Uzbekistan: Bukhara Solar and Battery Storage Project

Project Name: Bukhara Solar and Battery Storage Project
Project Number: 57212-001
Borrower / Company: Nur Bukhara Solar PV Foreign Enterprise LLC
Country / Economy: Uzbekistan
Location: Nation-wide

Type or Modality of Assistance: Loan
Ordinary capital resources
USD 63.60 million
Proposed

Operational Priorities:
- OP2: Accelerating progress in gender equality
- OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability

Sector / Subsector: Energy / Renewable energy generation - solar
Gender: Effective gender mainstreaming

Responsible ADB Department: Private Sector Operations Department
Responsible ADB Division: Infrastructure Finance Division 1
Responsible ADB Officer: Malik, Danyaal
Project Sponsor(s): Abu Dhabi Future Energy Company PJSC - Masdar

Description:
The Project constitutes the development, construction, operation, and transfer of a 250 MW solar PV along with a 63 MW/126MWh of battery storage and a 220 kV substation. The project site is in the Bukhara region and covers an area of around 6.75 square kilometers.

Objectives and Scope:
Uzbekistan's new energy policy emphasizes the deployment of renewable energy, encouraged by early achievements to invite private sector investments in multiple large solar and wind power projects, the government is currently working on increasing the solar capacity to 7 GW and wind capacity to 5 GW. This project is expected to establish bankable precedents intended to catalyze further private sector participation in Uzbekistan's renewable energy sector.

Linkage to Country/Regional Strategy:
The project is consistent with ADB's Strategy 2030, which includes tackling climate change and enhancing environmental sustainability as key operational priorities. The project is also consistent with the Uzbekistan Country Partnership Strategy 2019-2023, as the project will help foster reliable energy supply to improve energy security and promote the use of renewable energy sources. ADB seeks to create conditions for greater private sector participation in Uzbekistan.

Safeguard Categories:
- Environment: B
- Involuntary Resettlement: B
- Indigenous Peoples: C

Summary of Environmental and Social Aspects:

Environmental Aspects:
The project is classified as category B for environment. The initial environmental and social examination (IESE) identified that the project site is within an area considered to be Natural Habitat (NH) with three priority biodiversity features (i.e. plants). While no impact is expected on national or international protected areas and no features were identified as Critical Habitat triggers for the Project, a biodiversity management plan will be in place to ensure habitat restoration for the Project is aligned with the principles of no-net loss in consideration of impacts to NH and species of conservation importance.

The IESE further identified potentially adverse environmental impacts, including but not limited to impacts on surface water, soil quality, noise and air quality, traffic, and community and occupational health and safety. These impacts are considered to be site-specific, few if any of them are irreversible, and in most cases, mitigation measures can be designed readily. The project's environment, health, and safety risks and impacts have been identified and assessed, and appropriate mitigation measures have been developed, as detailed in the IESE.

Involuntary Resettlement:
The project is categorized as B for involuntary resettlement in accordance with the ADB Safeguard Policy Statement (2009). Project site is on land owned by the government, and land ownership will be transferred to the Ministry of Energy, through a Presidential Decree, which in turn will have a land lease agreement with the Project Company (Masdar), through NEGU. The project site is currently leased by the State Committee for Sericulture and Wool Industry Development (SWID). SWID has a land lease agreement with the Alat Qorakolchilik LLC to be used for grazing livestock owned by the state. The IESE has identified that the project is expected to cause involuntary economic displacement. The LLC leased portions of the project area to two herders for 10 months and this is renewed annually. Seven land users also utilize parts of the project area without any formal agreement nor lease for livestock grazing. A livelihood restoration plan (LRP) is being prepared by the borrower to address the economic displacement impacts of the project.

Indigenous Peoples:
The project is categorized as C for Indigenous Peoples in accordance with the ADB Safeguard Policy Statement (2009). The project ESIA done by a third-party consultant indicates that the project will not have impacts on any distinct vulnerable ethnic minorities or Indigenous Peoples. The operation of the project is also not anticipated to cause any Indigenous Peoples impacts.

Stakeholder Communication, Participation, and Consultation:
Series of public consultations with relevant stakeholders including government agencies, host communities, formal and informal land users, and affected peoples have been undertaken in relation to the Project's social and environmental impacts and benefits, and health and safety matters. A Stakeholder Engagement Plan (SEP) is being finalized by the borrower, which identifies Project stakeholders, planned stakeholder engagement activities, and describes the community grievance mechanism. The project also held consultations with project affected people regarding the LRP.

Timetable for assistance design, processing and implementation:
- Concept Clearance
- Credit Committee Meeting
- Approval: 16 Nov 2023
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