

Annual Environmental Monitoring Report

Document stage: Final version
Project number: 50022-002 UZB
April 2018

UZB: Affordable Rural Housing Program

Consolidated by Monitoring and Management Unit under the Ministry of Economy
of the Republic of Uzbekistan for Asian Development Bank

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LIST OF ABBREVIATIONS

ADB	Asian Development bank
SARHP	State Affordable Rural Housing Program
ARHP	Affordable Rural Housing Program
EA	Executive Agency
ESMS	Environmental and Social Management System
IA	Implementation Agency
IB	Ipoteka Bank
IEE	Initial Environmental Examination
NBU	National Bank of Uzbekistan
PCB	Participating Commercial Bank
PFI	Project Financial Intermediary
QQB	Qishloq Qurilish Bank
QQI	Qishloq Qurilish Invest
QQL	Qishliq Qurilish Loyiha
SCAC	State Committee for Architecture and Construction
ZVOS	Initial Environmental Examination Report

GLOSSARY

Uzhydromet	Center for Hydrometeorological Service under the Ministry for Emergency Situations of the Republic of Uzbekistan
Goskompriroda	State Committee of the Republic of Uzbekistan for Ecology and environment Protection
Gosarkhitektstroy	State Committee of the Republic of Uzbekistan for Architecture and Construction

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Part I - Introduction

1.1 Short description of the program

1. The Government of Uzbekistan's State Affordable Rural Housing Program (SARHP) aims to improve the quality of life in rural areas of Uzbekistan through rural housing construction, employment generation, and private sector development. The SARHP is guided by the national goal of rural development and improved quality of life in rural areas. The SARHP is a proven government strategy for generating rural employment through housing construction and public-private partnership for social and market infrastructure development. The government provides incentives for small and medium-sized enterprises and promotes local manufacturing hubs for construction materials.

2. The Affordable Rural Housing Program (ARHP) will support a portion of the SARHP and will focus on rural housing financing and on leveraging institutional improvements in the associated sectors. Under the ARHP, three state-owned banks QQB, NBU, and Ipoteka Bank as the financial intermediaries will provide loans to construct at least 29,000 dwelling units in 9 of the 13 regions. The construction will be undertaken by private contractors and supervised by a state-owned engineering company QQI, the State Design Institute QQL, and SCAC.

3. On 6 July 2017 the Loan Agreement between the Ministry of Finance of the Republic of Uzbekistan and ADB was signed. The inputs of ADB into this program will be reflected on: (i) improved sustainability of rural housing financing through bank and financial sector reforms in housing finance; (ii) institutional strengthening of government procurement systems; (iii) institutional strengthening of government performance monitoring systems; (iv) improved transparency and equity, including social and gender equity, in prioritizing and selecting beneficiary families; (v) introduction of climate change risk assessments into the rural housing sector, together with capacity building of regional governments on climate change risk factors and site selection; and (vi) strengthened capacity of relevant government agencies and local government personnel in gender issues, program management, service delivery, and monitoring and evaluation (M&E).

4. The aim of the program is to provide affordable houses for increasing number of rural inhabitants through applying of adequacy, transparency and quality standards. The Executive Agency (EA) is the Ministry of Economy of the Republic of Uzbekistan, which through Management and Monitoring Unit manages and monitors the program. As the Implementing Agencies (IA) the following three Participating Commercial Banks (PCBs) were chosen: Qishloq Qurilish Bank (QQB), National Bank of Uzbekistan (NBU) and Ipoteka Bank (IB), and also Government Engineering Company (QQI).

5. The present Annual Environmental Safeguards Monitoring Report is consolidated and prepared for the Affordable Rural Housing Program (ARHP) financed by Asian Development Bank (ADB) based on an Annual Environmental Safeguards Monitoring Report submitted by QQI and the Annual Environmental Safeguards Compliance Report of the three PCBs in accordance with their respective ESMSs.

1.2 Summary of activities and project progress during the previous 12 months

6. In order to provide the full execution of ARHP in accordance with ADB's Environmental and Social Management System (ESMS) developed for this program, the duties and functions of ESMS Coordinator for QQI were defined (Annex 1), and ESMS Coordinators were hired and appointed. ESMS Coordinator's main function is to ensure proper ESMS implementation within each PFIs and QQI, conduct training of the regional representatives of PFIs and QQI for ESMS implementation.

7. Also in order of capacity building of ESMS specialists of Projects Financial Intermediaries (PFI's), seminar training was organized by ADB held on November 23-24, 2017 in Tashkent, Uzbekistan.

8. At the date of this environmental monitoring report preparation, no any sub-loan was funded by PFIs under the Program. It is planning that funding of the sub-loans will start in 2018.

9. QQI's environmental coordinator distributed a template of report on Initial Environmental Examination (IEE) among provincial branches of QQI.

1.3 Project organization and environmental management team, including organizational relationships with PFIs, sub-borrowers etc.

10. The institutional structure of the environmental system under this project is presented on Figure 1. In accordance with ESMS, each PFI appointed and QQI hired Environmental Coordinator responsible for ESMS implementation. In each branch of banks and QQI, bank's officer is appointed as responsible for the implementation of the system on the regional level.

11. In accordance with Project Implementation Document (2017) Management and Monitoring Unit has to hire Safeguards Specialist to ensure that the safeguard risks are mitigated, that the ESMS in the implementing agencies are working well, and that sites are selected and managed in accordance with the ESMS.

12. Duties of Safeguards Specialist includes the followings:

- ensuring environmental and social safeguard requirements and climate change aspects are taken into account during site selection for each year of the Program;
- critically reviewing the Environmental and Social Safeguard Monitoring System (ESMS) adopted by each PCB and QQB to ensure compliance with ADB safeguard requirements;
- undertaking annual due diligence on the ESMS process undertaken for the ARHP each year;
- assigning tasks for the Safeguard Inspectors (consultants), collecting their reports, and preparing a consolidated report.

13. Safeguard inspector (consultant) shall assist MMU's safeguards specialist to implement monitoring of ESMS implementation on the project sites.

14. To assist to MMU, PFIs and QQI in ESMS implementation, environmental consultant was hired under the TA A-9322 UZB: Affordable Rural Housing Program. The overall task of the TA environmental consultant is enhancing capacity of MMU, PFIs and QQI in ESMS implementation through development capacity building program and manuals for each PFIs and QQI, development training program and conduction training. The TA consultant will start assignment implementation in March 2018.

Part II - Environmental issues

15. In accordance with clause 15 of Law of the RoU “About the State Land Cadaster”: *“The rights to own and use land plots are registered on the basis of decisions of the hokim of the district, city, region, the Council of Ministers of the Republic of Karakalpakstan and the Cabinet of Ministers of the Republic of Uzbekistan on granting land”*. At the moment, the land sites (massifs) are been chosen by the State Diversified Commission for provision to QQI for the purpose of construction of houses and related infrastructures. Among the members of this Commission representative of Uzhydromet also has participated for determination of multi-year forecast risks in the field of climate change.

16. During the reporting period no construction activities were done. Nevertheless, there is need in conduction training on ESMS implementation for PFIs and QQI. It is planning that needs assessment for training will be undertaken by program’s national environmental consultant to identify existing gaps and develop training program.

17. Moreover, separate training will be conducted for environmental experts of QQI’s design institute – “Qishloqqurilishloyiha” (QQL) to introduce them with ADB safeguards requirements, content of Initial Environmental Examination and Environmental Management Plan. It will help to bring quality of ZVOS developed for this project in compliance with requirements for IEE. These training is planning to be conducted in second quarter of 2018.

Part III - Compliance with ADB’s Social Protection Requirements and ADB’s Prohibited Investment Activities List

18. The present program does not provide the activities contrary to the ADB’s social protection requirements. All housing complexes will be located on land owned by the state and classified for residential use and classified as reserve land for at least two years prior to selection. The RBL program will not involve any involuntary resettlement or impact on indigenous people. The proposed RBL program is classified as category C for involuntary resettlement and indigenous peoples impacts.

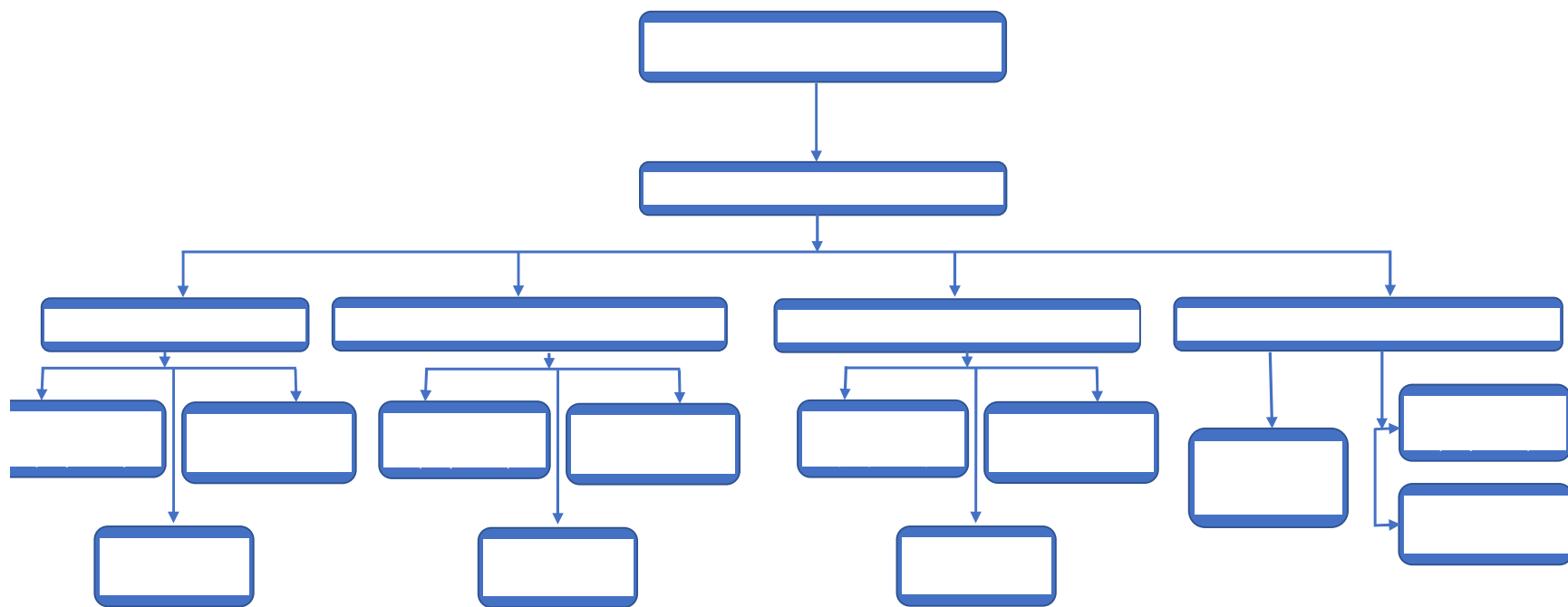


Figure 1: Organization chart of environmental Management within the Project. **EC** – Environmental Coordinator

19. The Assessment of compliance to the ADB's Prohibited Investment Activities List is given in the following table:

№ n/n	ADB's Prohibited Investment Activities	Compliance of the program
(i)	Any activity classified under the A category of environmental impact (is equivalent to the 1-Class and 2-Class of the Decree No125/5) and under the B category of environmental impact (3-Class and 4-Class), in case of classified as sensitive;	The activities under this program is classified as B-category of environment (3-Class and 4-Class)
(ii)	production or activities involving harmful or exploitative forms of forced labor ¹ or child labor ² ;	This activity does not included into the program
(iii)	production of or trade in any product or activity deemed illegal under host country laws ³ or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals, pesticides, and herbicides, ⁴ (b) ozone-depleting substances, ⁵ (c) polychlorinated biphenyls ⁶ and other hazardous chemicals, ⁷ (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, ⁸ and (e) transboundary trade in waste or waste products ⁹ ;	This activity does not included into the program
(iv)	production of or trade in weapons and munitions, including paramilitary materials;	This activity does not included into the program
(v)	production of or trade in alcoholic beverages, excluding beer and wine ¹⁰ ;	This activity does not included into the program
(vi)	production of or trade in tobacco ¹¹ ;	This activity does not included into the program
(vii)	gambling, casinos, and equivalent enterprises;	This activity does not included into the program
(viii)	production of or trade in radioactive materials, ¹¹ including nuclear reactors and components thereof;	This activity does not included into the program

¹ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty

² Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

³ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

⁴ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

⁵ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁶ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁷ A list of hazardous chemicals is available at <http://www.pic.int>.

⁸ A list is available at <http://www.cites.org>.

⁹ As defined by the Basel Convention; see <http://www.basel.int>.

¹⁰ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

¹¹ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

(ix)	production of, trade in, or use of unbonded asbestos fibers; ¹²	This activity does not included into the program
(x)	commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;	This activity does not included into the program
(xi)	marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats; and	This activity does not included into the program
(xii)	mining activities.	This activity does not included into the program

13. The houses are going to be constructed belong to the exemplary type, the construction technology and using civil materials will meet the local standards of quality and do not include the activities opposing the social protection requirements and prohibited investment list of ADB.

Part IV: ESMS operations (for PFIs which are financing B-category sub-projects)

ESMS operation in PFIs

20. Within the framework of Phase 1 the implementation of Housing for integrated rural development program with the participation of ADB in 2012-2015 QQB acted on the system of environmental and social management manual (ESMS), approved by the Bank's Board in February 2011.

21. The manual of QQB under the ESMS was approved by the decision of the Board №14 dated 26.04.2017. In accordance with the requirements of the ESMS Manual a coordinator of the ESMS is appointed at the head office of QQB. In addition, each branch of QQB appointed employees responsible for the implementation of ESMS.

22. In the implementation of QQB ESMS, the managers of the branches are involved, as well as the employees of the divisions of engineering control of the branches and employees of the rural construction loan division.

23. NBU has developed and implemented its ESMS. Within the framework of Phase 1 implementation of the Housing for integrated rural development program with the participation of ADB in 2013-2015. NBU acted on the system of environmental and social management manual (ESMS), approved by the Bank's Board in February 2011. The ESMS manual of NBU was approved by the Protocol of the NBU Board No. 432 of March 18, 2017.

24. According to the requirements of the ESMS manual in thirteen regions of the NBU, specialists were appointed who are entrusted with the implementation of the ESMS.

25. According to the official order of the NBU from April 3, 2017 No. 543/31, a training was held for responsible employees on the implementation of ESMS.

¹² This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

26. The ESMS manual of Ipoteka Bank was approved by the decision of the Board No. 15 of January 20, 2017. In accordance with the requirements of the ESMS Manual a coordinator of ESMS is appointed at the head office of Ipoteka Bank. In addition, each branch of Ipoteka Bank appointed employees responsible for the implementation of ESMS.

27. QQB and NBU conduct regular trainings to strengthen implementation of the ESMS and allocate funds for building staff capacity as part of the bank's business plan. It is planning that training for PFI's environmental coordinator and key experts from the branches will be organized under TA for this RBL.

Part V: Conclusion and action plan

28. For the reporting period the following actions were undertaken:

- Institutional set up for ESMS implementation was completed in all PFIs and QQI;
- Needs for training on ESMS implementation and content of IEE was identified;
- QQI is planning to make a change in the format of contracts with Contractors which includes requirements on EMP implementation.

29. Along with this, there is need in capacity building in term of ESMS implementation for PFIs and QQI. Therefore, the following actions will be undertaken:

Action plan for the next reporting period

No	PFIs	Issues	Actions required	Responsibility	Time
1	QQI, PFIs	Needs for additional training on ESMS implementation	Conduct training on ESMS implementation for environmental coordinator in Tashkent	TA's national environmental consultant	Q2, 2018
2	QQI, PFIs	Needs for training on ESMS in QQI and PFIs' regional branches	Conduct training on ESMS implementation for environmental coordinator in 9 regions	TA's national environmental consultant , environmental coordinator in each PFIs and QQI	Q2-Q3, 2018
3	QQI	Non-compliance of quality of national IEE with ADB safeguards requirements	Conduct training for QQI's design institute with	TA's national environmental consultant	Q2-Q3, 2018
4	QQI, PFIs	Implementation of ESMS by all parties	Conduct continuously monitoring	QQI and PFIs Environmental Coordinator	Continuously

Appendixes

Appendix 1:

Duties and functions of Environmental and Social Management System (ESMS) Coordinator of “Qishloq Qurilish Invest” Engineering Company LLC (QQI).

Duties and functions of ESMS Coordinator shall include but not be limited by the following:

- 1) Compliance with requirements in the field of environmental management.
- 2) Carrying out of supervision of all raising problems in the field of the environment.
- 3) Eradication of financing by the Asian Development Bank in accordance with the List of prohibited investment activities (in accordance with Annex 1 of the ADB's Environmental and Social Management Manual (hereinafter referred to as the Manual).
- 4) Interaction with the regional heads of the QQI. Receipt of a short explanatory note on the integrated assessment for the preparation of the Initial Environmental Examination (IEE/ZVOS), which implies sufficient and meaningful consultations with stakeholders, as well as public disclosure of information through appropriate means of communication (the official website of the QQI) in languages that are accessible to stakeholders (Russian and Uzbek).
- 5) Involvement together with regional QQI heads with the appropriate qualified consultant(s) to develop a IEE/ZVOS by screening (in accordance with Appendix 2 to the Manual) and compiling an Environmental Exclusion List and monitoring the further maintenance of documents by the developer.
- 6) Assist in the preparation of a IEE/ZVOS including an Environmental Management Plan (EMP) for the proposed sites (in accordance with Appendix 3 of the Manual) and transfer them to the Goskompriroda regional office for analysis, approval and further receipt of a positive conclusion/certificate.
- 7) Control over the inclusion of EMP and other environmental measures reflected in the IEE/ZVOS in the bidding documents for construction contractors and further in the contract agreement.
- 8) Interaction with regional QQI heads in verifying compliance by contractors with all obligations to comply with all applicable requirements in the field of environmental protection measures.
- 9) Conducting an analysis of the quarterly report submitted by the regional QQI heads and continuing the visit to the site to confirm compliance with the EMP requirements reflected in the report of the regional head.
- 10) Preparation of the annual report (at the end of the year) on the implementation of environmental protection measures (Appendix 5 of the Manual) and further provision of its EA/PMU.
- 11) Responsibility for solving the problem and informing the EA/PMU of any unsolved problem(s).
- 12) Responsibility for coordination of actions to resolve complaints, as well as monitoring activities in the resolution of complaints, for registering all complaints and status of consideration of complaints received, and for preparing a review of complaints

received. The status of the resolution of each complaint should be included in the annual report of the QQI.

13) Ensuring the availability of all resources necessary for environmental management, signing and providing the EA/PMU with an annual report on the implementation of environmental protection measures.

14) Supporting the list of environmental consultants / firms that can be involved to assist in the conduct of environmental audits and audits.

15) Control access to the consultant / firm for relevant information on a particular site in order to demonstrate compliance with the current environmental protection requirements.

The ESMS Coordinator should monitor information, in the event that the responsible officer changes or is replaced by a new employee.

The ESMS coordinator is accountable to the Chief Engineer of the QQI.

The ESMS Coordinator (or another designated staff member) may be a staff member of the QQI or a consultant.

Appendix 2: Annual safeguard monitoring report of QQI for 2017

A. Subproject [Housing complex (massif)/Name and subproject description]

- (i) The present Annual Safeguard Monitoring Report is prepared for the period from September 6, 2017 till December 31, 2017.
- (ii) The subprojects have no sites yet. The sites under the choosing by local authority (hokimiyat) i.e. the subprojects are on the designing stage.
- (iii) Financed by ADB the Affordable Rural Housing Program (ARHP) activities start from 2018 hence no activities done on the sites which are going to be chosen.

B. The appropriate permissions of the environmental authorities or certificates of conformity.

- (i) During the reporting period no sites have been chosen and no any permissions or certificates have been received.

C. Complaint mechanism

- (i) The complaint mechanism exists at the QQI which has two way of consideration:
 - 1) Complaint received by hokimiyat or by regional branch of QQI that could be solved directly or
 - 2) Complaint received by electronic portal of the President of the Republic of Uzbekistan which goes down to hokimiyat or QQI's Head Office and further toward the proper authority or organization.The complaints mechanism contains each level of consideration depending on problem occurred. Each complaint and the ways of solving shall be documented and reflected accordingly in the Annual Safeguard Monitoring Report.

D. Hygiene and labor safety and healthcare and safety of local inhabitants

- (i) The training programs which include the labor safety and healthcare shall be conducted to the site workers prior to construction work commencement. The local inhabitants (if available) will be notified about the program, its activities and complaints mechanism and their safety will be monitored by the checklists prepared for each massif. All these activities will be included to the Environmental Monitoring Plan including Health and Safety Plan that will be developed and implemented during whole period of the program at all sites.
- (ii) Since no sites have been chosen there are no incidents¹³ or injuries¹⁴ could be registered. All incidents shall be reflected in the checklists.

¹³ Including incidents that brought to the environmental damage or human health, and/or outside attention (i.e., fire, explosion, spill out of chemical reagents or oil, also pollution waste).

¹⁴ Including the death, serious injuring (that requires emergency medical care (first aid) or hospitalization), incidents that bring to the temporary work disability (with lost of more than one holyday for the recovering), and also incidents that require damage compensations.

E. Environmental management capacity

- (i) In order to provide the full implementation of ESMS in accordance with ADB's environmental and social requirements manual developed for QQI under the ARHP, the duties and functions of Environmental and Social Management System (ESMS) Coordinator were defined and the ESMS Coordinator was hired on November 20, 2017 at the QQI's Head Office on intermittent basis.
- (ii) The qualification and experience of the ESMS Coordinator meet the requirements of ADB (at least 3 years of experience in implementation of ADB's projects and qualification in the field of civil engineering) that include the solving of (i) environmental problems, (ii) health and safety problems, (iii) knowledge about governmental legislative acts and normative documents in the field of ecology, and (iv) knowledge of ADB's safeguards requirements.
- (iii) According to the duties and functions of ESMS Coordinator he has to conduct trainings on ADB's safeguards requirements to the specialists of QQI branches who assigned for controlling of implementation of safeguards activities that shall be described in the EMP and further in the bidding documents and contracts for each site.
- (iv) As described in the Annex 2: Program Safeguards Action Plan and Annex 3: Integrated Risk Matrix of the "Program Safeguard Systems Assessment" document the ZVOS's developed Qishloq Qurilish Loyiha (QQL) have inadequate character that is not comply with the IEE requirements of ADB. Therefore it is required to conduct trainings for the relevant specialists of QQL in order to have compliant IEE/ZVOS and EMP accordingly for each site.

F. Stakeholders consultation

- (i) According to one of the ADB requirements of public consultation it is organized a site visit during the designing stage (2nd quarter of 2018) with conduction of meeting with the stakeholders of the program at khokimiyat level.
- (ii) All details concerning to the approach/methodology in problem solving during discussion shall be defined by program stakeholders.

G. Carrying out of implementation of environmental safeguards measures in accordance with ESMS definitions for QQI

Since the present report contains only design stage of the program the construction and operation stage were not defined. According to this the implementation of environmental safeguards measures have not been carried out yet.

H. Other information and feedbacks

According to clause 11 of the Environmental and Social Management System Manual of the program the national consultant shall conduct a training for the relevant staff of QQI on the development, establishment, and operation of QQI ESMS. Respectively the training shall be conducted for the representatives of QQL branches on proper development of IEE/ZVOS according to ADB safeguards requirements.

Appendix 2: Annual safeguard monitoring report of QQB for 2017

Name of Organization	JSCB «Qishloq Qurilish Bank»
Completed by (name):	Afize Ametova
Position in organization:	Head of division for attracting credit lines of IFIs to finance housing construction in rural areas

A. Reporting period

Report Covering Period:	
from:	July 2017
to:	December 2017

B. Environmental and Social Management System (ESMS)

Policies & Processes	Yes/No	Answer
Has your organization developed and implemented an ESMS?	Yes	QQB has developed and implemented its ESMS.
If there is an ESMS already in place, have there been any updates to the ESMS or policy and procedures adopted by your organization during the reporting period?	No	Within the framework of Phase 1 the implementation of Housing for integrated rural development program with the participation of ADB in 2012-2015 QQB acted on the system of environmental and social management manual (ESMS), approved by the Bank's Board in February 2011.
Has senior management signed off on the updated policy/procedure?	Yes	The manual of QQB under the ESMS was approved by the decision of the Board №14 dated 26.04.2017.
Has your organization appointed staff tasked to implement the ESMS?	Yes	In accordance with the requirements of the ESMS Manual a coordinator of the ESMS is appointed at the head office of QQB. In addition, each branch of QQB appointed employees responsible for the implementation of ESMS.
Please give details of any transactions rejected due to environmental and/or social concerns.	No	Construction under the ARHP has not been started yet.

Please state any difficulties and/or constraints related to the implementation of the ESMS.	No	Regarding the implementation of the ESMS, the responsible field staff, as well as the ESMS coordinator, did not face any difficulties. However, there is a need to strengthen the capacity of responsible staff in the field, for that purpose it is planned to conduct a number of trainings during 2018.
Please report any significant environmental problems related to the activities, in particular during the reporting period.	No	Construction under the ARHP has not been started yet.
In case the existing ESMS is not fully functional, what are the action plan being implemented by your organization?	Yes	The ESMS system of QQB is currently implemented. However, there is a risk that it will not be fully functional due to a lack of proper experience in this area among the appointed specialists. QQB is planning to adopt the experience of JSCB "Hamkorbank" and together with QQB training center to organize a number of trainings for the specialists of the branches.
Please provide information or provide references to the recommendations made by the ADB review mission on improving the ESMS and its implementation.	No	During 2017, within the framework of the project design development, a number of meetings with ADB consultants took place, during which the changes introduced to the implementation of protective measures, including the assessment of climate change. During these meetings, the ADB consultant discussed the draft of internal document of the participating commercial banks, including QQB, on implementation of the ESMS. Most likely, some recommendations on the improvement of ESMS will be made by ADB representatives in the future during 2018-2021.
Capacity	Yes/No	
Please provide the name and contact information of the Environmental and Social Officer or Coordinator who has the overall responsibility for the implementation of ESMS.	Yes	Coordinator of QQB, responsible for the implementation of the ESMS, appointed Afize Ametova A. Tel.: (371) 150-76-39 Fax: (371) 241-42-05 Email: mfi@qgb.uz
Please provide current staffing of other core ESMS persons in the organization involved with ESMS implementation.	Yes	In the implementation of QQB ESMS, the managers of the branches are involved, as well as the employees of the divisions of engineering control of the branches and employees of the rural construction loan division.

Please give names and their main tasks.	Yes	<p>1) Karakalpak regional branch: - A.Kurbanov - chief specialist of engineering control division; - B.Dauletmuratov - head of rural construction loan division.</p> <p>2) Andigan regional branch: - M.Mahammadjonov - chief specialist of engineering control division; - I.Nomonjonov - head of rural construction loan division.</p> <p>3) Bukhara regional branch: - B.Niyazov - head of rural construction loan division.</p> <p>4) Djizzak regional branch: - Y.Botirov - chief specialist of engineering control division; - B.Hakimov - head of rural construction loan division.</p> <p>5) Kashkadarya regional branch: - I.Salomov - chief specialist of engineering control division; - T.Tojiev - head of rural construction loan division.</p> <p>6) Navoi regional branch: - H.Hamraev - head of rural construction loan division.</p> <p>7) Namangan regional branch: - S.Omonov - head of rural construction loan division.</p> <p>8) Samarkand regional branch: -Sh.Murtazakulov - chief specialist of engineering control division; - Sh. Uzakov - head of rural construction loan division.</p> <p>9) Surkhandarya regional branch: - M.Astanov - chief specialist of engineering control division; - B.Artikov - head of rural construction loan division.</p> <p>10) Sirdarya regional branch: - M.Saitbekov - chief specialist of rural construction loan division.</p> <p>11) Fergana regional branch: - R.Umurzakov - head of rural construction loan division.</p> <p>12) Khorezm regional branch: - D.Jumaniyozov - head of rural construction loan division.</p>
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		13) Tashkent regional branch: - A.Nigmatov - head of rural construction loan division.
What was the budget allocated to the ESMS and its implementation during the year?	No	Additional funds for the implementation of ESMS were not allocated.
Please provide information on the budget, including staff costs and training, as well as any actual costs	No	During the reporting period, the head office and branches of the bank did not incur any additional costs related to the implementation of the ESMS.
Monitoring	Yes/No	
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?	Yes	Construction under the ARHP has not been started yet.
If yes, please describe the process, including any environmental considerations, if any.	Yes	At the initial stage in the evaluation of selected massifs for the construction of houses the responsible specialists in the field are checking each of massive to make sure that the sub-project is not included in ADB's list of prohibited investment activities. In addition, the responsible specialists of the branches collect a set of documents for each such array, including copies of the environmental assessment report and the decision of the khokim to divert the land for construction. For each selected massive the branch specialist responsible for implementing the ESMS conducts screening to assess possible environmental impacts, and the likelihood of involuntary resettlement of the indigenous population in accordance with Annex 2 to the manual on ESMS.
Please describe how you monitor sub-projects, including monitoring of environmental problems.	Yes	Monitoring of sub-projects is carried out in accordance with QQB ESMS manual and at the moment of preparation of the report construction under the ARHP has not been started.
Please describe and provide supporting documents, such as environmental monitoring reports, and provide information on the number of subprojects for which staff were fielded to consider aspects, including environmental issues.	No	Construction under the ARHP has not been started yet.

<p>Please provide details of any accidents/litigation/complaints/regulatory notices and fines:</p> <ul style="list-style-type: none"> - Any incidents of non-compliance with the applicable Environmental and Social Requirements; - Covenants/conditionalities imposed by the Fund Manager to the subproject company as a result of any non-compliance. 	Yes	<p>Construction under the ARHP has not been started. However, in accordance with the decision of the Board of №31 on 10.18.2016 at the head office set up a department to address appeals of legal entities and individuals. In addition, in branches of the bank this function is assigned to legal consultants.</p> <p>In accordance with the Law of the Republic of Uzbekistan "On appeals of individuals and legal entities", the complaint or appeal received must be considered by the bank within 15 days from the moment of their receipt.</p> <p>At the same time, the persons affected by the project can apply to the virtual reception of the Chairman of the Board by going to the bank's website by reference: mfi@qgb.uz.</p> <p>Legal entities and individuals affected by the project can also apply to state bodies through the government portal, following the link: my.gov.uz or to the virtual reception of the President of Uzbekistan, by clicking on the link pm.gov.uz.</p>
Reporting	Yes/No	
Is there an internal process to report on social and environmental issues to Senior management?	Yes	<p>In accordance with the requirements of the ESMS Manual, the ESMS Coordinator prepares a consolidated annual report on the implementation of environmental protection measures during the reporting period and sends it to the Chairman of the Board or his deputy for approval for subsequent transfer to the Ministry of Economy of the Republic of Uzbekistan as the project executing agency.</p>
<p>Do you prepare any social and environmental reports:</p> <ul style="list-style-type: none"> -For other multilateral agencies -Other stakeholders -E&S reporting in the Report -Sustainability reports 	No	<p>QGB prepares an environmental report solely as part of the implementation of the Affordable Housing Program with the participation of ADB.</p>

Appendix 3: Annual report on implementation of environmental protection measures of NBU for 2017

Name of Organization	The National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU)
Completed by (name):	Bahrom Turakulov
Position in organization:	Chief specialist of the Department of Crediting and Financing of Construction

A. Reporting period

Report Covering Period:	
from:	July 2017
to:	December 2017

B. Environmental and Social Management System (ESMS)

Policies & Processes	Yes/No	Answer
Has your organization developed and implemented an ESMS?	Yes	NBU has developed and implemented its ESMS.
If there is an ESMS already in place, have there been any updates to the ESMS or policy and procedures adopted by your organization during the reporting period?	No	Within the framework of Phase 1 implementation of the Housing for integrated rural development program with the participation of ADB in 2013-2015 NBU acted on the system of environmental and social management manual (ESMS), approved by the Bank's Board in February 2011.
Has senior management signed off on the updated policy/procedure?	Yes	The ESMS manual of NBU was approved by the Protocol of the NBU Board No. 432 of March 18, 2017.
Has your organization appointed staff tasked to implement the ESMS?	Yes	According to the requirements of the ESMS manual in thirteen regions of the NBU, specialists were appointed who are entrusted with the implementation of the ESMS. Number of employees is 13 people. According to the official order of the NBU from April 3, 2017 No. 543/31, a training was held for responsible employees on the implementation of ESMS.
Please give details of any transactions rejected due to environmental and/or social concerns.	No	Construction under the ARHP has not been started yet.

Please state any difficulties and/or constraints related to the implementation of the ESMS.	No	Regarding the implementation of the ESMS, the responsible field staff, as well as the ESMS coordinator, did not face any difficulties. However, there is a need to strengthen the capacity of responsible staff in the field, for which purpose it is planned to conduct trainings during 2018.
Please report any significant environmental problems related to the activities, in particular during the reporting period.	No	Construction under the ARHP has not been started yet.
In case the existing ESMS is not fully functional, what are the action plan being implemented by your organization?	Yes	The system of ESMS of NBU has been developed and implemented. However, there is a risk that it will not be fully functional due to a lack of experience in this area from the appointed specialists. NBU is planning together with NBU training center to organize a number of trainings for branch specialists starting from 2018.
Please provide information or provide references to the recommendations made by the ADB review mission on improving the ESMS and its implementation.	No	During 2017, within the framework of the project design development, a number of meetings with ADB consultants took place, during which the changes introduced to the implementation of protective measures, including the assessment of climate change. During these meetings, the ADB consultant discussed the draft of internal document of the participating commercial banks, including NBU, on the implementation of the ESMS. Most likely, some recommendations on the improvement of ESMS will be made by ADB representatives in the future during 2018-2021.
Capacity	Yes/No	
Please provide the name and contact information of the Environmental and Social Officer or Coordinator who has the overall responsibility for the implementation of ESMS.	Yes	Bahrom Turakulov Tel: 235-79-50 Cell: +99890-132-02-05 Email: ZOblamuradov@central.nbu.com
Please provide current staffing of other core ESMS persons in the organization involved with ESMS implementation.	Yes	In the implementation of the ESMS NBU involved management of branches, deputy managers and also employees of the lending and lending sectors of rural construction.
Please give names and their main tasks.	Yes	1. Andijan Branch: - Sobirzhon Bakhridinov Chief specialist for coordination and control of construction of rural housing.

		<p>2. Bukhara Branch:</p> <ul style="list-style-type: none"> - Khasanov Sherzod Nuriddinovich Head of Credit Department - Deputy Governor. <p>3. Jizzakh branch:</p> <ul style="list-style-type: none"> - Abdunazarov Bunyod Chief specialist of the sector for crediting rural construction. <p>4. Karshi Branch:</p> <ul style="list-style-type: none"> - Juraev Kahramon Chief specialist of the sector for crediting rural construction. <p>5. Nukus Branch:</p> <ul style="list-style-type: none"> - Yangiboev Gulomjon Chief specialist of the crediting sector of rural construction. <p>6. Navoi Branch:</p> <ul style="list-style-type: none"> - Abdiakhatov Abdurashid Khalmuratovich Chief Specialist in Coordination and Control of Rural Housing Construction, Regional Specialist for ESMS. <p>7. Namangan Branch:</p> <ul style="list-style-type: none"> - Turdiev Donier Ravshanovich Chief specialist for coordination and control of construction of rural housing. <p>8. Samarkand Branch:</p> <ul style="list-style-type: none"> - Kuvandikov Uktam Yakhshilikovich Head of the sector for crediting rural construction Regional specialist on ESMS. <p>9. Sirdaryo branch:</p> <ul style="list-style-type: none"> - Mamarziyev Eldor Izzatullaevich Chief Specialist of the Rural Construction Credit Sector Regional Specialist for ESMS. <p>10. Termez branch:</p> <ul style="list-style-type: none"> - Muhammadiev Umid Muminovich Chief specialist of the lending department. <p>11. Urgench Branch:</p> <ul style="list-style-type: none"> - Dzhumaniyazov Shukhrat Satimbaevich Chief Specialist in Coordination and Control of Rural Housing Construction Regional Specialist for ESMS. <p>12. Ferghana Branch:</p> <ul style="list-style-type: none"> - Karimov Farhod Mahmudovich Chief specialist of the sector for crediting rural construction. <p>13. Toshkent Branch:</p> <ul style="list-style-type: none"> - Boqijonov Ulugbek Manager of the sector for crediting rural construction.
What was the budget allocated to the ESMS and its implementation during the year?	No	Additional funds for the implementation of ESMS were not allocated.

Please provide information on the budget, including staff costs and training, as well as any actual costs	No	During the reporting period, the head office and branches of the bank did not incur any additional costs related to the implementation of the ESMS.
Monitoring	Yes/No	
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?	Yes	Construction under the ARHP has not been started yet.
If yes, please describe the process, including any environmental considerations, if any.	Yes	<p>At the initial stage in the evaluation of selected massifs for the construction of houses the responsible specialists in the field are checking each of massive to make sure that the sub-project is not included in ADB's list of prohibited investment activities.</p> <p>In addition, the responsible specialists of the branches collect a set of documents for each such array, including copies of the environmental assessment report and the decision of the khokim to divert the land for construction.</p> <p>For each selected massive the branch specialist responsible for implementing the ESMS conducts screening to assess possible environmental impacts, and the likelihood of involuntary resettlement of the indigenous population in accordance with Annex 2 to the manual on ESMS.</p>
Please describe how you monitor sub-projects, including monitoring of environmental problems.	Yes	Monitoring of sub-projects is carried out in accordance with NBU ESMS manual and at the moment of preparation of the report construction under the ARHP has not been started.
Please describe and provide supporting documents, such as environmental monitoring reports, and provide information on the number of subprojects for which staff were fielded to consider aspects, including environmental issues.	No	Construction under the ARHP has not been started yet.
Please provide details of any accidents/ litigation/complaints/regulatory notices and fines: <ul style="list-style-type: none"> - Any incidents of non-compliance with the applicable Environmental and Social Requirements; - Covenants/conditionalities imposed by the Fund Manager to the subproject company as a result of any non- 	Yes	<p>Construction under the ARHP has not been started.</p> <p>However, the system of the consideration of complaints and proposals has been created and is working in the system of the NBU. In addition, in branches of the bank this function is assigned to legal consultants. In accordance with the Law of the Republic of Uzbekistan "On appeals of individuals and</p>

compliance.		legal entities", the complaint or appeal received must be considered by the bank within 15 days from the moment of their receipt. Legal entities and individuals affected by the project may also apply to the state bodies through the government portal, following the link: my.gov.uz or to the virtual reception of the President of Uzbekistan, by clicking on the link pm.gov.uz
Reporting	Yes/No	
Is there an internal process to report on social and environmental issues to Senior management?	Yes	The management of the bank reviews and approves the annual report on ESMS. In accordance with the requirements of the ESMS Manual, the ESMS Coordinator prepares a consolidated annual report on the implementation of environmental protection measures during the reporting period and transmits it to the Chairman of the Management Board or his deputy to obtain approval for the subsequent transfer to the Ministry of Economy of the Republic of Uzbekistan as the implementing agency for the project.
Do you prepare any social and environmental reports: -For other multilateral agencies -Other stakeholders -E&S reporting in the Report -Sustainability reports	No	NBU prepares an environmental report solely as part of the implementation of the Affordable Housing Program with the participation of ADB.

Appendix 4: Annual safeguard monitoring report of Ipoteka Bank for 2017

Name of Organization	"Ipoteka Bank" Joint Stock Commercial Mortgage Bank
Completed by (name):	Botir Kobilov
Position in organization:	Leading specialist

A. Reporting period

Report Covering Period:	
from:	July 2017
to:	December 2017

B. Environmental and Social Management System (ESMS)

Policies & Processes	Yes/No	Answer
Has your organization developed and implemented an ESMS?	Yes	Ipoteka Bank has developed and implemented its ESMS.
If there is an ESMS already in place, have there been any updates to the ESMS or policy and procedures adopted by your organization during the reporting period?	No	
Has senior management signed off on the updated policy/procedure?	Yes	The ESMS manual of Ipoteka Bank was approved by the decision of the Board No. 15 of January 20, 2017.
Has your organization appointed staff tasked to implement the ESMS?	Yes	In accordance with the requirements of the ESMS Manual a coordinator of ESMS is appointed at the head office of Ipoteka Bank. In addition, each branch of Ipoteka Bank appointed employees responsible for the implementation of ESMS.
Please give details of any transactions rejected due to environmental and/or social concerns.	No	Construction under the ARHP has not been started yet.
Please state any difficulties and/or constraints related to the implementation of the ESMS.	No	Regarding the implementation of the ESMS, the responsible field staff, as well as the ESMS coordinator, did not face any difficulties. However, there is a need to strengthen the capacity of responsible staff in the field, for which purpose it is planned to conduct trainings during 2018.
Please report any significant environmental problems related to the activities, in	No	Construction under the ARHP has not been started yet.

particular during the reporting period.		
In case the existing ESMS is not fully functional, what are the action plan being implemented by your organization?	Yes	The ESMS system of Ipoteka Bank is currently implemented. However, there is a risk that it will not be fully functional due to a lack of proper experience in this area among the appointed specialists. Ipoteka Bank is planning to adopt the experience of JSCB "Hamkorbank" and together with Ipoteka Bank training center to organize a number of trainings for the specialists of the branches.
Please provide information or provide references to the recommendations made by the ADB review mission on improving the ESMS and its implementation.	No	During 2017, within the framework of the project design development, a number of meetings with ADB consultants took place, during which the changes introduced to the implementation of protective measures, including the assessment of climate change. During these meetings, the ADB consultant discussed the draft of internal document of the participating commercial banks, including Ipoteka Bank, on the implementation of the ESMS. Most likely, some recommendations on the improvement of ESMS will be made by ADB representatives in the future during 2018-2021.
Capacity	Yes/No	
Please provide the name and contact information of the Environmental and Social Officer or Coordinator who has the overall responsibility for the implementation of ESMS.	Yes	Botir Kobilov Cell: +99890-942-78-87 Email: botir.qobilov@ipotekabank.uz
Please provide current staffing of other core ESMS persons in the organization involved with ESMS implementation.	Yes	In the implementation of the ESMS Ipoteka Bank involved employees of credit departments.
Please give names and their main tasks.	Yes	1. Karakalpak branch Rseekeev Muratbay, lending specialist for the construction of affordable apartment houses on the updated standard projects. 2. Andijan regional branch Haidarov Sardorbek, specialist in lending for the construction of affordable houses on the updated standard projects. 3. Bukhara regional branch Muzaffar Rakhmanov, head of the lending department for the construction of affordable houses on the updated standard projects.

		<p>4. Jizzakh regional branch Turgunov Zhaongir, chief specialist of mortgage and consumer lending.</p> <p>5. Kashkadarya regional branch Nazarov Ural, head of the mortgage and consumer lending department.</p> <p>6. Navoi regional branch Mukhtorov Nodirbek Shozhalovich, Head of Mortgage and Consumer Lending.</p> <p>7. Namangan regional branch Nasriddinov Sobitkhon, chapters. Specialist in lending for the construction of affordable houses on the updated standard projects.</p> <p>8. Samarkand regional branch Mamanov Akmal Rabbimovic, the head of the lending department for the construction of affordable houses on the updated standard projects.</p> <p>9. Surhondarya regional branch Jabborov Elyor, specialist of 2 categories in the department of crediting of construction of accessible houses on the updated standard projects.</p> <p>10. Syrdarya regional branch Mukhammadiev Tulkin, head of the mortgage and consumer lending department.</p> <p>11. Tashkent regional of operational management is a branch of Saipov Abdurasul, a leading specialist in lending for the construction of affordable apartment houses on updated standard projects.</p> <p>12. Fergana regional branch Lazizov Izatillo, the head of the specialist on the crediting of the construction of affordable houses on the updated standard projects.</p> <p>13. Khorezm Branch Atayev Azamat, the chief of the credit for the construction of affordable residential buildings on the updated, standard projects.</p>
What was the budget allocated to the ESMS and its implementation during the year?	No	Additional funds for the implementation of ESMS were not allocated.
Please provide information on the budget, including staff costs and training, as well as any actual costs	No	During the reporting period, the head office and branches of the bank did not incur any additional costs related to the implementation of the ESMS.

Monitoring	Yes/No	
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?	Yes	Construction under the ARHP has not been started yet.
If yes, please describe the process, including any environmental considerations, if any.	Yes	<p>At the initial stage in the evaluation of selected massifs for the construction of houses the responsible specialists in the field are checking each of massive to make sure that the sub-project is not included in ADB's list of prohibited investment activities.</p> <p>In addition, the responsible specialists of the branches collect a set of documents for each such array, including copies of the environmental assessment report and the decision of the khokim to divert the land for construction.</p> <p>For each selected massive the branch specialist responsible for implementing the ESMS conducts screening to assess possible environmental impacts.</p>
Please describe how you monitor sub-projects, including monitoring of environmental problems.	Yes	Monitoring of sub-projects is carried out in accordance with Ipoteka Bank ESMS manual and at the moment of preparation of the report construction under the ARHP has not been started.
Please describe and provide supporting documents, such as environmental monitoring reports, and provide information on the number of subprojects for which staff were fielded to consider aspects, including environmental issues.	No	Construction under the ARHP has not been started yet.
<p>Please provide details of any accidents/litigation/complaints/regulatory notices and fines:</p> <ul style="list-style-type: none"> - Any incidents of non-compliance with the applicable Environmental and Social Requirements; - Covenants/conditionalities imposed by the Fund Manager to the subproject company as a result of any non-compliance. 	Yes	Construction under the ARHP has not been started.
Reporting	Yes/No	
Is there an internal process to report on social and environmental issues to Senior management?	Yes	In accordance with the requirements of the ESMS Manual, the ESMS Coordinator prepares a consolidated annual report on the implementation of environmental protection measures during the reporting period and

		transmits it to the Chairman of the Board or his deputy to obtain approval for the subsequent transfer to the Ministry of Economy of the Republic of Uzbekistan as the implementing agency for the project.
<p>Do you prepare any social and environmental reports:</p> <ul style="list-style-type: none"> -For other multilateral agencies -Other stakeholders -E&S reporting in the Report -Sustainability reports 	No	Ipoteka Bank prepares an environmental report solely as part of the implementation of the Affordable Housing Program with the participation of ADB.