

**Republic of Uzbekistan**

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**Ministry of Economic Development and Poverty Reduction**

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**Agency for the Development of Entrepreneurship**

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**Second Rural Enterprise Development Project**

**STAKEHOLDER ENGAGEMENT PLAN**

**November 2021**

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## ABBREVIATIONS AND ACRONYMS

<b>Agency</b>	Agency for the Development of Entrepreneurship under the MEDPR
<b>DCM</b>	Decree of the Cabinet of Ministers
<b>ES</b>	Environmental Specialist
<b>ESS</b>	Environment and Social Standards
<b>E&amp;S</b>	Environmental and Social
<b>ESMF</b>	Environmental and Social Management Framework
<b>ESF</b>	Environmental and Social Framework
<b>FVREDP</b>	Fergana Valley Rural Entrepreneurship Development Project
<b>GBV</b>	Gender-based violence
<b>GoU</b>	Government of Uzbekistan
<b>GRC</b>	Grievance Redress Committee
<b>GM</b>	Grievance Mechanism
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IDA</b>	International Development Association
<b>IFIs</b>	International Financial Institutions
<b>MOA</b>	Ministry of Agriculture
<b>MOF</b>	Ministry of Finance
<b>MEDPR</b>	Ministry of Economic development and Poverty reduction
<b>OS</b>	Other Stakeholders
<b>PAP</b>	Project Affected Persons
<b>PDO</b>	Project Development Objective
<b>PIU</b>	Project Implementation Unit
<b>SEP</b>	Stakeholder Engagement Plan
<b>CCI</b>	Chamber of Commerce and Industry
<b>SREDP</b>	Second Rural Enterprise Development Project
<b>UZS</b>	Uzbek Soum
<b>USD</b>	United States Dollar
<b>WB</b>	World Bank
<b>WBG</b>	World Bank Group

## 1. INTRODUCTION

### Project Background Information

This Stakeholder Engagement Plan (SEP) was prepared jointly with the FVREDP PIU of the Ministry of Agriculture and the Ministry of Economy and Poverty Reduction (MEDPR) for use in the Second Rural Enterprise Development Project (SREDP).

World Bank provides ongoing assistance to the Government of Uzbekistan in preparation and implementation of the Agriculture Development Strategy for 2020-2030 that aims to transform the sector into a key driver of economic growth, to create new jobs and to improve generation for people.

The proposed project recognizes the importance of environmental and social issues that are addressed within the framework of the Bank's new approach towards Environmental and Social Safeguard Standards (ESSs). One of the standards - ESS10 - corresponds to engagement with stakeholders. This report provides detailed overview of stakeholders that are related to the Project, as well as Project arrangements for engagement of such stakeholders in the process of Project preparation and implementation.

**Project objective.** The project development objective is to support the expansion of rural enterprise activity and job creation in regions supported by the project.

The Project components and activities to achieve the objective are as follows:

**Component 1: Enterprise Development. (IBRD US\$6.1 million, IDA \$20.0 million)** The component would facilitate the establishment and growth of farms, agribusinesses, and rural enterprises in the targeted rural areas through the provision of technical support and facilitation. The component will disseminate the information on the Climate Change adaptation and mitigation measures, organize awareness raising workshops, strengthen the project beneficiary's knowledge on climate-smart agricultural practices, promote the partnerships to address the climate change consequences and demonstrate the climate smart technologies in small- and medium-sized agribusinesses and on farm enterprises in the project regions.

**Sub-Component 1.1: Business Incubation and Mentorship (IDA US\$ 7.1 million).** Financing would be provided for business advisory and business development support services designed to incubate and mentor various classes of micro and small entrepreneurs. Under the FVREDP, this support is being provided under an implementation partnership with the Chamber of Commerce and Industry (CCI) through establishment of business incubation hubs in CCI's network of district offices. SREDP would continue to establish business incubator hubs as an anchor for entrepreneurship and business development service delivery. Additional assessments will be conducted to evaluate the capacity of CCI to expand this role to other regions and to assess the availability of other similar service providers and the availability of physical facilities to house business incubator hubs. Financing would also be provided to innovation startup competitions targeting youth. Competitions would select innovative ideas and would provide more in-depth mentorship and support to incubate new businesses. These competitions would be implemented in business incubator hubs using the same service provider to implement the activity (e.g., CCI or other selected provider). TA and training activities will be modular and include modules targeting climate resilience and adaptation strategies. Dedicated training sessions targeting youth and women will be supported to ensure outreach to these groups.

**Sub-Component 1.2: Partnership and Value Chain Development (IDA US\$ 1.1 million).** The project would promote building of value chains and productive partnerships between producers and processors, and producers

and traders, among others. This activity would include financing for market/demand research for the specific type of product to be sold, training of the chain participants, technical advice on inputs and technologies, sales and marketing advice. This would also include strengthen value chains to better incorporate climate risk reduction. The project would support producer participation in national and international trade shows to promote investments and exports, and to improve quality of production, marketing and investment decisions. The project would also organize visits of large buyers from key countries to Uzbekistan (e.g. a group of supermarket procurement managers and buyers from leading import companies). The investments under the project would be driven by a value chain assessment and cluster mapping study to determine priorities in the first year. This initial value chain assessment would incorporate criteria around economic potential as well as the potential to strengthen inclusion of vulnerable groups into value chains and clusters.

**Sub-Component 1.3: Climate Smart technology demonstration (IBRD US\$6.1 million, IDA US\$ 3.1 million).** This sub-component activities would aim to demonstrate climate smart technologies in small- and medium-sized agribusinesses and farm enterprises in the project regions. The project would support the introduction of innovative technologies that would have a significant impact in the long run on reducing GHG emissions, building resilience, and developing capacity for adaptation to climate change. This could also include renewable energy technologies that have been shown to be impactful and cost-efficient but have not been widely demonstrated and adopted in Uzbekistan, such as bio-gas digesters, solar water heaters, solar photovoltaics, biomass, wind and micro-hydroelectric installations. Further preparation and dissemination of information on the demonstrated technologies would be supported through workshops, hands-on demonstrations, peer-to-peer learning, and materials supported under this sub-component. Technology demonstrations would be selected based on the prioritization process initiated under sub-component 1.2, which would identify value chain and cluster priorities.

**Sub-Component 1.4 Women’s Entrepreneurship Development (IDA US\$ 8.7 million).** This sub-component would enable the project to develop more specific entrepreneurship support interventions that can better address women’s particular needs, including low-income women who face greater constraints in starting new business activities. The sub-component would expand and scale up a pilot project financed through the World Bank Japan Social Development Fund; Enhancing Economic Opportunities for Rural Women Project (P171760) that launched in mid-2021. This pilot project utilizes a group-based approach to provide a package of services tailored to the needs of women in low-income households in rural areas around financial literacy, groups savings and later matching grants. The pilot currently covers 112 mahallas in 8 districts in Ferghana and Jizzakh with implementation led by the Ministry of Mahalla and Family Affairs. The methodology used in the pilot project is centered on mobilizing groups of women and using groups as an entry point for providing the information, skills, assets, experience, and networking. The pilot program includes a small micro-grants program to launch business activities for those successfully completing a viable business plan and mobilizing co-financing. It is proposed that REDP would apply the model in additional districts in the REDP project area. A sub-grants manual for matching grants will be a condition of disbursement and can be modeled on the current sub-grant manual in use under the Enhancing Economic Opportunities for Rural Women Project.

**Component 2: Access to Finance (IBRD US\$ 167 million).** The second component would address key constraints to access finance faced by farmers, agribusinesses and other beneficiaries engaged in agriculture and rural economic activities and proposes to support the expansion of two financing instruments: a credit line and partial credit guarantees. The micro- and small farmers and agribusinesses operating in Uzbekistan’s agriculture and small-scale rural enterprise sector lack access to longer-term financing and suitable products and services due to the funding structure of financial institutions, limited use of appropriate lending methodologies and higher risks associated with the sector. The provision of long-term funding for the sector and suitable credit enhancement mechanisms can help alleviate these structural constraints. Moreover, financial products that are tailored to the agriculture production cycles and to the needs of the smaller enterprises, in particular start-ups, are in short supply, highlighting the need to further support financial institutions in developing specific products/services for this segment and in building capacity in new lending methodologies.

**Sub-component 2.1: Credit line for Farmers, agribusinesses, and rural enterprises for climate-resilient investments (IBRD US\$ 146.5 million).** The objective of the credit line would be to address funding constraints faced by financial institutions and support lending to farmers, agribusinesses, and rural enterprises in new project

areas. The Credit Line will support climate-resilient investments in the agricultural and rural sectors and will be compliant with World Bank Guidance for Financial Intermediary Financing and will provide financing through one General Window and two limited-scale special Windows. The General Window would finance individual loans in the amount up to US\$250,000 to meet the needs of small and medium agribusinesses for climate-resilient investments who are generally operating at this scale. The Special Window 1, using more streamlined procedures, will provide loans up to US\$50,000 targeting micro and small beneficiaries. This special window is deemed necessary to fill the credit gap of micro- and small enterprises who have not been able to access previous credit lines. The micro and small farming and agribusiness enterprises play a particularly important role in rural economic diversification, poverty reduction and income generation. The Special Window 1 would also cater for the financing needs of the startups and women entrepreneurs supported under component 1. The Special Window 2 would finance cluster development for sub-projects up to US\$2 million, building on the cluster development activities under Component 1. The initial allocation between the Windows is: 50 percent of the Credit Line allocated for the General Window, with the Special Windows 1 and 2 equally dividing the remaining Credit Line allocation. The Participating Financial Institutions would need to draw on both, the General Window and the Special Window 1, catering to the needs of micro-entrepreneurs, to ensure a well-diversified sub-loan portfolio. Credit Line Investment Guidelines (CLIG) will provide the detailed eligibility criteria, and terms and conditions of the financing under the various windows, as well as responsibilities of the implementing parties (PFIs, sub-borrowers and the PIU under the MEDPR).

The following simplified procedures for sub-loan applications are proposed to support smaller farmers and agribusinesses: (i) streamlining documentary requirements, especially for loans below US\$50,000; (ii) strictly enforcing application of the agreed prior and post-review formats; (iii) submitting the Statements of Expenditure for the sub-loans up to US\$50,000 in a table format, indicating some key parameters; (iv) digitizing the sub-loan application process including environmental and social safeguards; and (v) encouraging the use of the refinancing facilities for small loans. The project would encourage the accreditation of Banks – public and private - with a clear strategic orientation and proven capacity to reach out to micro- and small enterprises in rural areas. This may include the accreditation of Micro Credit Organizations on a pilot basis, either directly or indirectly through participating banks.

**Sub-component 2.2.: Partial Credit Guarantees under the State Fund for Support of Entrepreneurship (IBRD US\$ 20.0 million).** According to the 2019 Enterprise Survey, 96.4 of loans (96.9 percent in 2013) required collateral. While consistent with averages observed in the ECA region, collateral requirements have worsened over the last decade, with the value of collateral needed increasing from 129.7 percent of loan amount in 2008 to 166.1 percent in 2019. In addition, collateral requirement remain high in particularly for some segments of small businesses. The project proposes to expand the partial credit guarantee (PCG) mechanism of the State Fund for Support of Entrepreneurship under FVREDP given that collateral requirements for rural and agricultural lending remain high in Uzbekistan, revealing a persistent risk aversion of Participating Financial Institutions (PFIs) towards this segment. If well-designed, PCGs can be an effective tool to address financial institutions' risk aversion towards underserved sectors, especially if the mechanism is accompanied by other efforts to increase access to finance. Many countries have expanded their credit enhancement mechanisms to address the impacts of the COVID-19 pandemic, which have exacerbated pre-existing challenges.

Established in 2017, the State Fund for Support of Entrepreneurship Activities aims at providing financial assistance to private MSMEs in Uzbekistan. Under the Agency of Entrepreneurship Development of the Ministry of Economic Development and Poverty Reduction (MEDPR), the agency supports firms primarily through interest rate compensation scheme and partial credit guarantees (PCGs). The State Fund provides PCGs to participating financial institutions (PFIs) of up to 50 percent of loan amount, not exceeding UZS 8 billion (~US\$ 750,000) with a one-time one percent fee paid upfront by the borrower. The scheme supports vulnerable population with entrepreneurial activities, private individual entrepreneurs and private small businesses in any sector.

**Sub-component 2.3 Technical Assistance to PFIs (IBRD US\$ 0.5 million).** Training will be provided to the commercial banks to introduce innovative financing instruments such as digital financial services and value chain finance modalities for agricultural and rural enterprises, accreditation and management of environmental and social management systems. The training program would focus on the use of new financial products to target

clients engaged in horticulture, livestock, silk production and other rural entrepreneur's production activities, evaluating the suitability and effectiveness of these new financial products and mitigating the possible risks associated with lending to these sub-sectors. This training will be complementary to, and built into, the upcoming training program financed by the Horticulture Development Project (HDP) to the PFI lending staff in a number of areas, including fundamentals of lending to the agricultural sector; credit analysis and forecasting of capital flows; risks related to the financing of collection of raw materials and processing system; lending to the horticulture and silk producers, and others. A separate training will be conducted for Environmental and Social Specialist of PFIs by PIU's support.

**Component 3: Project Management (IBRD US\$ 6.4 million).** This component would support the implementation, management, monitoring and evaluation of the project. A PIU will provide overall project coordination and implementation support, including implementation planning, technical supervision, fiduciary management (financial management, procurement), environmental and social safeguards implementation and monitoring and evaluation. The PIU would be expected to share similar implementation arrangements as the FVREDP PIU. The Bank was informed by the MEDPR that the PIU will be established under the Agency for Supporting Entrepreneurship Development.

The project will finance the goods, technical assistance, consulting services, training, and incremental operational costs for PIU under MEDPR and other relevant agencies as appropriate to facilitate implementation of the project (including the areas of financial management, procurement, disbursement, and monitoring and evaluation).

### **SEP Objectives**

The SREDP project is being prepared under the World Bank's Environment and Social Framework (ESF). As per the Environmental and Social Standard (ESS) 10 Stakeholders Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

#### **Specific objectives of ESS10 are providing as following:**

- ✓ To establish a systematic approach to stakeholder engagement that will help to build and maintain a constructive relationship with stakeholders, especially project-affected parties.
- ✓ To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and to improve the environmental and social sustainability of the project.
- ✓ To provide means for effective and inclusive engagement with project-affected parties and other interested parties throughout the project life cycle on issues that could potentially affect them.
- ✓ To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format.
- ✓ To provide project-affected parties with accessible and inclusive means to raise issues and grievances and allow SREDP to respond to and manage such grievances.

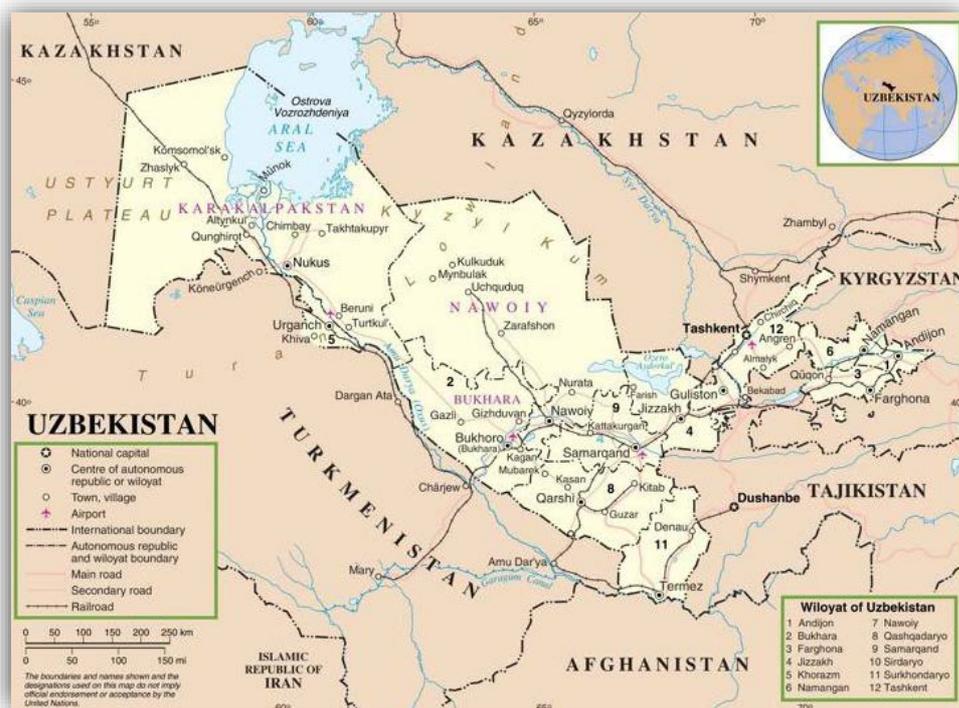
### **SEP Scope and Structure**

This document constitutes the Stakeholder Engagement Plan (SEP) to be implemented throughout the life of the proposed Second Rural Enterprise Development Project (SREDP). The SEP identifies project stakeholders and describes how these stakeholders will be engaged through meaningful consultations throughout the project lifecycle. The SEP, being a "living document" will be updated and refined as the project progresses. This will include a revision prior to the commencement of project phases so that the SEP continues to be fit for purpose.

At the request of the Government of Uzbekistan, the World Bank is planning to extend support to implement the SREDP project, which aims to support the expansion of rural enterprise activity and job creation in regions supported by the project. The SREDP project, to be implemented by the Ministry of Economic Development and Poverty Reduction and will be carried out from 2021 to 2027.

**Project Location.** The project will finance activities in 10 regions (Tashkent, Syrdarya, Jizzak, Samarkand, Kashkadarya, Surkhandarys, Navoiy, Bukhara, Khorezm and Karakalpakstan).

**Figure 1: Uzbekistan map**



### Current Stage of the Project

The SREDP project is currently at the planning phase and is in the process of finalizing all required environmental and social management plans and documents as required by the World Bank’s Environmental and Social Framework (ESF). Agency under Ministry of Agriculture with technical support of from the World Bank, is preparing a draft of environmental and social management documents such as Environmental and Social Management Framework (ESMF), which has set out the principles, rules, guidelines, and procedures to assess environmental and social risks and impacts, and mitigation measures. Along with a comprehensive ESMF, a Stakeholder Engagement Plan (SEP), Labor Management Procedure and Environmental and Social Commitment Plan (ESCP) have also been prepared. Consistent with the objective of engaging stakeholders throughout the life cycle of the project, stakeholder engagement activities at this stage will focus on:

- Disclosing project information including alternatives;
- Informing stakeholders about the status of the Project;
- Seeking stakeholder inputs on various environmental issues, management measures and benefit enhancers; and
- Obtaining stakeholder insights that would help the evaluation of Project alternatives. Project development.

### Potential E&S Risks and Management

The environmental and social (E&S) risks of the project have been assessed and rated at the concept stage and reconfirmed at the appraisal stage as Substantial. Of the Environment and Social Standards (ESSs), seven are relevant to the project. These are: ESS 1) Assessment and Management of Environmental and Social Risks and Impacts; ESS 2) Labor & Working Conditions; ESS 3) Resource Efficiency and Pollution Prevention and

Management; ESS 4) Community Health and Safety; ESS 6) Biodiversity Conservation and Sustainable Management of Living Natural Resources; ESS 9) Financial Intermediaries; and ESS 10) Stakeholder Engagement and Information Disclosure.

No significant risks related to labor influx, gender-based violence (GBV) or community health and safety are expected under the project, as most project workers will be recruited locally. Additional and indirect social risks relate to the broader context of the agriculture sector, to the capacity-building needs of the Agency staff and other key stakeholders (local government, Participating Financial Institutions (PFIs), etc.) on adhering to the principles of the World Bank's Environmental and Social Framework. These relate to the transparency and equity of land allocation, information constraints and overall ability of smaller entrepreneurs and farmers to partake in benefits of the project, risks of reduced access to land and productive assets due to land reallocation, and the capacity of state institutions and financing institutions to monitor labor and working conditions across rural enterprises. The Environmental and Health (EHS) Procedures to be put in place under the project have to take into account these contextual risks, manage and monitor them as they relate to project-supported activities, and provide adequate attention to capacity-building activities of the involved implementing institutions.

## **2. ADMINISTRATIVE, POLICY AND REGULATORY FRAMEWORK**

### **Corresponding national laws and legal acts**

1. The major regulatory and legal acts for the purpose of this Project can be divided into two groups:

#### **National Laws**

- ✓ Constitution, Land Code, Civil Code, the Laws "On farming", "On dekhkan farming", "On seed farming", "On protection of agricultural plants from pests, diseases and weeds", "On environmental protection", and others;
- ✓ Decrees and Resolutions of the President, Resolutions of the Cabinet of Ministers, and sectoral regulatory acts.

#### **Land use**

- ✓ The regulatory framework for land use in Uzbekistan is stipulated in the following three key documents: Constitution (Article 55), Land Code (Chapter 4) and Civil Code (Chapters 8, 13 and 17).
- ✓ The Land Code stipulates that "the land is a state national wealth, it is subject to rational use, and it is protected by the state as the basis for life, activities and welfare of population" (Land Code of the Republic of Uzbekistan, Chapter 4, Article 16, 1998).
- ✓ All agricultural lands in Uzbekistan are owned by the state. State ownership for land is preserved to ensure food security and social stability of the country, as well as for more effective operation of the state irrigation system. In Uzbekistan farmers use land based on long-term lease agreements with the state, which grant them right to farm the plot of state land during the period up to 50 years. Lifetime inheritable land use is possible in the following cases and it is applicable to citizens of Uzbekistan only: dekhkan farms, individual household construction and householding, collective orchards and vineyards.
- ✓ Land use in Uzbekistan may be terminated in a number of specific cases. For example, ownership right for land plots ceases to exist if a land plot provided for non-agricultural purposes is not utilized during the period of two years. Besides, membership in the Council of Farmers, Owners of Dekhkan Farms (small farmers) and Household Plots (hereinafter - the Council) is a mandatory requirement for farmers. Thus, in case of termination of membership the land plot use right is also terminated. The Councils have right to control rational use of the land and land plots by dekhkan farms and to issue instructions to farms, dekhkan farms and owners of household plots in accordance with the national legislation.
- ✓ Lease agreements are closely monitored by a number of government bodies - local self-governing bodies (*khokimiyats*), Ministry of Agriculture, Ministry of Water Resources, State Committee on Land Resources, Geodesy, Cartography and State Cadastre, as well as inspections for control over agro-industrial complex under the Cabinet of Ministers.
- ✓ Land use by farmers is closely monitored by the state. Farmers are obliged to comply with state production quotas and to sell these crops at the pre-determined prices. Farmers cultivating fruits and vegetables are not subject to the same level of control as farmers planting cotton and wheat, but they also shall follow

instructions from local authorities in matters related to cultivating agricultural crops. Dekhkan farmers have relatively more freedom and may sell all their harvest at market prices.

- ✓ Regulatory framework in Uzbekistan provides for adequate and appropriate framework for implementing key activities that will be performed within the framework of the program. Social protection, consumer reaction and social responsibility are comprehensively embedded in the regulatory framework at various levels. Constitution of Uzbekistan and a number of laws highlight the importance of the state's commitment to serve to and to ensure protection of population in general and, in particular, low-income and vulnerable groups.

### ***Environment, health and safety of population***

1. Other relevant regulatory and legal acts include the Law of the Republic of Uzbekistan "On environmental protection" that was initially adopted on December 12, 1992 and that provides legal framework for all environmental requirements related to the Project. The Law of the Republic of Uzbekistan "On protection of agricultural plants from pests, diseases and weeds" dated August 3, 2000 provides a regulatory framework aimed to ensure compliance with sanitary norms, rules and hygienic norms, to secure sanitary and epidemiological wellbeing of people, storage, use, deactivation, processing and disposal of chemicals, biological agents and materials.

### ***Political and institutional mandates***

1. In the last years a number of important Decrees and Resolutions of the President have been adopted in the agricultural sector. Such decrees and resolutions were related mainly to institutional restructuring of the agricultural sector. Of them the most important is the Decree of the President of the Republic of Uzbekistan No. 5330 dated February 12, 2018 "On measures for radical improvement of the agricultural and water management system" which splits the Ministry of Agriculture and Water Resources into the Ministry of Agriculture (MOA) and the Ministry of Water Resources (MWR). According to this Decree the MOA will effectuate a unified agricultural policy for comprehensive modernization of the sector, implementation of scientific and technical achievements, advanced and energy saving agricultural technologies, advanced domestic and foreign experience in the field of agriculture and water management. The Ministry will develop integrated sectoral and regional programs aiming to ensure dynamic development of the agro-industrial complex, food security, improvement of employment and income generation for rural population, maintaining stable level of prices for food products in the domestic market. The Ministry of Water Resources is in charge for implementation of a unified state policy in the field of water resources management, ensuring their careful and rational use, reconstruction and modernization of water facilities and hydro engineering works. The Ministry will develop integrated sectoral and regional programs aiming to ensure dynamic development of the agro-industrial complex, food security, improvement of income generation from employment and rural incomes, maintaining stable level of prices for food products in the domestic market. The Ministry of Water Resources is in charge for implementation of a unified state policy in the field of water resources management, ensuring their careful and rational use, reconstruction and modernization of water facilities and hydro engineering works.
2. The Decree of the President dated September 10, 2018 "On measures for improvement of protection of rights and legal interests of farmers, dekhkan farmers and owners of household plots and efficient use of agricultural lands" stipulates that by January 1, 2022 all farms shall become multi-disciplinary farms, while those farms that fail to become multidisciplinary will be liquidated.
3. Another important regulatory act was adopted through the Resolution of the Cabinet of Ministers No. 14 dated January 11, 2019. The Resolution aims to streamline utilization of agricultural lands through increasing the size of farms that produce wheat and cotton, on average up to 100 ha, re-allocation of lands for the benefit of more efficient farmers and even clusters, as well as improvement of crop rotation. Over the last 5 years there were three rounds of restructuring / streamlining of the size of farms.
4. Perhaps, the most important document is the Strategy for Development of Agriculture until 2030 that was approved by the Decree of the President of the Republic of Uzbekistan on October 23, 2019. In particular, the Strategy provides for development of intensive orchards and vineyards, cultivation of vegetables and other fruits. It also provides for development of the agricultural science, education, information and consultation services, agricultural extension services and information dissemination.

## Government Development Programs

Apart from legislation there are four key programs that provide support to people and communities and pay special attention to supporting women both in urban and rural areas. Such programs include **“Prosperous Makhalla”**, **“Prosperous Village”**, **“Every family is an entrepreneur”** and **“Youth is our future”**.

The program **“Prosperous Makhalla”** is designed to improve situation in villages and rural area in general through improving access to drinking water and sanitation; rehabilitation of rural roads, construction of bus stops, sanitation facilities and irrigation systems; ensuring uninterrupted supply of liquefied gas and coal for population; construction, reconstruction and capital repair of kindergartens, schools and family health centers (polyclinics).

**“Every family is an entrepreneur”**. The program provides for comprehensive support to people who want to start business activities, including provision of concessional loans and provision of “systematic practical support” at every stage of business start-up and development. This includes the following: creating mini-clusters - assigning successful businessmen to families that start new entrepreneurial activities in makhallas; such businessmen shall be able to provide leadership and mentorship in due regard of the area specialization (crafts, sewing, farming agricultural produce, installation of compact greenhouses, etc.).

This program became popular because of the subsidized loans that it provides to new businesses, in particular, for the purpose of farming agricultural produce using household plots. Within the framework of this program banks allocate concessional loans in the amount of up to 150 minimal wages - for development of family business, up to 1000 minimal wages - to small business entities, above 1000 minimal wages - for lending to investment projects of business entities. **“Youth is our future”**. The program aims to ensure employment of young people through facilitating and supporting implementation of youth’s business initiatives, start-ups and projects, training unemployed youth in demanded professions and business skills, as well as improving their social and economic activity in general. The program is being implemented together with the Fund “Youth is our future” that was established for this purpose under the Youth Union of Uzbekistan. Its funds will be directed to providing through banks concessional loans and property in leasing at 7% per annum for youth business and initiatives, as well as issuing credit guarantees in the amount up to 50% of the loan amount.

## World Bank's Environmental and Social Framework

The WB’s ESF sets out the World Bank's commitment to sustainable development and mandatory requirement for the bank finance projects. Environmental and Social Standard (ESS) 10 on Stakeholder Engagement and Information Disclosure recognizes the importance of open and transparent engagement between the proponent and project stakeholders as an essential element of good international practices. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

ESS10 objectives include the following:

- To establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected parties;
- To assess the level of stakeholder interest and support for the project and to enable stakeholders’ views to be taken into account in project design and environmental and social performance;
- To promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life cycle on issues that could potentially affect them;
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible, and appropriate manner and format;
- To provide project-affected parties with accessible and inclusive means to raise issues and grievances, and allow Borrowers to respond to and manage such grievances.

## Scope of Application

ESS10 applies to all projects supported by the Bank through Investment Project Financing. For the purpose of this ESS, “stakeholder” refers to individuals or groups who:

- Are affected or likely to be affected by the project (project-affected parties); and
- May have an interest in the project (other interested parties).

## Requirements

The World Bank Standard on Stakeholder Engagement and Information Disclosure requires that the Implementing Agency engages with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a time frame that enables meaningful consultations with stakeholders on project design. The nature, scope, and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts. The Project will engage in meaningful consultations with all stakeholders. The Project will provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, and intimidation.

The Project implementing party will maintain, and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received, and a brief explanation of how the feedback was taken into account, or the reasons why it was not. This Stakeholder Engagement Plan is being prepared based on the specified requirements.

### 3. SUMMARY OF PREVIOUS ACTIVITIES ON STAKEHOLDER ENGAGEMENT

#### Meetings and consultations with key stakeholders

This Project – Second Rural Enterprise Development Project – became a continuation of the series of the World Bank projects in the agricultural sector of Uzbekistan during which a number of agriculture stakeholder engagements was performed, including engaging with farmers and beneficiaries. During preparation of the Project, the Agency headed and/or took part in key discussions with stakeholders – Ministry of Agriculture, small and large entrepreneurs, farmers and Council of Farmers’ Representatives, agro business enterprises and processing enterprises, as well as commercial banks engaged in the agricultural sector.

In addition, as part of the World Bank flagship project – “Horticulture Development Project” (HDP) – since its launch in 2015, multiple activities were performed within the framework of stakeholder engagement. HDP aims at diversification of agriculture with transition to production of crops of higher value, yield enhancement and increasing efficiency of agriculture, as well as facilitation in increasing attractive jobs in rural areas. Multiple meetings and consultations with key stakeholders were conducted within the framework of HDP.

Consultations with the public in the project implementation areas – initially in 10 regions, but afterwards in all regions of the country – were aimed at ensuring that physical and social environment would not change to the prejudice of local inhabitants and that any changes would be made with their consent. Members of affected communities and NGOs took part in public consultations conducted from 2014 to 2015, as well as from 2018 to 2019. All public consultations were documented and minutes thereof are kept by Uzbekistan Agroindustry and Food Security Agency under the Cabinet of Ministers (the Agency). Environmental and Social Management Framework (ESMF) of the Project, together with minutes of public consultations, were disclosed in English and Russian on the website of the Ministry of Agriculture and printed copies were provided to other key stakeholders such as regional public authorities of participating regions, environmental authorities and public health authorities, environmental NGOs, scientific and/or project companies related to environmental protection in participating regions.

The project implemented through the Agency also supported a number of activities on strengthening human capacity, including: (a) development of capacity to improve compliance with the national labor legislation and ILO child labor and forced labor conventions, as well as with broader labor issues ratified by Uzbekistan; (b) conducting the training on strengthening project capacity in environmental management within the framework of environment impact assessment of sub-projects; c) conducting the training and dissemination of information for beneficiaries of sub-projects and farmers on a number of important issues of horticulture development related to integrated pest control, as well as protection of soils and water resources.

## **Key issues resulting from these consultations and previous SRED projects**

During previous SRED implementation, a number of issues came to the front. Firstly, since production in the horticultural sector is more labor-intensive, particularly during harvesting periods, risks of engagement of child and forced labor increase. To mitigate these risks a close cooperation with ILO was established under the project. The project also participated in the Third-Party Monitoring (TPM) and activities of the Grievance Mechanism (GM) established by the World Bank for the agricultural portfolio in the country in order to focus on the issues of child and forced labor.

Secondly, some sub-projects demonstrated a possibility of limited negative impact on the environment, essentially as a result of activities related to small agro-industrial enterprises; of small-scale rehabilitation, maintenance and modernization of various premises or warehouses; as well as of planting new orchards and/or vineyards. Under the project, efforts to mitigate these impacts were undertaken through proper project design solutions and advanced implementation arrangements.

Thirdly, there is the risk of forced separation of some horticultural businesses from their lands due to financing of sub-projects, such as intensive orchards and greenhouses. The project required that, in order to become an eligible beneficiary of the project, private enterprises shall not purchase and/or purchase in future land for performing operations within the framework of the process which includes and/or will include officially supported expropriation. In addition, the project funds have not supported any sub-loans used for investing in business that would require forced resettlement of existing owners or users of any land plot irrespective of their current property rights, or loss or damage to the property including standing crops, vendor kiosks, fencings etc.

Fourthly, the Project drew lessons from former engagement with the relevant stakeholders and therefore is targeted not only at direct beneficiaries, but also at indirect beneficiaries such as dekhkan farmers and owners of small household plots. In addition to direct effects such as job creation for vulnerable groups including low-income population and women under selected projects, the Project also aims at secondary beneficiaries and suppliers to increase multiplicative effect resulting from supporting the value chain.

Overall, 300 people took part in 10 focus group discussions (FGD). Participants include farmers, entrepreneurs in various areas, representatives of greenhouse businesses, heads of enterprises - cold-storage warehouses, heads of makhallas, and population in general (including small farmers of dekhkan and household plots, as well as workers of large farms and agricultural enterprises). Chairman of FGD was a representative of the Agency for Development of Entrepreneurship. The Agency provided up-to-date information on the Environmental and Social Management Framework of the World Bank for the Second Rural Enterprise Development Project. The main objectives of the meetings were familiarization of participants with the scope of the upcoming Project and determination of the relevant mechanisms of communication and consultations for the duration of the Project implementation.

## **4. MAPPING, SEGMENTATION AND ANALYSIS OF STAKEHOLDERS**

### **Meetings and consultations with key stakeholders**

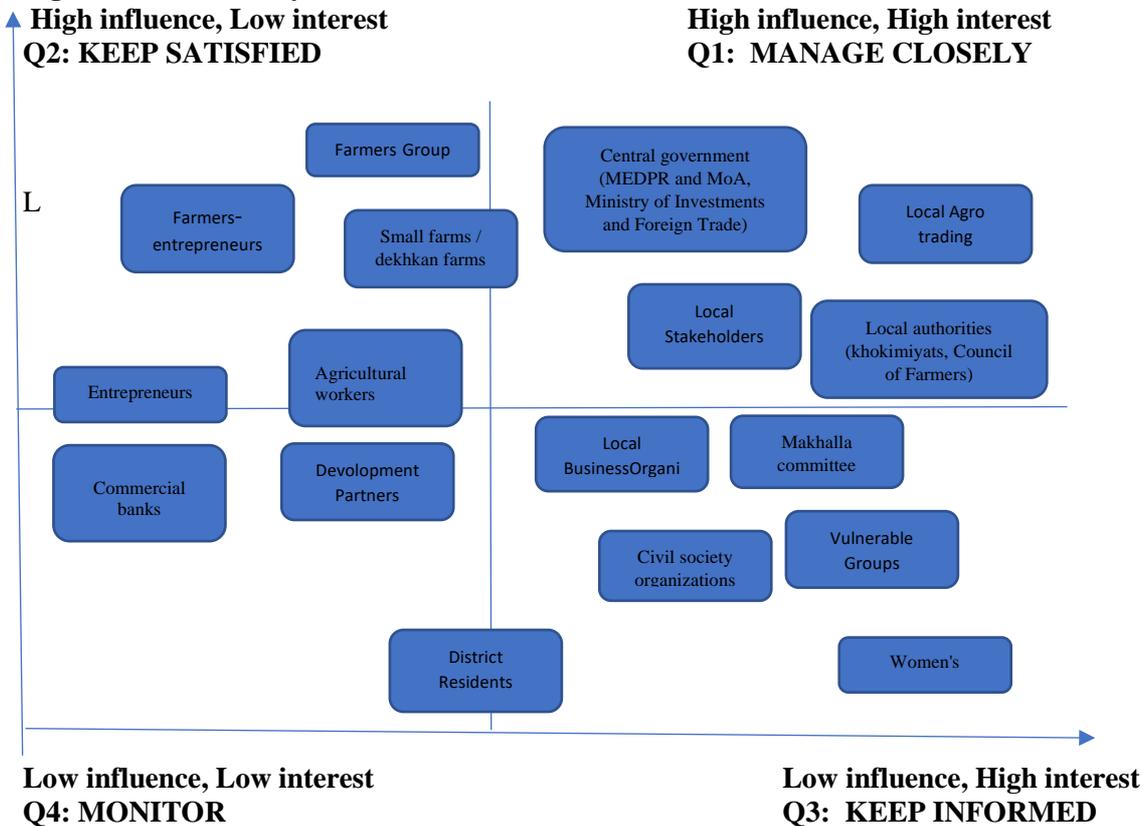
ESS10 recognizes two broad categories of stakeholders: 1) “Project-affected parties” and 2) “Other interested parties”. The first category includes “those likely to be affected by the project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods. These stakeholders may include individuals or groups, including local communities”. These are people or households that most probably observe changes related to environmental and social impacts of the Project. Project-affected parties are described in the table below.

### **Stakeholder Mapping**

The main purpose of this preliminary stakeholder mapping, as illustrated in Figure below, is to have initial understanding about the interest and influence of identified groups of stakeholders and categorize them based on their level of interest and influence. The SREDP project will be further assessed and will refine the preliminary stakeholder mapping during the course of revising ESMF.

The stakeholders were mapped by group, based on the level of influence and level of interest.

**Figure 2 : Preliminary Stakeholder**



**Identification of stakeholders: project-affected parties**

One of the main objectives of the Project is identification of stakeholders on which the project can have a negative impact such as households and enterprises that can suffer as a result of re-allocation of lands, workers that can lose job, etc. However, the project can have a positive or negative impact on activity of various stakeholders. Thus, a list of key groups of stakeholders can be defined as potentially affected parties. These parties shall be engaged for the duration of the project implementation and it is necessary to control and mitigate impact on them. Following the review of previous participation of the World Bank in horticultural projects in Uzbekistan and interviews with potential stakeholders, the following groups of potential project-affected stakeholders can be identified:

- Farmers - entrepreneurs
- Entrepreneurs
- Small farms / dekhkan farms
- Commercial banks
- Agricultural workers
- Women
- Other vulnerable groups (minorities, disabled people, poor, households without land)

The Table 1 below contains description of PAPs, problems they face, as well as a level of significance of these problems for the Project.

**Table 1. Description of project-affected parties**

Stakeholder	Description	Issues	Level of significance
Farmers - entrepreneurs	<p>Large farmers in intensive horticulture sector</p> <p>Large agro business entrepreneurs</p> <p>Entrepreneurs engaged in greenhouse business</p> <p>Large enterprises - cold-storage warehouses</p>	<p>Most of commercial farmers indicated that they have ready business plans to expand their investments in various branches of agriculture, but current interest rates of existing loans of commercial banks are too high for them. Furthermore, a short-term nature of current credits increasingly hinders timely repayment of loans by entrepreneurs in agro business and owners of large intensive orchards. Banks require from farmers to pledge their property. However, ensuring readiness of horticultural products for sale takes about 6 months, and farmers in most cases are not able to repay loans during these 6 months.</p> <p>They are expecting loans with a longer maturity and lower interest rates.</p> <p>These farmers are expected to be the primary beneficiaries of the Project. However, they can be also indirectly affected, for example by re-allocation of lands, as a result of which they can become less competitive compared to other farmers, or by debt to commercial banks which can affect their livelihoods over the medium- to long-term.</p>	High
Small farms / dekhkan farms	<p>Owners of private household greenhouses</p> <p>Owners of private small orchards</p>	<p>Absence of proper infrastructure including power supply (natural gas) for horticulture, for example for greenhouses, is still one of the biggest obstacles for Small farms / dekhkan farms.</p> <p>Furthermore, they can sell their products only in the local market because they have no information on the external market and produce products of relatively low quality in small numbers.</p> <p>In order to export fruits and vegetables, farmers shall provide certificates confirming origin of plants and seeds. However, small farmers / dekhkans cannot buy these certificates because the latter are too expensive for them and therefore they would not be able to export their products.</p> <p>They also face a large number of formalities and complicated procedures in preparation of official documents for bank loan applications, as they have no sufficient collateral and credit capacity.</p> <p>Expansion of large horticulture and greenhouse business facilitated by the upcoming Project can leave no room for participation of owners of private household greenhouses and orchards in rural areas, particularly those for whom agriculture is the primary source of income. At the same time, the project focuses on public services such as information and consulting services and crediting, as well as on support of farmer</p>	High

Stakeholder	Description	Issues	Level of significance
		<p>cooperatives that can help small farmers to improve quality of production and get access to financing through cooperation.</p> <p>Transparent information on the project activity and benefits with coverage of a wide range of potential beneficiaries, also through using various social media channels, and individual support of agricultural experts.</p>	
Commercial banks	State-owned and private commercial banks	Lack of experience among Bank employees with regard to assessing reliability of business projects related to agriculture / horticulture is one of the main obstacles to availability of financing for entrepreneurs and farmers - entrepreneurs. When allocating loans through IFIs' projects, additional requirements are applied to staff of a commercial bank with regard to preparation of and compliance with internal systems of environmental and social management. To ensure effective provision of bank credits and loans in agriculture, a proper training of bank employees is necessary. The Project will focus on employees of commercial banks for the purpose of training and capacity building so that they can comply with the Project requirements.	Medium to high
Agricultural workers	<p>Permanent agricultural workers of commercial farms who work full time.</p> <p>Day, temporary and seasonal workers of commercial farms.</p>	<p>In general, permanent workers who are full time employed in large commercial farms, as opposed to seasonal and temporary workers, enjoy more job security, relatively higher salary and dwelling of better quality. Generally, a salary at rural enterprises – permanent or seasonal – is lower than in urban areas. However, permanent labor contracts represent the least popular form of contracts in this sector, and qualitative data indicate that social and family networks play an important role in obtaining reliable full-time job. Majority of workers employed in agriculture work on a seasonal and temporary basis.</p> <p>Day workers are those who work on an assignment and receive a salary at the end of each working day. Temporary workers are those who work during a definite, but limited period of time. Few if any seasonal, day or temporary workers obtain any social assistance or unemployment benefit, paid leaves, sick leave, or maternity leave.</p> <p>The Project is expected to increase the total number of jobs in the sector. Demand for both permanent and seasonal and day/temporary work is expected to grow after expansion of activity of large farmers - entrepreneurs, particularly in the field of intensive farming. Activities on raising awareness of communities and enterprises - beneficiaries will include informing about labor standards – in</p>	Medium

Stakeholder	Description	Issues	Level of significance
		accordance with the Environmental and Social Management System and Labor Management Plan of the project – to increase capacity of workers and employers to identify and to comply with requirements of national legislation and ESS2 of the World Bank.	
Women	<p>Women without skills (only secondary education).</p> <p>Women engaged in seasonal agriculture.</p> <p>Women with secondary vocational education.</p> <p>Single mothers / Households headed by women.</p>	<p>Women constitute the vast majority of day and temporary agricultural workers. Women often work in positions of lower qualification; they also face additional obstacles to getting permanent job due to child care and performance of family duties. Working on a temporary or day basis without official contractual relationships results in lower job security and lower social protection. Discrimination in wages can also happen, for example when using generally accepted salary norms for men and women that are not related to actual labor productivity. Women are subjected to a greater extent to workplace sexual exploitation, violence and sexual harassment what also can have an impact on their occupational safety, productivity, health and wellbeing.</p> <p>In addition to mitigation measures included into LMP / ESMS of the Project, the Project will raise awareness on labor standards, equality and non-discrimination requirements, risks of sexual exploitation, violence and sexual harassment, as well as mitigation measures. They also will be included into information materials on the projects, as well as into consultations and information campaigns.</p>	Medium to high
Vulnerable groups	Across the country	Rural households that are vulnerable to lost opportunities to be employed in agriculture. As a result, vulnerability to poverty can increase. Forty percent of rural population depend on small land plots for ensuring their livelihoods, but these plots suffer from lack of water or pollution, and, therefore, rural population faces increasing difficulties, malnutrition and illnesses.	Medium to high

### Identification of stakeholders: other interested parties

The term “Other interested parties” refers to individuals, groups or organizations with an interest in the project, which may be because of the project location, its characteristics, its impacts, or matters related to public interest.

When identifying these groups, special attention shall be paid to interested parties that can find themselves in unfavorable or vulnerable position.

“Other interested parties” may include individuals or organizations that are interested in the Project due to its impact related to public interests. These parties may include:

- Central government (MEDPR and MoA, Ministry of Investments and Foreign Trade)
- Local authorities (Khokimiyats, Council of Farmers)
- Makhalla committees
- Civil society organizations such as environmental NGOs.
- Vulnerable population groups

**Table 2. Description of other interested parties**

Interested party	Level	Description	Key role in agriculture management	Level of significance
Central government (MEDPR and MoA, Ministry of Investments and Foreign Trade)	National	<p>MEDPR and MoA are agencies which implement unified agricultural policy on comprehensive modernization of the sector, introduction of scientific and technical achievements, modern and resource-efficient agricultural technologies, as well as advanced domestic and foreign experience in the field of agriculture and water management.</p> <p>Ministry of Investments and Foreign Trade is an authority responsible for implementation of the unified state policy on investments and foreign trade, as well as for international economic cooperation.</p>	<p>MEDPR and MoA develop comprehensive sectoral and regional programs aimed at development of agricultural entrepreneurship, ensuring food security, increasing employment and incomes of rural population, and supporting stable level of prices for food products in the domestic market.</p> <p>Ministry of Investments and Foreign Trade is primarily responsible for promotion of export, including horticultural products and processed food and non-food products.</p>	High
Local authorities (khokimiyats, Council of Farmers)	Regional	<p>Khokimiyat is a local body of executive power at district / city / regional levels. It is headed by a khokim – an appointed public official responsible for management of a khokimiyat.</p>	<p>In addition to other roles and responsibilities, a khokimiyat is engaged in management of agriculture by entering into lease agreements with farmers and purchasing cotton and wheat at predetermined prices. Khokimiyats also play a key role in provision of local services such as electricity and water supply, maintenance of a road network, issue of the relevant permits and tax incentives. They are responsible for social and economic development of territories and development of business entities.</p>	High

Interested party	Level	Description	Key role in agriculture management	Level of significance
Makhalla <sup>1</sup> committee	Makhalla	Makhalla is a local self-governing authority of the local level which governs through the authority of people's decisions. A makhalla is headed by an elected makhalla leader. Makhalla system in Uzbekistan plays a significant role in social and economic development of the country. A makhalla is a public organization responsible for provision of assistance to community members and for other social work (conflict resolution, general maintenance of order in a community, etc.).	A makhalla is a place where common people apply for solution to their problems related to employment, social benefits, grievances and other issues. When performing its duties, a makhalla closely interacts with local khokimiyats, farmers and workers, as well as with vulnerable population groups.	High
Civil society organizations	Across the country in general	Civil society in Uzbekistan can exist in various forms – NGOs organized by the government (Women's Committee and its local offices, Chamber of Commerce), professional associations (Business Woman Association ( <i>Tadbirkor Ayol</i> )) and other NGOs that pursue specific objectives such as protection of women against domestic violence and others.	Civil society in Uzbekistan was principally associated with makhallas, but today it is wider than traditional makhalla system. It particularly comprises enterprises, grassroots initiatives, civil initiatives, government initiatives and political parties.	

### Low-income and vulnerable groups of population

In the SEP context, the following groups may be deemed as vulnerable: women, especially women engaged in seasonal agricultural works, households headed by women, and female farmers that due to limitedness of social norms and social networks can face challenges with obtaining information on the Project benefits; low-income households; households with disabled people or ethnic / language minorities; as well as landless households.

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<sup>1</sup> Residential area

Stakeholder engagement activities will be performed under the Project in order to avoid disproportional impact on these groups and to provide equal opportunities for obtaining benefits from the Project. Such activities will include advocacy and awareness raising campaigns including those targeted at women, as well as meetings at the makhalla level in which community members of all social strata can take part, dissemination of information materials through numerous channels such as mass media, social media and makhalla leaders, focusing on equality rules and principles and non-discrimination, for example, in relation to employment opportunities in all training and consulting activities.

Where ethnic and language minorities exist, the Project will ensure access to information materials and consultations in a generally understood language of local groups. Where it is impossible to ensure balanced consultation on gender issues, individual consultations will be held with women under the Project in order to register and consider their feedback, questions and problems. Public relations officer will prepare a map and ensure individual coverage of women, disabled people, socially or spatially isolated communities so as to make them aware and to allow them to participate in activities related to the Project. It may include, for example, specialized information meetings for small farmers, entrepreneurs, female farmers on issues of using services financed by the Project (such as knowledge dissemination services and consulting services), support on issues of participation of farmers' cooperatives in export value chains, meetings with farmers and other interested parties. The Project covenants in relation to proper environmental, social and labor engagement with stakeholders will be considered at such meetings and consultations, as well as grievance redress mechanism under the Project will be explained to raise awareness thereof among vulnerable groups and their communities.

### Summary of the Consultations

The initial survey visits to prepare SEP was conducted in 10 regions of the country (Republic of Karakalpakstan, Bukhara, Jizzakh, Navoi, Kashkadarya, Samarkand, Syrdarya, Surkhandarya, Tashkent and Khorezm regions) by the PIU team from 19 to 20 November 2021. The table below is presented by region.

The visits provided an opportunity to observe the project areas and conduct formal and informal stakeholder meetings. Target audience: representatives of regional and local authorities involved in environmental and social activities under the project (specialists from the Department of Land Resources and State Cadaster, the Committee on Ecology and Environmental Protection, regional architecture departments, ministries, representatives of khokimiyats, etc.) The oral presentation was done in Uzbek. Description of the project and its components; potential project planning activities, national environmental, social legislation and relevant WB requirements; identified social and environmental impacts and mitigation measures; safeguards documents need to be developed as part of the PRSP for each subproject; Grievance mechanism and project contact information for affected people and organizations; further stages of the project. After the discussion, the PIU Representative demonstrated a presentation with the participants and provided the Agency's phone number. If someone has any questions and needs necessary clarifications, participants in public consultations can contact the consultant directly or through the regional offices.

Brief summary of meetings with stakeholders are provided in the Table 3.

**Table 3. Brief summary of stakeholder meetings**

DATE	VENUE	PARTICIPANTS	ISSUES DISCUSSED
11/19/2021	Surkhandarya region	Representative of the regional administration The Central Bank is the representative of Surkhandarya region Chief Specialist of the Business Reception Office Head of the authorized office for Surkhandarya region Experts Representatives of commercial banks Entrepreneurs interested in the project Entrepreneurship Development Agency Officer	The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project

11/20/2021	Bukhara region	<p>Representative of the regional administration  The Central Bank is the representative of Bukhara region  Chief Specialist of the Business Reception Office  Head of the authorized office for Bukhara region  Experts  Representatives of commercial banks  Entrepreneurs interested in the project  Entrepreneurship Development Agency Officer</p>	<p>The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project</p>
11/19/2021	Republic of Karakalpakstan	<p>Secretariat of the Council of Ministers of the Republic of Karakalpakstan,  Ministry of Economic Development and Poverty Reduction,  Ministry of Investment and Foreign Trade,  Ministry of Agriculture,  Ministry of Water Resources,  Board of the Chamber of Commerce and Industry,  Representatives of commercial banks and the Agency</p>	<p>The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project</p>
11/19/2021	Navoi region	<p>Regional Central Bank  Heads of commercial banks  Representatives of relevant regional organizations and enterprises  Entrepreneurs interested in the project  Entrepreneurship Development Agency Officer</p>	<p>The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project</p>
11/19/2021	Samarkand region	<p>Central Bank Regional Head Office  Regional and District Reception of the Prime Minister  Heads of regional and district departments of the Ministry of Economic Development and Poverty Reduction  Regional Chamber of Commerce and Industry  representatives of the regional council of farmers, dehqan farms and landowners  Representatives of commercial banks and the Agency  entrepreneurs, farmers and business entities interested in the project</p>	<p>The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project</p>
11/19/2021	Syrdarya region	<p>Regional Central Bank  Heads of commercial banks  Representatives of relevant regional organizations and enterprises  Entrepreneurs interested in the project  Entrepreneurship Development Agency Officer</p>	<p>The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project</p>
11/20/2021	Tashkent region	<p>Regional Central Bank  Heads of commercial banks  Representatives of relevant regional organizations and enterprises  Entrepreneurs interested in the project  Entrepreneurship Development Agency Officer</p>	<p>The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project</p>
11/19/2021	Khorezm region	<p>Representatives of commercial banks</p>	<p>The participants were introduced to the</p>

		Representatives of the Chamber of Commerce and Industry Representatives of the Farmers' Council Representatives of the Association of Women Entrepreneurs Entrepreneurs interested in the project Entrepreneurship Development Agency Officer	environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project
11/19/2021	Kashkadarya region	Regional Central Bank Heads of commercial banks Representatives of relevant regional organizations and enterprises Entrepreneurs interested in the project Entrepreneurship Development Agency Officer	The participants were introduced to the environmental and social issues of the second project on the development of rural enterprises, as well as general information about the project

## 5. STAKEHOLDER ENGAGEMENT PLAN

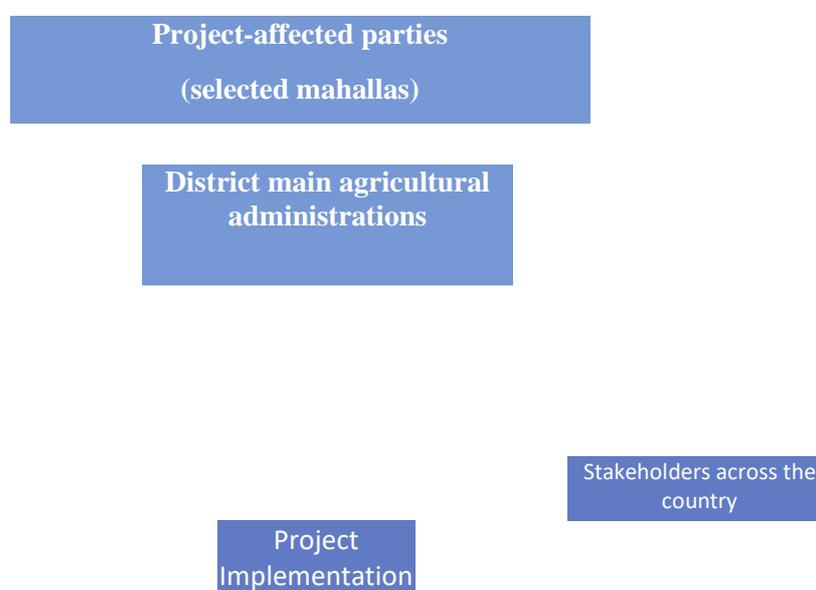
### Planned activities on stakeholder engagement

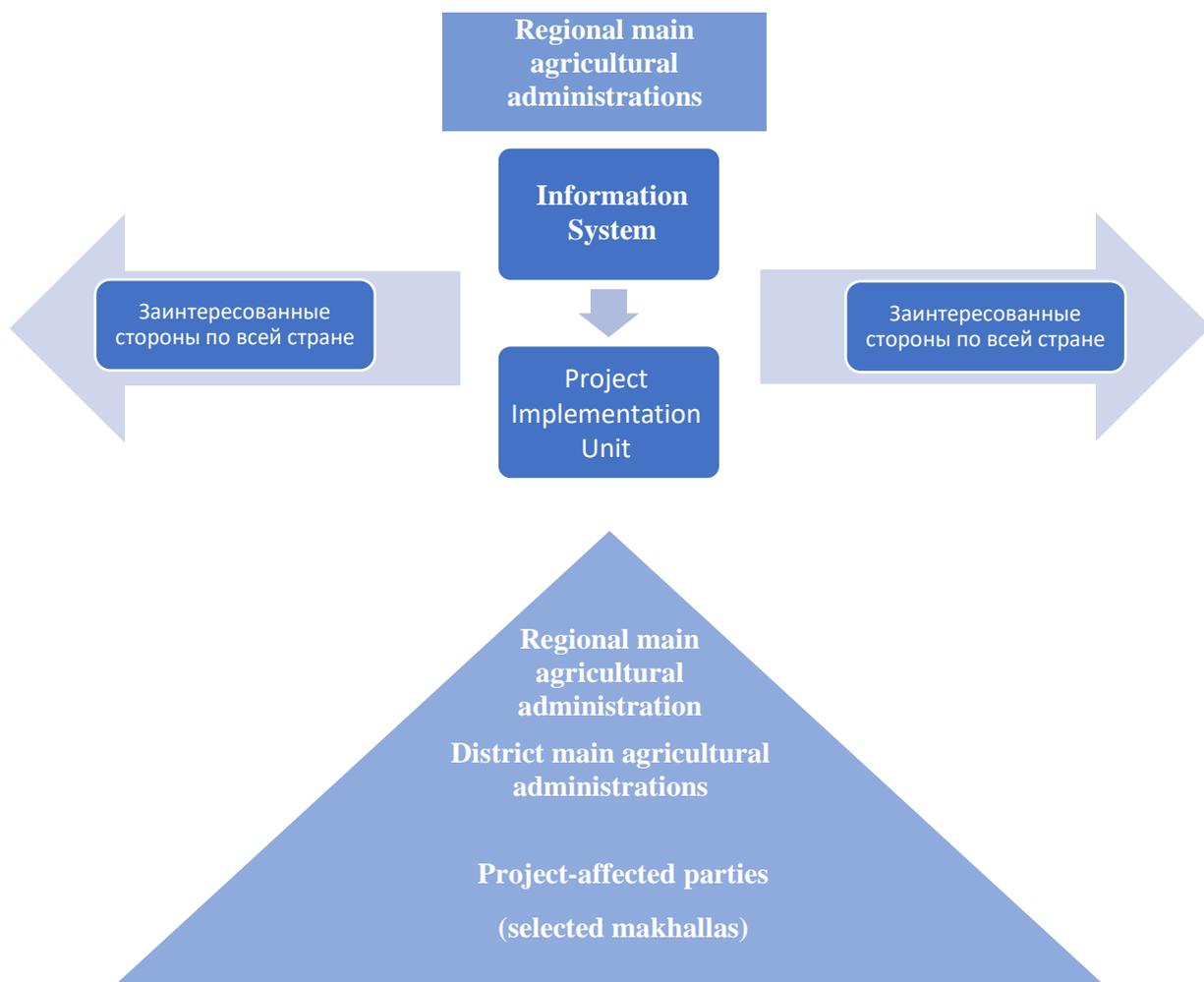
Following the identification and analysis of the project stakeholders, the project will design and implement a comprehensive plan for stakeholder engagement, as outlined in the table below. The table presented below describes the three stages of engagement and the relevant activities and targeted stakeholders. Detailed stakeholder engagement activities during the project are provided in Appendix B. This table was prepared prior to the escalation of COVID-19, and consequently should be read together with suggested considerations for adapting engagement activities to the COVID-19 context.

### COVID-19 implications and considerations for stakeholder engagements

The Project activities are performed all over the country therefore the Project team shall have the SEP preparation strategy. Work on engagement with the Project stakeholders shall be performed horizontally and vertically (Figure 3). The horizontal direction suggests stakeholder engagement at the national level. It is assumed that activity at a horizontal level will be aimed at raising awareness and coordination of efforts in the agricultural sector of the country. While the vertical direction provides for application of a cascade approach which would enable the establishment of relations between the Project and the project-affected parties. Furthermore, the cascade approach will be applied to build capacity at each level of engagement under the Project (at the regional, district and makhalla levels). Stakeholder engagement activities shall ensure provision of specific groups of stakeholders with the relevant information and opportunities for expressing their opinions on topics that are important for them. The table below describes the stakeholder engagement activities provided for under the Project.

**Figure 3. Schematic diagram of the stakeholder engagement process**





**Table 4. — Planned Engagement Summary**

Project Objective	Primary Engagement Activities and Topics	Target Stakeholders	Method(s) of Engagement	Frequency and Location	Stakeholder Feedback Opportunity	Responsibilities
Project Phase: Planning						
Disclose relevant project information to stakeholders and solicit their inputs/feedback into ESMF, ESCP, LMP, ESMP-sub projects and other plans.	Dissemination of Project details, including possible impacts and mitigation measures, E&S policy and principles of the SREDP project, Restatement, Rehabilitation and Livelihood Restoration Plan - if required, Information Disclosure and grievance Redressal Mechanism, Benefit Sharing Plan,.	Stakeholder of all levels, including Project Affected Parties (PAPs), concerned government agencies at local, provincial and central levels, and local municipalities	Dissemination of project information sheets such as FAQs and fact sheets, community radio programs, use of social media, group meeting, Focus group discussions, particularly with women and vulnerable groups, Household survey and visits, one-to-one meetings if necessary.	Quarterly consultations, radio programs, visits to affected communities once in a month, regular communication through mass & social media, E&S focal person maintaining regular contacts with the affected population	Project officers will hear feedbacks & suggestions from the PAPs during the regular consultative meetings with PAPs. In addition, E&S focal person will be in the project site and will be receptive toward all sorts of feedback coming from PAPs and other stakeholders. The subprojects will also run radio programs and Facebook pages where stakeholders can provide feedbacks. There will also be GM to collect feedbacks.	E&S Team of PIU
	Project scope, rationale and E&S principles Resettlement assistance and livelihood restoration options, only if required, Grievance mechanism process	Representatives of affected communities, government entities & local municipalities,	Separate consultative meetings with identified stakeholders, PAPs and also joint public/community meetings, Meeting with the representatives of concerned government agencies and local municipalities	At least quarterly when can organized as when required.	Regular consultations with the PAPs and stakeholders through project office and E&S focal person. Functioning GM.	Project team, E&S team of the project and E&S focal person

	Project alternatives, scope of the potential impacts and mitigation measures and benefit sharing Coordination activities for development and implementation of management plans	All the stakeholders, including PAPs, local, district, provincial and national stakeholders.	Consultative meetings with identified stakeholders, of all levels, including PAPs representatives of concerned government agencies and local municipalities	At least once in every six months or as and when required	Regular consultations with the PAPs and stakeholders through project office and E&S focal person and through functioning GM and PIC.	Project team, E&S team of the project and E&S focal person
	Project information - scope and rationale and E&S principles Training on ESIA and other sub-management plans	All interested stakeholders of all level from local to national	Face-to-face meetings, Trainings/workshops Invitations to public/community meetings	At achievement major ESIA milestone and as and when needed	Meetings, trainings and workshops	Project team and E&S team of the project
	Present the final ESMF, Environmental and Social Management Plans (ESMP), draft environmental and social commitment plan (ESCP) and related plans for comments and feedback	PAPs, interested stakeholders of all levels - District, Provincial and central governments, research institutions and NGOs.	Local consultative meetings with PAPs, FGDs particularly with women and marginalized communities, Group meeting, Project Information factsheets and documents, FAQs, community radio, Mass/Social Media such as Facebook, PIC, project website and hotline	Once in each sub project site E&S Team during the finalization of the plans	Meetings and group discussions by inviting all interested stakeholders, Collection of comments and feedback through GM	Project team and E&S team of the project
Presenting project information to solicit interest from project beneficiaries	Present details to potential project beneficiaries to inform and solicit interest from e.g. rural entrepreneurs, farmer groups etc., and to inform other interested stakeholders	All affected parties and interested groups included farmer groups, farmer associations agri start ups	Face-to-face meetings, Trainings/workshops Invitations to public/community meetings Specific focus group discussions will be held with women, in particular rural female	At least quarterly when can organized as when required.	Meetings, trainings and workshops	Project team

			entrepreneurs, as well as with youths, and with indigenous groups, to ensure their participation.			
Project Phase: Pre-implementation						
Consolidate engagement activities to prepare stakeholders for construction phase Present Construction Contractors ESMPs and related plans, and final ESCP	Increase the frequency and intensity of ongoing consultation related to ESMPs, ESCP and ES&S plans to construction contractors for comments & feedback Project updates including construction activities, construction management plans, engagement activities and responsibilities	Project Affected Parties	Local consultative meetings with PAPs, FGDs particularly with women and marginalized communities, Group meeting, Project Information factsheets and documents, FAQs, community radio, Mass/Social Media such as Facebook, PIC, project website and hotline	Once a month or as when required	Collection of comments and feedback through GM, PIC project office and E&S focal person. Project Facebook, telephone line and email address, radio interview Meetings and household visits	Concerned ministry and government agencies, project team and E&S team of the project
	Construction permits and licenses and regular Project progress and updates	District level government agencies, Local Provincial and central governments agencies	One-to-one meetings Group meetings/ briefing	Once a month or as when required	Circulation of meeting minutes and feedback forms	Project team and E&S team of the project in support of contractors

	<p>Present the C-ESMP and related plans for comments and feedback  Present final ESCP for feedback  Project updates including construction activities, construction management plans, engagement activities and responsibilities</p>	<p>PAPs &amp; all interested stakeholders, District level government agencies, local municipalities</p>	<p>Local consultative meetings with PAPs, FGDs particularly with women and marginalized communities, Group meeting, Project Information factsheets and documents, FAQs, community radio, Mass/Social Media such as Facebook, PIC, project website and hotline</p>	<p>As when required during the pre-construction phase</p>	<p>Meetings  Feedback form and minutes, Project Facebook, telephone line and email address, radio interview and GM</p>	<p>Project team and E&amp;S team of the project</p>
<p>Presenting project information to provide updates to beneficiaries and other affected parties and interested stakeholders</p>	<p>Present update on project progress to project beneficiaries and including those affected groups and interested groups etc.</p>	<p>All affected parties and interested groups included farmer groups, farmer associations agri start ups</p>	<p>Face-to-face meetings, Trainings/workshops  Invitations to public/community meetings  Specific focus group discussions will be held with female farmers, as well as with youths, and with indigenous groups, to ensure their participation.</p>	<p>Once a month or as when required</p>	<p>Meetings, trainings and workshops</p>	<p>Project team</p>
Project Phase: Implementation						

Provide regular updates on construction activities to PAPs and other stakeholders, Implement and monitor the implementation of ESMP Handling of complaints in a prompt and effective manner	Regularly update on construction activities, including key milestones, key changes in the Project design, and monitoring results from the ESCP and ESMPs, Health and safety impacts Benefit sharing, and community development initiatives Ensure effective functioning of the GM	All stakeholders, including PAPs, local municipalities, concerned government agencies	PIC, Project Information Sheets, such as brochures, factsheets, notices and social media such as Facebook, feedbacks from stakeholders Community meetings and FGDs Monitoring and Community Perception Surveys Project Facebook and website Radio and newspaper GM	Once on every three months or as when required	Meeting and meetings minutes, Feedbacks received through the Project Facebook, telegram telephone line and email address, interactive radio programs and GM	Project team, E&S team of the project.
	Disclose and consult on Construction Contractor activities, hiring preferences, job and business opportunities and skill training opportunities, among others. Undertake community Health and safety awareness program,	All stakeholders, including PAPs, local municipalities, concerned government agencies	Community meetings PIC, Project Information Sheets, such as brochures, factsheets, notices and social media such as Facebook, feedbacks from stakeholders Project Facebook and website Radio and newspaper	Once on every two months or as when required Timely information to locals on job opportunities through PIC, social media, community radio and community meetings	Feedback Form Project Facebook and interactive radio program Community meetings Project telephone line, Facebook and email and GM	Project team, E&S team of the project
	Meetings and discussions with key government departments for construction permits and licenses and provide construction progress update	District level government agencies, Local Provincial and central governments agencies	Official meeting with concerned government officials, Group meeting, briefings and presentations	Once on every two months or as when required	Meeting minutes and meeting feedback forms and GM	Concerned ministry and government agencies, project team and E&S team of the project

	Update on construction activities & implementation of ESMP, RAF, benefit sharing and skill training, community support programs, Functioning of GM Updates and activities Community Health and safety, working condition Employment opportunities	PAPs and all other interested stakeholders	Community meetings PIC, Project Information Sheets, such as brochures, factsheets, notices and social media such as Facebook, feedbacks from stakeholders Project Facebook and website Radio and newspaper	Once on every six months or as when required	Feedback Form Project Facebook and interactive radio program Community meetings Project telephone line, Facebook and email, GM	Project team and E&S team of the project,
Presenting project information to provide updates to beneficiaries and other affected parties and interested stakeholders	Present update on project progress to project beneficiaries and including those affected groups and interested groups etc.	All affected parties and interested groups included farmer groups, farmer associations agri start ups	Face-to-face meetings, Trainings/workshops Invitations to public/community meetings Specific focus group discussions will be held with female farmers, as well as with youths, and with indigenous groups, to ensure their participation.	Once a month or as when required	Meetings, trainings and workshops	Project team
Project Phase: Operation						

Maintain constructive relationships with stakeholders and maintain awareness of environmental and safety practices in the local communities	Regular engagement with stakeholders to maintain good relationships and provide update on the Project progress Manage community issues and monitor community attitudes Ensure functioning of the GM	Project Affected Parties, local municipalities, concerned district level government agencies	Community meetings PIC, social media such as Facebook, feedbacks from stakeholders Project Facebook and website Community radio	Once on every six months or as when required	Feedback Form Project Facebook Community meetings Project telephone line, Facebook and email, GM	Project team and E&S team of the project,
	Environmental and safety awareness program Emergency preparedness and response	PAPs and all other stakeholders	Brochures, pamphlets, and regular environmental and safety updates, emergency response conversations with PAPs and other relevant stakeholders Emergency Drills	Once on every six months or as when required	Feedback Form Project Facebook Community meetings Project telephone line, Facebook and email, GM	Project team and E&S team of the project,
	Regular engagement with stakeholders to maintain good relationships and provide update on the Project progress.	PAPs District, Provincial and National government departments Other Interested Stakeholders	Community meetings PIC, social media such as Facebook, feedbacks from stakeholders Project Facebook and website Community radio	Once on every six months or as when required	Feedback Form Project Facebook Community meetings Project telephone line, Facebook and email, GM	Project team and E&S team of the project, LCOs

## Roles and responsibilities

The Agency / PIU team, regional authorities will be responsible for and manage all aspects of stakeholder engagement. However, in order to implement various activities contemplated by SEP the Social Safeguards Specialist will have to closely coordinate his/her activities with other key stakeholders – other national and local government departments / agencies and PAPs.

Roles and responsibilities of responsible parties / stakeholders are summarized in the table 5 below.

**Table 5. Roles and Responsibilities of Responsible Parties/Stakeholders.**

FUTURE PHASES STAKEHOLDER ENGAGEMENT TEAM MEMBER	RESPONSIBILITIES
PIU director	Responsible for approving the SEP, including the annual budget required for implementation.
Social Specialist (Regional based)	<ul style="list-style-type: none"> <li>• Support the PIU Safeguard Specialist in the implementation of the SEP</li> <li>• Coordinating the E&amp;S focal person s activities on the ground, including regular training and briefings</li> <li>• Hold weekly meetings with E&amp;S focal person to examine the stakeholder engagement/feedback and grievance register records undertaken by the E&amp;S focal person</li> <li>• Provide a weekly summary of feedback and grievances to the Communications and Stakeholder Engagement team under PIU</li> </ul>
E&S focal person (Subprojects, PFIs)	<ul style="list-style-type: none"> <li>• Implement Project Information in the PAP area</li> <li>• Receive training once a month on general Project information, engagement skills and techniques, various specialist topics centred on Project key risks and how the Project team plans to manage them</li> <li>• Receive stakeholder feedback and grievances, and each will maintain a log of meetings held by them</li> <li>• Communicate urgent issues and grievances to the team coordinator in a timely manner</li> </ul>

**Table 6. Responsibilities of key responsible parties / stakeholders when implementing SEP**

RESPONSIBLE PARTIES / STAKEHOLDERS	RESPONSIBILITIES
Agency and PIU	<ul style="list-style-type: none"> <li>• SEP planning and implementation;</li> <li>• Managing activities on stakeholder engagement;</li> <li>• Grievance redress management and resolution;</li> <li>• Coordination / control of contractors for SEP activities;</li> <li>• Monitoring and reporting on social indicators to the Government of Uzbekistan and World Bank.</li> </ul>

Regional agricultural administration	<ul style="list-style-type: none"> <li>• Informing the PIU on any issues related to their engagement with stakeholders;</li> <li>• Providing a report on all grievances to the coordinator of the Grievance Redress Committee of the PIU;</li> <li>• Delivering and resolving grievances caused by project interventions in close cooperation with the PIU and on its instruction, as well as through participation in the local Grievance Redress Committee;</li> <li>• Disclosing and implementing various plans (e. g. Labor Management Plan, Public Health and Safety Plan, etc.).</li> </ul>
PFI	<ul style="list-style-type: none"> <li>• Social screening of sub-loans and ensuring presence of all required environmental and social documents/certificates/permissions.</li> <li>• Monitoring the Project's compliance;</li> <li>• Informing the PIU on any issues related to their engagement with stakeholders;</li> </ul>
Local authorities (district level)	<ul style="list-style-type: none"> <li>• Monitoring the Project's compliance with the legislation of Uzbekistan;</li> <li>• Participating in implementation of activities entrusted under the Site Monitoring Plan and SEP;</li> <li>• Providing a report on all grievances to the regional GM coordinator;</li> <li>• Participating in work of the local Grievance Redress Committee;</li> <li>• Providing disclosed documents under the Site Monitoring Plan, SEP and GM procedures.</li> </ul>
Project-affected parties	<ul style="list-style-type: none"> <li>• Encouraged to interact and ask questions on the Project at the Project meetings and during discussions with the Social Safeguards Specialist, being of interest for or related to them;</li> <li>• Submitting grievances using the grievance redress mechanism as defined in the SEP;</li> <li>• Assisting the project in determination of mitigation measures;</li> </ul>
Other interested parties	<ul style="list-style-type: none"> <li>• Engaging with the PIU in the Project preparation;</li> <li>• Raising issues to help the Project to be inclusive.</li> </ul>

### **Stakeholder engagement methods to be applied**

#### ***State / public meetings***

Timely and effective disclosure of relevant project-related information is crucial in helping stakeholders, including the affected persons and communities understand the risks, impacts and opportunities of the project. The SRED project will ensure that the disclosure of the relevant information will inform the stakeholders about;

- The purpose, nature, and scale of the project;
- The duration of proposed project and associated activities during preparation, construction and operation phases;

- Risks and potential impacts of each activity to PAPs and other stakeholders;
- The mitigation plan, which will list out the measures that the project will undertake along with timeline for each activity, required financial resources and responsible units or persons within the project;
- GM and Public Information Center (PIC) put in place by the project and their functioning, and
- Stakeholder engagement process including grievance redress mechanism.

The Project aims to use the various mediums as explained in section 4.1.1 to disclose project-related information to all identified stakeholders throughout the project lifecycle.

The project officials and E&S focal person will make sure the disclosure programs are organized in culturally appropriate manners and ensure participation of women and vulnerable groups. The purpose of disclosing information is also to solicit information and input from community members and other project stakeholders through engaging in two-way discussions with project stakeholders. The project will ensure that the information disclosure materials that will be presented or distributed to the participants are prepared E&S focal person in a local language understandable to participants. Information will be displayed in well-publicized, visible and publicly accessible locations, to ensure that knowledge of/access to project information is not just limited to those who the project officials and E&S focal person engages with. Examples of publicly accessible locations includes public offices such as ward offices, schools, health clinics, town halls, and community centers.

Given the complex terrain and road connectivity that greatly limit the availability of public transportation, timely information of the disclosure events is crucial in ensure that the majority of the stakeholders are able to participant in such events. So, the project and sub-projects will make sure that appropriate and reliable means of communication is adopted to inform stakeholders about the date, time and place of such event. The project and sub-projects plan to use the following means and methods for such purpose:

- Display of public notice in various local places where general public gather
- E&S focal person and E&S team of the project areas
- Local municipalities, ward offices and their notice boards
- High school students and local schoolteachers and school boards
- Health centers and their notice boards
- Notice about the event in the local community radio and newspapers
- Social media, such as project's Facebook page
- Local NGO network
- District level Journalists Association

### ***Information materials***

Information in writing will be made available to the public through various information materials including brochures, leaflets, posters, etc. The public relations material package will be specially developed and distributed both in hard copies and in online format. The Agency will also update its web-site on a regular basis (at least quarterly) providing key updates on the Project and Project implementation reports in Uzbek, Russian and English. The information on the Project grievance redress mechanism will also be made available at the web-site (see the following sub-section).

Key disclosure and information materials include:

- Project Information Document (PID): This document consists of a non-technical summary of the sub-project, development timeline and milestones, sub-project updates, consultation program and opportunities for the stakeholders to participate in development of the sub- project, timeline and venues for engagement activities, contact details for questions and queries. The PID will be updated at each Project milestone to reflect the Project development and key activities at each stage.

- Project Factsheet: A short (two-pager) factsheet in Nepali highlighting crucial project information in simple, plain language accompanied with map, graphics and pictures.
- SREDP Frequently Asked Questions (FAQs) which comprises of project key risks and issues, and project's plan to address them, as well as answers to key questions raised by the stakeholders during the previous consultation. The FAQs will be revised and updated regularly to reflect Project development and key issues that have come to light.

Grievance Mechanism (GM): It details how to access the grievance mechanism and lodge grievances. This will include information on how the grievance management process will work, including the timeframes for responses

### ***Communications in mass media / social media***

The Social Specialist (from the Agency / PIU staff or an external advisor) will be involved in the Project at the implementation stage to keep in contact with stakeholders, including PAPs, and makhalla leaders. The Social Specialist will also be responsible for posting the relevant information at the special web-site of MEDPR / Agency, social media channels (Facebook, Telegram, etc.) and on bulletin boards throughout the Project life cycle. Social media channels will be used to the maximum possible extent for information dissemination as the social media use levels (especially Telegram channels) are apparently high among users of different age and origin in the communities affected by the Project.

### ***Project Information Centers***

Project Information Centers in each Project region and district will provide local residents with information on stakeholder engagement activities, project activities, contact details of a coordinator etc. The coordinator, in return, will create such information desks either in his/her office or in any other readily accessible locations, where he/she can meet and share Project information with PAPs and other interested parties. Brochures and leaflets on various social and environmental issues related to the Project will be placed on these information desks.

Each sub-project office will also act as the Project Information Centre (PIC) the PICs will be equipped with trained human resources and necessary logistics. The PICs will be maintained by the E&S focal person, who will be trained to handle the flow of information and grievances related to sub-project. The PIC will welcome visitors from the local communities and the district to obtain Project information, ask questions, raise issues or lodge grievances.

### ***Citizen / PAPs perception survey***

Throughout the Project cycle, the perception survey will be held two times to study the citizens' experience and feedback on the Project: for the first time it will be organized half-way down the implementation period, and for the second time - at the end of the Project implementation.

### ***Trainings / workshops***

Trainings in different social issues will be conducted for MEDPR / Agency, PIU and, probably, for other government and non-government service providers. The covered issues will include the provision of information on inclusion / exclusion, labor problems, and gender-based violence risks.

### ***Grievance redress mechanism***

According to ESS 10 of the World Bank, the grievance redress mechanism will be established for resolution of grievances and problems taking into account the Project specifics. This mechanism will be integrated in the country-wide GM system available to citizens. Special communication materials (including brochure or booklet on GM) will be developed to help local residents to learn about the grievance redress channels and procedures. Locked boxes for proposals / grievances will be placed in each agricultural administration and makhalla office, and the PIU will keep the register of grievances in order to collect and trace grievances from submission to resolution and to communicate with applicants.

An effective mechanism to report back to stakeholder on their feedback, comments and grievance is one of the prerequisites to successful stakeholder engagement procedures. The project and sub-projects plan to deploy trained E&S team and E&S focal person to record feedbacks and comments from the stakeholders. They will also maintain a stakeholder engagement/feedback and grievance register that will be forwarded to the E&S Project team. Urgent issues and grievances that need immediate attention will be communicated to the Social Specialist to take it up the chain of command as soon as practically possible. In addition, a number of comment boxes will be established in different locations and feedback form will be provided to stakeholders to provide input. Stakeholders can also make comments and suggestions through the project telegram, website, presidential portal, Prime ministers portal, project email, and information telephone line. Stakeholder feedback will be collected, and the Social Team will analyze engagement data to identify stakeholder key issues, trends, suggestions and aspirations.

During the Planning and Pre-Construction phases, a stakeholder engagement report will be produced at each consultation milestone and the report will include:

- (i) Number of various stakeholder consultations;
- (ii) Methods of engagement;
- (iii) Key issues raised during the consultations;
- (iv) Grievances and details of how they have been resolved;
- (v) During the Construction phase, the report will be produced monthly.

The report will be submitted to SREDP PIU Director and relevant managers in order to help them address the issues that have come up in different management plans, such as the traffic management plan, health and safety plan, or Construction Contractor's various plans. Mitigation measures will be addressed systematically through the relevant management plans. The FAQs will be revised and updated regularly to reflect Project changes and key issues that have come to light as a result of information disclosure and consultation activities.

### **Grievance procedure**

The SREDP project team will develop a written grievance procedure in consultation with project impacted communities and other parties. It will incorporate the following steps.

- 1. Publicize and educate stakeholders:** The project acknowledges the fact that all stakeholders, including the PAPs need to be educated about the availability of the GM system so as to enable them to use the system whenever they need it. So, the project, during community engagement processes, will inform and educate the local stakeholders about the system, including various means available to lodge grievance. The project will also make sure the availability of grievance forms in all subproject office and E&S focal person will be trained to properly handle grievances coming from the stakeholders.
- 2. Receive, register and acknowledge the grievance:** The GM system registers any grievances that come through verbally, filling up the GM form, by phone, project website or by sending an email. All the registered grievance will have a unique registration number and the number be shared with the complainant so as to make it easy to track of the status and developments related to the grievance. Grievances can be registered anonymously. A group can also register a grievance. Local project staff and E&S focal person will be trained to handle subproject related grievance methodically.
- 3. Review and investigate the grievance:** The project will put in place a functioning procedure for dealing with different types of grievances that includes categorization of registered grievances, response methods depending upon the levels of grievance along with response time.
- 4. Develop resolution or escalate the grievance:** The project will develop escalation routes for registered grievance that would enable to escalate to higher level if the complainant remains unsatisfied with the earlier outcome of earlier level.
- 5. Report back on the grievance:** The project will put in place a functioning procedure that will report back to the complainant about the status or outcome of their grievance within an agreed time frame.
- 6. Implement, monitor and evaluate:** Once a resolution is agreed, the project will put an effective system to take the agreed action into implementation. The E&S focal person will be made responsible for monitoring and reporting the implementation of grievance resolution

## **Proposed strategy for inclusion of opinion of vulnerable groups**

Special measures will be taken under the project to ensure that low-income and vulnerable groups have equal opportunities for accessing the information, giving comments or filing grievances. Training and awareness raising sessions will be organized in villages and makhallas, but not in the urban centers to ensure more extensive participation of the target population. Special working groups for vulnerable groups may be set up where appropriate. If necessary (e. g. for minorities or migrants), the information will be provided in a comprehensible language.

In Uzbekistan, vulnerable groups represent those underrepresented and voiceless people who may not be able to access to project information, articulate their concerns and priorities about potential project impacts and lodge official grievance, take opportunities unveiled by the project and participant in various benefit sharing activities of the project due mainly to a number of barriers, such as poverty, illiteracy and lower social status, among others. Against this background, the project and sub-projects will implement a number of measures, as described below, to ensure full and effective participation of vulnerable groups in project related consultations.

- **Women focused groups:** The project and sub-project will facilitate formation of a focus group for women, which will be led by a female facilitator, and will provide a platform to discuss any issues and concerns that the women may have regarding the Project development. This will particularly ensure that female farmers/entrepreneurs have the opportunities to participate in and benefit from the project. The E&S team will hire a woman as the facilitator and will keep record of issue of discussions in the meeting of such group. The project and sub-project teams will put maximum efforts to address the genuine concerns of the women group.
- **Household visits:** Project and sub-project will give priority to individual household visits, particularly those that belongs to Dalit or those that are in absolute poverty, female headed households, people with disability, the elderly who have mobility difficulties, and households of minority religious groups to ensure they are aware of Project developments. During the visits, the targeted households can also raise questions and concerns freely without intimidation, discomfort or ridicule.
- **Consultations in appropriate manner:** While reaching out to different groups particularly vulnerable groups such as women, elderly and disabled, the project and sub-project teams will make sure time and location of consultation are appropriate to their needs. In addition, the teams will make sure that the all the vulnerable groups are adequately informed about the consultations at least one week prior to the schedules date.

## **Disclosure of information**

Currently, the Agency's web-site is used for disclosure of the Project documentation in Uzbek, Russian and English. The Agency will create the Project web-page on its current web-site. All future monitoring reports related to the Project listed in the above sections will be posted on this web-page. The Project updates will also be posted on the home page of the Agency's web-site. The easy-to-understand guide on the terminology used in social reports or documents will also be posted on the web-site. All information brochures / leaflets will be posted on the web-site. The detailed information on the Grievance Redress Mechanism under the Project will be available on the web-site. Electronic form for filing a grievance will also be posted on the Agency's web-site. The Ministry of Employment and Labor Relations will update and maintain the web-site on a regular basis (at least monthly). Furthermore, the Agency will create a separate project page on Facebook and in Telegram channel for PAPs and other interested parties.

## **Estimated budget**

The preliminary budget for implementation of the Stakeholder Engagement Plan for five years is provided in Table 7. The aforementioned stakeholder engagement activities cover various issues that may be a part of other Project documents, so they may also be included in the budgets in other plans. However, the table below summarizes all the stakeholder engagement activities at the single location for better coordination and monitoring. MEDPR will review this plan every six months to determine if any changes in classification or stakeholder engagement are needed. If so, the plan will be updated and new version thereof will be disseminated. The budget will be revised correspondingly.

## **Table 7. Stakeholder Engagement Plan - estimated budget (5 years)**

STAKEHOLDER ENGAGEMENT ACTIVITIES	Q-ty	Unit price	Number of years	Total value (USD)
Trainings on the social safeguards for the PIU (Agency), regional agricultural administrations, Ministry of Economic Development and Poverty Reduction and other interested parties	8	5000	4	40 000
Information desk for all stakeholders		12000	2	24 000
Trainings on advocacy and awareness raising activities for the PIU (Agency), regional agricultural administrations, Ministry of Economic Development and Poverty Reduction and other interested parties	3	6000	2	18 000
Trainings on GM for the PIU (Agency), regional agricultural administrations, Ministry of Agriculture	4	7000	4	28 000
Communication materials (leaflets, posters, public relations material packages, including design)		10000	5	50 000
Personnel travel expenses (for 1 year)		6000	5	30 000
<b>Intermediate total</b>				<b>190 000</b>
Contingency expenses				40000
<b>Total</b>				<b>230 000</b>

## 6. MONITORING AND REPORTING

### Monitoring of Stakeholder Engagement Activities

There are two methods through which the stakeholder engagement process will be monitored:

1. Review of engagement activities in the field:

- Following each and every stakeholder engagement activity, the sub-project E&S lead and E&S focal person will assess the usefulness and effectiveness of the meetings by using a feedback evaluation form and interviewing the participants. The feedback and comments made by the participants will be carefully examined and appropriate reforms will be made in future engagement activities to increase their effectiveness.
- After the completion of each stakeholder engagement phase, the sub-project E&S lead will apprise the Social Specialist of the project about the activities and outcomes of the stakeholder engagement. The sub-project E&S team will document such engagement activities and will highlight lesson learnings from each activity.

2. PIU will prepare a half-yearly SEP Implementation Report and submit it to the WB. Once approved by the PIU director and reviewed by WB, the report will be disseminated to the stakeholders through periodic consultations and project website. In addition, special monitoring of a specific or a set of activities can be undertaken at particularly time when the Project has potential to face a high social risk.

### Monitoring of Stakeholder Engagement Activities

Overall performance will be reviewed on an ongoing basis to determine the effectiveness of the SEP, including the methods of engagement being used, their outcomes and the accuracy of the mapping results.

The project and sub-project will undertake a formal monitoring of the implementation of the SEP as per the performance indicators set out in **Table 8** to determine the extent to which the objectives of the SEP have been achieved. For the indicators related to participation and grievances filing, all the data and information will be disaggregated according to gender and ethnicity. Information from the Stakeholder Engagement Management

System and formal/informal feedback from stakeholders will be used to assess the performance indicators. The monitoring results will be used to update the SEP and will be reported internally as well as to key external stakeholders, as requested.

The annual review, which will be done internally, and by a third party if required, will start after the agreement on the ESCP. The regional PIU social specialist will the first quick internal monitoring in six months after the project implementation date to check if the different systems employed for the SEP are working and will submit a report to Central PIU.

The annual review will also provide a periodic opportunity to review the stakeholder mapping results to ensure that the mapping results are still accurate. It will also provide an opportunity for the project and sub-projects to make required corrections if deviations are found the initial mapping.

The monitoring and evaluation activities and criteria will be reassessed when the complete ESMF is available.

**Table 8: Performance Indicators**

OBJECTIVES	PERFORMANCE INDICATORS
PAPs and stakeholders are provided information about the sub-project in a timely and culturally appropriate manner	<ul style="list-style-type: none"> <li>• Means of informing the PAPs and stakeholders about the meeting</li> <li>• Were the participations given advance notice about the meeting</li> <li>• Were the participations aware in advance about meeting agenda,</li> <li>• Number of consultation meetings within a specific time period,</li> <li>• Means of dissemination and number of materials disseminated,</li> <li>• Comments received on disclosure materials, positive or negative</li> <li>• Locations of information disclosure and nature of participation</li> </ul>
Stakeholders have an opportunity to share their views and concerns about the Project's development	<ul style="list-style-type: none"> <li>• Type of engagement opportunities given to participants in the meeting</li> <li>• Nature of participation in terms of gender and indigenous people</li> <li>• Quality of recording of comments made by the participants</li> <li>• Attendance rates</li> <li>• Numbers of grievances related to the sub-project activities</li> </ul>
Informed participation by Vulnerable Groups	<ul style="list-style-type: none"> <li>• Number and type of engagement opportunities provided to Vulnerable Groups</li> <li>• Types of feedback/comments from vulnerable groups</li> <li>• Attendance rates</li> <li>• Representation of all sub-groups</li> <li>• Number and type of grievances from vulnerable groups</li> </ul>
Positive working relationships are built and maintained over time	<ul style="list-style-type: none"> <li>• Number and type of grievances lodged by stakeholders</li> <li>• Number of satisfactorily closed out grievances</li> <li>• Percentage of stakeholders taking part in engagement efforts</li> <li>• Community attitudes and perceptions</li> </ul>
Engagement continues to be transparent, inclusive and appropriate throughout the Project lifecycle	<ul style="list-style-type: none"> <li>• Adherence to the schedule of stakeholder engagement activities</li> <li>• Representation of Vulnerable Groups in engagement activities</li> <li>• Number and type of grievances lodged by community members</li> <li>• Number of satisfactorily closed out grievances</li> </ul>

## Reporting

Effective implementation of community engagement is vital for building trust and respect with stakeholders. Letting affected people and interested parties know what has happened with the feedback provided during consultation, the importance of their contribution to the project, and what the next step will be, is not only a good practice, but also a common courtesy.

Reporting back is crucial in convincing the stakeholders that the project is serious about the complaints lodged by local community and the GM system, put in place by the project, indeed works. In addition, double checking information, testing the stakeholder's reaction to the proposed mitigation measures, and obtaining further feedback to refine the measures before implementation, getting buy-in from key stakeholders for implementation plans are other major advantages of reporting back system.

The process of reporting back to the stakeholders will be conducted in the following ways:

- Frequently updated FAQs to address new concerns that have come to light through stakeholder feedback during planning, pre-construction, construction and operations. The updated FAQs is one of the key disclosure materials for the Project throughout the Project lifecycle.
- Issues and Response Reports (“You Ask We Answer”) to be disclosed with the Draft ESMF. The report will provide summary stakeholder engagement activities undertaken to date, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account or the reasons why it was not.
- Updated Issues and Response Report to be disclosed with the final ESMF incorporating any feedback received during the Draft ESMF consultation phase and how the feedback has been considered in the Project designs and decisions.
- Construction Issues and Response Report to be disclosed which incorporate any new issues that have come to light and concerns and queries raised by the Project stakeholders, especially the Project-Affected Parties during construction, and how the feedback has been considered in the Construction designs and decisions.

7. ANNEXES

**Annex 1. Grievance Form Template**

<b>Grievance Form</b>			
Grievance registration number (to be filled in by the GM coordinator):			
Contact details (may be filed anonymously)	Name(s):		
	Address:		
	Telephone:		
	E-mail:		
How would you like us to contact you (check one box)	By mail: <input type="checkbox"/>	By phone: <input type="checkbox"/>	By e-mail <input type="checkbox"/>
Preferred language	<input type="checkbox"/> Uzbek	<input type="checkbox"/> Russian	other _____
Please describe your grievance in details. Please describe the problem, with whom, when and where it happened, how many times etc. Describe as many details as possible.			
What grievance resolution would you suggest? (if you have one). Is there anything you would like a khokimiyat and any other party / person to do to solve the problem?			
How did you submit this form to the project?	Web-site <input type="checkbox"/>	E-mail <input type="checkbox"/>	By courier <input type="checkbox"/>
	In person <input type="checkbox"/>	By phone <input type="checkbox"/>	Other (specify)
Who did fill in the form (if not the person specified above)?	Name and contact details:		
Signature			
Name of a responsible person appointed by the coordinator			
Resolved or referred to GRC1?	<input type="checkbox"/> Resolved	<input type="checkbox"/> Referred	Date, if referred:
<input type="checkbox"/> Resolved or referred to GRC2?	<input type="checkbox"/> Resolved	<input type="checkbox"/> Referred	Date, if referred:
<b>Completion</b>			
Final decision (brief description)			

	Brief description	Was it accepted? (Yes/No)	Confirming signature
1st proposed solution			
2nd proposed solution			
3rd proposed solution			

## Annex 2. Brief summary of meetings with stakeholders

№	QUESTIONS	ANSWERS
1	Will it be possible to translate documents into Uzbek at least according to the selection criteria - in two versions: Cyrillic or Latin	I'm not sure about Latin, but the selection criteria and required environmental documents will be translated into Uzbek.
2	How many business incubators will be created in the region under the project? It would be very convenient for us, entrepreneurs, if business incubators were created in each district.	Currently, the project includes the creation of 3-4 business incubators in each region, which will be located in a convenient area for all residents.
3	Which banks can participate in this project? Are there special selection criteria?	Each bank can participate in the project. However, there are some requirements that a participating bank must meet. We will give you an information about these criteria later. In terms of guarantees, each bank must accept the Environmental and Social Management Policy, which we discussed during our presentation.
4	If I take a loan among the project line through the banks, what is the indicative interest rate? Can the project control interest rates on loans provided by credit lines?	Credit lines are issued in foreign and national currencies. Commercial banks calculate interest rates on loans by adding the interest rate of their bank margin to the foreign exchange risk. The credit lines are controlled in accordance with refinancing agreements with commercial banks.
5	Will the business incubator service be free? If the services of business incubators were free, it would greatly benefit the development of entrepreneurship in rural areas.	Business incubator services provided for subprojects among the project are provided free. Business incubator services provided to other organizations will be free or affordable, depending on the size of the service.
6	It would be a great help for unemployed young people like me if they were allowed to buy small equipment used in the village and pay for it for 1-3 years to develop rural entrepreneurship.	Your proposal will be considered
7	Will you provide us with a loan secured by the project? I kindly ask you to open non-conditional credit line in future projects.	Within the framework of the project, specific measures will be developed to support women's entrepreneurship, as well as for women who want to start their own business, but have low incomes. A package of services for women from low-income families in rural areas will be developed, as well as small grants for small promising business plans.  Your proposal will be considered.

8	Are there any incentives for businesses that have a positive impact on the environment in business under the project?	The project will also finance the introduction of innovative technologies in the Climate Smart Technology Demonstration subcomponent, and this component will support the areas you are looking for. If you provide information on the possible areas of business that you are planning in your region, we will definitely study this further.
9	When it comes to communicating with certain segments of the rural population who want to do business, they think in which direction they should do business. They have start-up funds for business, for example, 50-100 million sums. Will they be assisted in the project area?	Business incubators (entrepreneurs, people who want to start their own business, especially young people and women) will provide trainings and get education in the field of entrepreneurship, support them in developing business projects, finding ways to finance, accompany them before starting their business.
10	You mentioned that Category 1 project will not be funded. But for the rest of the project – will EIA required?	Sure, as we explained all sub-projects will have to go through screening procedure. After screening, Agency and PFIs specialist will define what kind of environmental assessment has to be undertaken. All national requirements will be strictly followed.
11	The procedure of getting sub-loans requires collection a lot of documents. And sometimes after collection of set of documents required by PFIs, we receive requirement to provide additional documents at the stage of the revision of the documents in Tashkent. Is it possible to simplify the procedure?	We've noted your message and we will delivery this to working group for further actions
12	Could project simplify a process of sub loans receiving? Could applicants put as collateral the equipment or good bought on sub-loans funds?	The procedure of sub-loans application and approval will be established by PFIs. More clarifications you can get from Agency.
13	I took a sub-loan from the Agency project (WB funded Livestock project) and bought cattle. I should say it helped me a lot, I made a lot of profit thanks to the project. I plan to apply for another sub-loans within the project that you explained	Please contact Agency and get necessary information to get sub-loan
14	Where we can get detail information about this project and list of the documents, required for receiving sub-loan?	As we presented, the Implementation Agency for this project is Agency. You may conduct directly them to get detail information. Moreover, the information about the project and requested documents for sub-loan application is published on Agency's website
15	As PFIs, we work with WB and ADB within the projects. Both of these banks have ESMF. Do these ESMFs have any differences	Yes, even the target of adopting ESMF by PFIs is the same for all IFIs, there are some differences between WB's and ADB ESMFs. There is some difference in the project screening, and conduction of EA. However, it depends also on the project's

16	I built a greenhouse two years ago. However, I couldn't use it in full capacity due to lack of gas supply. Is it possible to get funds through your credit line to build pipeline? My greenhouse can provide job for 17 people.	Any proposal submitted for funding have to be economically feasible, since you will apply for loan. In any case, when this project will be launched you can discuss your proposal with Agency and FIs specialists and try to apply for the sub-loan. At the same time, you may consider another option for heating supply – such renewable energy sources.
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