EXECUTIVE SUMMARY to STAKEHOLDER ENGAGEMENT PLAN

1. The World Bank is supporting the preparation of the **"Electricity Sector Transformation and Resilient Transmission" (ESTART)»** Project in response to the Uzbekistan's Government request to support energy sector.

The proposed project recognizes the importance of environmental and social issues and the same is being addressed through the Bank's new approach of Environmental and Social Safeguard Standards (ESS). One of the Standards - ESS10 - relates to stakeholder engagement. This report details the stakeholders relevant for the project and the project's arrangements to be engaged with them during the preparation as well as during implementation.

- 2. **Project Objective.** The objective of the Electricity Sector Transformation and Resilient Transmission (ESTART) project is to support the establishment of a modern transmission company and improve the capacity and reliability of the power transmission system to integrate large scale renewable energy sources. The proposed project will consist of the following four components:
 - (i) Digitalization of the electricity transmission sector: The objectives of this component are to take advantage of modern digital technologies to support the enhanced monitoring, automation, and control of the power system in Uzbekistan.
 - (ii) Power grid strengthening and renewable energy integration: (a) modernization of 22 priority substations that were identified for rehabilitation across the country; (b) construction of a new substation to release overloading on neighboring substations and to meet growing demand in the respective regions; (c) construction of related 500 kV and 220 kV transmission lines to connect the aforementioned substation to the national transmission network.
 - (iii) NENU institutional development and project implementation support: This component will support developing and improving the institutional capacity, financial substantiality and technical capabilities of National Electric Networks of Uzbekistan (NENU). The component will include the following 4 subcomponents: 3.1- Modernization of NENU business process, 3.2- NENU Financial Sustainability and Preparatory Work to Access Commercial Financing, 3.3- NENU Institutional Capacity Building and Project Implementation Support, 3.4- Working with Technical Supervision Consultants.
 - (iv) Electricity Market Development: This component will provide technical assistance for the design and implementation of the electricity sector's transition plan toward the establishment of a wholesale electricity market. The specific activities will include: (i) establishment of the Energy Market Regulatory Authority (EMRA); (ii) development of a Wholesale Electricity Market; (iii) establishment of a Central Buyer; (iv) establishment of a Balancing Market within NENU; and (v) implementation support to Ministry of Energy and its Project Office.

3. **Purpose of the SEP**

The SEP serves the following purposes: i) stakeholder identification and analysis; (ii) planning engagement modalities such as effective communication tools for consultations and disclosure;

(iii) enabling platforms for influencing decisions; (iv) defining the roles and responsibilities of different actors in implementing stakeholder engagement activities; and (iv) elaborating the Project grievance redress mechanism (GRM).

4. Stakeholder identification: project-affected parties

One of the primary goals of the project is to identify stakeholders on which the project can have negative impact such as households or businesses who may be impacted by land reallocation, employees who may lose employment, etc. Thus, a list of key stakeholder groups can be identified as potentially affected parties. These should be engaged throughout the life of the project and impacts on them should be monitored and mitigated.

Researching project site and interviewing potential stakeholders, the following groups can be identified as potential project-affected stakeholders:

- Farmers/Dekhan farms affected by land reallocation
- Farm workers who have lost their source of income
- Residents living in project regions and districts
- Representatives of makhallas and settlements
- Women.

The SEP will assess the level of stakeholder interest and support for the project, enable stakeholder views to be taken into account in project design and environmental and social performance, promote and provide means for inclusive engagement throughout the project lifecycle, ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible, and appropriate manner and format, provide citizens with accessible and inclusive means to raise issues and grievances and enable the project implementing entity to respond to and manage such grievances.

A core Community Liaison Team comprised of MoE, NENU and PIU will take responsibility for and lead all aspects of the stakeholder engagement.