

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Socialist Republic of Viet Nam	Project Title:	Ha Noi and Ho Chi Minh City Power Grid Development Sector Project
Lending/Financing Modality:	Sector Loan	Department/ Division:	Southeast Asia Regional Department / Energy Division

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

Viet Nam’s economy grew steadily at an average rate of 6.3% per annum during 2005–2012, and gross domestic product per capita increased from \$699 to \$1,755, while the poverty rate fell from 15.5% in 2006 to 11.1% in 2012. Economic growth was accompanied by average annual growth in electricity demand of 12.6% during 2005–2012, which increased electricity consumption from 53.2 terawatt-hours (TWh) in 2005 to 120.3 TWh in 2012. This rapid growth was also due to the dramatic increase in the household electrification rate from less than 50% in the early 1990s to 97% by 2012. Per capita consumption also increased from 156 kilowatt-hours (kWh) in 1995 to 1,187 kWh in 2010. Demand for electricity is expected to grow by an average 10% per annum until 2020. Ensuring efficient and reliable electricity supply is an important prerequisite for achieving economic growth, expanding employment and income generation, and reducing poverty.

In the Socioeconomic Development Plan, 2011–2015, the government recognizes the importance of expanding power sector infrastructure to meet growing demand and thus sustain socioeconomic growth through continuous industrialization and commercialization. The country partnership strategy, 2012–2015 of the Asian Development Bank (ADB) supports the government’s Socioeconomic Development Plan. The Viet Nam Energy Sector Assessment and Road Map recognizes the strategic importance for ADB of continuing to support the power sector and strengthening the transmission system, and thus ensuring a secure and efficient supply of electricity to all consumers.

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

1. **Key poverty and social issues.** The sector link to poverty reduction ensures that all urban and peri-urban households, especially in the project-affected areas, have access to affordable electricity on a more reliable basis than they have at present. The poverty and social assessment (PSA) found the frequent power outages to be an impediment to household income growth.

2. **Beneficiaries.** Fewer than 1% of households in the peri-urban areas of either Ha Noi or Ho Chi Minh City have per capita household incomes of less than D600,000 per month, but the cost of living has increased significantly since 2010 and most households are sensitive to increases in basic living expenditures. While these peri-urban areas offer a significant range of income-generating opportunities, the higher-value opportunities are generally contingent on a more reliable supply of electricity. However, if electricity tariffs increased significantly and the government abolished the subsidies for poorer households, the benefits of this project would be lower for these households. The project does not involve tariff reform, but includes an assurance by the government to continue its social safety measures for the lower-income consumers.

3. **Impact channels.** Poor and vulnerable groups will benefit from better electricity supply because it will boost economic activity and in turn create more and better income-generating opportunities for these groups, given that higher-value income generation hinges on the use of electricity.

4. **Other social and poverty issues.** The project does not deal with the higher costs arising from the expansion of generation, transmission, and distribution capacities—which will necessitate gradual increases in electricity tariffs—but according to the PSA, most households do not consider tariffs to be the major issue. It is rather the unreliable supply of power that worries them because it hampers household-based and income-generating activities.

5. **Design features.** The project will enhance the capacity of the transmission and distribution networks in peri-urban areas of Ha Noi and Ho Chi Minh City to balance the power load, which will contribute to meeting the growth in electricity demand by industrial, commercial and residential consumers. Benefits to the poor will come from higher demand for labor as better electricity supply to industrial and commercial employers in these peri-urban areas boosts their operations.

II. PARTICIPATION AND EMPOWERING THE POOR			
<p>1. Participatory approaches and project activities. The few poor and vulnerable households affected by this project have been consulted during project preparation and, where necessary, income restoration measures have or will be designed to ensure that these households are able to maintain or improve their present living standards. The project will also ensure that any necessary increases in electricity tariffs will not hurt these households.</p> <p>2. 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): L Information gathering and sharing L Consultation NA Collaboration NA Partnership</p> <p>3. Participation plan. <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. The stakeholder analysis does not categorize civil society as a relevant stakeholder of this specific project, although the Viet Nam Women's Union will ensure that affected women are not excluded from participation in resettlement planning and activities.</p>			
III. GENDER AND DEVELOPMENT			
Gender mainstreaming category: No gender elements			
<p>A. Key issues. The project benefits the entire population of the project area, regardless of gender, but more reliable power supply to residential customers may especially benefit women who work from home, e.g., preparing food for sale in local markets, assembling garments, or providing hairdressing and manicure services.</p> <p>B. Key actions. Women will be treated equally in resettlement planning and implementation, and subsidies for poorer households—which might struggle if tariffs are raised—will also target poor households headed by women. Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p> <p>Women affected by involuntary resettlement will receive the same compensation payments than their male counterparts, and will have equal access to grievance redress. Land clearing and construction, installation of transmission poles and towers, and stringing of electricity conductors will be done at times that minimize disruptions to household and income-generating activities, while also ensuring that safety measures are rigorously enforced.</p>			
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES			
A. Involuntary Resettlement	Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI		
<p>1. Key impacts. The Ha Noi subprojects will affect 57 households or 217 persons (113 male, 104 female). Of these, one household is poor and eight households will lose more than 10% of their income-generating productive assets. For the Ho Chi Minh City subprojects, one business operating on leased state-owned land will be required to relinquish the lease, and 25 people (including three women) will become unemployed. The subprojects will also affect 10 households or 42 persons (24 male, 18 female). Of these, four households are poor and otherwise vulnerable, and one will lose more than 10% of its income-generating productive assets. All affected persons were consulted during resettlement planning.</p> <p>2. Strategy to mitigate the impacts. The project will compensate land and other physical structures to be acquired at replacement cost. Affected persons who stand to lose income will be paid transitional allowances to help restore pre-project income levels. A resettlement policy framework has been prepared for the noncore subprojects.</p> <p>3. Plan or other actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix </td> </tr> </table>		<input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
<input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix		
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI		
<p>1. Key impacts. No indigenous peoples were found to be affected in either Ha Noi or Ho Chi Minh, but if they are identified, they will be treated equally with already identified affected persons.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>			

