

SFG3833

REPUBLIC OF UZBEKISTAN

**Energy Efficiency Facility for Industrial Enterprises Project, Phase 3
Additional Financing**

Environmental and Social Management Framework

November 28, 2017

ACRONYMS AND ABBREVIATIONS

Bank, WB, IBRD	International Bank for Reconstruction and Development
SCNP	State Committee for Nature Protection
EIA	Environmental Impact Assessment
EP	Environmental Protection
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
RoU	Republic of Uzbekistan
AF	Additional Financing
MoE	Ministry of Economy
EA	Environmental Assessment
EE	Energy Efficiency
IEs	Industrial Enterprises
PBs	Participating Banks
PCU	Project Coordinating Unit
PIU	Project Implementation Unit
UZEEF	Uzbekistan Energy Efficiency Facility
IDA	International Development Agency

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Environment and Social Management Framework

PROJECT DESCRIPTION

The Development Objective of the proposed Energy Efficiency Facility for Industrial Enterprises Project, Phase 3, Additional Financing (referred to as UZEEF 3) is to improve energy efficiency in industrial enterprises by scaling up energy efficiency lending of commercial banks. The proposed UZEEF 3 will be financed by a proposed USD200 million loan from the World Bank and has two components:

Component A. Development of Energy Efficiency Capacity. The main activities of the component include (i) capacity building in participating banks and the banking sector, including peer to peer learning and assistance in business development for energy efficiency lending; (ii) capacity building in industrial enterprises, including assistance in implementation of energy management system in accordance with ISO50001 and development of energy efficiency support schemes for small- and medium-sized enterprises; (iii) Information campaign and outreach to market participants; and (iv) project coordination, monitoring and evaluation.

Component B. Credit Line to Participating Banks. Establishment and operation of a credit facility for the participating banks for the provision of sub-loans to industrial enterprises, enabling them to finance the costs related to the carrying out of industrial energy efficiency sub-projects.

The type of energy conservation subprojects to be financed by the World Bank credit line include investments in: (a) energy systems (e.g. boiler upgrading and fuel switching, use of co-generation); (b) process technology (e.g. upgrading and replacement of equipment, machinery and facilities); and (c) waste heat and waste use (e.g. utilization of waste heat and burning of combustible waste). These types of subprojects have limited adverse environmental and social impacts and provide environmental benefits (reductions in local pollution such as dust and sulfur dioxide emissions or reductions in emissions of greenhouse gases such as carbon dioxide).

The Ministry of Economy (MOE) is the responsible government agency for this project. The Project Coordination Unit of the MOE will provide general implementation coordination and is responsible for executing Component A. Component B will be implemented by participating banks.

The proposed UZEEF 3 builds on the success of the original Energy Efficiency Facility for Industrial Enterprises Project (referred to as UZEEF 1), approved by the World Bank Executive Board on June 17, 2010, and the Additional Financing (referred to as UZEEF 2), approved on April 26, 2013. UZEEF 1 was closed on January 31, 2016. UZEEF 2 is scheduled to be closed on January 31, 2018.

The implementation arrangements of UZEEF 3 are the same as in UZEEF 1 and 2. The eligibility criteria of investment subprojects of UZEEF 3, which Component B will support, also remain the same as in UZEEF 1 and 2.

OBJECTIVES OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

The purpose of this ESMF document (Framework Document) is to be used to provide guidance to PBs and sub-borrowers (industrial enterprises and SMEs) for the environmental and social screening and assessment process to be followed in evaluating individual subprojects to be considered for financial support from the UZEEF project.

This ESMF defines the contents, procedures and institutional responsibilities for E&S screening and assessment of subprojects, whose purpose is to ensure the process and outcomes are compliance with both Uzbekistan environmental assessment laws and regulations and in accordance with World Bank policies and procedures as specified in OP/ BP 4.01 (Environmental Assessment). Each of the aspects is described below along with the requirements and responsibilities for each aspect.

It must be noted that English version of the document prevails over versions in other languages, in case there are differences in interpretation.

ENVIRONMENTAL AND SOCIAL RISKS

The new subprojects under UZEEF 3 will be category FI and will have predominantly positive impacts on the environment and human health from decreased amount of fossil fuels burned resulting from enhanced energy efficiency, and from reduced air pollution at the local level.

Similar to the previous phases and according to the indicative pipeline, most subprojects will be related to replacement of old equipment, installation of additional energy efficient equipment, expansion of existing production facilities. Potential risks are limited and may include occupational and/or community health and safety during construction/ installation and operation phases. Other risks include noise, dust and disposal of nonhazardous wastes common to the installation of new equipment and possibly the need for waste management for the energy inefficient equipment being removed from service. Such potential impacts as they are related mostly to small scale works and associated labor safety risks during installation of new equipment can be avoided or mitigated by implementing requirements specified in technical norms and standards for such type of activities and promoting good OHS practices.

Additionally, it is expected that phase 3 would move beyond larger industrial enterprises and support funding to SMEs for energy efficiency. While the SMEs are generally unburdened by the decades old production facilities common among large enterprises, those in relatively energy intensive subsectors, such as textile and food processing, nevertheless need to upgrade energy-consuming equipment to become more competitive. While environmental and social (E&S) risks

associated with SMEs may be comparative lower due to their size, their capacity to manage the risks is also expected to be lower.

APPLICABLE ENVIRONMENTAL AND SOCIAL SAFEGUARDS REQUIREMENTS FOR THE PROJECT

Applicable environmental and social requirements for the project are as follows:

1. Relevant environmental and social laws and regulations of Uzbekistan: In general, Uzbekistan has a relatively strong system for environmental assessment that covers most aspects identified as relevant risks for the project. State Committee for Ecology (“State Ecological Expertise”) assumes primary responsibility for environmental assessment and monitoring compliance with relevant GoU regulations. Enterprises are required to ensure that they are in possession of all relevant and up-to-date permits from the Government of Uzbekistan, including documentation of the State Ecological Expertise (SEE);
2. List of Excluded Activities presented in Attachment I that presents activities not eligible for financing under UZEEF based on the results of the initial E&S screening conducted by PBs;
3. World Bank policies as follows:
 - OP/BP 4.01 (Environmental Assessment) is applicable to this project. Environmental (and social) screening and, as necessary, impact assessment should be conducted for subprojects and environment and social management plan (ESMP) prepared for subprojects classified as medium risk/ category B, proposed for Bank financing. High risk subprojects that would normally constitute category A in line with the World Bank categorization guidance would be excluded from financing under the project;
 - OP 17.50 (Disclosure policy) is applicable with the reference to the ESMF, environment assessment, and ESMPs for site-specific works proposed for Bank financing (*see a separate section on consultations and disclosure requirements below*).

WORLD BANK SAFEGUARD POLICIES APPLIED

WB OP/BP4.01 policy requires conducting an environmental (and social) assessment of the projects proposed for World Bank financing to ensure that they are environmentally sound and sustainable, and, thus, to make informed decisions. The scope of the assessment and the way it is conducted depends on the type and scope of proposed subprojects, and their potential environmental and social impact. The process of the assessment should take into account the natural environment (water, air, soil); human health and safety; labor (health and safety,

employment terms and conditions), social aspects (community impacts, involuntary resettlement, preservation of cultural heritage sites). OP 4.01 also requires enterprises to prepare a site-specific ESMP as a separate stand-alone document. The site-specific ESMP should be disclosed to the public (including local communities). Risk mitigation measures should be taken throughout the implementation of the related civil works in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels.

RELEVANT LAWS AND ENVIRONMENTAL REGULATIONS IN UZBEKISTAN

There are several laws forming a basis for environment protection. These laws are as follows:

1. Law of RU on nature protection (1992)
2. Law of RU on water and water use (1993)
3. Law of RU on concessions (1995)
4. Law of RU on atmospheric air protection (1997)
5. Law of RU on flora protection and use (1997)
6. Law of RU on forests (1999)
7. Law of RU on environmental expertise (2000)
8. Law of RU on wastes (2002)
9. Law of RU on mineral resources (2002)
10. Law of RU on protected natural areas (2004)
11. Law of RU on ecological monitoring (2013)
12. Law of RU on labour safety (1993)
13. Law of RU on radiation safety (2000 г.)
14. Law of RU on industrial safety of hazardous manufacturing entities (2006)
15. Law of RU on fire safety (2009)

Legislation that regulates the construction and rehabilitation of buildings shall be followed, too. Bills of quantities for rehabilitation and construction works shall include guidelines on handling and disposal of asbestos-containing materials. Also, they have to reflect measures to mitigate adverse impacts of civil works, including noise, waste management and safety measures.

Safety measures for delivery, disposal and storage of hazardous and toxic materials such as asbestos substances, varnish-and-paint and asbestos materials, and waste management thereof are reflected in the applicable legislative acts, standards and norms (GOST, SNiP, SN).

- GOST (State Standard) – standards applicable to the construction activity shall be furnished by the State Committee of the Republic of Uzbekistan for Architecture and Construction.
- SNIIP (Construction norms and rules) – shall be furnished by the State Committee of the Republic of Uzbekistan for Architecture and Construction.
- SN (Sanitary norms) – shall be furnished by the Ministry of Public Health of the Republic of Uzbekistan.

There are some sanitary norms and rules, methodologies, and state standards that regulate labor safety. These include the following:

1. Methodology for the evaluation of labour conditions and the certification of workplaces based on labour conditions. №1/5. Tashkent, 1996;
2. Hygienic classification of the labour conditions based on harm and hazard factors in the working environment, difficulty and intensity of working processes. SanPiN № 0141-03. Tashkent, 2003;
3. System of labour safety standards “General sanitary-and-hygienic requirements for air quality in the working area”. GOST 12.1.005-88;
4. Sanitary standards and rules “Daylight and artificial lighting”. KMK 2.01.05-98. Tashkent, 1998;
5. SanPiN № 0120-01 “Sanitary standards of noise exposure limits at workplaces”. Tashkent, 2001;
6. SanPiN № 0122-01 “Sanitary standards of general and local vibrations at workplaces”. Tashkent, 2001;
7. SanPiN № 0117-01 “Sanitary standards of infrasound levels at workplaces”. Tashkent, 2001;
8. Labour Code of the Republic of Uzbekistan. Tashkent, 1996;
9. Collection of standard acts on preferential pension provision and labour protection in the Republic of Uzbekistan. Tashkent, 2000;
10. SanPiN № 0100-00 “Sanitary rules and standards for operating PCs, video monitor terminals, and office equipment”. Tashkent, 2000;
11. SanPiN № 0118-01 “Sanitary rules and standards of permissible levels of RF electromagnetic fields”. Tashkent, 2001;
12. Procedures for free distribution of milk and other equivalent foodstuff among employees directly engaged in jobs in the harmful labour conditions. Tashkent, 2004;

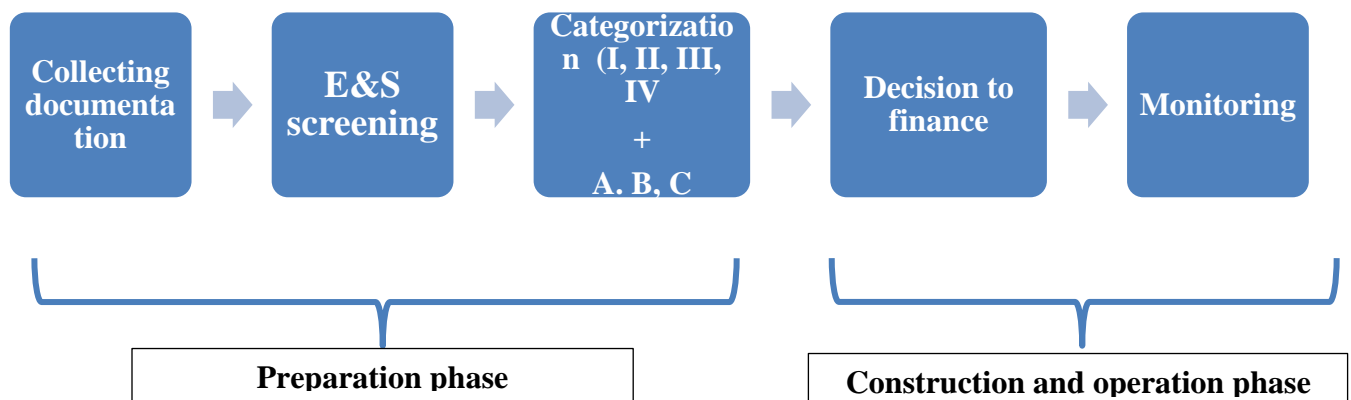
13. Order by the Ministry of Public Health of RU №200 “On improving the medical examination system at and during the employment”. Tashkent, 2012;
14. GOST of the RU 1014:2001. Anthropogenic emergency situations, 2001;
15. GOST of the RU 981:2000. Safety in emergency situations, 2000;
16. GOST of the RU 1017:2001. Sources of anthropogenic emergency situations, 2001.

SUBPROJECT ENVIRONMENTAL AND SOCIAL DUE DILIGENCE PROCEDURES

Summary of the Procedures

This section summarizes the procedures that PBs, Sub-Borrowers (ie IEs), and the PCU within MoE, shall apply to Sub-loans to be financed under the UZEEF project with regard to E&S assessment and risk management. There are two distinct phases in regard to environmental assessment of subprojects: (a) subproject preparation phase; and (b) subproject construction and implementation phase.

Figure 1. E&S due diligence process



1. The subproject **preparation phase** includes the following elements:
 - (i) Subproject screening and categorization
 - (ii) Determining applicable environmental and social requirements and standards
 - (iii) Environmental assessment documentation (all required permits, assessment and ESMP, as applicable)
 - (iv) Stakeholder engagement, including public consultation and disclosure and grievance mechanism
 - (v) Review and approval

(vi) Related conditions and responsibilities

2. The Subproject **construction and implementation phase** includes:

- (i) Monitoring
- (ii) Reporting
- (iii) Grievance mechanism

Table 1. Roles and Responsibilities for E&S screening and assessment

Step	PBs	Enterprises	PIU (MoE)
1. Initial E&S screening	<p>Compete E&S screening form (Attachment II)</p> <p>Categorization (A/B/C)</p> <p>Determination of eligibility for financing and E&S requirements</p>	<p>Provide relevant E&S information for screening</p> <p>Obtain all required documents, including the document from State Ecological Expertise (SEE)</p>	Oversight, training
2. E&S assessment	<p>Review E&S permits and any assessments done by enterprises</p> <p>Record outcomes of assessment in the PB lending database/ record keeping system</p>	<p>Carry out E&S assessment, as necessary for cat. B subprojects and required for higher risk operations by SEE</p>	Oversight, training
3. Approval	<p>Loan approval and including E&S covenants in legal agreements with enterprises</p>	<p>Ensure adequate resources are available for implementation of the ESMP</p> <p>Agree with PB on monitoring and mitigation plan (Attachment IV)</p>	Oversight, training
4. Monitoring and reporting	<p>Conduct monitoring activities, including site visits as needed</p> <p>Complete consolidated reporting form (Attachment III)</p>	<p>Conduct E&S monitoring</p> <p>Provide details to PBs</p>	Consolidated reporting from PBs to WB

E&S Screening and Categorization

The Sub-borrower (i.e. enterprise) is responsible for E&S assessment and document preparation, public consultation, and disclosure. The Sub-borrower will discuss the proposed Subproject with appropriate regional or State Uzbek environmental authorities and provide the necessary information they would require to establish the environmental risk category. Uzbek environmental authorities will then screen the Subproject and determine the EA Category for the proposed Subproject either as: (a) Category I (High Risk), (b) Category II (Medium Risk), (c) Category III (Low Risk), or (d) Category IV (Local Impact). Based upon the category assignment, Uzbek authorities then determine the EA documentation requirement for State Environmental Review.¹

After the Sub-borrower obtains all required Uzbekistan environmental approvals, it will be required to submit to the PB an information package consisting of items outlined below to demonstrate that the Uzbek EA procedures have been followed in strict accordance with Uzbek regulations for State Environmental Review. The PB will review this material, if necessary, request additional supplementary information from the sub-borrower. Then the PB may perform a site visit/environmental inspection of the project site and if necessary, define any additional actions that may be necessary to ensure that the World Bank EA procedures are also followed. Details of these requirements are presented below.

The PB is responsible for project screening. After receiving official project approvals from the Uzbek environmental authorities, the sub-borrower will submit the following Information Package to the PB:

- (i) Copy of the Feasibility Study
- (ii) Documentation from environmental authorities establishing Uzbek EA screening decision (Category I, II, III, or IV).²
- (iii) Copy of any environmental impact documentation provided to the State or Regional environmental authorities
- (iv) Copy of the approval letter from Uzbek environmental authorities
- (v) If a public consultation was required or performed, documentation of the public

¹ Environmental legislation defines activities attributed to the category I on their impact on the environment (high risk); activities attributed to the category II on their impact on the environment (medium risk); activities attributed to the category III on their impact on the environment (low risk) and activities attributed to the category IV on their impact on the environment (local impact). A more detailed description of environmental review requirements are set out in Decree #491 dated 12.31.2001 on Regulations on State Environmental Review in the Republic of Uzbekistan.

² Where available as part of SEE documentation

consultation minutes.

The PB will then review materials and will exclude from financing any proposed subproject that includes, or is linked or connected to any production facility included in the List of Excluded Activities (Attachment I).

The PB will then make an independent evaluation of project eligibility and E&S risk category assignment based upon criteria presented in Attachment II) and World Bank EA screening policies for the proposed project.

If the existing facility is considered eligible, the proposed subproject is assigned to one of three Categories: Category A, B or C (category A will not be eligible for financing). Uzbek EA screening decision (Category I, II, III, or IV) will provide one input in the final categorization by PBs. PSs will consider additional factors, as per the E&S screening form in Attachment II to determine final category.

Table 2. Indicative Matrix for Uzbek EA Screening Category as a Factor in Risk Categorization by PBs

Uzbek EA Screening Category	World Bank Screening EA Decision		
	Category A	Category B	Category C
I			
II			
III			
IV			

While in most cases it is likely that a Subproject determined to be “Category I” under the Uzbek screening system would likely also be “Category A” under the World Bank system, it is possible under some circumstances for Uzbek screening procedures to yield different outcomes than the World Bank screening approach (e.g. Uzbek system may consider a subproject Category II whereas the World Bank procedures would indicate a high level of environmental risk-Category A). These potential different evaluations are highlighted in gray in the above table. Any subproject that is considered EA Screening Category I by Uzbek procedures or Category A by World Bank procedures will be excluded from consideration for UZEEF.

Environmental Assessment (EA) Documentation

To the greatest extent possible, the Sub-borrower should utilize the information presented in the approved Uzbek EA documentation in the preparation of the ESMP document. The PB will review the two documents (ESMP and Uzbek EA) to ensure they are consistent in terms of environmental issues, mitigating measures, monitoring requirements and institutional

responsibilities for mitigation and monitoring. The first two ESMPs should be prepared in both English and Uzbek.

Subprojects requiring an assessment and an ESMP (normally, category B), or a simplified monitoring and mitigation plan/ Corrective Action Plan (see Attachment IV) will include mitigating actions to assure compliance with environmental, social, and labor standards of performance. If both Uzbek and World Bank standards are available for a particular mitigation measure, *the stricter of the two standards would apply*. For example, if the environmental issue of concern is “noise” and the World Bank noise standard is stricter than the Uzbek standard, it is expected that the mitigating measure selected would be effective in meeting the stricter World Bank standards. Additional WB standards are also found in the Environmental, Health and Safety Guidelines, updated in April 30, 2007³.

The mitigation section of the ESMP should include a column to indicate the applicable standard appropriate to the particular mitigation measure: either the Uzbek standard or the World Bank standard. The World Bank standards may be found in the PPAH which are now in use.

The PB must also evaluate the organizational capacity of the Sub-borrower to effectively implement their ESMP. Specifically, the PB will assess the capacities, roles, responsibilities and authorities of the institutional units within the Sub-borrower to effectively perform the mitigation, monitoring, data analysis, and reporting requirements specified in the ESMP. Specific personnel, including management representative(s) with clear lines of responsibility and authority should be identified in the evaluation. Lines of communication and authority and linkages to the overall management organization should be described. The PB will also review the appropriateness and effectiveness of the *grievance mechanisms* (see section below) instituted by the Sub-borrower to address any concerns the affected public or communities may have during project implementation.

The evaluation should include a clear indication that sufficient personnel and funds are available from the Sub-borrower to perform these functions on an ongoing basis. To the extent that the Sub-borrower organizational capacity is insufficient to adequately implement the requirements of the ESMP, the PB must make specific recommendations for organizational arrangements or capacity strengthening measures to assure effective ESMP implementation by the Sub-borrower. *These recommendations should be specified as a condition of the Sub-loan.*

Public Consultation and Disclosure

Sub-borrowers are responsible for conducting at least one public consultation(s). These responsibilities include: (a) public notification, (b) conducting the consultation and (c) recording the significant findings, conclusions, recommendations and next steps.

³ <http://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines>

The purpose of public consultation(s) is (are) to solicit views of groups or individuals who may be affected by the Subproject regarding their environmental concerns. Affected groups or people should identify the environmental issues they believe to be significant. *Any significant issues, established during the public consultation, should be incorporated into the ESMP.*

Public disclosure provides affected groups or individuals the opportunity to examine the draft ESMP document before it is finalized so that they can review and provide comments on the mitigating measures agreed upon and the responsibilities for implementing them. Since Uzbek and World Bank consultation and disclosure requirements may differ somewhat, World Bank requirements are presented below.

The Sub-borrower is responsible for conducting at least one public consultation in accordance with World Bank EA policy to discuss the issues to be addressed in the ESMP or to discuss the draft ESMP itself. Therefore, for the Subproject, the PB will review any documentation of the public consultation conducted in the preparation of any Uzbek EA documentation to determine if it is consistent with the World Bank requirements. If the Uzbek public consultation is satisfactory, there would be no further consultation requirement. However, if no public consultation was conducted or the PB determines that the Uzbek public consultation documentation is not adequate, the Sub-borrower will be required to perform at least one public consultation to discuss the environmental issues of concern to the locally affected communities and include these issues in the content of the ESMP.

Uzbek and Russian language versions of the ESMP and the record of the public consultation should be placed at a public location near the project site and on the Sub-borrower website.

Grievance Mechanism

In order to ensure that consultation, disclosure, and community engagement continues throughout the Subproject construction and operation phases, the Sub-borrower and the PIU will, consistent with the risks and adverse impacts of the project, establish a grievance mechanism as part of their environmental management system. This should allow the Sub-borrower and/or the PIU to receive and facilitate resolution of concerns and grievance about the Subprojects environmental performance brought to their attention by the affected communities or individuals. The Sub-borrower will inform the affected communities during the public consultation and the mechanisms to ensure any concerns are addressed promptly and transparently.

As indicated above for the first step, the Sub-borrower will submit any Uzbek EIA documentation to appropriate Uzbek environmental authorities for review and approval. Only after receiving official approval from the Uzbek environmental authorities, will the Subproject be eligible for consideration of a loan from the PB from the UZEEF.

The PB will be responsible for reviewing and approving the ESMP as part of their overall Subproject appraisal process. However, for the first two Subprojects, the PB will submit English

language versions of the ESMP, the record of the public consultation, to the World Bank for review and approval (or “No Objection”). In addition, the PB should discuss with the World Bank, if there is any additional English language information documentation requirements. For example, English language versions for any or all of the following information may be of interest to the World Bank:

- a. Disclosure date and location (physical or website address) of the ESMP
- b. Copy of the EIA approval letter for the “connected project” (see below)
- c. Construction start date for the “connected project”; and
- d. Documentation that the “connected project” is in compliance with all environmental laws and regulations.

The Sub-borrower must also validate that the existing production facility which will be defined as the “connected project” has a valid, approved EA⁴ if required by the Uzbek environmental authorities and a verification that the existing production facility(ies) is (are) operating with all appropriate environmental approvals, permits, licenses, etc. required by environmental regulations of Uzbekistan, and that the existing facility does not have a record or history of environmental liabilities (fines, penalties, legal actions taken or pending etc.). This is only required if the existing production facility was constructed *after* EA regulations were officially adopted in Uzbekistan *or* Uzbek environmental authorities had a retroactive EA requirement for the facility. This would also involve review of any existing documentation for environmental compliance, such as EA or monitoring reports prepared for and/or by the environmental authorities as the basic means of verification followed by sites inspections when needed and ultimately by audits when considered required.

The single exception to this requirement would be if the proposed Subproject is an official requirement from Uzbek environmental authorities as necessary for the Sub-borrower to: (a) secure a valid approved EA, approval, permit, license, etc. for the “connected” project, (b) meet Uzbek pollution control standards, or (c) eliminate any environmental fees, penalties or legal liabilities (see Attachment II).

Legal Conditions and Responsibilities

The PBs will ensure that appropriate clauses are included in Sub-borrower loan agreement obligating the Sub-borrower to exercise due diligence in implementing the mitigation, monitoring, and reporting measures specified in the ESMP and strictly follow the procedures

⁴ The World Bank safeguard policies require an evaluation of any activities which although not directly involved with the World Bank investment may be “linked” to that investment and whose operational performance is dependent upon the World Bank investment. For example, if the World Bank was financing a transmission line extending from an existing power station, the policy would require a verification that the power station was operating with all appropriate environmental approvals, permits, licenses, etc. required by the sub-borrowers’ country.

according to related Uzbek laws and regulations in the event of chance finds of culturally significant artifacts or sites.

Suggested text to be included in legal agreements is as follows:

- Design, construct, operate, and maintain the project and Sub-borrower operations in compliance with the relevant laws and regulations of Uzbekistan, and, where relevant, other applicable E&S requirements;
- Implement the environmental and social mitigation and management measures specified in the ESMP or Corrective Action Plan;
- Promptly notify PB of any social, labor, health and safety, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, any material impact on compliance of with applicable E&S requirements.

During the investment subproject tender, it is the responsibility of the Sub-borrower to assure that all tender documents and construction contracts include all conditions required by the ESMP. During Subproject implementation, the PBs will have the right to check tender documents and construction contracts to verify this condition has been satisfied.

Monitoring and Reporting by PB

During the normal subproject supervision activities, the PB will check with local environmental authorities to determine if the subproject implementation is meeting GoU specified requirements. The PB should also include in their supervision visits to Subproject sites a confirmation that the ESMPs are being faithfully implemented. The overall supervision report should include a section covering environmental management/ESMP implementation.

The participating banks (PB) will prepare a consolidated environmental and social report (Attachment III) on the progress of all subprojects they finance. The information will be prepared on the basis of data collected by PBs on proposed and implemented/implemented subproject, periodic environmental and social monitoring reports submitted by Sub-borrowers in accordance with the provisions of specific ESMPs, as well as data from other public institutions (State environmental assessment, state environmental and/or construction Inspectorate, local authorities).

The package of documents collected and maintained by PSs for each subproject should include the following:

1. E&S screening form (Attachment II), including subproject category
2. Subproject feasibility study
3. Environmental reviews and permits issued by environmental protection agencies concerning the classification of the project (category I, II, III or IV)

4. All documents relating to environmental and social impact provided to regional or national environmental protection bodies, labor authorities
5. Authorization issued by the conservation authorities
6. Consultation protocol if required or conducted

For category C subprojects involving existing enterprises, the progress report will include the following issues: (a) The basis for the definition of the subproject as category "C"; (b) a general conclusion on the conformity of the enterprise with National environmental protection requirements (based on the relevant documents: environmental license, permits, certificates, environmental audits, inspection protocols, etc.); (c) any agreements with the enterprise on outstanding issues to be resolved (corrective measures to be taken, environmental documents to be received with appropriate time limits, issued environmental payments , etc.); (d) complaints in environmental and social matters, if any, raised by the local population.

For subcategory B subprojects, which include new activities during the planning period, the PS reports will include the following: (a) the basis for the qualification of the subproject as a category B; (b) information on the assessment of the state of the environment-(i) type of assessment; (ii) by whom and when; (iii) information on the approval of the environmental assessment document by SEE and other relevant government agencies; (iv) permits and licenses; (v) information on the disclosure of environmental assessment and public consultation.

During the implementation period, reports will include: (a) general compliance with the E&S requirements; (B) implementation of climate change mitigation activities; (c) main conclusions of the results of the environmental or construction inspections carried out, if any; (d) accidents, emergency situations, if any, and measures taken; (e) outstanding environmental and safety issues, if any; (f) agreed corrective measures, if any; (g) monitoring and reporting by the Sub-borrowers on the subproject.

The PB will include an environmental section in any report prepared for the World Bank. As appropriate, the section will discuss details of any environmental issues that occurred during the reporting period and the actions taken by the PB and/or any of their Sub-borrowers to resolve them.

Monitoring and Reporting by Sub-borrower

The Sub-borrower should carefully document monitoring results in accordance with the Monitoring Plan included in the ESMP and identify any necessary corrective or preventive actions taken during the monitoring period, as well as the results/outcome of similar actions that may have been taken in the previous reporting period.

The PB should require each Sub-borrower to include, as part of their normal reporting, a section on environmental performance with respect to the Subproject investment, including any critical mitigating actions taken and any significant environmental incidents. However, if during a site visit, the PB determines that environmental management procedures are not being followed

adequately, the PB should request more frequent reporting (semi-annually or quarterly) until the Sub-borrower demonstrates the situation has been corrected.

INSTITUTIONAL ARRANGEMENTS

The Project will be administered by PIUs and the PBs. Each PB will designate staff to manage environmental and social risks and assure that procedures specified in the ESMF are properly followed during implementation. World Bank safeguard specialists will provide training to these designated PB staff members on how to perform the tasks required under this Framework in the identification and management of environmental risk in project evaluation and implementation. Training will initially be provided to the PB staff at the project launch. During project implementation World Bank safeguard specialists will provide continuing support. If certain themes or issues regarding utilization of the Framework emerge, a more formal training to the PB staff addressing those specific issues will be organized.

ATTACHMENTS

Attachment I. List of Excluded Activities

1. Production or trade in any product or activity deemed illegal under laws or regulations of Uzbekistan or international conventions and agreements.
2. Category I activities in accordance with the Government of Uzbekistan regulations.
3. Production or trade in weapons or ammunitions.¹
4. Gambling, casinos and equivalent enterprises.¹
5. Production or trade in alcoholic beverages (excluding beer and wine).¹
6. Activities targeting tobacco manufacturing, processing, or specialist tobacco distribution, and activities facilitating the use of tobacco.¹
7. Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species (CITES).
8. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where DBE considers the radioactive source to be trivial and/or adequately shielded.
9. Production or trade in or use of unbounded asbestos fibers.
10. Any activities involving significant degradation or conversion of natural² and/or critical habitats³ and/or any activities in legally protected areas.⁴
11. Activities damaging to national monuments activities that are located in or impacting on areas with physical cultural property⁵ attributes;
12. Unsustainable fishing practices such as electric shocks or explosive materials.
13. Production or trade in wood or other forestry products other than from sustainably managed forests.⁶
14. Production or trade in pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans.
15. Production or activities involving harmful or exploitative forms of forced labor⁷ or harmful child labor⁸.
16. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products, textile dyes etc.).
17. Activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement.⁹

Footnotes

1. This does not apply to enterprises that are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to an enterprise's primary operations.
2. Natural habitats are land and water areas where (i) the ecosystems' bio-logical communities are formed largely by native plant and animal species, and (ii) human activity has not essentially modified the area's primary ecological functions. All natural habitats have important biological, social, economic, and existence value. Important natural habitats may occur in tropical humid, dry, and cloud forests; temperate and boreal forests; mediterranean-type shrub lands; natural arid and semi-arid lands; mangrove swamps, coastal marshes, and other wetlands; estuaries; sea grass beds; coral reefs; freshwater lakes and rivers; alpine and sub alpine environments, including herb fields, grasslands, and paramos; and tropical and temperate grasslands. Biodiversity outside of natural habitats (such as within agricultural landscapes) is not covered under this policy. It is good practice to take such biodiversity into consideration in project design and implementation.
3. Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitats of significant importance for critically endangered or endangered species as defined by the IUCN Red List of Threatened Species; habitats of significant importance for endemic or restricted-range species; habitats supporting globally significant concentrations of migratory species and /or congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes. Primary Forests or forests of High Conservation Value shall be considered Critical Habitats.
5. Also known as 'cultural heritage', 'cultural patrimony', 'cultural assets' or 'cultural property'. Physical cultural resources are defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other culture I significance. Physical cultural resources may be located in urban or rural settings, and may be above or below ground, or under water. Their cultural interest may be at the local, provincial or national level, or within the international community.
6. Sustainable forest management may be demonstrated by the application of industry-specific good practices and available technologies. In some cases, it may be demonstrated by certification/ verification or progress towards certification /verification under a credible standards system. Additionally, the following types of activities involving forests will be excluded: (a) activities that have or may have impacts on the health and quality of forests; (b) activities that affect the rights and welfare of people and their level of dependence upon or interaction with forests; and (c) activities that aim to bring about changes in the management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned.
7. Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
8. Employees may only be taken if they are at least 15 years old, as defined in the ILO Minimum Age Convention (C138, Art. 2), and ratified by Uzbekistan in 2009. Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.
9. Land acquisition and/or restrictions on land use that may result in the physical displacement of people (involuntary resettlement/ relocation or loss of shelter) as well as their economic displacement (as loss of assets or access to assets and/or means of livelihood, regardless of whether or not the affected people must move to another location). This includes the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. Land must be acquired on willing-seller willing-buyer basis.

Attachment II. Environmental and Social Screening Form

Sub-borrower's name:				
Subproject:				
Subproject location and short description:				
<p>Do the subproject or client activities fall under the List of Excluded Activities? YES/ NO (if yes, please indicate the specific activity) <i>If yes, subproject is not eligible for financing</i></p>				
<p>Environmental impact category according to the legislation of the Republic of Uzbekistan (based on industry):</p> <p><input type="checkbox"/> Category I (not eligible to participate in UZEEF project)</p> <p><input type="checkbox"/> Category II</p> <p><input type="checkbox"/> Category III</p> <p><input type="checkbox"/> Category IV</p>				
No.	Questionnaire	Yes	No	Comments
1	Does the enterprise have valid permits, licenses, approvals, etc.?			<p><i>If not, then:</i></p> <p><i>(a) All necessary licenses, permits and approvals must be received before the project can be approved, or</i></p> <p><i>(b) Project investments should include funds for obtaining these documents</i></p>
2	Does the enterprise comply with all the regulatory acts on labor, air, water and waste management in force in Uzbekistan?			<p><i>If not:</i></p> <p><i>(a) The undertaking shall take remedial action to ensure compliance with all requirements of environmental legislation before the project can be approved, or</i></p> <p><i>(b) Project investments include funds for meeting these requirements</i></p>
3	Does the company have debts for environmental payments, fines or other environmental liabilities (e.g, pending litigation relating to environmental and social issues)?			<p><i>If the enterprise has unpaid obligations, it must pay them off before the project can be approved</i></p>

	Will the investment be used to remedy this situation?			
4	Have complaints from local groups or NGOs addressed the working conditions of the enterprise? Will the investment be used to remedy this situation?			<i>If so, the PBs should study the nature of these complaints, and what measures were taken in connection with them. If some serious questions are still not resolved, the PBs must consult with the WB regarding further action</i>
5	Can the activities of the subproject lead to significant environmental effects that are dangerous, diverse or unprecedented? The impact can extend beyond the boundaries of the facilities of enterprises where construction work will be carried out			<i>If yes, then it should be categorized as Category A (not eligible for participation in the UZEEF project)</i>
6	Can the project activities have a negative environmental and social impact on the population or important ecosystems, including wetlands, forests, pastures and other natural habitats - less significant than the impact of Category A projects? Will the impact be limited to the object of the project, will it be limited, and can its consequences be reversed, and are it easy to develop measures to mitigate it?			<i>If yes, then it must be classified as B</i>
7	Will the environmental and social impact of the project, most likely, be minimal or close to zero?			<i>If yes, then it should be categorized as C</i>
8	Is there evidence of a stakeholder/ community engagement process carried out by the enterprise?			
9	Is there a grievance mechanism in place to receive and address complaints from communities?			

E&S risk category according to World Bank rules:	
<input type="checkbox"/> A (not eligible to participate in UZEEF project) <input type="checkbox"/> B <input type="checkbox"/> C	
E&S assessment and management requirements:	
<input type="checkbox"/> E&S impact assessment and preparation of an ESMP <input type="checkbox"/> Simplified Corrective Action Plan	
Prepared by:	Checked by:
(date)	(date)

Attachment III. Consolidated Environmental and Social Reporting Form

For all Subprojects

Sub-borrower	Subproject	Industry sector	Category according to Uzbek legislation (I, II, III, IV)	Category according to World Bank rules (A, B, C)	Criteria for qualification (from the questionnaire)	Does the enterprise have valid permits, licenses? (Yes / no)	Ecological payments, fines? (yes / no)	Complaints of the population or NGOs? (yes / no)	Certification according to ISO 14000? (yes / no)	Unresolved environmental and social problems and concerted remedial measures
	1.									
	2.									
	3.									

Additional for category B subprojects

Sub-borrower	Subproject	Type of environmental assessment	Which authority conducted	When this was done (date)	Approval from the state environmental expertise (date, main findings)	Coordination from other government agencies, if necessary (list, date)	Received licenses and permits (list, date)	Disclosure of information on the Environmental Assessment (when and where it was done)	Consultations on the Environmental Assessment (when and where it was done) - if there is an impact on the population
	1.								
	2.								
	3.								

Attachment IV. Monitoring and Mitigation Plan

Subproject Description: Present a brief description of the Subproject. Include the nature of the investment, the location, and any characteristics of the area that are of particular interest, e.g. near a protected area, area of cultural, historical, religious interest etc. Also, very briefly describe the general land use characteristics (farming, small industry etc.), and the location(s) of the nearest population centers. Provide a brief summary of the major Subproject related environmental and social issues, how will they be managed, who will manage them and what, if any, are the environmental risks. Subproject related environmental issues should be distinguished between those which are site specific (e.g. sources and use of biofuels) and those which are more generic in nature (e.g. control of dust emissions).

MITIGATION PLAN

Phase	Issue	Mitigating Measure	Applicable Standard		Estimated Cost of Mitigation (If Substantial)	Responsibility*	Start Date	End Date
			Uzbek	World Bank				
Construction	Site Specific • • •						• • •	• • •
	Generic • • •						• • •	• • •
Operation	Site Specific • • •						• • •	• • •
	Generic • •						• • •	• • •

*Items indicated to be the responsibility of the contractor should be specified in the bid documents

MONITORING PLAN

Phase	What parameter is to be monitored?	Where is the parameter to be monitored?	How is the parameter to be monitored/ type of monitoring equipment?	When is the parameter to be monitored- frequency of measurement or continuous?	Monitoring Cost What is the cost of equipment or contractor charges to perform monitoring	Responsibility	Start Date	End Date
Construct	<ul style="list-style-type: none"> • • • • 						<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
Operate	<ul style="list-style-type: none"> • • • • 						<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •

public discussion of the Environmental and Social Management Framework for the “Uzbekistan Energy Efficiency Facility for Industrial Enterprises Project” (UZEEF), the World Bank loan (Additional Financing, Phase 3)

Context

Environmental and Social Management Framework for the Project UZEEF (Phase-3) was sent by letter of the Ministry of Economics (No. AD-12-0/37 by 15.11.2017) to the State Committee of the Republic of Uzbekistan for Ecology and Environmental Protection, State Inspections "Uzgosenergonadzor" & "Uzgosneftegazinspektsiya", JSCB "Uzpromstroybank", JSCB "Asaka", JSCB "Hamkorbank", as well as to industrial enterprises of different sectors of economy Navoi MMC, JSC "Uzkimyosanoat", Uzneftegazdobycha, Uztransgaz, Uzbekenergo, Uzbekhydroenergo, and "Toshkengemkombinati". At the same time, it was published on November 15, 2017. for availability on the ministry's website at the following link; <https://mineconomy.uz/en/node/1919>.

Summary of the consultation

The public discussion of the ESMF took place November 24, 2017 10.00 hours, Tashkent, conference hall 2nd floor, in the Ministry of Economy of the Republic of Uzbekistan (the building of Asakabank, 67, Nukus Street)/

A. Alimbaev, acting director of the project, introduced the Public Discussion and summarized key provisions of the document and the mechanism for the environmental and social assessment procedures. He also explained the design and context of the project to the organizations and enterprises present.

A. Alimbaev also explained to the participants the requirements and process for environmental and social screening and assessment, which requires the beneficiaries of the UZEEF-3 project to apply mechanisms for identifying and assessing the possible environmental and social impacts, as well as monitoring by the specialists of the participating banks.

Z. Rakhimov, Director of the Center for Science and Innovation of Eco-Energy of the State Committee for Ecology, suggested that in the entire document, it should be reflected that authorized bodies conduct the assessment and monitoring of compliance with environmental protection measures in line with Uzbek regulations, such as the environmental assessment commission is the State Committee for Ecology ("State Ecological Expertise"). He also asked to draw attention to paragraph 22 regarding the application of the standards of the Republic of Uzbekistan and the World Bank.

The deputy head of the department of HSE and Fire safety Khalikov noted that in this paragraph it means that in the application of more stringent measures will be selected from two standards (the Republic of Uzbekistan and the World Bank).

At the same time, Z. Rakhimov recommended that the issues related to environmental protection measures should be of a high level and the State Committee for Ecology and Environment and the participating banks should conduct their due diligence in close coordination with it. In addition, he

proposed that the Corrective Action Plans and the environmental assessment reports be not only in English and Uzbek (paragraph 21), but also in Russian.

Adviser of the State Committee for Ecology Koroleva N.I. drew attention to the fact that paragraph 15 provides for an independent environment assessment, based on World Bank procedures, however the decision of the environmental authorities of Uzbekistan can serve as a basis. Alimbaev A. noted that, in particular, Attachment II is attached to the framework document, which lists the issues and criteria for evaluating/ screening the proposed project.

Also Koroleva N.I. recommended that the category of the project (A, B, C), in accordance with the requirements of the World Bank, be determined by the State Committee for Ecology. In response to the question from Koroleva N.I. regarding exclusion of financing to sub-projects in the 1st category (closely associated with category A according to the requirements of the World Bank) and drawing attention to the fact that large industrial enterprises, both chemical and electricity producing, are of high category, A. Alimbaev noted that sub-projects can be implemented at enterprises of similar industries, since the category is assigned to the subproject and not the whole enterprise. Examples were given of the implementation of projects within the first and second credit lines, at such chemical and construction enterprises as Navoiyazot JSC, Ferganaazot JSC, Kyzylkumcement JSC, Bekabadcement JSC.

Ecologist of JSCB "Hamkorbank" A. Fazliev asked a question regarding obtaining an opinion on equipment, which is not in the list of Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 491 of December 31, 2001. "On approval of the provision on state environmental review in the Republic of Uzbekistan". Koroleva N. replied that they would apply and provide all the necessary conclusions to the State Committee for Ecology.

The chief of the environmental protection service of the Navoi MMC, Temirov B. asked to consider the issue of simultaneous analysis of the "Declaration of environmental impacts" document required by the State Committee for Ecology (a statement on the impact on the environment) and the CAP (corrective action plan). Adviser of the State Committee for Ecology answered that the CAP is to be developed by the enterprise after receiving a response to the Declaration, i.e. simultaneous analysis is not possible.

The engineer of environmental protection service of JSC "Uzbekenergo" Guzelbaeva R. made a proposal on item 43 to train not only the appointed employees of the ecology of participating banks, but also environmental specialists of industrial enterprises.

Also noted by participants was that given that this project will be implemented with the IFIs (IBRD), it is necessary to indicate in the document that the version of the document in English prevails over the version in other languages.

In conclusion, the following resolutions were made:

1. Take note of and implement the framework plan for environmental and social risk management measures.
2. Send an electronic copy of this Protocol to the World Bank
3. Take measures to amend the plan, if necessary in the established order.

List of participants of the meeting on consultations of the document “Environmental and Social Management Framework” for the Project "Increasing the Energy Efficiency of Industrial Enterprises" (Phase-3)

1. D. Asamov Deputy Minister Ministry of Economy
2. H. Rakhmatullaev Head of the Main Department of the Ministry of Economy
3. A. Alimbaev Acting. Director of the PCEP PEEP Ministry of Economy
4. Rakhimov ZI Director of the Scientific Innovative Center for Eco-Energy under the Gosokemekologiya State Committee of the Republic of Uzbekistan for Ecology and Environmental Protection
5. Zhabborov M. Deputy Director of SUE "Center for State Ecological Expertise" State Committee of the Republic of Uzbekistan for Ecology and Environmental Protection
6. Koroleva NI. Advisor of State Committee of the Republic of Uzbekistan on Ecology and Environmental Protection
7. Kushkinov T. Leading engineer of the department of State Inspection "Uzgosenergonadzor"
8. Karimov S.T. Leading specialist of State Inspection "Uzgosneftegazinspektsiya"
9. Nishanov H. Head of the sector of JSCB "Uzpromstroybank"
10. Nurgaliyev FR Head of the Department of Project Finance of JSCB "Asaka"
11. Ibrokhimov A. Chief Specialist of the Foreign Economic Activity Department of JSCB "Asaka"
12. Aliakbarov M. Chief specialist of JSCB "Hamkorbank"
13. A. Fazliev Ecologist of JSCB "Hamkorbank"
14. Temirov B.R. Chief of Environmental Protection Service of Navoi Mining and Metallurgical Company
15. Makhmudov M. Head of the Department of JC "Uzneftegazdobycha"
16. Nurmamedov B. Head of the Department of JC "Uzneftegazdobycha"
17. Li Vadim Ch. power engineer of JC “Uzneftegazdobycha”
18. Sharipov Deputy Head of EMG Office of JSC "Uztransgaz"
19. Khalikov Deputy Head of the Department of HSE and Fire safety of JSC "Uztransgaz"
20. Isaev Sh.M. Director of the Directorate "RES" Directorate of JSC "Uzbekenergo"
21. Guzelbaeva R. Engineer of Environmental Protection Service of JSC "Uzbekenergo"
22. Nishanbaev Sh.A. Chief power engineer of JSC " Tashkent fat-and-oil plant "
23. Nishantaev A. Leading engineer of the service of TB and ecology of JSC " Tashkent fat-and-oil plant "



