Environmental and Social Review Summary
Concept Stage
(ESRS Concept Stage)

Date Prepared/Updated: 01/13/2019 | Report No: ESRSC00161
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
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<tbody>
<tr>
<td>Uzbekistan</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P166447</td>
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Project Name: Uzbekistan: Strengthening the Social Protection System

Practice Area (Lead): Social Protection & Labor

Financing Instrument: Investment Project Financing

Estimated Appraisal Date: 4/12/2019

Estimated Board Date: 5/30/2019

Borrower(s): Ministry of Finance

Implementing Agency(ies): 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.

Financing (in USD Million):

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

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

The Project would support the Government in enhancing capacity to strengthen and roll out a social safety net to protect the poor and vulnerable as well as those temporary affected by the economic reforms. Therefore, the project will have the twofold goal of protecting the poor and vulnerable and preventing the near poor to fall into poverty. To achieve these objectives, the operation would be structured in three components to strengthen social protection systems, improve effectiveness of labor market programs and develop a monitoring system. The project will comprise three components to achieve the development objective: Component 1. Modernizing social protection systems to identify target groups and provide tailored support. The objective of this component is providing the Government of Uzbekistan with the necessary operational tools to better identify, assess, and refer targeted groups to be supported.
through selected social safety net interventions. Component 2. Implement effective labor market interventions to complement the economic reforms. The objective of this component is enhancing capacity to identify, assess, and refer unemployed and inactive individuals, and provide selected labor market interventions to (i) protect them during their transition between jobs without falling into (further) poverty, (ii) enhance their employability, and (iii) provide temporary employment opportunities. Component 3. Monitoring and Project Management. The objective of this component is developing a monitoring system, assess processes and results of labor market programs, and support project implementation.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The project scope is country-wide to improve the social and productive inclusion of the poor and vulnerable people, including those negatively affected by the economic reforms in the country. The project has three components. Sub-component 2A under Component 2 will support investments in small construction (renovation of existing buildings within the same foot print), hard equipment (computers, printers etc. and capacity building of staff at the Employment Centers (EC). The ECs are located in the Government buildings at district headquarters both in urban and rural areas in all 12 Regions of the country and Republic of Karakalpakstan. Ministry of Employment and Labor Relations (the client) has more than 200 ECs at these district headquarters. Whether ECs in all 12 Regions or some of these will be renovated with the Bank finances will be decided based on the allocated loan amount for the subcomponent, type of works involved and demand by the Government. The exact scope and number of buildings to be renovated will be agreed during the project preparation. Social profile and labor market situation reveals the following as significant from social risk management perspective: (i) Uzbekistan is a multinational state-- different nations and nationalities live in this country, rendering it ethnically diverse; (ii) though Uzbeks form the majority group (80%), several smaller subgroups do exist reflecting high degree of diversity; (ii) regional disparities as well as rural-urban differentials are quite high in respect of poverty; (iii) demographic analysis show more number of elderly women (FHHs) relative to men; (iv) HDI for the country is relatively higher, but GII is quite low; (v) though overall unemployment is lower, youth and women remain away (disproportionately) from formal quality employment and integrating them adequately into labor markets bear significant strategic implications.

D. 2. Borrower’s Institutional Capacity

The implementing agency for the project is the Ministry of Employment and Labor Relations. The Ministry is responsible for the implementation of the labor market programs, including the administration of employment centers and selected training interventions. Programs are implemented by administrative units within the Ministry, including the Public Works Fund and the State Fund for Employment. This is Bank's first project with the Ministry. The client is therefore assumed to have limited capacity to apply Bank's ESF and to prepare the environmental and social risk management measures and instrument like ESMPs. Borrower's capacity to manage the risks will be specifically assessed during the project preparation to determine capacity gaps and developed through project specific training on ESF and on other environmental and social management aspects including those related to small-scale construction (renovation) works. Specific capacity building measures such as training needs will be identified and listed in the ESCP.

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

A. Environmental and Social Risk Classification (ESRC) Substantial
Environmental Risk Rating  
Moderate

Proposed project components are environmentally benign except that project under subcomponent 2A will support renovation of some of the existing Government buildings (same foot print). Renovation activities will not generate adverse environmental impacts or substantial risks on human population, and the predictable impacts are expected to be temporary, reversible, 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. Adequate adoption of work-related health and safety practices (OHS aspects) during construction both for the construction workers and the office workers would also be a requirement by the Bank. Due to the nature of proposed works and associated environmental risks, and limited capacity of Ministry of Employment and Labor Relation in the understanding and application of Bank's ESF, and relevant Standards, the project is classified as Moderate risk from environmental perspective and as defined under the Bank's ESF.

Social Risk Rating  
Substantial

The project’s key element aims at supporting: (i) low income families through strengthening social assistance system; and (ii) unemployed individuals and those who might become unemployed due to the economic reforms by providing them with temporary employment opportunities and job training. The interventions will be in the form of: profiling and intermediation, wage subsidies, public works and skills development (the final set of interventions will be defined during preparation), as well as the implementation of a one-off cash benefit for individuals who lost their job. At this stage, data on the potential beneficiaries are not known. In fact, this will be key objective of the project, profiling activities of beneficiaries. This will take place progressively during project preparation as well as implementation, it is expected that they are disadvantaged and vulnerable, they are currently unemployed (or expected to be unemployed) or inactive (some of them might be under social benefits), living in urban and rural areas, they may be unskilled or with some skills. This may include some vulnerable groups for whom finding a job may be difficult, including women and youth. While reaching out to such a clientele, it is likely that the likelihood of missing out on some deserving individuals viz., ‘risk of exclusion’, cannot be ruled out, at least in the initial stages, till such time, efficacy of mitigation measures for managing risks, take roots. Exclusion may also happen because of systemic exclusion of some social groups due to their social standing, public perception, ethnicity, etc. The exclusion risk is quite significant as denying access, specially, to the poor and vulnerable, will not only result in adverse impacts on inclusion and equity, but also may lead to social conflicts. Lastly, barring risk of exclusion, the project activities are expected to mitigate social risks caused by economic reforms.

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Except for the proposed small scale construction works, other activities proposed under components 1, 2 and 3 are environmentally benign. The project will not support construction of new Employment Centers (ECs, same foot print). These ECs are located in build-up areas and are not in proximity to areas of biodiversity significance or cultural heritage. Potential environmental risks and impacts are predictable, expected to be temporary and reversible, low in magnitude, and site specific. The expected environmental impacts 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 OHS practices. Towards addressing these issues, the client will prepare, before appraisal, an environmental and social management plan (ESMP) and disclosed locally as well as at the Bank. Social Risks chiefly relates to ‘exclusion’ which could result in social conflicts. At this stage, details about the candidate beneficiaries are not available. In fact, one of the key objectives of the project is to undertake a ‘profiling’ to enable identify the beneficiaries. So, unfurling of the ‘beneficiaries’ will happen progressively over time. Risk mitigation measure will be chiefly anticipating and avoidance. Towards this, a Social Assessment will be undertaken for: (i) identifying the stakeholders, evincing their expectations, issues and concerns; (iv) conducting institutional analysis – analyze the existing institutions for SWOT; and (v) assessing implementation arrangements including business protocol. Based on the Assessment, appropriate adjustments, specially, to the institutional and implementation arrangements will be made to ensure effective service delivery and avoidance of risks.

Areas where reliance on the Borrower’s E&S Framework may be considered:
Uzbekistan's Environmental and Social Framework is not being proposed to be applied in whole or in part for this project.

ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder Engagement includes the following: (i) stakeholder identification and analysis; (ii) planning for stakeholder engagement; (iii) consultations and disclosures; (iv) grievance redressal systems; and (v) continuous interface with and reporting to the stakeholders. At this stage, fuller information about the stakeholders, specially, the likely affected/ beneficiaries is not available. Stakeholder identification and analysis will be undertaken as a part of the proposed Social Assessment (SA). It will also unearth impediments to meaningful stakeholder engagement including the ability/ willingness of the client in identifying and engaging with key stakeholders including potentially those social groups who may be denied access to relevant labor market services due to their social/ cultural/ ethnic traits. All these will help in preparing a Stakeholder Engagement Plan (SEP) which will lay bare the methods and timings to reach out to different stakeholders. SE will also help in drawing on the experience and expertise of thought leaders and influencers from government, civil society, and the private sector. Overall, SE will help in developing a common shared understanding among all sections as well as sustained constructive relationships enabling avoiding risks. In consultation with the Bank, the client will prepare and implement an inclusive Stakeholder Engagement Plan (SEP). It will be ensured that all consultations are inclusive and accessible (both in format and location) and through channels that are suitable in the local context. The client will maintain, and disclose, a documented record of all stakeholder engagement activities. SEP will include mechanisms for setting out a Grievance Redressal Mechanism (GRM) which would help the beneficiaries/ affected individuals to express their concerns and grievances and provide the borrower to address them effectively.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

ESS2 Labor and Working Conditions Project encompass the following categories of workers: direct workers, contracted workers, community workers and primary supply workers. The first two are likely to be the most relevant as of now. The direct workers could be either government civil servants or those deployed as ‘technical consultants’
by the project. While the former are governed by a set of civil services code, the latter will be by a set of mutually agreed contracts. Community workers are not envisaged as there are no community based civil works. Primary supply workers need to be identified during the preparation stage. This leaves with direct workers who will be deployed the contractors for civil works. ESS2 Labor and Working Conditions Labor: The project footprint is relatively discrete and does not entail a significant amount of labor as the project aims at refurbishing the existing buildings only. The majority of labor will be locally hired with the exception of a few skilled workers who may not be found in the project location. Labor camps are not anticipated. The client will prepare labor management procedures which will lay bare guidelines for preparing labor management plans to cover both labor and working conditions as well as occupational health and safety measures for project workers. Capacity Assessment: As part of the planned institutional analysis, the client’s capacity to manage labor, working conditions and community health and safety will be assessed. Contract Clauses: Civil works contracts will incorporate social and environmental mitigation measures (ESMP; the Environmental Health and Safety Guidelines; other referenced plans e.g. Stakeholder Engagement Plan (SEP) etc.) as well as specific language referencing the prioritization of the hiring of unskilled local labor. All civil works contracts will include industry standard Codes of Conduct that include measures to prevent Gender Based Violence/ Sexual Exploitation and Abuse (GBV/SEA). Government of Uzbekistan has issued a decree banning deployment of forced and child labor. Drawing on this, contract clause will also explicitly state on the avoidance of the forced and child labor. GRM A locally based project specific GRM, proportionate to the potential risks and impacts of the project, will be established. In addition, a GRM specifically for direct and contracted workers will be provided. The GRM will be designed at an early stage and will be formally established by project effectiveness. Complaints received and resolved will be reviewed during the implementation support missions.

ESS3 Resource Efficiency and Pollution Prevention and Management
The expected environmental risks are associated with small scale construction like care, handling and storage of construction material, waste, excessive noise and dust levels, and disposal of asbestos containing material, if present. 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. Due to the nature of proposed renovation works, it is not expected that the project will have significant water and energy use.

ESS4 Community Health and Safety
The project will ensure safety of office workers during the refurbishment works by adopting adequate OHS protocols following WBG EHS Guidelines. Seclusion of construction area by putting up fence, mitigation measures to control excessive noise and dust levels, and secure access to the area in the building for the office workers and public use will be ensured through a robust mitigation and management plan in the proposed ESMP. Presence of any sensitive receptors close to renovation sites will be identified during screening of environmental impacts and necessary mitigation measures will be provided for in the ESMP. The scale of construction is however so small that foot print currently limited to the boundary walls is not expected to spill over across communities beyond the boundary walls.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
The project’s civil works relate to only financing minor repairs and rehabilitation of the existing buildings. No land acquisition and/ or restrictions on land usage are envisaged. Hence, no permanent and/ or temporary physical and/
or economic displacement will happen. These have been confirmed by the screening done in respect of the risks and impacts associated with this ESS. So, this ESS is not applicable.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
Potential environmental risks and impacts associated with this ESS have been screened and determined to be not currently relevant given the Project’s current context and timing. Relevance of this ESS will be further assessed during Project preparation as part of the ESA process.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
This ESS applies to distinct social and cultural groups identified as per a set of criteria. And these are labelled in the ESS as indigenous peoples / sub Saharan African historically undeserved traditional local communities (IPs). The provisions of ESS applies when IPs are present in the project area or have a collective attachment to the proposed project area. Uzbekistan has no such distinct groups and hence ESS is not applicable. This has been confirmed by the screening done in respect of the risks and impacts associated with this ESS. Hence this ESS is not applicable.

ESS8 Cultural Heritage
Potential environmental risks and impacts associated with this ESS have been screened and determined to be not currently relevant given the Project’s current context and timing. Relevance of this ESS will be further assessed during Project preparation as part of the ESA process.

ESS9 Financial Intermediaries
Potential environmental risks and impacts associated with this ESS have been screened and determined to be not currently relevant given the Project’s current context and timing. Relevance of this ESS will be further assessed during Project preparation as part of the ESA process.

C. Legal Operational Policies that Apply

| OP 7.50 Projects on International Waterways | No |
| OP 7.60 Projects in Disputed Areas | No |

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No
Financing Partners
As of now, there are no other financing partners
B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

1. Prepare, in consultation with the Bank, a Stakeholder Engagement Plan (SEP) as early as possible and implement before appraisal.
3. Undertake a Social Assessment as per a TOR agreed with the Bank and draw mitigatory measures to avoid the social risks.
4. Prior to project appraisal, prepare an ESMP to identify, mitigate and monitor the environmental impacts for the proposed renovation works. The ESMP will be disclosed locally as well as at the Bank.
5. Assess the borrowers' specific capacity building measures such as training needs for environmental risk management and prepare corresponding capacity development plan.

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

1. Implement the SEP during preparation as well as implementation stages as agreed with the Bank in terms of content and time framework.
2. Prepare and implement labor management plans.
3. Monitor the progress made on implementing the agreed measures for mitigating social risks.
4. Implement the agreed capacity building plans.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 01-Mar-2019

IV. CONTACT POINTS

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<th>World Bank</th>
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Borrower/Client/Recipient
Borrower: Ministry of Finance

Implementing Agency(ies)
Implementing Agency: Ministry of Employment and Labor Relations

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Safeguards Advisor ESSA Brandon Enrique Carter (SAESSA) Cleared on 23-Jan-2019 at 12:58:59
Practice Manager Cem Mete (PMGR) Concurred on 04-Feb-2019 at 17:18:51