



Initial Poverty and Social Analysis

February 2019

TAJ: Sugdneft Expansion Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	<input type="text" value="Tajikistan"/>	Project Title:	<input type="text" value="Sughdneft Expansion Project"/>
Lending/Financing Modality:	<input type="text" value="Loan"/>	Department/ Division:	<input type="text" value="Private Sector Operations Department / Infrastructure Finance Division 1"/>

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed \$2.5 million financing from ADB will support the construction of new and refurbishing of existing retail fuel stations (RFS) and associated petroleum handling and storage facilities and for provision of working capital. The business plan envisions to expand retail fuel stations network by adding 7 RFS, all of which will be completed and operational 2018. Some of RFSs will be acquired from existing operators while the rest will be newly constructed.

The project is consistent with ADB's country partnership strategy (CPS) for Tajikistan, 2016-2020.^a The CPS highlights investment climate reforms and skills development to increase productive employment.

B. Poverty Targeting:

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The financing of Sughdneft's expansion will contribute to increasing the employment in Sughd region and tax payment. The income tax to be paid by Sughdneft is expected to increase by approximately 30% after its business expansion. This will contribute to the government coffers and increase the public funds for the socioeconomic development of the region. Moreover, successful implementation will result in the capacity expansion of energy distribution in Sughd region.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The project will enhance Sughd region's access to high quality petroleum products and service by facilitating new investment in the sector and in an operator, that complies with petroleum industry standard. The Project will also generate long-term and temporary employment opportunities. Sughdneft's business expansion plan would require temporary and indirect employment opportunities during the construction of the new RFSs, and would employ additional staff during the operation of the new RFSs. These new employment opportunities in the country will offer an alternative income source to workers who returned from overseas adversely affected by economic downturn in Russia.
2. Impact channels and expected systemic changes. The proposed investment geared towards development of new RFS in the Sughd region will improve people and businesses access to high quality fuel. New jobs will also be created during the construction and refurbishment of the RFS, and also during the RFS operations. This will help ease the unemployment level in the region and provide alternative income source to the local workers.
3. Focus of (and resources allocated in) the PPTA or due diligence. ADB team conducted due diligence on existing facilities, including the existing 6 RFS of the company to understand the environmental and social impacts of the project. In addition, a qualified and experienced external expert was engaged to conduct a corporate audit on the company's existing environment and social policy, procedures, and operations. The audit identified corrective actions required to ensure adequacy and compliance of the procedures and operations to the ADB SPS and other social requirements, including labor and gender aspects.
4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Data as of 2017 indicates that Sughdneft has 57 employees, 16 of whom (28%) are women. At the management level, women occupy 13%; at support staff position, 60% are women, and at the gas stations, women occupy 27%. Sughdneft offers equal opportunity to men and women qualified for job openings in the company. However, women may find the work requiring physical endurance, remote location of facilities, and work night shifts unattractive for employment.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No The project will benefit both women and men labor force through increase in employment opportunities. Sughdneft will develop its human resource policy and will include provisions on women employee aligned with the requirements of the law.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The potential project stakeholders include landowners, communities, local leaders, and local government units. Sughdneft will incorporate in its environmental and social management system (ESMS) the process of engagement with various stakeholders.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? Sughdneft will incorporate in ESMS the process of engagement with various stakeholders including land users, asset owners, nearby communities, and local leaders.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

L Information generation and sharing Consultation Collaboration Partnership

The opportunity to involve civil society organizations is limited, as the project will be into expansion of its RFS operations. A procedure to consult with various stakeholders will be included in the ESMS and a staff will be designated to help implement engagement activities and address any concerns from stakeholders, including civil society organizations, if any.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No Sughdneft's lands for its current facilities were allocated from State land or through purchase of land use rights from former land users. The audit found no outstanding land issue in Sughdneft's handling terminal and 5 retail fuel stations (RFS) covered by the audit. For the proposed development of new RFS, Sughdneft will apply to the Government for the allocation of unencumbered State-owned land plots or purchase existing RFS from private entities. The land procurement for the RFS is not expected to entail involuntary resettlement impacts. Sughdneft will conduct the planned land and assets procurement in accordance with the ESMS aligned with the requirements of SPS.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

Sughdneft will develop and adopt an environmental and social management system satisfactory to ADB before the first ADB disbursement. The Company will designate qualified environmental and social staff and train staff on the environmental and social management system (ESMS) to enhance implementation of the ESMS.

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No The 2010 census the population of Tajikistan showed that the country compose of over 80 ethnic groups (nationalities), of which Tajiks are 84.2 percent, Uzbeks are 13.9%, and rest are other ethnic nationalities of Kyrgyz, Russian, Turkmen, and Tatars. This pattern is similar in Sughd region. All these ethnic nationalities settled in the region many years ago are fully integrated with the Tajiks, have same access to land and natural resources, health and education systems, and social security status. The development of new RFS in the Sughd region will not have impacts to socio-cultural groups who may be considered as Indigenous People's as per SPS.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? Sughdneft will adopt an ESMS that will include indigenous peoples screening procedures in the ESMS.

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Sughneft and its contractors will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with internationally recognized core labor standards.</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The terms of reference of the external expert who carried out the environment and social audit report covered environment and social safeguards issues and other social dimensions including labor and gender.</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? An external expert was engaged to carry out environment and social audit of the company and its existing operations.</p>

^a ADB. 2016. *Tajikistan Country Partnership Strategy, 2016-2020*. Manila