



Initial Poverty and Social Analysis

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UZB: Navoi Solar Power Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
CSO	–	civil society organizations
ESIA	–	environmental and social impact assessment
GoU	–	Government of the Republic of Uzbekistan
GW	–	gigawatt
MW	–	megawatt
SPS	–	Safeguard Policy Statement (2009)

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Government of the Republic of Uzbekistan (GoU) is implementing a large-scale renewable energy strategy to deploy in the next 10 years.^a The country meets approximately 90% of its electricity demand with 12.6 GW of fossil fuel generation capacity, of which 76% is from natural gas, with fuel oil and coal accounting for 7% and 6%, respectively. The nation's solar strategy aims for 4.3 GW from photo voltaic sources by 2030, as part of an aim for renewables to meet at least 25% of energy demand.^{b,c} The project supports the GoU's recognition in its long-term strategic development plan of the strong link between energy and economic growth. The project contributes to ADB's country partnership strategy through supporting the construction and modernization of energy infrastructure that to Uzbekistan's climate resilience and low-carbon development objectives.^d The project will contribute to the government's strategy through increasing private sector participation and investment in the power generation sector of Uzbekistan, diversifying the country's energy mix and security by 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 the end users.

B. Poverty Targeting:

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)

The project comprises financing of the construction and operation of a 100 MW utility-scale solar photo voltaic power plant on 264 hectares of government-owned land in Karmana district 35 kilometers west of Navoi, the capital of 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 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 a few hours a day in both rural areas and cities during winters when electricity demand is highest. Hardest hit are socially vulnerable communities in the southern and western region of Uzbekistan. Schools and hospitals are unable to operate fully in late autumn and winter due to lack of affordable and reliable electricity, putting educational and healthcare 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, poverty is concentrated mainly in rural areas, distant from centers of economic activity and with inferior infrastructure and public services. The poverty level recorded in 2018 was 11.4%, largely driven by jobless economic growth according to the country partnership strategy, as well as low productivity in labor-intensive agriculture, existence of informality in the labor market, and regional disparities in endowments. At 14.3%, rural poverty was almost 6% higher than in urban areas (8.4%) in 2018. The proportion of people living in poverty in Navoi region in 2018 was 12.2%.^e

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The expected beneficiaries of the project are “Nur Navoi Solar” Foreign Enterprise Limited Liability Company, the GoU, 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 and stable supply during the day.

2. Impact channels and expected systemic changes. 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. At the same time that ADB is supporting the project to enable a stable and reliable source of electricity for the grid, ADB and other DFIs are contributing to transmission network renovation and rehabilitation projects to increase network efficiency.

3. Focus of (and resources allocated in) the transaction TA or due diligence. The project sponsor has commissioned AECOM as owner's engineer to undertake an environmental and social impact assessment in accordance with ADB, IFC and EBRD requirements. The terms of reference for the impact assessment include coverage of the sex disaggregated socioeconomic status of the population within 5 kilometers of the project site as well as a profile of their access to and usage of electricity. The lender's technical advisor will provide opinion on the acceptability of the impact assessment and associated management plans in meeting lender requirements. ADB expects that the impact assessment will also identify opportunities for local employment and skills development.

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? The most relevant gender issues for the project are equal access to employment opportunity during construction and operation of the plant, as well as unreliable access to energy supply in the project's area. In fact, Uzbekistan prohibits violence against women and forbids discrimination in the workplace, having incorporated equal rights for men and women in its Labor Code, as well as social protection of women in employment situations. Uzbekistan's Development Strategy for 2017–2021 specifically addresses employment for women and female graduates of vocational colleges, since tertiary education and labor market display clear gender patterns, with high disparities of female and male students in engineering, manufacturing and construction, and predominance of men in technical jobs, compared to women in lower-paid social sector jobs. Similarly, the energy sector also presents a low women's representation, mostly due to the lack of necessary education, lack of awareness of potential and available employment options, limited opportunities for skills development, and prevailing stereotypes that regard the energy sector as high-risk profession 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.¹

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's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No

The potential gender actions related to gender inclusive employment and work environment, notably in terms of access to employment that may be generated during construction and operation, as well as by providing adequate infrastructure and safe working conditions for both male and female staff. The project will also explore opportunities to increase sustainable power supply to surrounding villages and provide technical education the local staff and communities on solar energy and basic maintenance.

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

Yes No

The Project is expected to contribute to reducing economic and social disparities yet the impact assessment being prepared during due diligence will consider what impacts may occur to two pastoralist families that utilize land adjacent to the project site.

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 EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. An initial stakeholder analysis has been conducted by the IFC's consultant during its preparation of the project tender documents. The IFC's environmental and social review consultant met with regional and local government officials as well as representatives from local councils administering two villages within 5 kilometers of the project site. The report notes that a large proportion of the village population residing 2 kilometers south of the project site are unemployed and some families are receiving government support. The impact assessment that will be undertaken by the owner's engineer will assess further and in greater detail the adverse and beneficial impacts of the project on communities.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded? The project can consider drawing its construction workforce from the local population. The project team will during due diligence encourage the owner's engineer to consider local sourcing to ensure effective targeting of beneficiaries. ADB will encourage consultation by the owner's engineer with local civil society organizations to share project information and to explore opportunities participation opportunities.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?

Information generation and sharing (L) Consultation (L) Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? Yes No

The owner's engineer should provide clear and practical information about employment opportunities and how the project will export electricity to the grid.

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 The project site was selected by the government and usage rights will be granted to the project company by way of a long-term lease agreement. Land was selected based on direct access

to transmission infrastructure in the area, availability of water resources, and proximity to the city of Navoi. The IFC's environmental and social review report notes that the project site land was made available after a December 2015 regulation was passed to optimize the size of land entitlements held by users. The consultant believes that there is some uncertainty around whether the reductions in land entitlements for the two pastoralist families still working land adjacent to the project site occurred because of the land optimization regulation or because of the project. The impact assessment being prepared by the owner's engineer will investigate this matter in detail, including further consultation with the two families and the responsible government agency. If it is determined that the two families involuntarily lost land and therefore experienced economic displacement impacts, a livelihood restoration plan will be prepared.

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

- Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No The environmental and social review has determined that there are no distinct and vulnerable ethnic minority groups in the project area that would be directly or indirectly impacted by the project. The project does not trigger SPS SR3 and does not require broad community support to be sought.
3. Will the project require broad community support of affected indigenous communities? Yes No
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?
 Indigenous peoples plan Indigenous peoples planning framework Social impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?
 Creating decent jobs and employment Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____
2. How are these additional social issues and risks going to be addressed in the project design? The impact assessment for the project will consider the presence and availability of skilled and unskilled workers in the local area. ADB will encourage the owner's engineer to employ local workers and to ensure that appropriate accommodation and facilities are provided as necessary. ADB will ensure that the owner's engineer consider measures to avoid the occurrence of sexual exploitation and harassment among workers and with communities.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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? Yes No
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence? The project sponsor will commission the production of the environmental and social impact assessment. The lender's technical advisor will provide independent expert opinion on the assessment and associated management plans in accordance with ADB policy requirements.

^a U. Aripdjanov and K. Khamraeva. 2020. [Uzbekistan](#). In M. Burns and J. Derrick, eds. *Global Legal Insights: Energy 2020 (Eighth Edition)*. Global Legal Group: London.

^b 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. [Law of the Republic of Uzbekistan on the Use of Renewable Energy Sources](#).

^c E. Bellini. 2019. [Uzbekistan launches 100 MW solar tender for southwest](#). *PV Magazine*. 4 February.

^d ADB. 2019. [Country Partnership Strategy: Uzbekistan, 2019–2023—Supporting Economic Transformation](#). Manila.

^e Government of Uzbekistan, The State Committee of the Republic of Uzbekistan on Statistics. [The Global Goals for Sustainable Development—Sustainable Development Goal 1: No Poverty](#).

^f ADB. 2018. [Uzbekistan Country Gender Assessment Update December 2018](#). Manila.