INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Demand-Side Energy Efficiency Investment Project
Lending/Financing Modality:	Sector Loan	Department/ Division:	SARD/SAEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

In 2010, approximately 33% of Indians lived on less than $1.25 per day, a reduction from 56% in 1984. These reductions coincided with three decades of strong growth following structural reforms in the 1980s. Sustaining India's recent strong growth trends requires addressing the infrastructure deficit plaguing the country, including the power deficit. In FY2012, India's total energy deficit was 8.5% and the peak power deficit was 10.6%, and these figures do not include any unscheduled load shedding. In FY2012, per capita electricity consumption in India was 760 kilowatt hours (kWh) per year and the 2012 global average per capita electricity consumption was 2,971 kWh.[a] This low average usage reflects, in part, that 32.8% of Indian households are still without electricity connections, as per the 2011 census.

This project is aligned with energy priorities in the Asian Development Bank's (ADB) country programming strategy 2013–2017. The focus is on end-use energy efficiency. The project will improve energy efficiency in the municipal, agricultural, and domestic sectors. With the majority of India's electricity served by coal power, the project will result in reduced fossil fuel use, greenhouse gas emissions, and associated adverse health impacts. In addition to improved environmental sustainability, the project will reduce the financial losses incurred by the distribution utilities. These utilities are required to provide power at highly subsidized prices to some consumers, and collection efficiency among these consumers might also be low. The end-use efficiency projects target reduced consumption and reductions in peak power demand, both of which will improve the financial position of the utilities.

Improving the financial position of the distribution utilities supports the longer-term evolution of the Indian power system into one that performs well and serves the needs of all. The generally weak position of the public distribution utilities in India has been cited as a cause of deferred system upgrades and as a barrier to increased private sector participation in addressing India's power shortages.

The project will also result in increased use of energy efficient technologies. Already, Energy Efficiency Services Limited (EESL) has seen the price of domestic light emitting diodes (LED) come down in their bidding. Increased deployment of efficient end-use technologies could result in increased acceptance of these technologies in the country through demonstrated effectiveness and decreased upfront costs. Both of these could benefit the poor through greater understanding of the benefits from investing in efficient lighting and appliances and greater affordability. The price of efficient agricultural pumps, being more mature technology, is unlikely to achieve the same price decreases as LEDs. However, the project is being undertaken during a time when increasing attention is being paid to tariff rationalization. This project can help develop a strong ecosystem to support efficient pumps and familiarity with the benefits among agricultural consumers, and as tariffs rise, the consumer acceptance gains through this project may result in increased uptake of efficient pump models.

B. Poverty Targeting

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

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The expected beneficiaries are domestic, municipal, and agricultural consumers and the distribution companies. The distribution companies are expected to benefit the most as they may reduce their peak power purchases and reduce commercial losses through reductions in usage by highly subsidized consumers. Lifeline domestic consumers may experience the greatest relief from the project, as lighting is likely to make up a significant share of their energy consumption, and so more efficient and higher-quality lighting could improve well-being and reduce household expenditure on energy. Urban citizens will benefit from the improved quality of lighting and associated enhanced safety and security through the lighting shift. Agricultural consumers often have a flat charge for usage and so are unlikely to benefit substantially from energy saved.

[a] http://www.iea.org/publications/freepublications/publication/KeyWorld2014.pdf

2. Impact channels and expected systemic changes. The project focuses on improved end use energy efficiency and will reduce consumption among highly subsidized consumers. The poor will benefit as direct beneficiaries in the domestic lighting projects. The poor may benefit indirectly from the strengthened position of the distribution utilities, which may be able to provide better quality of service and expand service areas as a result of this and other interventions.

3. Focus of (and resources allocated in) the PPTA or due diligence. No potential adverse impacts are anticipated for the poor. The PPTA will conduct due diligence to ensure there are no unintended adverse impacts and evaluate the potential to ensure benefits accrue to the poor and to women.

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? There are no gender issues identified at this stage. However, increased and more reliable power supply have inherent gender benefits, such as job creation that benefits both men and women, and can contribute towards further electrification of households improving women's welfare and time-burden.

2. Does the proposed project or program have the potential to make a contribution 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 Please explain. Women's self-help groups in India have successfully championed the use of energy efficient lighting and appliances in Kerala. The project will explore means of promulgating similar programs in the project areas. This will include the establishment of 'energy clinics' which conduct user-awareness programs, led by women 'champions' promoting energy efficiency, targeting women consumers.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
☐ Yes ☒ No Please explain.

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.

The main stakeholders are the distribution utilities and domestic, agricultural, and municipal consumers. For each subproject, the consumer needs are assessed through a consultative process, and the proposed intervention is demonstrated on a limited scale to ensure those needs are met. The potential energy savings are assessed and agreed with the distribution utilities or municipalities, and contracts are only entered upon agreement of all parties.

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 projects targeting households and agricultural consumers are ensuring that they will not incur additional costs as a result of adopting the more efficient technology. Yet they will benefit from reduced electricity bills from the use of more energy-efficient technologies.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?
☒ Information generation and sharing M ☒ Consultation M ☒ Collaboration M ☒ Partnership M

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

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 There is no land acquisition required for the project and so no resettlement or livelihood impacts are expected.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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 There are no expected impacts on indigenous peoples.
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No

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 PPTA 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 _Affordability_____

2. How are these additional social issues and risks going to be addressed in the project design? Project preparation will include a rigorous look at the affordability of the technologies provided and ways to ensure they will be accessible to the poorest households.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA 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 PPTA consultants will confirm categorization, address any potential risks, and identify opportunities to maximize benefits to the poor and women.

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 PPTA or due diligence? The TA has budgeted for the necessary consultants.