



Initial Poverty and Social Analysis

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UZB: Partial Credit Guarantee Facility for Uzbekistan Solar Public-Private Partnership Program

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Uzbekistan	Project Title:	Uzbekistan Solar PPP Program
Lending/Financing Modality:	Partial Credit Guarantee Facility	Department/Division:	Central and West Asia Department / Energy Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The proposed program is aligned with the government's National Development Strategy for 2017–2021, which entails market-oriented reforms and a shift from government subsidies to targeted social programs. It directly contributes to the government's goal of accelerating socioeconomic development and enhancing the living standards of Uzbekistan's population through (i) ensuring reliable, efficient and sustainable energy supply, which will improve livelihood options, (ii) modernizing old and deteriorating electricity supply infrastructure, and (iii) pioneering and supporting energy sector reform measures, particularly, promoting private sector investments. The program aims to (i) lower the barriers to the private investment and (ii) increase renewable energy generation, and thereby stabilize the power system and diversify the primary energy supply. The program aligns with ADB's country partnership strategy for Uzbekistan 2019–2023 by supporting the move toward a vibrant and inclusive market economy, modernizing energy infrastructure, and increasing energy efficiency.</p>
<p>B. Poverty Targeting</p> <p><input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-income MDGs (TI-M1, M2, etc.)</p> <p>As a grid connected renewable energy project, the ultimate beneficiaries of the program are the general population of Uzbekistan. Improved reliability and quality of electricity services will enable the population to use electricity appliances, and encourage them to set up businesses, both of which will raise living standards. Improved energy services would benefit especially (a) the poorer households, who currently bear the high cost of energy substitutes (kerosene lamp, battery powered lamps, candles and diesel generators); (b) women who work or stay at home more often than men and suffer from light, energy and time poverty; and (c) kindergartens, schools and other educational institutions, and health facilities who will be able to use teaching materials and health equipment full time. The proposed program is also expected to improve financial performance and operational efficiency of the power sector companies by introducing technological innovation and capacity building activities.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries.</p> <p>The power sector is a driver of economic growth: the availability and quality of electricity services underpin enhanced productivity, and job creation. Although Uzbekistan has 100% electrification ratio, power supply is unstable and interruptions are frequent, especially during winter. The rural poor are the first to be cut off at times of supply shortage. Sufficient and stable electricity will expand livelihood options and businesses, boost local economic development and reduce poverty and inequities. Over 32.0% of firms operating in Uzbekistan identify the lack of reliable electricity as a major constraint to doing business. Small enterprises suffer more than large enterprise from interruption of electricity due to the lack of expensive diesel back-up generators. Small and Medium enterprises have experienced the interruption in electricity supply 29 days per year. Average losses due to electricity outages are reported to be around 7.0% of annual sales (World Bank Report Growth and Job Creation in Uzbekistan, December 28, 2019). Poverty rate has fallen from 27.5% in 2001 to 11.5% in 2018 (World Bank Uzbekistan Country Update Summer 2019), but significant poverty persists in rural areas far from the centers of economic activity, with inadequate public services and infrastructure, and incomes levels well below the national average. The recent economic reforms have caused price increases. As the average household spending is mainly on food products (47.3%) and utility services (20.4%), the price hikes implemented by utilities are having significant impact on households. The reforms may also cause reduction of jobs due to structural changes in the economy. It will therefore be important to have targeted plans to prevent people from falling back into poverty and ensure that members of the society can participate in and benefit from the economic growth.</p> <p>2. Impact channels and expected systemic changes.</p> <p>Improved and reliable supply of electricity will contribute indirectly to regional economic growth, an improved investment climate for the private sector, and enhanced employment opportunities in productive sectors.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence.</p> <p>Keeping in view the stakeholder needs, feasibility of the projects, bankability of the PPA to leverage much-needed infrastructure investment in the renewable energy sector.</p>
<p>4. Specific analysis for policy-based lending. Not applicable</p>

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?

Women are primary users of electricity at the household level. Reliable supply of electricity improves the efficiency and productivity of women in carrying out household tasks such as cleaning, cooking, laundry and further divert women's time and efforts to income-generating activities. A stable electricity supply in households has important gender implications. Productive use of electricity has oftentimes been biased. Spare household items such as televisions and radios are often given more importance over labor-diminishing domestic items such as modern cooking machineries. As men are the primary decision-makers in the household, their demands are oftentimes being prioritized over women's needs. Aging power infrastructure in Uzbekistan increasingly results in disruption of electricity supply. During the winter season when electricity demand becomes high, the houses in remote and rural areas suffer from extended blackouts for a few days or even weeks. During this season, the basic public services such as schools and health care are at the risk. With improved reliability of energy supply, the well-being and socio-economic condition of women will be improved, and they will have increased opportunities to participate in productive works.

2. Does the proposed project or program have the potential to contribute 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

The project has a potential to promote gender equality. It may offer extended job and capacity development opportunities during the course of program implementation.

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

Yes No

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.

General households, communities in the project area, business community, community-based organizations, local governments, social institutions such as schools and hospitals.

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?

Stakeholders' consultations through community meetings, discussions, and interviews will be conducted during the project preparation and implementation. Strategies to encourage poor women's participation as individual consumers or as representative of interested groups will be encouraged. Targeted vocational training may be provided to women. Consultations will be carried out with, but not limited to, the representatives of the project company, local cadaster office and district "khokimiyat" representatives, Women's Committee, representatives or leaders of "makhallas", representatives of business, educational and health facilities.

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

Information generation and sharing (L) Consultation (L) Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should 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

The project might have some acquisition of privately-owned land. While the solar power plant site will be located at an unused, government-owned land and there no existing facilities, 52 km transmission line (TL) and a substation need to be constructed (likely following the existing distribution line route) to evacuate the power from the solar power plant. The construction of TL and substation expected to have minor adverse impacts on private asset and economic activities of affected people. While the initial safeguards categorization takes pre-cautionary approach at the concept stage, the detailed safeguards due diligence reports will be prepared during the project preparation stage and necessary actions, including preparation of resettlement plan, will be pursued based on the outcome of due diligence.

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

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

The safeguards categorization of each project under the Program will be separately assessed. The safeguards categorization for the Sherabad project is subject to change upon confirmation of the associated transmission line route. LARP will be prepared for the project accordingly.

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

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

The project site does not have indigenous people's communities as defined in the Safeguard Policy Statement 2009.

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 transaction TA or due diligence process?

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

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

During the preparation and due diligence, the project team will confirm the core labor standards adherence of the IPP, and should there be any deficiency, appropriate measures will be discussed and agreed with the executing agency and implementing agency.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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?

- Yes No

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 transaction TA or due diligence?

Not applicable