

EXECUTIVE SUMMARY

to ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

1. This Environmental and Social Management Framework (ESMF) has been prepared for the "Electricity Sector Transformation and Resilient Transmission" (ESTART) Project. The project is implemented by National Electric Networks of Uzbekistan (NENU or NES) under the Ministry of Energy of Uzbekistan, and funded by the World Bank (WB). The objective of the Environmental and Social Management Framework is to outline the expected environmental and social risks and impacts from the project, provide a system for monitoring and managing such impacts during implementation of project activities, and provide the implementing agencies with rules and procedures for implementing Project activities in accordance with the Environmental and Social Standards (ESS) of the World Bank. In addition, the framework describes the institutional roles and responsibilities for environmental and social risk management within the project, as well as feedback and grievance mechanisms through which citizens and other stakeholders can engage with the project.

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 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. Project location. The project will be implemented in 10 regions of the Republic of Uzbekistan, (Andijan, Fergana, Tashkent, Syrdarya, Samarkand, Bukhara, Navoi, Kashkadarya, Surkhandarya, Khorezm) and in Tashkent city.

4. Project potential environmental and social risks and impacts. The project is expected to have primarily positive social and environmental outcomes. However, activities during the period of modernization and improvement of existing high voltage substations and lines and construction of new transmission substations and lines may result in adverse impacts and therefore the project will need to introduce substantial environmental and social screening, mitigation and monitoring systems.

5. Environmental risks and impacts are mainly related to the modernization and construction phase, planned activities under the Power grid strengthening and modernization component. These risks may include: (a) increased environmental pollution by waste; (b) noise; (c) air pollution by dust, fuel combustion residues; (d) increased pollution of groundwater and surface water due to inadequate prevention and mitigation measures; (e) soil degradation and contamination; (f) health hazards due to

improper handling of heavy equipment during construction works; (g) temporary restriction of access to private and public assets (land, commercial facilities, roads, markets, etc.); (h) other risks and impacts from construction activities. etc.) as part of construction activities and other risks and impacts associated with construction. These impacts are typical of construction or rehabilitation activities and can be mitigated through the application of good construction practices and/or appropriate mitigation measure.

6. Social risks and impacts relate to land acquisition or land use restrictions, as well as to community, health and safety and labor safety risks in project activities.

7. Overall project environmental and social risks. Considering the potential environmental and social risks described above and the scale of the project, the environmental and social risks of the project are assessed as **Substantial**.

8. Environmental and Social Management Framework (ESMF) covers the following: (i) rules and procedures for environmental and social screening of project activities and subprojects to be supported under the project; (ii) guidance for conducting subprojects ESIA and/or preparing simple ESMP or ESMP Checklist which including monitoring plans; (iii) mitigation measures for possible impacts of proposed subprojects; (iv) requirements for preventing risks and impacts related to biodiversity; (v) implementation and monitoring arrangements for ESIA/ESMPs; (vi) overview of the capacity of NENU for environmental and social risk management and measures to fill any gaps in capacity, (vii) detailing labor management requirements and labor relations and conditions; (viii) identification of stakeholders and description of stakeholder engagement; (ix) quantification of costs and benefits of alternatives; (x) consideration of estimated costs of implementing ESIA/ESMP.

9. Grievance Redress Mechanism (GRM). The Project Grievance Redress Mechanism aims to enable beneficiaries and citizens to register any grievances on all project-related issues of concern. The GRM will operate at a local and national level. If the grievance has not been considered or the citizen has not received a satisfactory response, he/she may file a grievance to the regional offices. It is recommended that in makhallas, where sub- projects will be implemented, logs for registration of grievances should be placed.

10. Public consultations and information disclosure. A series of meetings were held with key stakeholders in several regions (Tashkent city, Tashkent and Syrdarya regions) to develop the ESMF and RPF. Preliminary versions of the ESMF, RPF and SEP will be presented during the public consultation in Tashkent. Comments received during the public consultation will be reflected in the ESMF. The public consultation will provide participants with information on project objectives, planned activities, expected environmental and social impacts, as well as proposed mitigation measures, compensatory measures for any impacts and a grievance mechanism. The ESMF, RPF and SEP documents will be published on the website of NENU and subsequently published on the World Bank's external website.