

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Republic of Uzbekistan	Project Title:	Takhiatash Power Plant Efficiency Improvement Project
Lending/Financing Modality:	Project loan	Department: Division:	Central and West Asia Department (CWRD) Energy (CWEN)
I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY			
Targeting classification: general intervention			
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy			
<p>The proposed project is an important element in the provision of energy security, which is one of the economic priority policies proclaimed in Welfare Improvement Strategy for Uzbekistan, 2013–2015.^a The Asian Development Bank (ADB) country partnership strategy for Uzbekistan, 2012–2016 includes a focus on energy efficiency and reliable power supply. The project will result in more efficiency gains and system reliability, which will narrow the demand–supply gap and eliminate power outages in the country, thereby achieving energy savings and reducing greenhouse gas (GHG) emissions. The greater efficiency of the new combined-cycle gas turbine (CCGT) units under the proposed project will have a positive impact on economic growth and poverty reduction. Electricity is in demand not only among rich and middle-income consumers, but also among the poor, to meet their basic needs.</p>			
B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence			
<p>1. Key poverty and social issues.</p> <p>In Uzbekistan, the household electrification rate is almost 100%, but the reliability of supply is low. The aging and overloaded power system results in frequent power outages and surges, affecting households, economic activity, and the delivery of social services. The project area of Karakalpakstan and Khorezm is a high poverty area, with 47% and 35%, respectively, of all households living below the poverty threshold of \$1.5 per capita per day, as per the project preparatory technical assistance (PPTA) household survey. In the project area, rural households are more likely to be poor (56%) than urban households (43%). Electricity supply disruptions are more significant in rural areas, where the poverty level is higher, exacerbating the rural–urban poverty gap. Of the households surveyed, 78% reported that electricity supply to their homes is not constant. The poor are expected to benefit from more reliable access to energy. Presently, ownership and use of electrical home appliances is limited in the project area. Only 61% of poor households and 51% of rural households have a refrigerator.</p>			
<p>2. Beneficiaries.</p> <p>Households in urban and rural areas of the Karakalpakstan and Khorezm regions, home of 3 million people, are the direct beneficiaries of the project. In the Khorezm region, 91% of rural and 79% of urban survey respondents indicated that the current level of energy supply is not sufficient to meet their basic needs. The present energy supply situation has negative effects on local businesses and service providers, as well as households. The government has plans for several industrial development projects in these regions, which would bring much-needed jobs, but all projects will require reliable energy supply. Better energy supply will have positive effects on local business development, and on the delivery of services by schools, clinics, and local government, which ultimately will improve the quality of life.</p>			
<p>3. Impact channels.</p> <p>Households will be the direct beneficiaries of the project, particularly poor households that cannot afford backup energy generators and fuel. Savings will also accrue to households that now experience damage to electrical appliances because of electricity failure, low voltage, or power surges. The indirect impact of the community social service center on employment will be in the form of expanded opportunities for employment and self-employment. This will enhance the capacity of private undertakings in production and service provision, and will lead to increases in the volume, quality, and competitiveness of their products and services. This will indirectly sustain the incomes received by employees of these enterprises. The project will also contribute to better lighting of public places and roads, contributing to safety. Implementation of the project will increase the effectiveness of other projects funded by the state budget.</p>			
<p>4. Other social and poverty issues. – None.</p>			
<p>5. Design features.</p> <p>The project will evaluate social, gender, and poverty issues against two of the three outputs of the design and monitoring framework. Regarding output 1 (power sector efficiency enhancement), the project will undertake a time-use survey to ascertain the satisfaction of women with service improvements and perceived time savings thanks to labor-saving appliances. It will also conduct an awareness-raising exercise on energy efficiency to ensure that women can capture household savings from efficient energy use. Output 3 will entail construction of a community social service center in Takhiatash City. This component will use the hot water produced as a byproduct by the power plant to help solve some local issues: (i) lack of access to dry-cleaning and laundry services in the area; (ii) limited availability and use of washing machines, aggravated by limited access to centralized water supply and sewerage systems; (iii) absence of public bathing facilities; (iv) need for job creation in the area in general, and possible loss of jobs because the high-technology CCGT units in the Takhiatash thermal power plant (TPP) require fewer staff.</p>			

C. Poverty Impact Analysis for Policy-Based Lending – Not applicable	
II. PARTICIPATION AND EMPOWERING THE POOR	
<p>1. <i>Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.</i> – The PPTA household survey included extensive consultations to pinpoint issues and guide the design of improvement features as described above.</p> <p>2. <i>If civil society has a specific role in the project, summarize the actions taken to ensure their participation.</i> – Civil society will be engaged to operate the community social service center in Takhiatash City, and to implement the energy efficiency campaign.</p> <p>3. <i>Explain how the project ensures adequate participation of civil society organizations in project implementation.</i> – The implementation consultants include a safeguard specialist with responsibility for ongoing consultation and participation.</p> <p>4. <i>What forms of civil society organization participation is envisaged during project implementation?</i> (High) Information gathering and sharing – (High) Consultation – (Low) Collaboration – (Low) Partnership</p> <p>5. <i>Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?</i> <input checked="" type="checkbox"/> No. See gender action plan.</p>	
III. GENDER AND DEVELOPMENT	
Gender mainstreaming category: effective gender mainstreaming (EGM)	
A. Key issues.	
<p>In Karakalpakstan, 35% of women are economically active, compared with 77% of men. The unemployment rate among the economically active population in Takhiatash City is significant, and higher among men than women. Women face disadvantages in the job market because their skills are less in demand than those of men. In Takhiatash City, 75% of women are not economically active or actively seeking work. The limited local jobs are the main reason for the high rate of labor migration. On average, one member of the household worked outside Uzbekistan for more than 5 months in 2012, both in households headed by women (31%) and households headed by men (25%).</p> <p>As managers of household activities, women are often disproportionately affected by energy scarcities in Karakalpakstan. Targeting women's energy needs has a multiplier effect: it has a direct and immediate impact on the family's well-being once women's drudgery is reduced; their time poverty is decreased, allowing more time for leisure, productive activities, and household improvements, thereby enhancing the family's living standards. When girls have safe and reliable lighting in the evening, they have more time to study. Lighting for homes, businesses, streets, and marketplaces is also critical to ensuring women's involvement in educational, entrepreneurial, and community activities. Women's opportunities for small-scale manufacturing, food processing, trading, and marketing are greatly expanded when energy services are reliable, which directly increases their economic empowerment.</p> <p>Currently women account for 25.8% of all employees (1,135 in total) in the Takhiatash TPP and work as technical and support staff. Only seven women (5%) are holding management positions (out of 134 managerial staff). The project will have no impact on this.</p> <p>Insufficient energy supply undermines women's demand for time-saving home appliances. Only 8% of households in Karakalpakstan have washing machines. Reliable hot water supply and provision of washing and cleaning facilities will bring time savings to 50,000 people, of whom at least half are female. This translates into significant gender benefits and less time poverty for women, since in more than 90% of households that have no washing machines, washing is done by hand and primarily by women.</p>	
B. Key actions. <input checked="" type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure	
<p>Specific actions to mainstream gender issues into the project will include the following, with a budget of \$30,000 from Asian Development Bank (ADB) funds for consultancy, and \$3.5 million from Uzbekenergo for the social center and housing component, unless otherwise stated:</p> <p>i. Time-use survey at beginning and after project implementation to assess how much time women save each week thanks to reliably available power for use of electrical appliances (e.g., washing machines, refrigerators). (The target is 50% of the estimated 10 hours per week now for drudgery work).</p> <p>ii. Construction of the community social service center as a facility for dry-cleaning, laundry, public bathing, and carpet cleaning by using the hot water generated as a byproduct by the TPP, which will benefit 50,000 residents of Takhiatash City as well as power plant employees. The total cost for establishing the community social service center is \$2 million, funded from counterpart funds.</p> <p>iii. Employment generation in the community social service center, with at least 20 new jobs (50% of jobs created) for women;</p> <p>iv. Survey to measure the satisfaction level of women with key project activities (e.g., improvement to power reliability, pricing, use of project community facilities, changes in household welfare).</p> <p>v. A local social and gender specialist will be hired as part of the project management unit (PMU) to ensure implementation of the key gender activities.</p>	
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement	Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI

<p>1. Key impacts. The project will involve involuntary resettlement of 14 affected households—10 residential households, two businesses, and two agricultural farms. The census identified 144 affected persons—81 in the 10 households with impact on residential assets, 50 in the two businesses with impact on commercial assets, and 13 in the two farm households with impact on agricultural assets.</p> <p>2. Strategy to manage the impacts. Public consultations were carried out with affected households. Information dissemination and disclosure will include disclosure meetings. A leaflet with information on project and land requirements, grievance redress mechanism, and entitlement matrix will be distributed. The grievance redress mechanism will be established using existing community based organization and assigning a focal person to the PMU. The land acquisition and resettlement plan prepared by the executing agency complies with ADB information disclosure and consultation requirements.</p> <p>3. Plan or other actions.</p>	
<input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> No action
B. Indigenous Peoples	
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
<p>1. Key impacts. – Not applicable</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>2. Strategy to address the impacts. Not applicable.</p>	
<p>3. Plan or other actions.</p>	
<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
<p>1. Relevance of the project for the country's or region's or sector's labor market. (Medium) unemployment – (Low) underemployment – (Low) retrenchment – (Low) core labor standards</p>	
<p>2. Labor market impact. - The risk of job losses was evaluated and discussed with the management of the Takhiatash TPP. A collective trade union agreement requires that employees who will lose their job as a result of production restructuring or changes in technological processes be provided with adequate alternative employment. Implementation of the third component of the project (community social service center) will also create new jobs. Jobs for unskilled workers will become available during construction and may provide opportunities for currently unemployed persons registered with the local employment offices. Due diligence was conducted on Takhiatash TPP and Uzbekenergo during project preparation for adherence to core labor standards. Relevant provisions are included in the project loan documents.</p>	
B. Affordability	
<p>The price of electricity is \$0.054 per kilowatt-hour, reflecting the low cost of gas available in Uzbekistan for power generation, and is significantly lower than the willingness to pay for incremental electricity consumption.</p>	
C. Communicable Diseases and Other Social Risks	
<p>1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): (L) Communicable diseases (L) Human trafficking <input type="checkbox"/> Others (please specify) _____</p> <p>2. Describe the related risks of the project on people in project area. – Heavy industrial vehicles accessing the TPP during construction may increase traffic safety risks in the project area. A traffic management plan as part of the environmental management plan will be developed to mitigate the risk.</p>	
VI. MONITORING AND EVALUATION	
<p>1. Targets and indicators: Gender and development performance targets include the proportion of female training participants and jobs created for women. A national social and gender expert will be recruited to monitor progress and impacts.</p> <p>2. Required human resources: The PMU will assign a social and gender specialist who will be recruited as part of the budget for consulting services.</p> <p>3. Information in project administration manual: Gender action plan included.</p> <p>4. Monitoring tools: Quarterly progress report, semiannual project review meeting, midterm review, project completion report as described in the project administration manual.</p>	

Sources: Asian Development Bank and consultants engaged under project preparatory technical assistance.

^a Republic of Uzbekistan. 2013. *Welfare Improvement Strategy of the Republic of Uzbekistan for 2013-2015*. Tashkent.