES will need to ensure that SEP maps out all relevant stakeholders in relevant regions. Any feasibility studies to be prepared under the project will follow ESF and relevant standards.

Areas where “Use of Borrower Framework” is being considered:

N/A

ESS10 Stakeholder Engagement and Information Disclosure

ESS 10 is relevant for this project. In order to ensure that a consistent, comprehensive, coordinated and culturally appropriate approach is taken to stakeholder engagement and project disclosure, NES will prepare and disclose an SEP acceptable to the Bank prior to Appraisal. The SEP will be proportional to the nature and scale of the Project and associated social risks and impacts to be explored further through social and environmental assessment process during preparation. The SEP will be developed and implemented to ensure that stakeholder engagement is conducted on the basis of timely, relevant, understandable and accessible information. It will lay out a strategy to identify and map key stakeholders. Such stakeholders will likely to include households in relevant regions, local hokimiyats, relevant government agencies, and local utility service providers. SEP will also have to ensure that consultations are inclusive and accessible (both format and location) and are conducted in Uzbek and Russian languages. SEP will have to be disclosed as soon as possible, prior to Appraisal and will be updated, as necessary, throughout the project cycle (preparation and/or implementation). A stakeholder grievance redress mechanism (GRM), as part of SEP, will be operationalized for the project to allow for feedback and complaints. As part of GRM design, NES will have a focal point handling proper development and implementation of SEP, as well as ensuring that the GRM is functioning with grievance log, timelines, and tracking system.



B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS 2 is relevant for this project. Project work force will include direct workers and contracted workers. Whether or not primary supply workers will be involved in the project will be assessed during preparation stage. The project will explore opportunities to encourage contractors to employ women during project implementation/construction.

The Project would primarily rely on supply of construction materials and labor force from the local market, but this will need to be confirmed and assessed further during preparation stage. The project will explore opportunities to encourage contractors to employ women during project implementation/construction. It is unlikely that there is any child and forced labor in energy sector in Uzbekistan, but this will be assessed further during preparation. NES will be responsible to develop and disclose a project-level LMP acceptable to the Bank prior to Appraisal. These LMP will identify the main labor requirements and risks associated with the Project, and will help NES to determine the resources necessary to address project labor issues. LMP would describe (i) procedures relevant to each category of workers involved; (ii) overview of key potential labor risks (if any); (iii) overview of Uzbekistan's labor legislation; (iv) description of grievance redress mechanism or mechanisms available for all direct workers and contracted workers (and if relevant, to their organizations). LMP may be amended at any time during project cycle depending on the needs and developments in the project preparation and/or implementation. In addition, LMP will describe legislation pertaining to labor regulations governing specifically Open Joint Stock Companies in Uzbekistan, and will describe NES's existing HR policies and procedures.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS 3 is relevant for this project. Assessment of risks and impacts and proposed mitigation measures related to relevant requirements of ESS 3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste will be included within scope of the ESMF and site specific ESIAs/ESMPs, as relevant. If the generated waste is considered hazardous, the Borrower will comply with existing requirements for management (including storage, transportation and disposal) of hazardous waste including national legislation and applicable national conventions. Where such requirements are absent, the Borrower will adopt GIIP alternatives for environmentally sounds and safe management and disposal, in measures accessible in country's context. At present, old electrical equipment transport and disposal is handled by a special division of NES which is regulated by national safety norms and requirements for electrical equipment and its components. The Appraisal-stage ESMS will describe the risk taking source from ESMF that will assess national capacity for handling hazardous waste in more detail, identify gaps and offer harmonized specific and realistic measures in country's context to achieve compliance.

ESS4 Community Health and Safety

ESS 4 is relevant for this project. Construction and rehabilitation activities are often associated with the generation of dust and noises, soil disturbance, disruption of access and traffic congestion, generation of waste, labor influx and associated disturbances to local communities. Hazardous materials will be controlled so as not to open any access to them to the communities. Project activities are not expected to create emergency events, but this risk will be further



assessed and reflected in ESMF, if found significant. However, in this Project, most locations are in remote, isolated peri-urban or urban areas and only some might be in close proximity with residential buildings (less than 100m) which will be further verified during Project preparation. These cases will be identified and the client will evaluate and put in place a mechanism to manage potential road safety risks, risk to workers, nearby communities and other road users. The risk of impact (or perception of impact) of electric and magnetic fields by substations on population is considered low as siting of the existing substations is remote and at safety distance from houses. Substations with closely situated residential buildings will be identified at ESMP stage, where such risk will be described with appropriate mitigation measures and discussed with public during public consultations. No significant risks related to labor influx, or community health and safety are expected under the project, as most project workers are part of existing contracts or will be recruited locally. At this stage, the GBV risk is assessed as moderate mostly due to the status of national GBV legislation, gender norms, and the peri-urban and urban location of most project activities. The GBV risks specifically in the context of the proposed activities will be assessed during preparation as part of the environment and social assessment process.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS 5 is relevant for this project. The Project will be implemented nationwide, and the exact locations and footprint will be confirmed during preparation. The works will take place in relevant regions. While most of the rehabilitation activities will take place within existing substations and along existing transmission lines, there may be potential land acquisition/termination of land user rights (as well as physical and/or other economic displacement) caused by the activities with regards to construction of new substations, if such activities are confirmed during preparation. It is expected that the transmission lines to be financed under the Project (including for proposed three new substations and their right-of-way areas) will follow the existing linearity that does not go through any lands used or owned by private entities/persons, however, it will be confirmed during preparation. If permanent land acquisition or land use restrictions on privately owned/ used lands are found to be unavoidable during preparation, the NES will prepare RPF applicable to the Project before Appraisal, and potentially site-specific RAPs (if exact sites and impacts are identified prior to Appraisal). Moreover, prior land use or presence of other assets will need to be assessed further. All activities will be screened for impacts related to land acquisition, restrictions on land use, and involuntary resettlement, and such screening processes will need to be described in the RPF to be prepared by Appraisal. The Project does not expect to have any legacy issues in relation to land acquisition. The Project will not finance any low-voltage distribution lines that would cause impacts on privately used lands or any private entities. The project will take into account broader country context in respect of forceful evictions and forced labor (as described under Section on Other Relevant Project Risks). The project will take into account broader country context in respect of forceful evictions and forced labor (as described under Section on Other Relevant Project Risks).

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Most of the works will be done on existing infrastructure: substations and existing transmission lines. They are often located away from biodiversity hotspots in remote peri-urban or isolated urban areas. No threats to natural habitats are identified at this stage.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities



There is no social group in Uzbekistan that is known to meet the criteria of Indigenous Peoples for the purpose of the standard. Thus ESS7 is not relevant.

ESS8 Cultural Heritage

No direct impact on cultural heritage is expected, as electrical infrastructure is usually located in remote peri-urban or isolated urban areas, is well fenced and delineated.

ESS9 Financial Intermediaries

ESS 9 is not relevant for the Project because its implementation arrangements do not consider involvement of any financial intermediaries.

B.3 Other Relevant Project Risks

In Uzbekistan, involuntary land acquisition leading to demolition of structures and physical displacements have been occurring on a significant scale. A number of grievances have surfaced in the recent times as common people have been impacted adversely. Concerns have been raised on local authorities not following due processes and not providing resettlement and rehabilitation assistance adequately and appropriately and in a reasonable time frame. These risks have not been observed in energy sector and are unlikely in the context of the proposed activities, and as described above, given that most of the activities will take place within existing sub-stations. However, as a precaution, and taking into account these broader contextual risks taking place in the country, the due processes for screening and risk mitigation will be defined and agreed upfront (and be reflected in the ESCP, if needed), capacity building robust arrangements to ensure full compliance will be undertaken under this project. NES, with support from the World Bank, will conduct awareness raising and training for local authorities at regional and mahalla levels where the project activities likely to take place. These activities will also be described in the draft SEP.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

Potentially EBRD and AIIB. Such partnership may be confirmed at a later stage of project preparation, and use of common approach will be discussed, if necessary.

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B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Prior to Appraisal, the client will prepare, consult on, clear with the World Bank, and disclose the following instruments:

- 1) Stakeholder Engagement Plan (SEP);
- 2) Labor Management Procedure (LMP);
- 3) Resettlement Policy Framework (RPF) (if found necessary during preparation);
- 4) Environmental and Social Management Framework (ESMF);
- 5) At least 2 site-specific Environmental and Social Management Plans (ESMPs) for early substation investments.

The client and the Bank Team will also prepare a draft Environmental and Social Commitment Plan (ESCP) prior to appraisal. The ESCP will be negotiated as part of the Project's Legal Agreements and will be disclosed after approval.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Commitments in the ESCP:

- 1) Updating and implementing Stakeholder Engagement Plan throughout Project life;
- 2) Updating Labor Management Procedures as necessary and implementing them throughout Project life;
- 3) Preparing site-specific Resettlement Action Plans, as necessary, and implementing them prior to mobilization of works contractor; and
- 4) Preparing, disclosing, discussing with stakeholders and implementing site-specific ESIA/ESMPs as per ESMF.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

28-Aug-2020

IV. CONTACT POINTS

World Bank

Contact:	Ferhat Esen	Title:	Senior Energy Specialist
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Telephone No:	5771+2415 /	Email:	fesen@worldbank.org
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Contact:	Maksudjon Safarov	Title:	Energy Specialist
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Telephone No:	5771+2455 /	Email:	msafarov@worldbank.org
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Contact: Husam Mohamed Beides Title: Lead Energy Specialist
Telephone No: 5220+81587 / Email: hbeides@worldbank.org

Borrower/Client/Recipient

Borrower: Republic of Uzbekistan

Implementing Agency(ies)

Implementing Agency: JSC "Uzbekistan National Power Networks"

Implementing Agency: Ministry of Energy

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

Task Team Leader(s): Ferhat Esen, Maksudjon Safarov, Husam Mohamed Beides
Practice Manager (ENR/Social) Satoshi Ishihara Recommended on 26-Mar-2020 at 16:47:51 EDT
Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 01-Apr-2020 at 08:37:50 EDT

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