

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country/Project Title: UZB Advanced Electricity Metering Project

Lending/Financing
Modality:

Project loan

Department/
Division:Central and West Asia
Department/Central and
West Asia Energy Division

I. POVERTY ANALYSIS AND STRATEGY

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

Based on the country poverty assessment, the country partnership strategy, and the sector analysis, describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

In 2008, the Government of Uzbekistan endorsed its Welfare Improvement Strategy of Uzbekistan, 2008–2010. The strategy envisages a substantial increase in investments in the energy sector as an important contributor to general economic growth. The government has undertaken substantial efforts to reform the power sector and improve energy efficiency.^a To improve load management, reduce technical and commercial losses, and encourage customers to use energy more efficiently, it has decided to implement a nationwide advanced electricity metering (AEM) system. Most of the country's power infrastructure was constructed during the Soviet era. Plants and equipment have reached the end of their useful service life, and many are technically obsolete. Limited financial resources make the government unable to allocate adequate funding to the power sector for the required maintenance, rehabilitation, replacement, and expansion of the power facilities. To sustain economic growth and meet customer needs for secure and reliable power, significant investments are required to renew, replace, and upgrade the capacity of electricity infrastructure. The Asian Development Bank supports this general development goal by focusing in its country partnership strategy on infrastructure and especially on financing energy generation, improving energy efficiency and revenue generation, and promoting renewable energy.

B. Poverty Analysis

Targeting Classification: General intervention

1. Key Issues

From 2000 and 2003, gross domestic product growth rates were 3.8%–4.0%, while in 2008–2010, the Uzbek economy has been growing at higher rates of 7.3% on average. Thus on average the annual growth rate for the period 2001–2006 is greater than 6%, significantly higher than population growth. Nevertheless, despite a slowly declining poor population, economic growth has not generated sufficient employment. According to 2002 and 2003 household budget surveys, the poverty rate is 27.5%, with 6.8 million people living in absolute income deprivation. Regional variations in poverty remain high, with rural areas showing higher poverty rates; 70% of the poor live in rural areas, making the rural poverty rate 30.5%, much higher than the 22.5% of urban areas. According to the country's Interim Poverty Reduction Paper, in 2005, 75% of households had access to piped water supply and 78.2% to natural gas. Electricity is available to most households. However, these figures do not give a realistic picture of access to utilities, as supplies of water, gas, and electricity are often irregular, subject as they are to frequent interruptions. Central heating is available in 13% of the urban households and 5% of the rural, with 81% of the rural households experiencing daily interruptions that last for at least 1 hour and often for more than 5 hours. The duration of power interruptions and outages is far higher in rural areas than in the urban areas. Shortfalls in power supply affect living standards, time spent on household chores that cannot be used for income generation, and industrial production capacity. The project will help improve the reliability of energy supply, increase revenue collection for investments in the energy sector, improve the transparency of revenue collection, and improve customer services.

2. Design Features

Besides financing the necessary hardware to install the advanced electricity meters, the project will support the development of improved customer services by increasing the staffing of customer service centers, introducing a 24-hour consumer service hotline with emergency services for households at night, and developing a participatory public awareness campaign on energy efficiency, consumer rights, and the newly introduced billing system. Thus this project will empower consumers and establish a feedback mechanism to monitor the quality of service delivery. The project will allow fair billing for electricity, as households will pay for what they consume, and eliminate energy theft and under-the-table payments at the community level. The project will improve career opportunities and working conditions for women and allow women meter reader (controllers) to change to safer job environments.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

The project preparatory technical assistance consultant surveyed households and held focus group discussions in the project area to inform the social analysis. Almost all households in project regions have grid connections, but the quality of services provided to many households is quite poor. Major concerns of electricity users pertain to the quality of the services, including frequent and long interruptions, low voltage at 175–180 volts instead of 220 volts, and fluctuations that damage home appliances. Power interruptions are usually 1–5 hours, but in rural areas many households are cut off for more than 5 hours.

Women are the major users of electricity in households, as most do not work outside the home. The limited use of household appliances affects the time women spend on household chores.

Electricity bills make up 2%–8% of monthly expenditures of the surveyed households, compared with 70% spent on food and

clothing. The average monthly income of the households is \$312. Ninety-five percent of households state that they regularly pay their electricity bills. They believe that paying one's electricity bill is an important duty and are indignant at those who steal electricity through meter tampering and bypassing, which ultimately makes the paying households bear the costs of their electricity consumption and can cause power outages.

Awareness of efficient energy use is low among the surveyed households, with television messages mainly about energy-savings lamp, which 54% of the households said they have heard of and only 8% use. Very few respondents have heard of labels on energy-saving household appliances. Awareness of rights and obligations as electricity consumers is low. Some, especially vulnerable women, are timid about filing complaints. Household surveys showed that few respondents have contact with Uzbekenergo personnel, as 58% of the households rarely contact them. Through the installation of AEM, the project is expected to improve the quality of electricity supply to customers, which will benefit residential and small businesses customers in both urban and rural areas of the target regions. Reliable and high-quality electricity supply will thus benefit poor households, small and medium-sized enterprises, and farming communities.

Building awareness of energy use efficiency and the rights and obligations of electricity users will be an integral part of the empowerment process designed to make the implementation of the project more efficient and socially acceptable and more effective at enhancing women's roles as household managers and electricity customers.

B. Consultation and Participation

1. Provide a summary of the consultation and participation process during the project preparation.

Consultations were held with key stakeholders in the government, private sector, and civil society, including households in the three regions, Uzbekenergo staff at Tashkent and in the regions, selected regional inspectors and controllers, and representatives from Mahalla (local community), women's committees, the Business Women's Association, the Institute for Studies of Civil Society, and business owners. Household surveys, focus group discussions, and in-depth interviews were conducted.

2. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring?

☒ Information sharing ☒ Consultation ☒ Collaborative decision making ☒ Empowerment

Civil society organizations, Mahalla, and national women's committees will monitor the implementation of the project.

3. Was a C&P plan prepared? ☒ Yes ☐ No

If a C&P plan was prepared, describe key features and resources provided to implement the plan (including budget, consultant input, etc.). If no, explain why.

Continuous consultation and participation will be included in the public education campaign and the gender action plan and will be implemented and managed by special staff called focal points. A follow-up household survey will be conducted under the monitoring and supervision consultant contracted to assess the impact of the project.

C. Gender and Development

1. Key Issues

One major negative impact of the power interruptions and energy shortage is time burden placed on women as household managers when they must do chores by hand. Working women are doubly affected. Frequent power interruptions make it difficult for them to budget their time for productive and household activities. Other gender issues surfaced and were integrated into the gender action plan that will be implemented in the project.

Limited education and training for the female controllers at Uzbekenergo. Focus group discussions conducted with Uzbekenergo controllers revealed that female controllers think that they will be the first to be dismissed after AEM implementation, as they have less education and have not attended skill-upgrading trainings like their male counterparts, who were given priority for getting this type of training. Addressing this issue will entail providing skills-development training to affected female employees that will allow them to perform other tasks in Uzbekenergo, such as data management, customer service, and information dissemination.

Work environment at Uzbekenergo not conducive or safe for employees, especially female staff. In focus group discussions, women staff mentioned that Uzbekenergo regional offices lack adequate sanitary facilities. According to Uzbekistan sanitary norms, there should be 1 toilet per 16 employees and 1 shower room per 35 employees.

Formation of women core group as agents of change. Initial field investigations and focus group discussions showed that there is significant potential for women to become community agents of change for energy use efficiency and effective informants on the rights and obligations of customers. This will empower women in the community and allow them to become informed customers.

Improved customer care and 24-hours customer hotline. Installing electric meters can cause unexpected interruption during implementation because of programming issues. This can cause electricity interruption at night, which especially affects women who care for small children and the elderly. For that reason, a 24-hour hotline and emergency response service currently available only for enterprises and reachable through mobile phones will be expanded to households.

2. Key Actions. Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:

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

Specific actions included the following:

- (i) improved career development, training, and working condition for female employees of Uzbekenergo and new employment opportunities, especially in customer service;
- (ii) empowerment of community women groups as agents of change, training in energy efficiency and consumer rights, and participation in project monitoring and impact assessment at the household level; and
- (iii) improved customer care with women as integral to the feedback mechanism and as staff of customer service centers.

To ensure the proper implementation of the gender action plan, a national gender and development expert will be hired to work intermittently in the project management unit.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary Resettlement	No Impact. The installation of meters will be done on existing structures and facilities		<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action
Indigenous Peoples	The project will not affect any indigenous peoples as defined by the Asian Development Bank's Policy on Indigenous Peoples (1998).		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input checked="" type="checkbox"/> No Action
Labor <input checked="" type="checkbox"/> Employment opportunities <input checked="" type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	Limited	Employment opportunities will be created especially for women in customer service centers. Employees will be retrained, and new job opportunities will be created for personnel not needed after project implementation, which includes half of controllers and meter readers. Labor standards will be improved.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action
Affordability	Limited	To avoid a significant increase in household expenditures for electricity, a public education campaign on energy efficiency will be implemented. Mechanisms for feedback from households will be established to monitor project impact on household expenditures and to address possible negative impacts. It is expected that consumers who use little electricity will pay less and that billing will become fairer.	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input checked="" type="checkbox"/> Others (conflict, political instability, etc), please specify	Limited	A possible increase of electricity bills may affect consumer satisfaction. To avoid this, the public education campaigns will explain the project rationale and benefits and how to consume less energy. Civil society will participate in project implementation and monitoring.	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action

IV. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? ☒ Yes ☐ No

Customer service will establish a 24-hour hotline and emergency response, empowering consumers. Civil society will participate in implementation and monitoring.

^a Uzbekistan has one of the highest energy-consumption rates in the world, exceeding the energy intensity of many developing countries by 200%–250%.