



# Initial Poverty and Social Analysis

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Project Number: 52322-004  
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## Uzbekistan: Digitize to Decarbonize – Power Transmission Grid Enhancement Project

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## **CURRENCY EQUIVALENTS**

(as of 6 October 2022)

Currency unit	–	sum
Sum1.00	=	\$0.000091
\$1.00	=	SUM11,014.68

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
F-TRTA	–	facility transaction technical assistance
JSC	–	Joint-Stock Company
KPI	–	key performance indicator
NEGU	–	National Electricity Grid of Uzbekistan
SCADA	–	supervisory control and data acquisition
TA	–	technical assistance

## **NOTE**

- (i) The fiscal year (FY) of the Government of Uzbekistan and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Republic of Uzbekistan	Project Title:	Digitize to Decarbonize – Power Transmission Grid Enhancement Project
Lending/Financing Modality:	Project loan	Department/Division	Central and West Asia Department Energy Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Uzbekistan is one of the fastest-growing economies in Central Asia and aspires to become an industrialized, upper middle-income country by 2030. The demand for electricity is expected to grow annually at approximately 4% from 2018 to 2030. The Government of Uzbekistan have also initiated the development of transmission expansion and rehabilitation plans to 2030 aimed at improving grid reliability, facilitating grid integration of large-scale renewable energy planned for development, and strengthening regional connectivity. The project is consistent with the Strategy of New Uzbekistan, a national development strategy for 2022–2026,<sup>a</sup> in its objectives for inclusive and sustainable growth and access to stable energy supply. Its project design is in line with the country's Energy Sector Strategy 2030.<sup>b</sup> The project supports ADB's country partnership strategy for Uzbekistan, 2019–2023 and country operations business plan, 2021–2023.<sup>c</sup> It will contribute to a more reliable power supply through the national grid system, which is central to the national welfare improvement strategy and key to security, job creation, and rural development.

#### B. Poverty Targeting

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  Non-Income MDGs (TI-M1, M2, etc.)

The project will contribute to the urgently needed replacement and rehabilitation of aging power supply infrastructures, and provide additional employment opportunities during construction and operations. The classification recognizes that, while power itself will not explicitly decrease energy poverty, access to electricity provides the enabling environment. The project's potential primary beneficiaries will be the general population and industries as a result of more reliable power supply through the national grid. A more reliable power supply will benefit firms and industries, improve people's quality of life, and increase economic and job opportunities for households, including the poor and socially excluded. No potential constraints to access the services have been identified because of high electrification rate.

#### C. Poverty and Social Analysis

**1. Key issues and potential beneficiaries.** Using the official national definition of low-income population, the poverty rate fell from nearly 28% in 2000 to 11% in 2019. The poverty rate rose during the crisis after falling consistently over the last 2 decades. Using the World Bank's poverty line for lower-middle-income countries,<sup>d</sup> the poverty rate climbed to about 9% in 2020, compared to pre-COVID-19 pandemic projections of 7.4%. Aging infrastructure and insufficient investments have increasingly resulted in unstable power supply in recent years. Blackouts are still occasional for a few hours a day during winter when electricity demand is highest in both rural areas and big cities. Social infrastructure is not able to fully operate in late autumn and winter, putting the education and health care systems at risk and forcing people to resort to alternative energy resources that are more expensive than grid-connected electricity. The potential primary beneficiaries of the project would be the general population, industries, and social institutional firms—in particular, urban and rural consumers; industrial, agricultural, commercial, domestic, and/or residential consumers. The project may also potentially increase employment and benefit the poor.

**2. Impact channels and expected systemic changes.** Beneficiaries will derive benefit from expanded access to electric power service at a lower economic cost, with improvements in quality of life and increased economic opportunity. During implementation of network modernization, some local employment may be generated.

**3. Focus of (and resources allocated in) the transaction TA or due diligence.** Assessments will be undertaken on social, gender, and poverty issues related to the potential benefits and impacts of the project. Gender design features to be considered during the project preparation will ensure gender mainstreaming in the energy sector.

### II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Available, affordable, and sustainable energy supply can greatly benefit women and girls through facilitation purchase and use of time-saving electrical devices for households, which is anticipated as having proportionally greater benefits for women in terms of reducing time poverty and improving women's welfare. Unsustainable power supply affects women's efficiency in traditional household and social obligations and competitiveness in the labor market. Uzbekistan exhibits persistent gender disparities across sectors, with women's labor force participation rate at 44.8% compared to 70.8% for men.<sup>e</sup> Women are mostly employed in relatively poorly paid professions in the education, health, and social work sectors, while men occupy technically oriented sectors with higher pay. The energy sector also has low women's

representation, with share of women in the Ministry of Energy reaching only 14.5%. In 2019, Uzbekistan secured key laws protecting women in the workplace by way of forbidding discrimination. The government and the Parliament's Commission for the Protection of Gender Equality of Women approved two gender-related laws: (i) Guarantees of equal rights and opportunities for men and women; and (ii) Protection of Women from Harassment and Violence and Nation Strategy for ensuring gender equality till 2030. The project has strong potential to enhance gender equality results at JSC NEGU by providing adequate infrastructure and safe working conditions for female staff and increasing female participation in the energy sector. Gender due diligence will look into gender design features that would support and grow the female workforce and enhance gender equality features in corporate policies.

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women access to and use of opportunities, services, resources, assets, and participation in decision-making?  Yes  No

The proposed project will promote gender equity by including gender-inclusive design features such as (i) gender-responsive working conditions at the project sites (e.g., separate toilets); (ii) development and implementation of gender-responsive HR policies and procedures, and prevention of gender-based violence and harassment at work policies; (iii) use of sex-disaggregated data for program monitoring and gender-responsive indicators to assess the project's gender impacts; (iv) support gender-balanced leadership at the Board level; and (iv) develop a gender action plan. A gender specialist will be recruited to assist the project coordination unit in gender action plan implementation.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes  No

4. Indicate the intended gender mainstreaming category:

GEN (gender equity)  EGM (effective gender mainstreaming)  
 SGE (some gender elements)  NGE (no gender elements)

### III. PARTICIPATION AND EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design. Main stakeholders are the Government of Uzbekistan, JSC NEGU and its employees, local governments, industrial and commercial establishments, social infrastructure institutions, and population of the project areas that will benefit from improved and expanded electric power service.

2. Who are the key, active, and relevant CSOs in the project area? Relevant and active CSOs include the Business Women's Association Tadbirkor Ayol, the Center for Legal and Civic Initiatives, and the Civic Initiatives Support Center.

3. Are there issues during project design for which participation of the poor and vulnerable is important?

Yes  No If yes, what are these issues?

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues? As an integral part of the social and safeguards planning, consultations in the project areas will be carried out with local communities (*khokimiyats*), utilities companies, and JSC NEGU's staff separately. Consultations will focus to ensure participation and minimization of negative impacts. Relevant CSOs will be scoped by the consultant team for input into the training and policy to be developed to prevent gender-based violence and sexual harassment, under design and monitoring framework activities 1.4, 2.3, and 3.6.

5. What level of CSO participation is planned during the project design?

M\_Information generation and sharing M\_Consultation \_\_\_L\_Collaboration N/A\_Partnership

The consultant team will undertake engagements and public consultations over the project's poverty, social, gender, and environmental impacts and benefits with key stakeholders. JSC NEGU will prepare a stakeholder engagement plan with a grievance redress mechanism to address concerns of the community during the construction and operation period. Concerns of women and vulnerable people specifically will be sought and considered.

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No

Going by the local convention, the 110 kV lines will have a ROW of 8 meters and the 220 kV lines, 12 meters. It is not anticipated that there will be physical and/or economic displacement, but some land and other assets will be partially affected due to the project implementation. It is estimated that approximately 41 households will be affected by partial loss of land and assets. A land acquisition and resettlement plan will be prepared to mitigate adverse impacts.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?

<input checked="" type="checkbox"/> Resettlement plan	<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Social impact matrix
<input type="checkbox"/> Environmental and social management system arrangement		<input type="checkbox"/> None
<b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI		
1. Does the proposed project have the potential to affect the dignity directly or indirectly, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The country is not known to have indigenous people's communities as defined in ADB's Safeguard Policy Statement for operational purposes.		
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix		
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>		
1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> Creating decent jobs and employment (M) <input checked="" type="checkbox"/> Adhering to core labor standards (M) <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____		
2. How are these additional social issues and risks going to be addressed in the project design? The project will ensure that contract of works will require adherence to the core labor standards, COVID-19-related regulations, gender-responsive working conditions, and the country's labor legislation.		
<b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b>		
1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks? Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and the participation plan during the transaction TA or due diligence? Consultants who will conduct the poverty, social, and gender analyses will be engaged, as well as the social safeguards resettlement consultants.		

ADB = Asian Development Bank, COVID-19 = coronavirus disease, CSO = civil society organization, HR = human resources, JSC = Joint-Stock Company, kV= kilovolt, MDG = Millennium Development Goal, NEGU = National Electric Grid of Uzbekistan, ROW = right of way, TA = technical assistance.

<sup>a</sup> Government of Uzbekistan. 2022. [Presidential Decree of the Republic of Uzbekistan No. UP-60 About the Strategy of Development for New Uzbekistan for 2022–2026](#). Tashkent. 28 January.

<sup>b</sup> Government of Uzbekistan. 2020. [Concept Note for Ensuring Electricity Supply in Uzbekistan in 2020–2030](#). Tashkent.

<sup>c</sup> ADB. 2020. [Country Operations Business Plan: Uzbekistan, 2021–2023](#). Manila.

<sup>d</sup> The World Bank's poverty line is \$3.2 or less per person per day in adjusted 2011 purchasing power parity.

<sup>e</sup> J. Fatthakova. 2021. [Uzbekistan Labour Market Trends](#). Presentation prepared for the International Labour Organization Moscow webinar series, Thinking the Labour Market for a Job-Rich Economic Recovery. Tashkent. 29 April.

Source: ADB.