

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Republic of Tajikistan	Project Title:	Access to Green Finance Project
Lending/Financing Modality:	Project grant	Department / Division:	Central and West Asia Department / Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY	
Targeting classification: General intervention.	
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy	
<p>Tajikistan's development goals are articulated in its National Development Strategy 2006–2015, which identifies the promotion of economic growth as the main development objective and as the basis for its Poverty Reduction Strategy 2010–2012 (PRS). The PRS is also integrated with the government's Medium-Term Budget Framework (MTBF) and the Public Investment Program (PIP). The project is linked to the PRS strategy by its focus (i) on achieving energy security and increasing availability of energy in the country, and (ii) providing better housing for the low-income population, use of alternative energy sources, and environmental protection. The project is also linked to the PRS by its focus on private sector development. The project is in line with the Asian Development Bank (ADB) Country Partnership Strategy 2010–2014, which has an explicit focus on clean energy and energy efficiency investments, climate change mitigation, and private sector development.</p> <p>The project is expected to improve living standards and have an indirect impact on poverty, mainly through lower energy costs, more regular access to electricity, and resulting health and education benefits.</p>	
B. Results from the Poverty and Social Analysis During PPTA or Due Diligence	
<p>1. Key poverty and social issues. The project involves two sectors: energy and microfinance. High energy costs, especially in winter, and the use and occupancy of energy inefficient products and homes, have a negative effect on the poor, who live in the winter in houses inadequately heated with dirty solid fuels that cause health problems. Over 47% of Tajikistan's households are classified as poor. More than 84% of the poor use solid fuels such as wood, coal, and manure for heating and cooking purposes, thereby exposing them to harmful indoor air pollution.¹ The project will utilize the microfinance sector (i.e., microfinance institutions (MFIs) that specialize in making small loans and serving low-income clients, especially women) to provide access to finance to the poor in order for them to purchase insulated doors and windows and more efficient heating and cooking stoves that produce less harmful effluents.</p> <p>2. Beneficiaries. The primary beneficiaries will be the households who, having been given access to finance from MFIs, purchase "smart green energy solutions (SGES)" such as energy efficient windows and doors, cooking and heating stoves, solar water heaters, and water purifiers. The secondary beneficiaries will be craftsmen who manufacture and assemble locally produced SGES. The primary beneficiaries are expected to be in the lowest three income quartiles, while the secondary beneficiaries are expected to be in the first and second lowest income quartiles (annual income less than the 2012 national average GDP per capital of \$953.30 per household). People in rural areas are expected to benefit more than people in urban areas because their income is lower, the percentage of their income spent on fuel is higher, their water supply is often less healthy, their electricity supply is less dependable, and the fuel they use for cooking and heating is more environmentally harmful. Among the large MFIs, 28% of IMON's clients and 55% of Oxus' clients were below the national poverty line in 2010. Hence, MFIs have a significant outreach among the poor who will be among the project's primary beneficiaries. While over 96% of the population is connected to the electricity grid, the availability of electricity is much lower for poor households than those classified as non-poor. About 24,000 households are estimated to be in off-grid areas. Due to frequent power outages during winter, poor households are more likely to use harmful and expensive fossil and solid fuels for their heating, cooking, and lighting needs. Only 19% of poor households use electricity for heating in winter, compared to 39% of the non-poor. Of poor households, 51% use wood for heating compared to 35% of the non-poor. Of poor households' expenditures, 13% are for energy purchases, compared to a national average of 10%. This demonstrates that the poor suffer from poverty penalty but they also have the willingness to pay for energy.</p> <p>3. Impact channels. The poor who are able to purchase SGES will enjoy benefits such as warmer houses, less money spent on fuel, and better indoor air conditions. The poor who receive training as craftsmen to manufacture and assemble SGES will have livelihood income.</p> <p>4. Other social and poverty issues. The project will create better household health conditions by providing clean water, less indoor air pollution, and better heating and warmth in the winter. The project does not address the need to improve maternal health, reduce child mortality, and ensure universal primary education. The government, nongovernment organizations (NGOs), and other development partners are supporting the</p>	

¹ UNICEF, State Committee on Statistics, Republic of Tajikistan. 2009. *Tajikistan Living Standards Measurement Survey 2007*. Dushanbe.

government in addressing these issues.

5. **Design features.** The design and monitoring framework (DMF) includes a target of installing at least 1,000 cook stoves, heating stoves, and solar water heaters by 2019. These types of SGES are of relatively low cost (\$64–\$300) and are especially useful to women. Given the availability of an installment loan, these SGES are expected to become affordable to households in the first and second income quartiles. The project includes technical assistance (TA) to train suppliers and MFI loan officers on SGES most useful to women, who, on average, are poorer than men.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation. As provided in the DMF and the Gender Action Plan (GAP), the project includes (i) gender sensitive product awareness training that will help enable project staff to focus on products that appeal the most to the poor and women, (ii) gender sensitive technical training (e.g., on manufacturing and assembling SGES), (iii) loan officer training on SGES products (including soliciting their advice on the best products to target the poor and women), and (iv) public awareness campaigns on SGES products. The GAP includes a requirement for focus group discussions to assess women's needs for knowledge of alternative energy sources and energy efficiency, as well as a requirement for financial literacy training for women.

2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation. The project team met with NGOs, such as Habitat for Humanity and Geres, which have implemented pilot energy efficiency projects and wish to expand them. They agreed to work with the project, which will facilitate the expansion of their projects by providing more access to finance to their beneficiaries and by providing more technical assistance.

3. Explain how the project ensures adequate participation of civil society organizations in project implementation. The GAP requires consultation with women's groups and civil society organizations in planning public awareness campaigns and training and awareness-raising events.

4. What forms of civil society organization participation is envisaged during project implementation?

☒ Information gathering and sharing ☒ Consultation ☒ Collaboration ☒ Partnership

5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?

☒ Yes. The gender specialist will prepare it; there is adequate time and resources in the project management unit (PMU) budget to support its preparation and execution. ☐ No.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective gender mainstreaming

A. Key issues. Women spend more time cooking than men and are, therefore, exposed to more harmful indoor air pollution produced by inefficient cooking stoves. Better cooking stoves also reduce the risk of fire. Women are also principally responsible for gathering and chopping firewood, the consumption of which may be reduced if more fuel efficient cooking and heating stoves are used and if insulated doors and windows are installed. Thus, there are many potential project benefits for women. However, women are less knowledgeable than men about energy efficiency products and have lower financial literacy. They also receive a smaller percentage of loans from MFIs than men (39% compared to 61% in terms of number of loans; 32% compared to 68% in terms of loan amount).

B. Key actions.

☒ Gender action plan ☐ Other actions or measures ☐ No action or measure

The project's GAP provides that at least 30% of all loans for SGES will be made to women and that women constitute at least 50% of the participants in all training programs. The GAP aims to ensure that women are able to benefit fully from the opportunities offered and that the project has a significant impact in improving several key dimensions of their lives—including health, livelihoods, security, reduction of demands on their labor-time, and improvements in their children's education. For instance, improved stoves will require less fuel and will reduce respiratory diseases caused by smoke-filled houses; water purifiers will reduce water-borne diseases; solar water heaters will make cooking and housework easier and improve health; solar energy will enable home-based entrepreneurial activities; and better lighting will enable schoolchildren to study in the evenings and improve personal security. Training and awareness-raising for women will include energy efficiency, the use of energy to generate incomes and improve livelihoods, and improved hygiene with purified and heated water. The PMU will undertake a baseline study at the start of the project to enable the monitoring of quantitative and qualitative improvements in women's lives, to record successful impacts for replication elsewhere, and to allow the development of a narrative account for publication. Financial literacy training will also be provided to women.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: ☐ A ☐ B ☐ C ☒ FI

1. Key impacts. None.

2. Strategy to address the impacts. N/A

3. Plan or other Actions: The Environmental and Social Management System (ESMS) of each MFI will provide for a screening mechanism which ensures that investments with category A or B impacts are excluded.

<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input checked="" type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
<input type="checkbox"/> No action	
B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI	
1. Key impacts. None. Is broad community support triggered? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	
2. Strategy to address the impacts. N/A	
3. Plan or other actions: ESMS will provide for a screening mechanism that ensures investments with category A or B impacts are excluded.	
<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market. <input checked="" type="checkbox"/> unemployment (L) <input checked="" type="checkbox"/> underemployment (L) <input checked="" type="checkbox"/> retrenchment (L) <input checked="" type="checkbox"/> core labor standards (L)	
2. Labor market impact. The project will increase employment by providing livelihoods for skilled workers who manufacture SGES, for installers who install and service SGES, and for employees of distributors who sell them.	
B. Affordability The cost of SGES ranges from \$200 to \$5,000 of which the purchaser is required to make an upfront payment of at least 10%. The purchaser may borrow the remainder of the cost from an MFI at an interest rate and for a long enough term so that the individual installment payments, especially for lower cost SGES, will be affordable for a large percentage of potential purchasers.	
C. Communicable Diseases and Other Social Risks 1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (NA) <input checked="" type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify) _____	
2. Describe the related risks of the project on people in project area. None.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators: The DMF provides that at least 30% of the number of loans made by MFIs for SGES (constituting at least 20% in aggregate principal amount of such loans) be made to woman-headed households. It requires that at least 1,000 energy efficient cooking stoves, heating units, and solar water heaters be installed, with at least 40% in woman-headed households. It also provides that at least 20% of households be made aware of and understand the benefits of energy efficiency by 2019 and that public awareness programs include training to women on the livelihood development potential of SGES. A baseline will be completed and validated in the first 6 months of the project. Progress on meeting the DMF targets will be monitored by the executing agency's PMU and, with respect to the making of loans and the installation of SGES, by the MFIs that participate in the project.	
2. Required human resources: Each MFI participating in the project will have a project implementation unit (PIU) composed of 3 to 5 individuals whose responsibilities include monitoring and reporting on the MFIs progress in meeting the social impact objectives of the project's lending component. The loan officers of each MFI will receive training on dealing with women borrowers and understanding their needs. The PMU will include a gender specialist who will work closely with other PMU staff to accomplish the project's nonlending social impact objectives, as well as liaising with the MFIs' PIUs and the gender specialists in ADB headquarters and ADB's Tajikistan Resident Mission.	
3. Information in PAM: The Project Administration Manual (PAM) requires (i) the preparation by the PMU's gender specialist of a baseline study at the start of the project to enable monitoring of quantitative and qualitative improvements in women's lives as a result of the project, (ii) quarterly reports from MFIs that include progress on the social impact objectives of the project related to lending for SGES, (iii) monthly reports from the PMU to ADB on progress in achieving the project's other social impact objectives, (iv) the preparation by the PMU's gender specialist of a written narrative for publication of the project's gender impacts, and (v) the preparation of a project completion report by the PMU at the end of the project.	
4. Monitoring tools: Each MFI's periodic reports to the PMU will include for each approved loan (i) whether the borrower is a woman and (ii) the type of SGES acquired using the loan proceeds. MFI staff, together with the PMU's monitoring and evaluation specialist, will monitor the social benefits received by loan borrowers and include this information in their reports to the PMU and ADB.	