

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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| Country:                    | Tajikistan | Project Title:       | Power Sector Development Program                   |
| Lending/Financing Modality: | Grant      | Department/Division: | Central and West Asia Department / Energy Division |

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| <b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b><br><b>Poverty targeting: general intervention</b>   |
| <p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</b></p> <p>Energy security and efficiency are key strategic development objectives of Tajikistan under its National Development Strategy up to 2030.<sup>a</sup> The development of internal and external energy infrastructure is also a priority for achieving sustainable economic growth. This is aligned with the country partnership strategy, 2016–2020 of the Asian Development Bank (ADB) for Tajikistan, which lists investments in energy and transport as one of three pillars of inclusive growth.<sup>b</sup> The program will accelerate ongoing reforms and restore the financial sustainability of the power subsector, and make a critical investment in advanced metering infrastructure (AMI). Improving the operational efficiency of the power subsector will ensure stable electricity supply and benefit economic activities. Investment in AMI will benefit end-users and cushion the impact of rising electricity tariffs. The program is also aligned with five operational priorities of ADB's Strategy 2030—reducing poverty and inequalities; accelerate gender equality; build climate, disaster, and environmental resilience; strengthen governance and institutions; and foster regional cooperation and integration.<sup>c</sup></p>   |
| <p><b>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</b></p> <p>1. Key poverty and social issues. Tajikistan has 1.47 million households, of which about 20% are headed by women. Moreover, among households in extreme poverty, those headed by women account for 12% in Panjekent, 17% in Isfara, and 22% in Dushanbe.<sup>d</sup> Significant progress in economic development has helped Tajikistan reduce poverty sustainably—the poverty rate fell from 53% in 2007 to 27.4% in 2018. Extreme poverty fell from 20.0% in 2012 to 16.8% in 2014. However, regional disparities persist. In 2013, the national poverty incidence was 35.6%. Urban poverty stood at 21.5% and rural poverty at 30.2% in 2018. Only 12% of the rural population is food secure and 5% is severely food insecure.<sup>e</sup> During the 2014–2015 heating season, most of the country's nonurban areas received only 10 hours of daily power supply (footnote b). Domestic energy expenditure is high, with rural households spending on average 10% of their total income on energy, going up to 15% in winter, while they consume only 9% of the total energy used in the country. The burden is especially heavy on the poorest households, which spend 24% of total income on energy expenses.<sup>f</sup> Households spend up to 50% of their income in the winter season, and mainly for heating.<sup>g</sup> The problem posed by limited and irregular electricity supply has exacerbated the risks posed by the current COVID-19 pandemic, where Tajikistan has 10,493 cases as of October 2020.</p> <p>2. Beneficiaries. The program will benefit all citizens, especially the underserved in rural areas through improved services from power companies. Women employees and female students of science, technology, engineering, and mathematics (STEM) or technical and vocational education and training (TVET) institutes will also benefit from the capacity development activities of the project.</p> <p>3. Impact channels. The program's principal impacts are improved energy efficiency and reliability in the country, as well as more efficient use of regional energy resources. They will benefit the citizens in the form of increased gross domestic income, more employment opportunities, more efficient energy service provision, and better access to basic services. Energy efficiency and reliability is also expected to improve the standards of living and encourage the growth of domestic enterprises such as small and home-based businesses.</p> <p>4. Other social and poverty issues. Access to safe drinking water and basic sanitation has lagged, partly because the population is so dispersed. More than 50% of rural inhabitants (about 3.5 million) do not have access to safe drinking water, and access to sanitation facilities in rural areas is nonexistent (0.2%).<sup>h</sup> More reliable electricity supply would also benefit water and sanitation infrastructure projects to help overcome these issues.</p> <p>5. Design features. The program aims to improve the financial sustainability of the power subsector. It has five outputs to achieve this: (i) financial stability of power utilities improved; (ii) power subsector governance structure strengthened; (iii) sustainable corporate management introduced in the new distribution company, (iv) sector's reform and operational capacity strengthened (including greater participation of women in power subsector activities), and (v) retail billing and collection system modernized. The program will also help improve energy efficiency and reliability in the country and efficiency in using regional energy resources. Investments in AMI and grid enhancement will decrease system losses and improve service provision, which will benefit end consumers.</p> |
| <p><b>C. Poverty Impact Analysis for Policy-Based Lending</b></p> <p>1. Impact channels of the policy reform(s). Tajikistan has enacted the Law on Renewable Energy Sources in 2010. The corporate restructure of Barqi Tojik, including the unbundling of its transmission and distribution functions, will help improve women's employment in the energy sector and increase households' access to electricity. The reforms will contribute to promoting financial stability, improving the unbundled companies' management structures, and promoting women's access to technical education and employment.</p>  |



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| 3. Plan or other Actions.   |  |
| <input type="checkbox"/> Resettlement plan  | <input type="checkbox"/> Combined resettlement and indigenous peoples plan   |
| <input type="checkbox"/> Resettlement framework   | <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework   |
| <input type="checkbox"/> Environmental and social management system arrangement   | <input type="checkbox"/> Social impact matrix  |
| <input checked="" type="checkbox"/> No action   |  |
| <b>B. Indigenous Peoples</b>  | <b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C X <input type="checkbox"/> FI |
| 1. Key impacts. No indigenous people communities defined as distinct and vulnerable reside in the project area. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |  |
| 2. Strategy to address the impacts. None  |  |
| 3. Plan or other actions.   |  |
| <input type="checkbox"/> Indigenous peoples plan  | <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan  |
| <input type="checkbox"/> Indigenous peoples planning framework  | <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework   |
| <input type="checkbox"/> Environmental and social management system arrangement   | <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary   |
| <input type="checkbox"/> Social impact matrix   |  |
| <input checked="" type="checkbox"/> No action   |  |
| <b>V. ADDRESSING OTHER SOCIAL RISKS</b>   |  |
| <b>A. Risks in the Labor Market</b>   |  |
| 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).<br><input checked="" type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards (L)  |  |
| 2. Labor market impact. The program will include measures to ensure that local communities have opportunities to be employed in civil works under the project component, to the extent possible. Due diligence will be conducted during the project design to ensure adherence to core labor standards.   |  |
| <b>B. Affordability.</b> The project does not involve user-pay schemes, and affordability is not expected to be an issue.   |  |
| <b>C. Communicable Diseases and Other Social Risks</b>  |  |
| 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):<br><input checked="" type="checkbox"/> Communicable diseases (L) <input checked="" type="checkbox"/> Human trafficking (L) <input type="checkbox"/> Others (please specify) _____  |  |
| 2. Risks to people in project area. Influx of workers during civil works may increase risks of prostitution, HIV/AIDS, and human trafficking, which may affect young women or girls in the surrounding communities. However, these risks will be mitigated by actions stipulated in the civil works contracts, such as education and training to discourage the use of commercial sex, basic health services to prevent sexually transmitted diseases, and an obligation to ensure a safe and respectful work camp.   |  |
| <b>VI. MONITORING AND EVALUATION</b>  |  |
| 1. Targets and indicators. Gender equality and inclusion targets are set in the design and monitoring framework, such as corporate targets for women's employment and representation in managerial positions, creation of a gender working group in EDN, awareness raising among women consumers on AMI, creation of sex-disaggregated employee database, and capacity building for female employees and STEM and TVET students.  |  |
| 2. Required human resources. Social safeguards and environment specialists as well as a project gender specialist will be hired. A consulting firm will be engaged to carry out a gender analysis of the power subsector, develop a marketing campaign to attract more female students to training for technical jobs, and conduct gender training for staff and management of the unbundled companies and technical training for the students.   |  |
| 3. Information in the project administration manual. The manual informs about the requirements for environmental and social safeguard compliance, and the qualifications and responsibilities of social safeguards and environment specialists. The GAP implementation will be monitored through program reviews, and a monitoring plan is included in both the GAP and the project administration manual.  |  |
| 4. Monitoring tools. The program targets will be monitored through quarterly progress reports and mission reviews.  |  |
| <p><sup>a</sup> Government of Tajikistan. 2016. <i>National Development Strategy of the Republic of Tajikistan for the Period up to 2030</i>. Dushanbe.</p> <p><sup>b</sup> ADB. 2016. <i>Country Partnership Strategy: Tajikistan, 2016–2020</i>. Manila.</p> <p><sup>c</sup> ADB. 2019. <i>Strategy 2030</i>. Manila.</p> <p><sup>d</sup> United Nations Development Programme. 2017. <a href="#">Mapping Registered Extreme Poverty in Rural Tajikistan, Analytical Brief</a>.</p> <p><sup>e</sup> World Bank. 2019. <a href="#">Poverty in Tajikistan 2019</a>. Washington DC.</p> <p><sup>f</sup> World Bank. 2014. <i>Assessment of Household Energy Deprivation in Tajikistan</i>. Washington, DC.</p> <p><sup>g</sup> United Nations Development Programme. 2015. <i>Gender-Environment Mainstreaming in Tajikistan</i>. Dushanbe.</p> <p><sup>h</sup> ADB 2016. <i>Tajikistan Country Gender Assessment</i>. Manila.</p> <p><sup>i</sup> Data from the human resources department of Barqi Tojik.</p> <p><sup>j</sup> B. Kurbanova. 2019. <i>SC 112353 Taj: Gender Assessment for the Electricity Sector</i>. Unpublished report. Manila: ADB.</p> |  |