SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country: 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 AND SOCIAL ANALYSIS AND STRATEGY

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

The Action Strategy for the Five Priority Areas 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 55.2% of the population under the age of 29, Uzbekistan requires a high rate of job creation and well-functioning labor market to absorb this economically active and growing population. With a rising unemployment rate (9.0% in 2019 and 13.2% in January–June 2020) and anticipating 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 skills. ADB’s Strategy 2030 includes improving education and training to address remaining poverty and reduce inequalities. ADB’s country partnership strategy for Uzbekistan, 2019–2023 is consistent with recent government initiatives.

The project will contribute to poverty reduction through increased employment of the population, especially youth, by providing market-relevant skills to students and job seekers through an improved and demand-driven TVET system that is more responsive to labor market needs. The project aligns with the government’s action strategy, 2017–2021 by supporting the priority area of “investing in human capital” (endnote a). It also aligns with ADB’s country partnership strategy for Uzbekistan, 2019–2023 to support human capital enhancement for improving productivity and job creation, so as to support private sector development and country competitiveness.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. Although Uzbekistan more than halved the poverty rate from 25.8% in 2005 to 11.4% in 2018, the recent economic downturn under COVID-19 is estimated to cause an additional 448,000 people to fall into poverty, and the poverty rate (based on $3.2 per person per day in purchasing power parity terms) could increase to 8.7% in 2020 compared with the projection of 7.4% before COVID-19. The informal sector constitutes 40% of existing jobs, where people do not pay taxes and have no social protection. Far from all unemployed job seekers (about 47% in 2019) are registered in PES centers, and only 5% of them were referred to “reskilling” training. Low salaries push qualified workers to migrate abroad (e.g., the Russian Federation and Kazakhstan). However, due to the COVID-19 pandemic, many migrants returned home. The number of migrant workers as of June 2020 was 232,000 lower than in the first quarter of 2020. As of June 2020, one out of five youth was unemployed, much higher than the national unemployment rate. Lack of career guidance and labor market information, and missing links between TVET and industries are exacerbating labor market problems. Employers prefer skilled workers who can immediately fulfill their needs rather than having to train them before they become productive. Thus, the youth who lack relevant skills when entering the labor market are unable to compete with experienced laborers. Youth unemployment may lead to social marginalization. It thus calls for interventions to promote the employability of youth, women, and vulnerable groups.

2. Beneficiaries. Direct project beneficiaries will be (i) the graduates from TVEIs with more relevant skills in priority economic sectors, and (ii) the unemployed job seekers who will receive quality retraining in priority trades with improved employment potential. The benefits will accrue primarily from increased quality and relevance of skills built on competence-based curricula and training, upgraded training equipment and workshops, improved training of trainers, employment service, and career guidance. The project will benefit women, PWD, and other disadvantaged groups with targeted interventions including bias-free curricula and materials, improved access for girls to non-traditional trades, gender- and PWD-inclusive campus facilities, retraining opportunities for PWD, and partnership with NGOs to reach vulnerable people.

3. Impact channels. The project will support (i) partnerships between TVET and industries 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 capacity of research bodies; (iii) training of trainers, management, and staff at central and local training institutions and the PES; and (iv) collaboration with internationally well-established training institutions on improving training, assessment, and certification standards. The project will support government initiatives for vulnerable groups and women to access to skills, jobs, and entrepreneurship development.

4. Other social and poverty issues. The main problems of the labor market, aside from the lack of skilled workers, are associated with the high cost of economic growth—driven by large projects in the mining sector, with limited potential for job creation; an insufficient number of newly created jobs (2.5% in 2018, which is close to the natural labor force replacement factors); and the instability of new jobs created in micro and small enterprises, which are vulnerable.
5. **Design features.** The project will support skills development for employment. Unemployed job seekers, including defined proportions of women, PWD, and returning migrants, will be retrained in PTCs. TVET students will be trained and certified through competency-based training, and a special focus will be on training girls in nontraditional trades. Entrepreneurship training and modern PES will be provided equally to males and females, including PWDs.

### II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** The proposed project will support competency-based training targeting youth and unemployed job seekers, which requires the effective involvement of multiple stakeholders including employers, training institutions, and government authorities. Employment services will become more client-focused for the unemployed job seekers, including PWD and women. Moreover, the support for girls and women in nontraditional trades and entrepreneurship development will open economic opportunities for them. These stakeholders have been consulted during project preparation and their inputs have been incorporated in the project design. Consultations also focused on the specific challenges and opportunities for women and PWD in accessing skills development and jobs. Sector skills council representatives will participate in the project steering committee.

2. **Civil society organizations.** Relevant civil society organizations include the Chamber of Commerce and Industry, the Women’s Committee, Youth Council, Association of People with Disabilities, and regional associations of women entrepreneurs. The project will promote the establishment of sector skills councils and explore collaboration with them to reach vulnerable people to enhance their access to skills development and jobs. Sector skills council representatives will participate in the project steering committee.

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):
   - ☒ (M) Consultation  ☒ (M) Collaboration  ☐ (NA) Partnership

4. **Participation plan.** ☒ Yes. ☐ No. A social campaign strategy, especially for encouraging women’s access to skills development, including nontraditional trades and jobs, will be developed and implemented annually.

### III. GENDER AND DEVELOPMENT

**Gender mainstreaming category:** gender equity

**A. Key issues.** Uzbekistan consistently scores high in terms of equality in access to education (albeit only 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. 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’s labor participation rate is 15 percentage points lower than men’s. Women are overrepresented in public sector jobs (health care and education), which have lower salaries, and men predominate in technical and other more profitable fields (construction, transport and communications, and industry). This pattern is also reflected in women’s choice of education and training—although more women than men were reskilled under the State Employment Promotion Fund, women are mostly reskilled in sewing and beautification, the trades with much lower wages than the national average. On average, women earn 35% less than men. Comparing the distribution of women and men in several trades of the labor market across time, gender gaps appear to be increasing in trades where men predominate, but decreasing in fields traditionally held by women. Such patterns of occupational segregation contribute directly to the gender wage gap and impede inclusive growth.

**B. Key actions.**

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

The project is designed to help ensure gender equality in accessing skills development and increasing the participation of female skilled workers in nontraditional trades. The project will build the capacity of female trainers in teaching and management positions. The gender action plan includes measures to attract more women to acquire industry-relevant skills and gain employment in male-dominated trades, such as through public awareness raising and social campaigns. The project will upgrade gender-segregated water, sanitation, and hygiene facilities in the selected PTCs and TVEIs; and develop gender-inclusive curricula and training modules. Collaboration will be established with industry to promote work-based training of female technicians. A web-based integrated TVET management information system will be developed with sex-disaggregated data.

### IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

**A. Involuntary Resettlement**

**Safeguard Category:** ☐ A  ☒ B  ☒ C  ☐ D  ☐ E

1. **Key impacts.** The project will have no land acquisition or resettlement impacts. The project-targeted TVEIs and PTCs have sufficient land area for planned renovation and/or reconstruction, and a well-defined boundary with a wall or fence or both. All renovation and/or reconstruction works will occur inside the premises. No one will be affected, and no land acquisition is required as confirmed by the social due diligence report.

2. **Strategy to address the impacts.** No action will be required.
3. Plan or other Actions
☐ Resettlement plan  ☐ Combined resettlement plan and indigenous peoples plan
☐ Resettlement framework  ☐ Combined resettlement framework and indigenous peoples planning framework
☐ Environmental and social management system arrangement  ☐ Social impact matrix
☒ No action

B. Indigenous Peoples

Safeguard Category: ☐ A  ☐ B  ☒ C  ☐ F1

1. Key impacts. The project will have no impacts on indigenous peoples.
Is broad community support triggered? ☒ Yes  ☐ No

2. Strategy to address the impacts. No action will be required.

3. Plan or other actions
☐ Indigenous peoples plan  ☐ Combined resettlement plan and indigenous peoples plan
☐ Indigenous peoples planning framework  ☐ Combined resettlement framework and indigenous peoples planning framework
☐ Environmental and social management system arrangement  ☐ Indigenous peoples plan elements integrated in project with a summary
☐ Social impact matrix  ☒ No action

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, indicated as high (H), medium (M), and low or not significant (L).
☒ (H) unemployment  ☒ (H) underemployment  ☒ (L) retrenchment  ☒ (H) core labor standards

2. Labor market impact. The project aims to (i) enhance employability by providing market-relevant skills to students and job seekers; (ii) modernize the PES to improve job matching; and (iii) update occupational competency standards and sector qualification frameworks to enable alignment with industry requirements on skills.

B. Affordability. The project will provide TVET students and unemployed job seekers, including disadvantaged groups and women, with suitable market-relevant skills development and employment services. The government will provide free TVET for professional school students and free reskilling for registered unemployed job seekers. The ADB loan will finance the consumables for operating the training equipment to ensure sufficient practical training.

C. Communicable Diseases and Other Social Risks
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):
☒ (L) Communicable diseases  ☒ (L) Human trafficking
☐ Others (please specify) ______________

2. Risks to people in project area. Not applicable.

VI. MONITORING AND EVALUATION

1. Targets and indicators. The project will target training TVET students and unemployed job seekers, PES staff, management, teachers and trainers, and government officials with sex-disaggregation and tracking of PWD.

2. Required human resources. The project will hire a project implementation support firm (with a gender specialist and a social safeguard specialist) to support the project implementation units to implement and monitor the project.

3. Information in the project administration manual. The project administration manual includes implementation arrangements and reporting requirements on social, environment, gender, and poverty-related impacts.

4. Monitoring tools. Project progress reports, a midterm report, and a project completion report will be prepared. The TVET management information system developed under the project will enable monitoring of relevant indicators with sex-disaggregated data (including disadvantaged people’s data). Skills gap surveys and tracer studies will also capture the relevant data.


e World Bank. Supplementary Development Policy Financing; Sustaining Market Reforms in Uzbekistan.

Sources: Asian Development Bank; the Government of Uzbekistan; the World Bank; and the United Nations Development Programme.