



# Initial Poverty and Social Assessment

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Project Number: 41614  
July 2008

## IND: Energy Efficiency Enhancement Project in Assam

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

**Asian Development Bank**



## INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title: India: Energy Efficiency Enhancement Project in Assam

Lending/Financing  
Modality:

Project

Department/  
Division:

South Asia Department/  
Energy Division

### I. POVERTY ISSUES

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

1. Energy is a vital input to economic growth and poverty reduction in India where the Asian Development Bank (ADB) provides support as a core infrastructure operation. The Government has confirmed its mission to provide electricity to all households at an affordable price by 2012 (Power for All by 2012), which was elaborated into subsector policies in the Electricity Act, 2003.

This Power for All initiative is critical in Assam, where power is supplied to only 0.9 million households (out of 5.0 million) and per capita power consumption is only 104 kilowatt-hours—much less than the national average of 592 kilowatt-hours. Poor performance of the power sector has been a major impediment to industrial growth. Lack of sufficient and reliable power is eroding Assam's competitiveness and prevents it from attracting industrial investments from outside the state. Therefore, improved power supply at a reasonable cost is essential to revive the state's industry and economy.

ADB provided a sector development program loan in 2003 to support restructuring of the power sector in Assam to create an efficient, self-sustaining, and competitive power sector to ensure that electricity is supplied in adequate quantities, in an efficient manner, and at reasonable cost to all consumers. The sector assistance program evaluation for the India energy sector concluded that the program loan and associated technical assistance (TA) were successful and that the project loan is showing early indications of a successful outcome. The sector assistance program evaluation also stated that (i) Assam wants and can use more ADB loans; (ii) there is potential for rapid demand growth, which requires more transmission capacity and significant performance improvements in distribution; and (iii) in order to sustain reform, Assam State Electricity Board (ASEB) will continue to need consulting support (certainly for the next 2–3 years and perhaps longer) and capacities of the new companies need to be developed in many areas, including finance, information technology, human resources, as well as core engineering capabilities.

The Government is highly committed to develop and promote rural electrification projects, which are expected to benefit many people. The target is to bring electricity to the entire population—rural and urban—by 2012. Access to electricity in rural areas is crucial to human development as well as economic growth. Electrification does not only mean longer productive hours; it is also expected to improve health care delivery and education. Most of all, it will give rural people a greater range of opportunities to improve their lives and earning capacity. It will especially improve the lives of women and children, reducing the incidence of respiratory diseases and increasing their time for more productive activities.

Finally, an additional immediate tangible benefit of electrification is the reduction of the use of kerosene and wood, which are costly. Electricity will also be brought to rural health centers, schools, and other public facilities. The program will provide a stable supply of such electricity as well as opportunities for commercial business and jobs. Benefits from power export, from the increased capacity of the expanded transmission and distribution network, will contribute to the country's economic growth—providing low-cost electricity to customers including the most vulnerable households of the poor.

#### B. Targeting Classification

1. Select the targeting classification of the project:

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

2. Explain the basis for the targeting classification: Although power sector development and enhancement have both direct and indirect benefits for affected people, there is no direct link between energy efficiency enhancement and poverty reduction.

**C. Poverty Analysis**

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

A socioeconomic survey will provide the basis for a social impact assessment, which includes involuntary resettlement and impacts on indigenous people. The impact of acquired access to electricity will be assessed on the basis of the beneficiaries' ongoing activities as well as opportunities that are likely to open. Poverty analysis will be prepared during the TA to improve understanding of the impacts of the ensuing loan project on the final users, particularly the poor.

A benefit distribution analysis of the loan project will be performed using the results of the poverty analysis. The number of poor and vulnerable (based on the national poverty line and food sufficiency) will be calculated, and benefits from expansion of the transmission and distribution network connections will be estimated based on willingness-to-pay data from the socioeconomic survey and data showing current electrification rates.

2. What resources are allocated in the project preparatory technical assistance (PPTA)/due diligence? During the PPTA Fact-Finding Mission, terms of reference will be drafted to cover this
3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? Yes. Pro-poor growth is expected.

**II. SOCIAL DEVELOPMENT ISSUES****A. Initial Social Analysis**

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

Impacts will be primarily indirect. The potential primary beneficiaries are households including the poor and the socially excluded that will be connected to power in a stable and efficient manner. As the project will be expected to reduce the cost of supply, the poor's accessibility to power will be increased.

2. What are the potential needs of beneficiaries in relation to the proposed project?

The TA team will assess the need for a resettlement plan and an indigenous peoples development plan for subprojects under tranche 1. A resettlement framework and an indigenous peoples development framework will be prepared for subsequent tranches.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

The potential constraints in accessing benefits of the Project are the affordability of tariffs set; this concern is included in the economic and sector analysis. During the PPTA, measures will be designed to ensure benefits are shared by all stakeholders, and a strategy may need to be developed to assist the poor in accessing power.

**B. Consultation and Participation**

1. Indicate the potential initial stakeholders.  
Local communities, affected persons, local authorities, and environmental nongovernment organizations.

The Project may include off grid connected provision of electricity. In the case, local communities in the project area will be initial stakeholders while the locations are to be identified.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Consultation will be carried out constantly with all stakeholders throughout project preparation and design to minimize/avoid negative impacts.

3. What level of participation is envisaged for project design?

Information sharing     Consultation     Collaborative decision making     Empowerment<sup>7</sup>

4. Will a C&P plan be prepared?  Yes     No    Please explain.

In subproject areas requiring resettlement, preparation and implementation of resettlement plans is envisaged to be done in close consultation with concerned communities and affected persons to avoid/minimize negative impacts. In the resettlement plans (if required), provisions will be made to include (i) affected persons in the Compensation Fixation Committee; (ii) community meetings for proper dissemination of project information; and (iii) capacity building activities for vulnerable groups to ensure their effective participation in the preparation, management, and implementation of the resettlement plans. If the Project needs a resettlement plan, it will include a community participation and implementation framework with a time-bound schedule of resettlement plan activities and delineation of responsibilities.

<b>C. Gender and Development</b>			
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? The Project may have a negative impact beyond resettlement, such as access to facilities and compliance with core labor standards. Particular attention will be given to female-headed households in the resettlement plan/framework.</p> <p>2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain. The proposed Project will increase access to electricity. This is expected to have positive impacts on households, especially women and children.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. The Project will have mainly positive effects on women. Negative impacts on women are expected to be only related to resettlement issues. Particular provisions will be added to the resettlement plan/framework to address vulnerabilities.</p>			
<b>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS</b>			
<b>Issue</b>	<b>Nature of Social Issue</b>	<b>Significant/Limited/ No Impact/Not Known</b>	<b>Plan or Other Action Required</b>
<b><u>Involuntary Resettlement</u></b>	Limited social issues are expected because of the nature of the proposed Project.	Limited impacts expected	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b><u>Indigenous Peoples</u></b>	Limited social issues are expected because of the nature of the proposed Project. No particular disruption is expected for communities falling under ADB's <i>Policy on Indigenous Peoples</i> (1998). However, special consideration will be given to vulnerable groups during implementation of the resettlement plan.	Limited impact expected	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
<b>Labor</b> <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input checked="" type="checkbox"/> Core Labor Standards	The executing and implementing agencies ensured payment of the minimum wage. Construction contracts will ensure fair wages, facilities, and equal pay for equal work for men and women in construction.	Positive	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action (the ADB mission will ensure that the assurances cover the Core Labor Standard..) <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Affordability</b>	The Project is expected to provide people with cheaper energy than kerosene and wood.	No impact	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Other Risks and/or Vulnerabilities</b> <input checked="" type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input checked="" type="checkbox"/> Others (conflict, political)	HIV/AIDS environmental risks will be assessed during implementation of the PPTA.	Not known	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain

instability, etc.), please specify			
<b>IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT</b>			
1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No    If no, please explain why.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No    If no, please explain why.			