



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 16-Oct-2018 | Report No: PIDISDSC25290

**BASIC INFORMATION****A. Basic Project Data**

Country Uzbekistan	Project ID P166447	Parent Project ID (if any)	Project Name Uzbekistan: Strengthening the Social Protection System (P166447)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Mar 25, 2019	Estimated Board Date May 30, 2019	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Employment and Labor Relations	

**Proposed Development Objective(s)**

The Project Development Objective is to improve the social and labor market inclusion of the poor and vulnerable people, including those temporarily affected by the economic reforms in Uzbekistan.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	50.00
<b>Total Financing</b>	50.00
<b>of which IBRD/IDA</b>	50.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	50.00
IDA Credit	50.00

Environmental and Social Risk Classification

Concept Review Decision



Substantial

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

**1. Uzbekistan, a lower-middle income country with a population of about 32 million, has made important progress in advancing towards the twin goals of poverty reduction and shared prosperity.** According to official data, Uzbekistan's recent growth has been pro-poor. For example, the poverty rate decreased from 27 percent to 13 percent between 2003 and 2016. Currently, it is estimated that nearly 4 million people live below the national poverty line in 2017. In addition, growth has been equity enhancing: the income of the bottom 40 percent has grown at a slightly faster rate than that of the top 60 percent over the period of 2008-13. Access to utilities has increased among households in the bottom 40 percent, though substantial disparities remain between urban and rural areas and service quality and cost considerations may have offset some of the benefits of greater access.

**2. In 2016, the Government of Uzbekistan launched a comprehensive process of market-oriented reforms.** After two decades of robust economic performance, a model characterized by strong state intervention in economic activity through a widespread presence of public enterprises started showing that Uzbekistan's growth drivers are becoming exhausted.<sup>1</sup> To address this trend, the government of Uzbekistan announced a broad market-oriented reform program, and since late 2016, the new administration embarked upon an ambitious economic modernization program to reinvigorate equitable growth for all of Uzbekistan's citizens. The Government started implementation of the reform program, which includes five priority policy areas: improving public administration and state-building, safeguarding the supremacy of the law, maintaining economic growth and liberalizing the economy, enhancing social safety nets, and ensuring security.

**3. The Government of Uzbekistan has made rapid progress on its path toward social and economic transformation, but attention must be paid to assist groups adversely affected by the reforms in the short and medium term.** On September 5, 2017, the authorities allowed the local currency to depreciate by over 50 percent, while abolishing the existing surrender requirements on exports. There have also been important steps to reduce the state's large presence in the economy, liberalize prices and open the economy to greater foreign and domestic private-sector participation in job growth and investment. The proposed reforms are expected to address some critical constraints to growth and job creation. However, these economic reforms will likely result in some groups of the population being adversely affected during the transition. International experience with relatively similar reforms shows the poor and those non-

<sup>1</sup> Uzbekistan's evolution over the last 25 years increasingly created structural challenges in the country's economy, including inadequate employment creation (relatively high unemployment, especially among the youth, and inactivity, insufficient job creation vis-à-vis jobs demanded, mismatch between labor demand and supply in terms of skills and qualifications), entrepreneurial deficit (economic output dominated by SOE and microenterprises with small private sector, poor business environment, lack of incentives for private firms undermining productivity), reduced competitiveness abroad (restrictive trade practices, reevaluation of the Som, slowdown of neighbor economies), and record low levels of energy efficiency (inefficient operations, high subsidies) (World Bank. 2018. *Creating Markets in Uzbekistan: From Stabilization to Competitiveness. A Country Private Sector Diagnostic*, Washington, D.C.: World Bank Group).



poor but close to the poverty line are particularly vulnerable and may be affected through lower purchasing capacity (because of reforms like price liberalization, exchange rate liberalization, and utility's tariffs increases, removal of subsidies) and unemployment (as a result of the state-owned enterprise (SOE) reform).

**4. The Government is aware of these potential unintended consequences and is committed to strengthening the social protection (SP) system to complement the economic reforms and protect those vulnerable groups?** As part of the reforms launched in September 2017, the government mandate includes the “implementation of comprehensive targeted social support measures to minimize the negative effects of monetary policy on the living standard of socially vulnerable groups of the population”. The Government is making substantial efforts to strengthen, expand, and consolidate SP measures to support poor and vulnerable groups as well as those negatively affected by the economic reforms.

#### Sectoral and Institutional Context

**5. Social protection in Uzbekistan comprises social assistance, labor market interventions and pensions.** Social protection expenditures in Uzbekistan represented about 7.5 percent of the GDP in 2017, decreasing from 11.6 percent in 2012. Social insurance fell from 10 to 6.5 percent while social assistance expenditures decreased from 1.9 to 1 percent in the same period. Between 2012-2015, social protection programs in Uzbekistan have not experienced substantial changes in eligibility criteria or scope of expenditure. The budget and coverage allocated to family allowances decreased in 2016 and 2017. Social insurance programs remain the largest category and in 2017 accounted for 85.9 percent of all social protection expenditures and 46.4 percent of all beneficiaries. Social assistance programs are much smaller in scope and in 2017 accounted for 14 percent of all SP expenditures. The share of Social Assistance programs in total expenditures on social protection fell from 16.6 percent to 14 percent between 2012 and 2017, mostly due to the lower budget allocated to allowances for low-income families and allowances for families with children aged 2 to 13 years. The total number of beneficiaries of social protection programs slightly fell between 2012 and 2017 from 7.5 million to 6.4 million. While the number of social insurance beneficiaries remained steady, the coverage of social assistance had a dip in 2016.

**6. These trends substantially reversed in 2018 when the government introduced a number of measures to accompany the economic reforms.** First, in addition to the adoption of the national program for employment facilitation, in 2017 the government created the Public Works Fund to provide temporary employment through public works and wage subsidies in private companies. Budget for the Fund was about US\$10 million in the last two months of 2017 and US\$91 million in 2018. Labor market programs historically accounted for less than 1 percent of all SP expenditures. However, throughout 2012-2018, expenditures in this category experienced the highest relative growth, and their share in all social protection expenditures is estimated to reach 3 percent in 2018. Second, as part of the measures to mitigate the temporary negative impact of some reforms, budgetary allocation to the three family allowances substantially increased in 2018 following the decreasing trend in the past years. The coverage and budget allocated to the low-income family allowances (the smallest among the three types of family allowances) almost doubled in 2018 compared to 2015, the allowances to families with children with age between 3-14 increased by 20 percent since 2015, while the budget allocated to the families with 0-2 children increased by 10 percent. Furthermore, the Government is in the process of improving the efficiency and effectiveness of the social benefits system through developing a social registry and adjusting the system to identify and select beneficiaries to reduce exclusion and inclusion errors. Finally, the government is in the process of developing a major reform of the pension system.

**7. Nearly half of the population, however, is not included in any social protection scheme.** Based on the recently collected Listen to Citizen of Uzbekistan household survey data, the social protection system (including social



assistance, social insurance and labor market programs) in Uzbekistan supports about 55 percent of the population, mostly through social insurance which covers 44 percent of the population. Old age pensions cover close to 38 percent of the population (and 85 percent of the elderly above 65 years) and are by far the social protection instrument with largest coverage, including coverage of the poor<sup>2</sup> (29 percent). In contrast, social assistance programs cover only 16 percent of the population mostly through family allowances (covering 12 percent of the population). It is estimated that only one out of three poor people receives any form of social assistance and that 37 percent of poor families receive family allowances. In general, when compared with relevant countries, Uzbekistan shows that there is scope for improving the coverage of the poor.

**8. While means tested benefits are progressive, there is scope to improve the targeting accuracy.** The proportion of benefits going to the poorest 40 percent of the family allowances beneficiaries is about 73 percent of the total budget allocated to the family allowances, while almost 60 percent of non-contributory old age social pensions go to the poorest two quintiles. However, these benefits present some leakages: for instance, about 14 percent of the benefits for needy families and 22 percent of social pensions budgets accrue to the richest 40 percent of the population. Other SA benefits including disability allowances, in-kind support, and monetary compensations, among others, show lower progressivity. Similarly, when looking at the beneficiary incidence, data show that 15 percent of family allowance beneficiaries, 20 percent of social pension beneficiaries and 25 percent of other SA beneficiaries belong to the richest two quintiles.

**9. Social transfers amounts represent about 40 percent of the poor households consumption.** Compared to international standards, SP transfers are generous in Uzbekistan, particularly contributory old age pensions, representing 33 percent of households' consumption and 68 percent of poor households' consumption. Family allowances correspond to about 40 percent of poor households' consumption. Nonetheless, family allowances contribute to reduce poverty by 2.5 percentage points because of their small coverage of the poor population, as opposed to the 11 percentage points reduction in poverty due to contributory old age pensions.

**10. Regarding institutional arrangements, currently there is no one central government agency or ministry responsible for policy and decision making on social protection or administration of social protection in Uzbekistan.** Currently, administration of SP programs is split among a number of organizations such as the Ministry of Finance (Social Benefits), the off-budget State Pension Fund (under the Ministry of Finance), the Ministry of Health (provision of services for some vulnerable groups, including disabled, elderly and orphans), the Ministry of Education (in-kind benefits for school age children), and the Ministry of Employment and Labor Relations (MELR) (active labor market programs (ALMPs), intermediation services, public works and micro-loans). The Government of Uzbekistan is in the process of reorganizing both policy making and program administration of SP programs.

**11. Implementation of key social protection programs requires substantial participation of administrative regional and local levels with sufficient monitoring at the central level.** Regarding social benefits, based on given quotas from the District Finance authority, mahallas are responsible for the identification and enrollment of beneficiaries, with limited supervision and monitoring from the central government. For active labor market interventions, district level authorities are responsible for the identification and selection of beneficiaries as well as implementation of the programs. Central level authorities lack updated information regarding actual beneficiaries, individual payments or benefits. Neither the Ministry of Finance nor the MELR have a reliable information system to track beneficiaries of programs. Particularly for ALMPs, funds are transferred to district level where programs are implemented without

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<sup>2</sup> At the World Bank international poverty line of \$3.2 a day.



clear reporting mechanisms. MELR has recently expanded the Integrated Single Window Office<sup>3</sup> to register online applicant of employment services and family allowances.

**12. The Government of Uzbekistan is aware that the implementation of the economic reforms requires, as an integral component, a strong and modern social protection system.** An effective social safety net in Uzbekistan is necessary to support the poor and vulnerable and assist them to overcome the barriers to leave poverty. At the same time a modern SP system is necessary to help ease the cost to those temporary dislocated by the process of economic transitions, particularly two groups of the population: On the one hand, poor and vulnerable households that will be affected by measures like price liberalization as well as subsidies and utility tariffs reforms. On the other hand, individuals that may be temporarily unemployed as a result of measures such as the SOE reform.

**13. The Government is making efforts to strengthen its social assistance system to protect groups of the population who may be adversely affected during the transition period of the economic reforms and to lay out a solid foundation to respond to any future economic shocks.** The Government is planning to strengthen its social protection system through a number of measures: first, through a modern social benefit system to support low income families through well targeted, adequate, and timely allowances. Second, by enhancing the provision of selected active labor market interventions to support unemployed individuals as well as those affected by the economic reforms to be engaged in temporary employment opportunities and enhance their skills and by modernizing the job matching function of employment centers. And third, a proper institutional setup and a set of operational tools to select and register beneficiaries of safety net and labor market programs, refer them to assistance and employment options, and track programs and beneficiaries' progress, including a centralized and unified registry of beneficiaries of various programs, an objective targeting mechanism and a comprehensive monitoring system.

**14. To timely respond to the Government's fast-evolving reforms, the World Bank provided technical assistance on a number of areas.** During the past year the World Bank team could leverage trust fund resources<sup>4</sup> to inform the design of the primary legislation related to the establishment of a social registry and a targeting mechanism. At the request of the Ministry of Finance, the World Bank team prepared a "Roadmap to Social registry – Improving Support to Low Income Families and Beyond" and commended multiple drafts of the presidential decree. The following analytical studies have also been discussed with relevant government stakeholders and are about to be finalized: a) Risk and Vulnerability Assessment of the Population of Uzbekistan and an in-depth (b) Targeting Assessment. Together with UNICEF and ILO, the WB team is also conducting a comprehensive Social Protection System Diagnostic and Assessment in close consultation with the government. Technical assistance is also being provided in the context of estimating the social impacts of the energy reform, designing mitigation measures and by developing an objective and transparent mechanism to better target the poor and vulnerable.

#### Relationship to CPF

**15. The proposed project is closely aligned with the national policies.** The proposed project is aligned with the different policies the Government has recently issued as part of the reform agenda. Particularly, it will support activities which are part of the Uzbekistan Development Strategy 2017-2021 priority area for the development of the social sphere, in which social protection for vulnerable groups, job creation, and social security are at the core.

<sup>3</sup> A business process and a software application developed under a Rapid Social Response (RSR) Grant administered by the World Bank and implemented by MELR (TF0A0823). The system supports operation of the MELR employment centers, managing in-take and registration of applications for a select social assistance and employment programs.

<sup>4</sup> From the multi-donor RSR Trust Fund.



**16. The project is also aligned with the Country Partnership Framework (CPF) for FY16-FY20 dated May 19, 2016 and the Performance and Learning Review (PLR) of the CPF dated May 29, 2018.** The proposed project will directly support the achievement of the revised objectives under Focus Area 3 “Investment in People” of the PLR, focusing on two areas: (i) improved access to quality education and health; and (ii) effective social safety nets. Specifically, the PLR states that the Bank will assist with the design and implementation of effective safety nets to protect the poorest as well as those who are vulnerable to the negative impact of the economic reforms, and that a planned IDA operation will support the Government to revamp its SP system.

### C. Proposed Development Objective(s)

**17.** The Project Development Objective is to improve the social and labor market inclusion of the poor and vulnerable people, including those temporarily affected by the economic reforms in Uzbekistan.

#### Key Results (From PCN)

**18.** The project is expected to have the following key results:

- a. Increased share of beneficiary families supported by social benefits that belong to the poorest quintile;
- b. Number of poor and vulnerable individuals (women, youth, returning migrants, low income workers) who find a job through Employment Centers’ intermediation services;
- c. Increased number of poor and vulnerable people who have a job in six months after participating in selected labor market programs supported by the project (public works, wage subsidy, entrepreneurship training to be defined);
- d. Number of vulnerable individuals supported by the temporary (or one off) social benefit.

### D. Concept Description

#### Project Description

**19.** The proposed project is expected to support the Government of Uzbekistan in strengthening its SP system for poor and vulnerable households, including measures to limit and mitigate adverse impact of various economic shocks due to the on-going economic reforms. Therefore, the project will have the twofold goal of protecting the poor and vulnerable and preventing the near poor from falling into poverty. The overall objective of the project will be achieved through the implementation of activities in three components to develop, consolidate and roll out key social protection operational systems, implement selected key labor market interventions, and develop and implement a monitoring system.

#### Component 1. Modernizing social protection systems to identify target groups and provide tailored support.

**20.** This component will improve the effectiveness of the social protection system by developing the necessary operational tools to better identify, assess, and refer target groups to be supported through selected social safety net interventions and labor market programs. This component will support the Government of Uzbekistan to (i) better reach the poor and vulnerable, assess their existing conditions to determine eligibility to key social programs and carry out efficient referral by supporting the development, piloting and national roll-out of the social registry under development in MoF; and (ii) upgrade the design and scale up the implementation of the labor information system to



better serve jobseekers, with a particular focus on those who may be temporarily out of work as a result of the ongoing economic reforms, as well as vulnerable groups including work able recipients of social benefits.

**21. *Subcomponent 1.A. Enhancing and Rolling Out the Social Registry.*** The Government of Uzbekistan is in the process of developing a social registry to support the implementation of key social protection interventions. The Social Registry will initially be used as a gateway to the poverty-targeted family allowances. It is expected to be developed in phases, with phase 1 to be implemented between April 1 and December 31, 2019, and phase 2 from January 2020 on. Phase 1 is currently under preparation with the technical assistance of the World Bank and UNICEF and supported by a grant provided by UNICEF. Phase 1 is expected to develop a registry to support the implementation of the means tested social benefits and implemented in the region of Syrdarya. Phase 2 is expected to roll out the enhanced social registry in all regions and districts in Uzbekistan.

**22.** Based on the assessment of Phase 1, the proposed project will support the national roll-out of a Social Registry and its business procedures. The project will provide technical and financial support to: (i) support the development of the operational guidelines at the different governments' levels and the actual implementation and use of the electronic and automated social registry; (ii) implement a new and objective targeting mechanism to determine eligibility to poverty targeted family allowances and reduce inclusion errors, including its configuration in the registry for automatic eligibility determination and verification; (iii) enhance the scope of the social registry so it can gradually incorporate applicants to other key social benefits to protect poor and vulnerable groups and promote their access to relevant interventions; and (iv) strengthen the outreach and communication strategies to minimize exclusion errors.

**23. *Subcomponent 1.B Upgrade and scale up the labor information system.*** The objective of this subcomponent is to upgrade the current Integrated Single Window Office (ISWO) system<sup>5</sup> in the MLER to (i) strengthen the monitoring system for labor market interventions (active and passive); (ii) improve the inclusiveness and efficiency of labor market interventions, and (iii) better serve individuals who may be affected by the transition of Uzbekistan to a full market economy. To achieve these objectives, the proposed activities will support the Ministry in upgrading, testing, and implementing the expansion of the ISWO labor information system. The information system will also support the MELR to have real-time information, administration of electronic workbooks and labor contracts as well as integration with other Government databases. The information system will be developed to ensure interoperability with the social registry.

**24.** The implementation and interoperability of both systems will provide the Government with necessary instruments not only to identify and better support two at risk groups of the population (poor and vulnerable households and individuals temporarily affected by the implementation of the economic reforms), but also to improve efficiency of the social protection interventions. The systems will allow poor and vulnerable to be eligible for labor market programs and at the same time individuals captured by the ISWO to be referred to the social benefit system and other programs as needed.

## **Component 2. Implement effective labor market interventions**

**25.** The objective of this component is to enhance the capacity of the MELR to implement job intermediation services and active and passive labor market programs to improve employability and transition between jobs. Target beneficiaries are the registered unemployed and jobseekers with a particular focus on those who may lose jobs because of the ongoing economic reforms as well as those work-able recipients of social benefits. To achieve this objective, the proposed project will support the Ministry through two subcomponents.

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**26. Subcomponent 2.A. Enhance the capacity of Employment Centers to implement job intermediation services.** This subcomponent will support investment in employment centers to identify, register, profile and refer the unemployed and jobseekers to suitable job offers, active and passive labor market interventions. Specifically, this subcomponent will support investments in minor renovations, office equipment, and capacity building of staff at the employment centers to (i) reach and register unemployed population; (ii) carry out accurate profiling based on statistical techniques, (iii) provide coaching, job readiness counseling, and job search assistance depending on the job seeker 's profile; (iii) develop and implement a strategy to reach out employers (both to feed the vacancy database and to involve them in demand driven ALMPs), and (iv) carry out effective job intermediation services and referral to appropriate employment programs and services.

**27. Subcomponent 2.B. Improve the effectiveness of selected labor market interventions.** This component will complement the activities under subcomponents 1.B and 2.A, by supporting the implementation of selected active and passive labor market programs to enhance the employability and prevent applicants to fall into poverty. Specifically, the sub-component will adapt, test and support implementation of key effective labor market interventions. Although the final set of labor market interventions will be defined during project preparation, preliminary assessments indicate that key labor demand and supply programs need to be revamped (e.g., public works, wage subsidy, skills development for entrepreneurship with specific support to women). Upon an assessment of key labor market interventions, the project will (i) support necessary adjustments in terms of program design, finance selected implementation activities and develop monitoring schemes to track programs and measure results; and (ii) Design and implement a temporary (or one-off) assistance benefit to provide income support to targeted workers who may lose their jobs as a result of economic reforms as a complement to the reform package. This benefit would be strictly temporary (or one-off), non-contributory in nature, subject to specific conditions and provided to a specific group of beneficiaries (at higher risk of falling into poverty). In doing this, this component will also support developing and testing a screening tool to select beneficiaries eligible to this benefit. As such this component could fully or partially finance such a one-off benefit.

### **Component 3. Monitoring and Project Management**

**28.** The objective of this component is providing the MELR with the adequate tools and systems to produce timely data, track programs and monitor outputs, assess operational aspects of interventions, measure results and support implementation of the project. To achieve these objectives, the project will provide technical and financial support in the following areas.

- Developing a monitoring system and business analytics to track programs and beneficiaries at district and central level. In addition to software development and additional IT-related equipment (under Component 1), the consolidation of selected labor market interventions will require the development and implementation of a comprehensive monitoring system linked to the labor information system. This activity will also involve necessary training and roll out of the system at district level.
- Carrying out process evaluations to timely ensure adequate operation and performance of key programs supported by the project. The project will support the preparation of operational manuals for the selected labor market interventions supported by the project as well as assessments of programs operations prior to roll out.
- Exploring options to carry out impact assessments to measure results for selected programs.
- Establish a Grievance Redress Mechanism (GRM) for both family allowances and employment programs supported by the project.



- Establishing and maintaining a Project Implementation Unit (PIU) for the duration of the project. The PIU will likely comprise not only technical and operational staff but also procurement and financial management specialists to support project transactions within the Ministry.

## Overall Risk and Explanation

### 29. The overall project risk is **Substantial** for the reasons explained below.

**30. Sector Strategies and Policies. Substantial.** Strengthening the social protection system is in high priority in the policy agenda and part of the whole reform agenda the Government of Uzbekistan is carrying out. From this perspective, the process of modernizing social safety nets and improving effectiveness of ALMPs is likely to remain as a priority in the coming years and the risk of being affected by political decisions seems to be moderate. However, the lack of a single central government agency responsible for social protection in the country, the ongoing urgency to implement measures to mitigate short term reforms (e.g., utility's tariff reform) and the participation of other development partners in supporting government policy agenda with social protection, may bring create risks in terms of policy priorities and the need of having a long term vision to modernize the social protection system in the country. The team will mitigate this risk by ongoing policy dialogue and technical assistance, and coordination with key development partners supporting Government (e.g., UNICEF, UNDP, ADB).

**31. Technical Design of Project Program. Substantial.** The project is supporting activities in which the Government has demonstrated strong ownership, are high in the policy agenda and respond to needs the Government is aware of. The project will support Government in improving the effectiveness of the interventions and the systems to better respond to the existing needs in Uzbekistan and support the economic reforms. Technical design will, however, still require some substantial adjustments to existing interventions to be successful. The proposed PIU will provide necessary support. The implementation of the ISWO at a pilot level demonstrated not only the intention of the Government to innovate to more effectively support target population, but also that such innovation can be implemented with the adequate support.

**32. Institutional Capacity for Implementation. High.** The following reasons support the assessment of this risk. First, the MELR has no previous experience in working with IDA operations. Second, the Ministry has limited capacity to administer and track programs and monitoring results; implementation of labor programs is under the responsibility of subnational bodies at district level, with substantial gaps in reporting and monitoring. And third, the Ministry at central level has limited capacity to perform additional activities, especially those related to procurement and financial management. To mitigate this risk, the project involves capacity building in all three components. Additionally, this risk is expected to be mitigated through (i) the conformation and maintenance of a PIU during project implementation; (ii) ongoing and substantial implementation support during project supervision, and (iii) substantial support in the fiduciary areas.

**33. From the financial management perspective fiduciary risk rating is Substantial** as the MELR has no experience in implementing the World Bank projects. A full financial management assessment will need to be conducted and is planned during the project preparation mission. Particularly during the assessment, we will consider whether there is need for upgrading the existing accounting system. Also, during the mission, we will particularly assess procedures designed funds flow. Further any possibility for incremental workload for the project will be assessed during the project preparation.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

#### Summary of Screening of Environmental and Social Risks and Impacts

Implementation of project activities under its three components are to develop, consolidate and roll out key social protection operational systems, implement selected key labor market interventions and develop and implement a monitoring system. Except for the proposed renovation works within the existing Government buildings (same foot print), these activities are environmentally benign. Potential environmental risks and impacts associated with this ESS have been screened and are predictable, expected to be temporary, low in magnitude, and site specific. The expected environmental impacts associated with small scale construction may include increased pollution due to improper care, handling and storage of construction material and waste, generation of excessive noise and dust levels, and health impacts related with inadequate disposal of asbestos containing material. The Bank will also require adoption of adequate work-related health and safety practices (OHS aspects) during construction both for the construction workers and the office workers. The client will prepare an ESMP to identify, mitigate and monitor the environmental risks and impacts prior to the project appraisal and disclose the document both locally and at the World Bank. Initial screening of social risks and impacts reveal that: the interventions, by design, may not result in any adverse impacts. However, efficacy of the institutional and implementation arrangements may not be as expected at least in the initial stages of implementation. This could result in ‘exclusion’ leading to social conflicts. Further, given that the expected clientele includes poor and vulnerable, the risk at preparation is rated ‘substantial’. Mitigatory measure is at the bottom of the hierarchy – anticipation and avoidance. Towards this, the client will undertake a SA and results of which will be fed into designing. Overall, ESS1, ESS2 and ESS10 are applicable from social perspective.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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