

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Socialist Republic of Viet Nam	Project Title:	Northern to Central 500 kV Transmission Grid Reinforcement Project
Lending/Financing Modality:	Project Loan	Department / Division:	SERD/SEEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The government of Viet Nam recognizes that adequate and reliable electricity supply is essential for achieving economic development and poverty reduction targets. Viet Nam's economy has grown steadily (gross domestic product [GDP] annual growth rate averaged 5.9% from 2011 to 2015) with a GDP of \$202.6 billion in 2016. During 2011–2016, GDP per capita increased from \$1,545 to \$2,185. The population living below the national poverty line was 13.5% in 2014. This economic growth was accompanied by an average annual growth in electricity demand of 12%, which increased annual electricity consumption in the period 2005–2015 from 45.6 to 143.7 terawatt-hours (TWh). This growth was also due to the dramatic increase in household electrification rate from less than 50% in the early 1990s to 98% by 2015. Demand for electricity is expected to grow at a similar rate over the next 15 years and power consumption is projected to reach 500 TWh by 2030. Adequate and reliable electricity supply are keys to economic development and poverty reduction. Hence, the government has requested the Asian Development Bank (ADB) to finance the project to provide adequate and reliable electricity to support the country's economic growth and reduce poverty.

In the government's socioeconomic development strategy (SEDS), 2011–2020 and its accompanying socioeconomic development plan (SEDP), 2016–2020, the government focuses on a broad range of policies required to achieve environmentally sustainable and socially equitable economic development. These include policy to promote skills development in technological innovation and to develop infrastructure especially networks of electricity. The country partnership strategy, 2016–2020 of the ADB is aligned with the government's SEDP. The Viet Nam Energy Sector Assessment, Strategy and Road Map recognizes the strategic importance for ADB to continue support to the power sector and strengthen the power system, thus ensuring a reliable and efficient supply of electricity for all consumers. The proposed project is also in line with ADB's Midterm Review of Strategy 2020: *Meeting the Challenges of a Transforming Asia and Pacific* (2014, Manila), which emphasizes the need for inclusive economic growth and infrastructure development in middle-income countries.

The proposed project will support the government's long-term development plans for supplying adequate and reliable electricity to achieve socio-economic development and power demand for people's daily lives. Given the importance of adequate and reliable electricity supply to support the economy and reduce poverty, ADB's support is essential to ensure inclusive and sustainable economic growth.

B. Poverty Targeting

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

The proposed project is classified under general intervention. It will provide more sustainable and reliable electricity to urban and rural areas through the expansion of the transmission grid and foster the country's efforts to increase sustainable economic growth and alleviate poverty.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The proposed project will increase reliability and capacity of the supply of electricity to existing and new consumers. The people will benefit from improved quality of electricity to support their economic activities. The proposed project will identify concerns and needs specific to various community stakeholders (including poor and socially excluded) to further improve project design features. A poverty and social assessment (PSA) will be conducted during the TA for project preparation to provide more details as necessary.

2. Impact channels and expected systemic changes.

Lack of transmission infrastructure has been a major constraint in accessing electricity, which results in major power blackouts. Through the expansion and reinforcement of transmission grids under the proposed project, people will

benefit from reliable electricity supply. This will increase opportunities for economic activity and in turn create more and better income-generating opportunities and improve living conditions in the project areas.

3. Focus of (and resources allocated in) the PPTA or due diligence.

Under the TA for project preparation, social experts will be engaged to assess potential poverty and social issues, including those related to land acquisition and impacts on the livelihoods of affected households. Corresponding mitigation measures will be developed in consultation with the affected population and other stakeholders.

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?

The proposed project will provide adequate and reliable electricity for women to participate and obtain benefits. Reliable, sustainable and affordable supply of electricity will significantly reduce time and effort spent by women for domestic activities and enable income-generating activities such as women running home industries, businesses, and other enterprises. Therefore, provision of adequate and reliable electricity supply can improve women's activities.

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

While provision of electricity is identified as a critical input for women's activities, the proposed project aims at reinforcement of the 500 kV transmission grid for the electricity to be supplied to the population irrespective of gender and benefits will be generalized, allowing very little opportunity for gender design features. Therefore, it is not foreseen that the proposed project will specifically promote gender equality or empowerment of women.

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

Yes No

The 500 kV transmission grid reinforcement will have positive impact on the population in a generalized manner, but will not have a direct gender impact nor widen gender inequality.

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?

Main stakeholders are the national and local governments; National Power Transmission Corporation (NPT) and power project management boards (PPMBs); and beneficiaries enjoying reliable electricity. Potential negatively affected people are those who will be impacted by permanent land acquisition for the foundations of transmission towers and/or restrictions on use of land within the right of way of the transmission.

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 stakeholders will be consulted through meetings, interviews and surveys to increase awareness about the proposed project and seek inputs on the proposed project. Consultation with the poor, vulnerable and excluded groups will focus on issues associated with environment, involuntary resettlement, and other social issues that may affect them.

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 Consultation Collaboration Partnership

Because the social benefits of the proposed project are primarily indirect, civil society organizations (CSOs) relevant to social impact and development will have a limited role in the program; if any such CSOs express interest in being involved, the proposed project will make information flows transparent and will seek their advice as appropriate.

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 Effective participation of the poor and excluded is critical during assessment of impacts related to land acquisition and resettlement. Their effective participation will be ensured through proper scheduling of consultations and through information dissemination in a form and language accessible to marginalized groups.

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 proposed project will construct total of 372 km of new 500 kV transmission lines. This will require permanent land acquisition for the foundations of transmission towers and restrictions on use of land within the right of way of the transmission line. Due to the length of the transmission lines, it is expected that the number of affected people will be high with potentially more than 200 severely affected persons per sub-project, which would trigger Category A for involuntary resettlement. Detailed impacts will be assessed during the TA for project preparation, and resettlement plans will be prepared in consultation with the affected people and other stakeholders. A resettlement framework will be developed to guide resettlement plan preparation for this project loan.

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

The presence of ethnic groups that meet the ADB SPS definition of indigenous peoples in the project area will be confirmed during TA implementation. As the proposed project is envisioned as a project loan where sub-projects will be identified during implementation, Category B for indigenous peoples is proposed. An ethnic minorities development framework will be developed to guide preparation of any required ethnic minorities development plans for the proposed project.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

At this stage, no impacts on ancestral domain are expected. Per the government, the new transmission lines will be constructed alongside the existing transmission lines. This will be confirmed during the TA implementation.

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 _____

2. How are these additional social issues and risks going to be addressed in the project design?

The employment opportunities will be available during construction period. The requirement to comply with core labor standards will be included in the loan covenants/work contracts and related provisions will be incorporated in civil work contracts.

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

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?

Social safeguards experts (international position of four person-months and national consultant position of five person-months) will be recruited under the TA for project preparation.