

Environmental and Social Data Sheet

Overview

Project Name:	UZBEKISTAN WATER FRAMEWORK LOAN
Project Number:	2018-0127
Country:	UZBEKISTAN
Project Description:	The project will support improvements in water supply as well as wastewater collection and treatment.
EIA required:	This is a multi-scheme Framework Loan operation. Some the schemes may require an EIA
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

Compliance with applicable Environmental Legislation

The Promoter of this Framework Loan is the Komunalagency of the Ministry of Housing and Communal Services (MHCS). The Environmental Protection Authority at National level is the State Committee for Ecology and Environmental protection (Goskompriroda). The project shall be financed in parallel with the World Bank. The schemes can be located in all regions of the country, except for the capital city region, as well as in the autonomous republic of Karakalpakstan.

The project schemes (sub-projects) to be financed under this Framework Loan will be designed to reduce the negative environmental impacts of discharging untreated wastewater in line with the applicable legislation. The schemes will also be implemented in line with relevant legislation and also in accordance with EIB's social and environmental standards². The key national legislation of relevance includes:

- Law on Environmental Expertise (2001, last amended 2009) and the Regulation on State Environmental Expertise (SEE): relevant for EIA.
- Law on environmental control (2013); relevant for the Environmental Monitoring.
- Law on water and water use (1993); relevant for the protection of water from pollution and depletion.
- Law on nature protection (1992); states legal, economic, and organizational bases for the conservation of the environment.
- Law on Protected Natural Reserves (2004); regulates relations in terms of organisation, protection and use of protected natural territories.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

² EIB Statement of Environmental and Social Principles and Standards and EIB environmental and social handbook

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An Environmental and Social Management Framework (ESMF) will be prepared by Promoter, with support from the EIB and the World Bank TA, This ESMF shall be used for screening of sub-projects against EIB's environmental and social Standards.

The schemes concern refurbishment and upgrade of water and wastewater infrastructure in secondary cities of Uzbekistan. If the schemes were located inside EU, it is expected that, depending on the scope, they would fall either under Annex II (i.e. be subject to screening by the Competent Authority) or outside the scope of the Directive 2011/92/EU as amended by 2014/52/EU. Ex-ante approval of the allocation of schemes will be required to ensure compliance with the Bank's environmental and social standards including those on the protection of sites of nature conservation, where applicable. This will be assessed at allocation stage for each individual scheme.

Pursuant to Section 10 of the Regulation on the State Environmental Expertise (SEE) the Promoter must conduct the EIA assessment process ("OVOS" according to the national acronym). SEE approval is a mandatory document and classifies the projects into four categories:

- categories I and II "high and medium risk of environmental impact", where the SEE is conducted at national level and EIA is required;
- category III "low risk of impact", where the SEE is conducted at regional level, and EIA is required;
- category IV "low impact" where the SEE is conducted at regional level and only a draft EIA is required.

It is expected that the schemes belong to categories III and IV.

For the schemes requiring an EIA, relevant information and compliance with the applicable legislation and EU EIA directive will be checked before approving finance allocation. In particular, screening decisions from local Competent Authorities will be made available to the Bank. The Bank will also require the Promoter to provide the Non-Technical Summary (NTS) of the EIAs and the EIAs.

Framework loans as a whole are not covered by the EIB Carbon Footprint Exercise. Each sub-project will be included in the footprint exercise if emissions are above the thresholds. The climate change benefits, if relevant, will be quantified in the appraisal for each scheme. The schemes including wastewater treatment components are expected to result in a positive reduction in related GHG emissions.

Environmental Impacts

The schemes are expected to have minor environmental impacts during construction and no negative residual impact in the operational phase.

Most schemes will be located in a consolidated urban environment and on the existing main routes of water mains and sewers and in the premises of existing facilities. Therefore, the schemes are not likely to have negative impacts on nature conservation areas. Nevertheless, compliance with the Biodiversity and Habitats National Legislation and its alignment with the Habitats and Birds EU Directives (92/43/EEC, 2009/147/EC), international conventions to which Uzbekistan is party and EIB E&S Standards will be further checked during appraisal of individual schemes, before allocating finance to schemes and during the implementation of the project.

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Promoter's E&S capacity:

The promoter has experience in management of environmental and social plans and is familiar with the application of Asian Development Bank as well as World Bank standards, based on the experience of other international financing institutions during implementation of their existing operations. However, Technical assistance will be made available to support the Promoter in the preparation and implementation of the schemes according to EIB Environmental and Social Standards. The Technical assistance will also support the promoter in setting up an environmental and social monitoring and reporting system.

Social Assessment

The schemes foreseen are not expected to trigger large permanent physical or economic displacement. In implementing water and sanitation infrastructure schemes aimed at improving efficiency, public health, and protection of the environment, the works will be kept as much as possible to the existing rights of way (for buried assets) and the existing facilities (for plants, reservoirs, etc.) which reduces potential negative social impacts to a minimum.

All schemes are expected to have a positive impact on the living conditions of the inhabitants. In addition, the investment will provide job opportunities during the works phases.

Based on the information provided to the Bank, the potential schemes are not likely to trigger any large land acquisition. To this end, the promoter will prepare a Resettlement policy framework and a stakeholder engagement framework inclusive of a grievance mechanism to be coordinated with the implementing regional water utilities (Suvokovas), as part of the ESMF.

Compliance with EIB's social standards, such as those on occupational and public health, safety and security, labour standards, involuntary resettlement and stakeholder engagement will be further checked during appraisal of individual schemes, before allocating finance to schemes and during the implementation of the project. The Technical assistance will support the promoter in screening the schemes against EIB social standards

Uzbekistan has ratified all ILO core labour standards. The promoter will verify the implementation of the requirements relative to the applicable national labour code, ILO standards and EIB standards 7 and 8 during the implementation of the financed scheme, as well as in tender documents and in the subsequent agreements with selected contractors.

Conclusions and Recommendations

Given that detailed information on the schemes is not available at this stage, environmental and social aspects will be checked at scheme allocation stage. The Bank will require the Promoter to follow the EIB environmental and social (E&S) standards and before the first disbursement, an Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) acceptable to EIB will have to be prepared and endorsed by relevant authorities.

The Promoter shall not commit any EIB funds against schemes that require an EIA according to national law or the EIB E&S standards without receiving the consent from the competent authority.

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The Promoter will be obliged to provide the Bank with documentation stating that there are no negative impacts on biodiversity or that the appropriate mitigation measures are being taken according to the applicable national law, and EIB E&S Standards.

Prior to allocating financing to a scheme entailing new construction the Promoter shall submit to the Bank (where required):

- (i) A copy of the ESIA report (environmental and social impact assessment), including a non-technical summary, satisfactory to the Bank;
- (ii) The SEE approval or the Environmental Permit issued by the relevant Authorities in Uzbekistan, as well as relevant Ecological Permit or Habitats form;
- (iii) The Environmental and social Management Plans (EMP);
- (iv) The Resettlement Action Plan (RAP);

For schemes related to upgrading infrastructure or facilities along the same alignment or on the same premises, the Promoter needs to submit the screening document which states whether a full EIA is required or not prior to disbursement against each such scheme. If screening results in the need for a full EIA then the conditions mentioned above for new construction will apply.

The following undertakings shall be included in the finance contract:

- The Promoter shall not commit any EIB funds against schemes that require an EIA or biodiversity assessment according to national law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the EIA having been made available to the public.
- The Promoter shall store and maintain updated the relevant documents (including environmental studies related to the ESIA, the Non-Technical Summaries of the ESIA's, and Nature/Biodiversity Assessments, Environmental, Social Management Plans, Resettlement Action Plans and Stakeholder Engagement Plans) to be provided to the Bank upon request. In case the EIB requires such documentation, the promoter shall provide all documents requested promptly.
- The promoter shall verify the compliance of the schemes with the relevant and applicable rules of national legislation, in particular in the field of environment.
- The Promoter shall implement and operate the Project in compliance with EIB's Environmental and Social Standards, and ILO core labour standards, in particular with the inclusion of provision (for contractors) for the respect of: principles of equal treatment and non-discrimination in employment and at the workplace, and equal access for men and women to employment opportunities.

The overall anticipated environmental and social impacts of the operation are deemed positive. Minor negative (temporary) impacts during the construction will be compensated by considerable social, public health and environmental benefits.

Considering the above, the project is acceptable for EIB financing from an environmental and social point of view.