

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Armenia	Project Title:	ARM / 51090 / Yerevan Gas-Fired Combined-Cycle Power Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Private Sector Operations Department Private Sector Infrastructure Division 1

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General intervention

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

The project is consistent with the Midterm Review of Strategy 2020 of the Asian Development Bank (ADB), which includes a focus on private sector development and operations, and infrastructure development.^a ADB's support for the project is in line with its country partnership strategy for Armenia, 2014–2018, which supports private sector development and energy security by diversifying energy sources.^b In addition, the Armenian Development Strategy, 2014–2025^c includes the following targets for the energy sector: construct and replace aging generation assets, expand and upgrade the power transmission system, and implement energy-saving measures and maximize use of renewable and alternative energy resources.

The project is also in line with ADB's Energy Policy, particularly one of its three pillars – promoting energy efficiency and renewable energy. Although not a renewable energy source, the project will become the most efficient thermal power plant in the country and contribute to upgrade of electricity sources in Armenia where approximately 65% of the electricity is generated by nuclear and hydropower plants.^d

B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence

1. **Key poverty and social issues.** The project will support the Energy Policy of the Government of Armenia, which aims to ensure energy independence and enhance energy security through the diversification of energy sources. This will contribute to economic growth and help reduce socioeconomic disparities. The project will support other efforts at poverty reduction through the creation of temporary and permanent employment, and increased availability of electricity which will enhance growth and sustainability in various sectors.

2. **Beneficiaries.** Potential primary beneficiaries of the project will be the general population in the urban and rural areas, commercial, and industrial users and community service providers benefitting from improved power supply reliability. The project benefits the poor indirectly by improving availability and reliability of power, which will contribute to improved living conditions of residents and productivity of commercial, industrial and other users.

3. **Impact channels.** The project will help improve the living conditions of the poor by providing them with access to efficient and reliable power in their residences and support their sources of livelihood. To a limited extent, it will provide some short-term employment opportunities in the construction activities.

4. **Other social and poverty issues.** None

5. **Design features.** The project is expected to contribute to the larger strategic plan of catalyzing private sector resources to enhance power generation capacity in the country. The design and monitoring framework for the project includes indicators to report benefits to the local communities in terms of increased local employment opportunities.

<p>V. ADDRESSING OTHER SOCIAL RISKS</p> <p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input checked="" type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment (L) <input checked="" type="checkbox"/> core labor standards (L)</p> <p>2. Labor market impact. The construction phase of gas fired projects (depending on the size and capacity) may involve significant labor force. ArmPower has a policy of promoting and prioritizing local employment. During operation, the power plant can be maintained with a relatively smaller staff strength. The impact of the project on local labor markets is minimal during the operations phase. Core labor standards are ratified in national law and enforced through contractual obligations with employees, service providers and contractors.</p>
<p>B. Affordability</p> <p>Not applicable</p>
<p>C. Communicable Diseases and Other Social Risks</p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): NA <input checked="" type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) _____</p> <p>2. Risks to people in project area. Given the limited workforce requirements and short construction periods, the risk of the project contributing to the spread of communicable disease is low. HIV/AIDS issues are to be incorporated in health and safety trainings for all construction workers and permanent employees in addition to the other environment, health, and safety issues.</p>
<p>VI. MONITORING AND EVALUATION</p> <p>1. Targets and indicators. ArmPower will monitor the implementation of the safeguard requirements and monitor compliance with safeguard covenants, it will include the results in the annual environment and social performance reports.</p> <p>2. Required human resources. The borrower and ADB staff will monitor the environmental and social impacts of the project.</p> <p>3. Information in the project administration manual – Not applicable.</p> <p>4. Monitoring tools. The company will prepare and submit annual reports on environmental and social monitoring compliance with ADB. The ADB project team will review the annual reports and will conduct review missions to validate and monitor progress of the project's implementation.</p>

^a Asian Development Bank. 2014. *Midterm Review of Strategy 2020. Meeting the challenges of a Transforming Asia and Pacific*. Manila.

^b Asian Development Bank. 2014. *Country Partnership Strategy: Armenia, 2014-2018*. Manila.

^c Government of Armenia. 2014. [Armenia Development Strategy for 2014–2025](#). Yerevan.

^d Asian Development Bank. 2009. *Energy Policy*. Manila.