

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Uzbekistan	Project Title:	Central Asia Regional Economic Cooperation Corridor 2 (Pap–Namangan–Andijan) Railway Electrification Project—Additional Financing
Lending/Financing Modality:	Project (additional financing)	Department/ Division:	Central and West Asia Department/ Transport and Communications Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY	
Poverty targeting: general intervention	
<p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b></p> <p>Transport and communications infrastructure is recognized as a key growth driver in Uzbekistan's Development Strategy, 2017–2021, to promote economic development and liberalization and to support the development of the social sectors.<sup>a</sup> The strategy specifically mentions the importance of improving transport services, raising passenger safety, and reducing harmful emissions. The additional financing will also support stepwise improvements of the executing agency, O'zbekiston Temir Yo'llari (UTY), which are ongoing in the areas of technology, human resources, and financing as part of its long-term development strategy.</p> <p>The project supports the Asian Development Bank (ADB) operational priorities of (i) tackling climate change, building climate and disaster resilience, and ensuring environmental sustainability; (ii) strengthening governance and institutional capacity; and (iii) fostering regional cooperation and integration.<sup>b</sup> The expansion of a modernized railway network will cut greenhouse gases and reduce local air pollution. The improved efficiency of train services will reduce journey times, improve service quality and reliability on Uzbekistan's transport network, and strengthen the conditions for the private sector to grow. The project is aligned with the ADB country partnership strategy, 2019–2023 for Uzbekistan, which calls for investments in the transport sector and the modernization of railway infrastructure.<sup>c</sup></p>	
<p><b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b></p> <p>1. Key poverty and social issues. Uzbekistan has achieved significant progress in reducing low incomes and tackling malnutrition. The national poverty rate decreased from 19.5% in 2001 to 11.4% in 2018. Social cohesion has been maintained through more equitable income distribution, the creation of job opportunities with a focus on rural areas, and attention given to vulnerable people. Income levels of people in the project area, covering three provinces, is among the lowest in Uzbekistan. Compared with the national average per capita income of \$1,040, the figure is \$1,006 in Andijan, \$825 in Ferghana, and \$813 in Namangan.<sup>d</sup> About 71.4% of income comes from working activities (e.g., wages, salaries, and fees); of this, 45% is from self-employment. Transfers, including remittances from abroad, total 24%. Income from property (e.g., from leasing houses, cars, and other assets) contributes 3%. Self-production (e.g., small-scale farming) totals 2%. In 2018, the average monthly consumption of each household member in Uzbekistan was SUM572,300 (\$68). In the Fergana Valley, only Andijan Province is above the national average, at SUM585,000 (\$70), compared with Namangan (\$64) and Ferghana (\$57). About 45.0% of consumption is for food products and eating out, whereas 31.5% is for nonfood products. Transportation is responsible for 3.4% of total consumption, or about \$10 per month per household.<sup>e</sup> The lack of access to safe and affordable transport hinders the social and economic development of rural households as well as industry and agriculture.</p> <p>2. Beneficiaries. The primary beneficiaries will be passengers (especially the university community, which is the primary user of the railway), freight transporters, and agro-industrial producers. Other beneficiaries are the inhabitants of the project area.</p> <p>3. Impact channels. The project will stimulate economic growth in the Fergana Valley by improving railway passenger and freight services to and from the Ferghana Valley, and increase regional trade along the Central Asia Regional Economic Cooperation (CAREC) Corridor 2. It will contribute to reducing transport costs and travel times; ensure safety; and increase access to jobs, markets, health care, and education facilities for the local population. New jobs are also expected to be created during implementation and operation. Women and children will have access to safe transport, with gender-inclusive facilities in trains and at modernized stations. Currently, women and children face unsafe and crowded travel conditions through the use of informal taxis and vans. Electrification of the railway will increase the opportunities for tourism development in the Fergana Valley. This will also contribute to the creation of new jobs in the tourism segment, which is traditionally occupied by women. The project has no direct impact on poverty reduction.</p> <p>4. Other social and poverty issues. Fergana Valley has the highest unemployment rate among the regions of the country reaching 9.6%. The average working age is 36.4 for women and 37.9 for men, which indicates a higher rate of unemployment among young people in the project area. Most employed people in the Fergana Valley work in agriculture. Industry, trade, education, and construction are the next highest employment sources. About 4%–5% of employed people work in transport and storage services.</p> <p>5. Design features. The additional financing project will have no direct impact on the poverty reduction of the residents.</p>	

## II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. The project has the potential to support women's development in the rail transport (nonurban) subsector by training UTY staff in charge of signaling, telecommunications, dispatching, and scheduling. Apart from the primary beneficiaries, UTY will be the main stakeholder as the executing agency. The State Committee on Investments; Ministry of Finance; Ministry of Economy; Ministry of Investments and Foreign Trade; State Committee on Land Resources, Geodesy, Cartography and State Cadastre; and other government authorities will support the project design and implementation.

2. Civil society organizations. Local *hokimiyats* (authorities) and the local population and civil society organizations living in the project area were consulted through meetings and briefings during project preparation. Civil society organizations such as *mahallas* (residential community), village assemblies, farmers' associations, or women's organizations, will be involved in the project's grievance redress mechanism.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): \_\_\_\_\_

☒ Information gathering and sharing ☒ Consultation ☐ Collaboration ☐ Partnership

4. Participation plan. Not applicable.

☐ Yes. ☒ No.

### III. GENDER AND DEVELOPMENT

Gender mainstreaming category: some gender elements

**A. Key issues.** As transport users, women travel to different destinations and for different reasons than men. They use both private and public transport for trips such as purchasing raw materials from wholesale markets, visiting administrative institutions, taking children to and from preschool or school, and shopping for daily needs. Thus, the lack of access to safe and affordable transport significantly affects women as the main users of public transport. Poor road conditions become challenging (especially in cold seasons) and make the population (especially women) living in remote rural areas more vulnerable in meeting their social needs. In the project area, women mostly use rail transport, which is safer for long-distance trips with children and elderly persons.

The transport sector still has significant gender asymmetry, with low participation of women in the male-dominated rail transport subsector. The share of women working in Uzbekistan's railways is less than 20%, according to the latest information available from the Uzbekistan Country Gender Assessment, 2018.<sup>1</sup> The share of women working at stations is typically about 30%, mostly as cashiers and cleaners. Women staff have equal rights and privileges under national legislation, and differences do not exist in salaries or recruitment. A challenge is posed by the lack of sex-disaggregated data, information, studies, and gender networking in the subsector; and lack of coordination with government institutions in charge of promotion of gender equality. This requires more efforts to integrate the gender perspective in the transport sector and the rail transport (nonurban) subsector.

**B. Key actions.** The current project supports measures to mitigate any potential negative social impacts that may arise, particularly on the operational safety of the electrified railway. A specific project output will help improve operational safety through (i) the conduct of an assessment of the existing and anticipated safety situation for the public, including women and children; (ii) support for the development of practical countermeasures; and (iii) training of staff (inclusive of female staff) to plan future railway developments in the safest manner.

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

The additional financing will further support the empowerment of women employees of UTY by including them in training on (i) modern signaling and telecommunications and (ii) train management systems. For (i), the plant contractor for the signaling and telecommunications system will provide such training to at least 20 women staff. For (ii), consultants to be hired under the loan will conduct an assessment of the existing situation in Uzbekistan regarding the preparation of train timetables and the control of train movements; provide recommendations to UTY on developing practical countermeasures to the issues found in the assessment; prepare and execute training of UTY staff—including at least 10 women staff—in best practices in train control systems; and ensure the project performance monitoring system includes sex-disaggregated indicators and targets. A social and gender specialist will be retained at the project implementation unit in UTY to coordinate on all matters related to gender. Gender awareness trainings will be conducted for UTY staff, by ADB staff and by consultants to be hired under the loan, in close cooperation with government institutions in charge of promotion of gender equality.

#### IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

**A. Involuntary Resettlement** **Safeguard Category:** ☐ A ☒ B ☐ C ☐ FI

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1. Key impacts. The project was categorized *B* for involuntary resettlement, primarily because of an outstanding compensation payment for three affected persons for land losses at the traction substations at Asaka and Kokand and associated external power supply line, which are from the previous land allocation made by UTY and not in anticipation of the ADB financing.

2. Strategy to address the impacts. A social due diligence report, including a corrective action plan, was prepared to address the outstanding issues and to undertake safeguard monitoring for emerging or unanticipated issues during implementation. Compensation to the three affected persons has now been fully completed.

