



Initial Poverty and Social Analysis

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UZB: Preparing the Skills Development for a Modern Economy Project

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Republic of Uzbekistan	Project Title:	Skills Development for a Modern Economy Project
Lending/Financing Modality:	Investment Project	Department/Division:	Central and West Asia Department/ Social Sector Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The *Action Strategy for the Five Priority Areas of the Republic of Uzbekistan (2017–2021)* seeks to expand the middle class, promote shared prosperity, and eliminate poverty through the creation of quality jobs for its citizens. With almost 60% of the population under the age of 30, Uzbekistan requires a high rate of job creation and well-functioning labor markets to absorb this economically active and growing population. Recently with a rising unemployment rate (5.2% in 2015 and 9.3% in 2018) and anticipating also an estimated increase of more than 30% of the working age population by 2030, it is a government priority to address labor market challenges and provide relevant skill. ADB Strategy 2030 includes improving education and training to address remaining poverty and reduce inequalities. The forthcoming country partnership strategy (CPS, 2019–2024) is consistent with the recent government initiatives.

The proposed project will contribute to poverty reduction through increased employment of the population, especially for youth by providing market-relevant skills to students and job-seekers through an improved and demand-driven technical and vocational education and training (TVET) system that is more responsive to labor market needs. The proposed project aligns with the government’s *Action Strategy (2017–2021)* by supporting government’s priority area of “investing in human capital”. It also aligns with the forthcoming CPS (2019–2024) to support human capital enhancement for improving productivity and job creation.

B. Poverty Targeting:

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)

Key issues. Uzbekistan had high and stable GDP growth from 2004 to 2016 and more than halved the poverty rate from 27.5% in 2001 to 12.8% in 2016, but elasticity of poverty reduction relative to GDP growth was low. From 2002 to 2013, per capita GDP grew 197% and poverty declined by 49% (i.e. on average, a 1% increase in per capita GDP is associated with a 0.5% decrease in the poverty rate; the average for developing countries is 1% increase in per capita GDP is associated with a 3% decrease in the poverty rate). Lower-welfare (as measured by consumption expenditures) households were mainly those with more household members but proportionately fewer working adults. Moreover, the distribution also exacerbates the poverty pattern: (i) more affluent persons have about 40% higher average labor income, and (ii) the top 60% work 43 hours/week, compared to 37.5 hours for the bottom 40%. Thus, the combination of fewer working adults, lower incomes, and fewer working hours makes it difficult for poorer families to improve their well-being. Also, youth and women are disadvantaged. The unemployment rate for youth aged 16 to 25 years was 17% in 2018, almost double the national unemployment rate. Women’s labor participation rate (33.1%) is also far lower than the CIS average (50.2%).

Design features. The project will support development of skills for employment, as well as improve employment services for both TVET students and unemployed job-seekers. Unemployed jobseekers, including defined proportions of women, people with disabilities (PWD) and returning migrants, will be retrained in professional training centers (PTC). TVET students will be trained and certified through competency-based training, and special focus will be on training girls in non-traditional trades. Entrepreneurship training with access to funding opportunities and modern public employment services (PES) will be provided equally to males and females as well as PWD.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The 2018 unemployment rate was reported at 9.3% and youth unemployment at 17.4%. The informal sector constitutes 42% of existing jobs and up to 70% in construction, where people do not pay taxes and have no social protection. Far from all job-seekers are registered in the PES centers. Low salaries push qualified workers to migrate abroad (e.g. Russia, Kazakhstan), but recent years’ economic down turn outside drove many migrants to return home and enter or re-enter the domestic labor market. Lack of career guidance and labor market information, and missing links between TVET sector and employers are exacerbating labor market problems. Employers prefer skilled workers who can immediately fulfil their needs rather than having to train them before they become productive. Thus, for youth, lack of relevant skills when entering labor market, it is unable to compete with experienced laborers. Youth unemployment could risk social marginalization. It thus calls for interventions to promote employability of youth, including women and the vulnerable.

Direct project beneficiaries will be (i) the students who graduate from TVET colleges (TVETCs) with more relevant and higher skills in priority economic sectors, and (ii) the unemployed job-seekers who will receive high quality re-training in priority sectors with high employment potential. The benefits will accrue primarily from increased quality

and relevance of skills built on competence-based curricula and training, upgraded training equipment, workshops and laboratories, improved training of trainers, and enhanced employment service and career guidance.

2. Impact channels and expected systemic changes. The proposed project will support (i) industry / employer / trainer partnerships in curriculum design, workplace training and labor market information that will lead to improved employment opportunities for students and job-seekers; (ii) strengthening the oversight and coordination and the capacity of research bodies; (iii) training of trainers, management and staff at central and local training institutions and the PES; and (iv) collaboration with an internationally well-established training institution on improving training, assessment and certification standards. The proposed project will support the government's initiatives for vulnerable groups and women for their access to skills and jobs. Entrepreneurship development will be provided to people.

A better skilled workforce will support economic growth and is expected to attract foreign direct investments, contributing to GDP growth and socio-economic development. The project will develop collaborative systems for public-private partnerships, competence-based training and improved assessment and certification mechanisms that will assure quality of the skills development for meeting the needs of market.

3. Focus of (and resources allocated in) the transaction TA or due diligence. Gender will be a key focus for the proposed project to economically empower women in the labor market. This will include bias-free curricula and materials, improved access for girls to non-traditional trades, increased provision of sex-segregated sanitation facilities for women and girls. Similarly, retraining opportunities for PWD will receive special attention through using two PTCs to serve specifically PWD and exploring partnership with non-government organizations (NGOs) to reach vulnerable people. The due diligence for project preparation includes the support from a national gender and social specialist to define the issues and baseline indicators and to prepare a gender action plan (GAP) for the project. Implementation and reporting of the GAP will be monitored during project implementation.

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? Uzbekistan scores consistently high in terms of equality in access to education (albeit in traditional female areas of study) and in health outcomes for women, but these scores are tempered by the limited progress made in women's access to economic opportunities and political empowerment. Gender equality is not generally recognized as a prerequisite for the country's economic growth and stability. The 2018 Labor Strategy does not show sex-disaggregated data or gender-related initiatives except to note that 41% of the economically inactive population are women taking care of children aged over 3 years. However, there is evidence of distinct gender patterns in the labor market. Women are over-represented in public sector jobs (healthcare and education), which carry lower salaries, and men predominate in technical and other more profitable fields (construction, transport and communications, and industry). Comparing the distribution of women and men in several sectors of the labor market across time, gender gaps appear to be increasing in sectors where men predominate but decreasing in fields traditionally held by women. Women also are underrepresented in upper managerial positions. Such patterns of occupational segregation—both horizontal and vertical—contribute directly to the gender wage gap and impede inclusive growth. In addition to promoting the participation of girls and women in training (see also C.1.2 and 1.3 above), the proposed project will support (i) information systems to be developed for TVET and the labor market with sex-disaggregated statistics and data, (ii) career guidance on non-traditional jobs for females, and (iii) awareness raising on gender issues related to labor market participation and entrepreneurship.

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 proposed project will support girls and women in getting quality and relevant skills training and raise their potential to be gainfully employed. A GAP will be prepared during the project design phase and monitored for compliance during project implementation.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No The proposed project will increase opportunities for girls and women. Effective design and implementation will be necessary to ensure the positive impact.

4. Indicate the intended gender mainstreaming category: GEN (gender equity) EGM SGE NGE

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 primary stakeholders are students, unemployed job-seekers, teaching staff, managers and administrative staff in the Uzbekistan TVET and professional training sector, staff and management of the PES and Uzbekistan employers. Secondary stakeholders are families of the students and job-seekers, government authorities and the line ministries. They will be consulted throughout the project design. Development partners will also be consulted for development coordination. No resettlement or other negative effects are anticipated during project design or implementation.

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? The proposed project will support competency-based training targeting youth and unemployed jobseekers, which require effective involvement of multi-stakeholders including employers, training institutions, and government authorities. Employment services will become more client-focused for the unemployed jobseekers, including vulnerable groups and women. Moreover, the support for girls and women in non-traditional trades and entrepreneurship development will open economic opportunities for them.

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? M Information generation and sharing M Consultation N Collaboration M Partnership Relevant CSOs include the Chamber of Commerce and Industry, the Women's Committee, Youth Council, and regional associations of women entrepreneurs. The proposed project will promote the establishment of sector skills councils and explore the partnership with NGOs to reach vulnerable people to enhance their access to skills and jobs.

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 Consultations with CSOs are conducted. A plan for social mobilization and communication will be developed for the project. A national gender and social specialist will be hired to support project design to address the needs of vulnerable groups and women.

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 All institutions that will be upgraded during the project already exist as TVETCs, all of which are government-owned. Civil works will be restricted to brown field renovations to meet the needs of improved equipment provision. There will be no land acquisition or physical or economic displacement. The sites will be assessed by specialists under the transaction TA to confirm this brown field status of the sites. Involuntary resettlement category will be downgraded from B to C after all the due diligence has been completed and no expected impacts have been identified.

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

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 transaction TA or due diligence process? Indigenous peoples plan Indigenous peoples planning framework Social impact matrix Environmental and social management system arrangement None

The proposed project will include indigenous peoples as part of the beneficiaries by supporting their access to quality and relevant skills and improving their employability.

V. OTHER SOCIAL ISSUES AND RISKS

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

H Creating decent jobs and employment M Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking M 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? The proposed project will generate positive effect on employability by providing market-relevant skills to students and jobseekers. Modernized PES which will promote informed decision-making on employment opportunities.

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? A national gender and social development specialist will support to specify the issues and baseline indicators and to prepare a GAP for the project.