

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Uzbekistan	Project Title:	Navoi Solar Power Project
Lending/Financing Modality:	Project	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 1

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: general intervention

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

The Government of Uzbekistan is implementing a large-scale renewable energy strategy.<sup>a</sup> The nation's solar strategy is targeting 5.0 gigawatts from photovoltaic sources by 2030, as part of an aim for renewables to meet at least 25% of energy demand.<sup>b</sup> The project supports the government's recognition in its long-term strategic development plan of the strong link between energy and economic growth. The project contributes to the Asian Development Bank (ADB) country partnership strategy for Uzbekistan, 2019–2023 through supporting the construction and modernization of energy infrastructure, as well as to Uzbekistan's climate resilience and low-carbon development objectives.<sup>c</sup> The project will contribute to the government's objectives through increasing private sector participation and investment in the power generation sector of Uzbekistan, diversifying the country's energy mix and security through increased power generation from renewable energy, contributing to reductions in greenhouse gas emissions by increasing energy efficiency and promoting renewable energy, and improving services to end users.

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

1. **Key poverty and social issues.** The project comprises financing of the construction and operation of a 100-megawatt utility-scale solar photovoltaic power plant on 264 hectares of state-owned land in Karmana district 35 kilometers west of Navoi City, the capital of the Navoi region. Uzbekistan's household electrification rate is almost 100%, but an aging and overloaded electricity system that is highly dependent on inefficient and old natural gas generation assets for electricity causes a sustained power demand–supply gap, especially in rural areas. Most of Uzbekistan's power generation assets are 40–50 years old, in poor condition, and require replacement and/or rehabilitation. There are blackouts for up to a few hours a day in rural areas and cities between December and February, when electricity demand is highest. Hardest hit are socially vulnerable communities in the southern and western regions of Uzbekistan. Schools and hospitals are unable to operate fully in November through February because of lack of affordable and reliable electricity, putting educational and health care systems at risk. Electricity networks also do not adequately cover the rural population and are of inferior quality. According to ADB's country partnership strategy for Uzbekistan, poverty is concentrated mainly in rural areas far from centers of economic activity, and with inferior infrastructure and public services (footnote c). The 2018 national poverty rate was 11.4%, largely driven by jobless economic growth (footnote c); other reasons included low productivity in labor-intensive agriculture, informality in the labor market, and regional disparities in the quality of public infrastructure and social services between the capital city and rural areas. In 2018, the poverty rate was 14.3% in rural areas, 8.4% in urban areas, and 12.2% in the Navoi region.<sup>d</sup>

2. **Beneficiaries.** The expected beneficiaries of the project are “Nur Navoi Solar” Foreign Enterprise Limited Liability Company (NNS), the Government of Uzbekistan, and local workers employed during construction and operation of the plant. Electricity users connected to the grid, to which the plant will supply electricity, will indirectly benefit from additional stable supply.

3. **Impact channels.** The primary impact channel is additional stable supply of electricity to the grid. Additional stable supply, especially during daylight hours, will contribute to reliable operation of services dependent on electricity such as hospitals, schools, government, and businesses. In addition to ADB's support of the project to enable a stable and reliable source of electricity for the grid, ADB and other multilateral financial institutions are contributing to transmission network renovation and rehabilitation projects to increase network efficiency.

4. **Other social and poverty issues.** The project's preliminary environmental and social impact assessment (ESIA) noted high rates of unemployment in the two residential settlements near the proposed plant site. The project's environmental and social management plans require NNS to undertake additional studies to understand skills availability in nearby settlements, to enable employment of local workers. Travel and meeting restrictions caused by the coronavirus disease (COVID-19) epidemic have limited access to settlements, but NNS is committed to working with local governments to assess and enable employment opportunities.

5. **Design features.** The project contributes to addressing key poverty and social issues by delivering renewable energy to the domestic grid, generating gender-inclusive local employment opportunities, and supporting local economic growth in the project area.

### II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** The International Finance Corporation's environmental and social review consultant undertook an initial stakeholder analysis during preparation of the project feasibility study, meeting with regional and local government officials as well as representatives from local councils administering two villages within 5 kilometers of the project site. The feasibility study noted that a large proportion of the village

<p>population residing 2 kilometers south of the project site was unemployed and some households were receiving government support. In the preparation of the subsequent ESIA, NNS consultants met with local government and community stakeholders to share project impact information and to explore opportunities for participation such as employment.</p> <p>2. <b>Civil society organizations.</b> The project will ensure adequate participation of civil society organizations (CSO) during project construction and operation phases through implementation of the stakeholder engagement plan. Further engagement with women-focused CSOs will be conducted for the implementation of the gender measures.</p> <p>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):  <input checked="" type="checkbox"/> Information gathering and sharing (M) <input checked="" type="checkbox"/> Consultation (M) <input type="checkbox"/> Collaboration (NA) <input type="checkbox"/> Partnership (NA)</p> <p>4. <b>Participation plan.</b> NNS has prepared a stakeholder engagement plan for the project, which has been disclosed on the ADB website. It covers community and other stakeholder engagement activity during project design, and will be updated to cover construction and operation. The NNS team will be responsible for implementation of the plan with technical support from the parent company, Abu Dhabi Future Energy Company Private Joint Stock Company - Masdar. The NNS team will implement the plan's grievance redress mechanism, which will ensure that all comments and complaints from people directly affected by the project, including local communities and farmers and their families, are processed and considered appropriately and within set time frames.  <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No.</p>
<h3>III. GENDER AND DEVELOPMENT</h3>
<p>Gender mainstreaming category: some gender elements</p>
<p><b>A. Key issues.</b> Labor participation of women in the energy sector is a global challenge, and while they represent a higher share in renewable energy compared to the oil and gas sector, making up nearly a third of the global renewable energy workforce (compared to 22% in oil and gas), women are more present in administrative jobs (45%) over STEM-related roles (28%).<sup>e</sup> Similarly, the energy sector in Uzbekistan has low women's representation, mostly because of the lack of the necessary education, lack of awareness of employment options, limited opportunities for skills development, and prevailing stereotypes that regard the energy sector as a high-risk profession that is not suitable for women. Unsustainable power supply affects women's efficiency to perform traditional household and social obligations, thus creating further barriers for working women. These limiting factors make women in rural areas much less competitive in the labor market. Uzbekistan prohibits violence against women and forbids discrimination in the workplace, having incorporated equal rights for men and women in its 1995 Labor Code, as well as social protection of women in employment situations.<sup>f</sup> In 2019 two laws on guaranteeing the equal rights and opportunities for men and women and the protection of women from harassment and violence were approved by government, and the Commission for the Protection of Gender Equality of Women under the Parliament was created. With the predominance of male representation in the workforce, implying higher risks of gender-based abuses especially during construction period, another key issue for the project is to provide a safe working environment for female employees and ensure safe interactions with the local population. Given this is Masdar's first project in Uzbekistan, there are currently no human resources policies and no corporate social responsibility activities. NNS will prepare a local skills assessment, which would further guide the participation of local women in the project's activities.</p>
<p><b>B. Key actions.</b>  <input type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p> <p>Key gender measures are as follows: (i) jobs for women during both construction and operation, (ii) sex-segregated staff facilities, (iii) an anti-sexual harassment policy, (iv) annual training for staff and contractors during construction and operation on gender-sensitivity and a respectful work environment, and (v) women's participation in local skills development in renewable energy, in alignment with Masdar's approach to inspire women and girls to play an active role in addressing global sustainability challenges through education, engagement and empowerment. NNS will submit periodic reports on the implementation of gender measures to ADB.</p>
<h3>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</h3>
<p><b>A. Involuntary Resettlement</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. <b>Key impacts.</b> NNS will lease 264 hectares of state land for a nominal fee from the government as per the land lease agreement. The lease presents the land as unencumbered. The area of state land was previously leased by two separate farmers for grazing goats and sheep. Their total leasehold areas were reduced by the government prior to the project following land optimization regulations based on the number of animals per herd per leaseholder. No leaseholder buildings or structures were lost because of the government's land optimization process. The local government is resolving replacement land with one farmer, after which each is expected to have adequate land to continue grazing activities. The ESIA reports that compensation arrangements for a subtenant of one of the leaseholders was unresolved and the potential need for a workers' accommodation camp outside the plant site during construction may cause temporary economic displacement impacts on state land used for informal grazing.</p> <p>2. <b>Strategy to address the impacts.</b> Economic displacement through loss of public access to grazing opportunities may need to be managed by the project for a subtenant of one of the farm areas. As agreed with NNS in the environmental and social action plan, unless otherwise resolved by government prior to construction, NNS will develop a livelihood restoration measure for the subtenant in consultation with government and will report periodically</p>

to ADB on its progress. Should workers' accommodation be required, preparations for its construction will include assessment of any temporary involuntary economic displacement impacts and development of livelihood restoration measures.	
3. Plan or other Actions.	
<input type="checkbox"/> Resettlement plan	<input type="checkbox"/> Combined resettlement and indigenous peoples plan
<input checked="" type="checkbox"/> Resettlement framework (livelihood restoration)	<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 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 <input type="checkbox"/> FI
1. <b>Key impacts.</b> According to the ESIA, there are no distinct and vulnerable indigenous peoples or ethnic minority groups resident in or laying claim to land in the project area. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. <b>Strategy to address the impacts.</b> No other plans or action are required.	
<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).	
<input checked="" type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards (L)	
2. <b>Labor market impact.</b> The project is expected to require 900 personnel during a 2-month peak in its 12-month construction period, and about 22 personnel during operations. More than 600 technical and unskilled personnel are expected to be sourced from the Navoi region during the peak construction period. NNS and its contractors will implement a local employment plan that requires working with the local district government and communities to assess skills availability and needs to enable sourcing of local labor during construction. Employment will be governed in accordance with local law and core labor standards.	
<b>B. Affordability</b>	
Although the project represents one of the cheapest sources of power in the country, it is not responsible for the cost charged to users of the electricity that it contributes to the domestic grid. The short 12-month construction phase will limit the potential risk of inflationary pressure on local goods and services in the project area.	
<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):	
<input checked="" type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking <input checked="" type="checkbox"/> Others (specify): Sexual exploitation and harassment (L)	
2. <b>Risks to people in project area.</b> The borrower will manage risk of communicable disease transmission and sexual exploitation and harassment among workers and with communities through mandatory workforce training during construction and operation.	
<b>VI. MONITORING AND EVALUATION</b>	
1. <b>Targets and indicators.</b> The project will deliver renewable energy to the domestic grid, generate gender-inclusive local employment opportunities, support local economic growth in the project area, raise awareness of gender-based violence and harassment in the workplace, and implement a corporate social responsibility program. Targets will be monitored through periodic reporting to ADB prepared by the borrower and the lenders' technical advisor.	
2. <b>Required human resources.</b> The borrower's project management company will oversee the implementation of the environmental and social management system and plans by contractors during construction and operation. The NNS team will include qualified staff responsible for monitoring and reporting to lenders on the project's implementation of poverty and social impacts measures.	
3. <b>Information in the project administration manual.</b> Not applicable, as all project review, monitoring, and completion report requirements are included in the environmental and social documents and the loan agreement.	
4. <b>Monitoring tools.</b> The borrower will prepare and submit semiannual monitoring reports during construction and annual reports during operation on its environmental and social compliance with ADB requirements. ADB will review the reports and the lenders' technical advisor will undertake annual review missions to validate and monitor progress.	
<p><sup>a</sup> U. Aripdjanov and K. Khamraeva. 2020. <a href="#">Uzbekistan</a>. In M. Burns and J. Derrick, eds. <i>Global Legal Insights: Energy 2020 (Eighth Edition)</i>. Global Legal Group: London.</p> <p><sup>b</sup> Presidential Resolution No. PP-4422 dated 22 August 2019 defines the actions for development of renewable energy sources and the strategy for implementation. In May 2019, the government adopted the Renewable Energy Act to regulate and incentivize the renewable energy sector. Government of Uzbekistan. <a href="#">Law of the Republic of Uzbekistan on the Use of Renewable Energy Sources</a>. E. Bellini. 2019. <a href="#">Uzbekistan launches 100 MW solar tender for southwest</a>. <i>PV Magazine</i>. 4 February.</p> <p><sup>c</sup> ADB. 2019. <a href="#">Country Partnership Strategy: Uzbekistan, 2019–2023—Supporting Economic Transformation</a>. Manila.</p> <p><sup>d</sup> Government of Uzbekistan, The State Committee of the Republic of Uzbekistan on Statistics. <a href="#">The Global Goals for Sustainable Development—Sustainable Development Goal 1: No Poverty</a>.</p> <p><sup>e</sup> International Renewable Energy Agency. 2019. <a href="#">Renewable Energy: A Gender Perspective</a>. Abu Dhabi.</p> <p><sup>f</sup> ADB. 2018. <a href="#">Uzbekistan Country Gender Assessment Update, December 2018</a>. Manila.</p>	
Sources: Abu Dhabi Future Energy Company Private JSC - Masdar and Asian Development Bank.	