



# Initial Poverty and Social Analysis

---

Project Number: 50146-003  
June 2021

## Armenia: ENA Investment Program Phase 2

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.



## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Armenia	Project Title:	ENA Investment Program Phase 2
Lending/Financing Modality:	General Corporate Finance	Department/ Division:	Private Sector Operations Department / Infrastructure Finance Division 1

<b>I. POVERTY IMPACT AND SOCIAL DIMENSIONS</b>
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>The proposed loan to ENA is a follow-on project to support its investment program to rehabilitate and improve efficiency of its electric power distribution segments across ten provinces in Armenia. The ADB loan will provide support in financing ENA activities for year 2021 and 2022 based on its investment program. ADB's support is expected to contribute in achieving ENA's overall goal of improving the quality of the power supply in Armenia, reduce greenhouse gas generation from power losses, increase operational safety level, and improve recovery of used oil and management of old transformer oil. ENA is the exclusive licensee for distribution of electricity in the Republic of Armenia.</p>
<p><b>B. Poverty Targeting:</b></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>The project will support ENA in its investment program to modernize the transmission network and contribute in addressing the risks of system breakdowns which have significant adverse impacts on the general livelihood situation of the population, especially the poor households. It involves rehabilitation, efficiency improvement and capacity expansion of the existing distribution network of ENA which includes: (i) rehabilitation and renovation of outdated equipment and lines, (ii) reconstruction of substations, (iii) expansion and improvement of ENA's automatic electricity metering system, and (iv) other improvements including upgrading of offices and testing equipment. The proposed financing to ENA, like in Phase 1, will provide support in financing ENA activities for year 2021 and 2022 based on its investment program.</p>
<p><b>C. Poverty and Social Analysis</b></p> <p>1. Key issues and potential beneficiaries.</p> <p>Primary beneficiaries of the project will be the general population in the urban and rural areas, commercial, industrial users and community service providers. With the continued services of ENA, the proposed funding will benefit the poor indirectly through improved efficiency and reliability of power transmission and distribution. This will contribute to improved living conditions of residents and productivity of commercial and industrial users and other institutional service providers including hospitals and educational institutions especially now that online platforms are being considered to be organized to ensure the continuity of educational processes in the country.</p> <p>2. Impact channels and expected systemic changes. The proposed ADB funding will help ENA continue its function of helping improve the living situation of the poor by providing them with access to efficient and reliable power in their residences and their sources of livelihood.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence. During due diligence, the following will be assessed: ENA's performance in terms of implementing its environment and social management system, human resources policies and procedures including its compliance with applicable environmental and social safeguards, related national laws and regulations, gender and other social aspects of the project.</p>
<b>II. GENDER AND DEVELOPMENT</b>
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? While women's right to equality in Armenia is enshrined in law, prevailing gender stereotypes continue to limit women with men strongly perceived as the breadwinner and women's role associated with domestic and childcare tasks.<sup>a</sup> Women's labor force participation was just 51% in 2019 compared to 71% of men.<sup>b</sup> Furthermore, occupational gender stereotypes mean more than 60% of women work in the lower-salaried sectors of agriculture, education, and health which limits Armenia's economic growth at a time when it needs to diversify towards science, information and communication, and entrepreneurship. Gender based violence is also an issue with 8% of women reporting physical or sexual violence from an intimate partner and qualitative studies suggest that sexual harassment is an issue for women in the workplace.<sup>c</sup></p> <p>ENA had 6,825 staff at the end of 2020 including the Board members of which 12% of staff were female. While women are under-represented across the organization, they hold particularly fewer roles in management (13% in executive management and 9% in other management) and both technical and non-technical professional positions (both with 9% female participation). ENA currently has no corporate anti-sexual harassment policy and no policy aimed at supporting the hiring, retention or promotion of female staff. The company does not have training or other</p>

opportunities to support women's career development. In 2020 no students/graduates from universities participated in a practicum or internship program at ENA.

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

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)

ENA committed to implementing a Gender Action Plan with the following key features: (i) leadership training for female staff, (ii) internships for female students/ graduates, (iii) development and implementation of a Gender Inclusion Policy to support the hiring, retention and promotion of female staff, (iv) development and implementation of an anti-sexual harassment policy, and (v) ENA's customer service centers have publicly available pamphlets or other materials that communicates support services (such as hotlines) for gender-based violence survivors.

### 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. Main stakeholders of the project are the general population in the urban and rural areas, commercial, industrial users and community service providers. Part of ENA's procedure prior to rehabilitation or upgrading of facilities is to engage with the village leaders and representatives and secure their endorsement on the proposed project activities.

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? ENA presents its Annual Plan during a public hearing that is conducted annually by the Public Services Regulatory Commission (PSRC). Every project that ENA implements need to be presented and approved by the said regulator. This public hearing is open to the public and without this procedure, ENA cannot implement its projects. There is continued strong support for the project as power supply is a critical need of the population and economy. ENA's environmental and social management system (ESMS) includes provisions and procedures for stakeholder engagement, community consultation, and grievance resolution in its operations.

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?

L  Information generation and sharing L  Consultation  Collaboration  Partnership

There are no specific roles for civil society in the project but transparent sharing of information and consultation about the project components is part of ENA's stakeholder engagement process.

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 proposed loan to ENA is a follow-on project to support its investment program to rehabilitate and improve efficiency of its electric power distribution segments across ten provinces in Armenia. Project activities in Phase 2 are anticipated to be like those undertaken during the first phase involving numerous, but relatively small-scale rehabilitation and upgrading works. The planned works will not require acquisition of any private property and will not lead to any involuntary resettlement impacts. Project activities will be carried out within the existing RoW already provided to ENA or located on government lands, after obtaining necessary clearances and permits.

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

**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

Indigenous Peoples as defined by SPS (2009) are not present within the footprints of ENA's facilities and distribution networks. No IPs will not be impacted by the project.

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

<p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan   <input type="checkbox"/> Indigenous peoples planning framework   <input type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> Environmental and social management system arrangement   <input type="checkbox"/> None</p>
<p><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p>L <input checked="" type="checkbox"/> Creating decent jobs and employment   L <input checked="" type="checkbox"/> Adhering to core labor standards   L <input checked="" 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?</p> <p>ENA is guided by its HR Policy and Labor Code of Armenia and implements a non-discriminatory policy. There is an expected decline in employment which is mostly related to the modernization of the ENA infrastructure and improved efficiency of operations. A Retrenchment Policy and Retrenchment Management Plan compliant with the provisions of the national labor legislation and ADB requirements will be developed by ENA to ensure minimal to no labor market impact and to guide ENA in managing the transition.</p>
<p><b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></p>
<p>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?</p> <p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</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 transaction TA or due diligence? Due diligence was undertaken by the ADB Team covering social safeguards, the company's performance in terms of implementing its environmental and social management system, labor, gender, and other social aspects of the project.</p>

Sources:

<sup>a</sup> ADB. 2019. *Armenia Country Gender Assessment*. Manila.

<sup>b</sup> International Labour Organization, ILOSTAT Database (accessed 29 January 2021).

<sup>c</sup> Oxygen. 2019. *Roadmap for Ensuring Equal Labor Rights for Women and Men in Armenia*. Yerevan.