



Initial Poverty and Social Analysis

June 2018

India: Chennai–Kanyakumari Industrial Corridor Power Sector Investment Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 27 June 2018)

Currency unit	–	Indian rupee (₹)
₹1.00	=	\$0.0146246938
\$1.00		₹68.3775

ABBREVIATIONS

ADB	–	Asian Development Bank
CKIC	–	Chennai–Kanyakumari Industrial Corridor
CSR	–	corporate social responsibility

NOTE

- (i) The fiscal year (FY) of the Government of India ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2017 ends on 31 March 2017.
- (ii) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Chennai–Kanyakumari Industrial Corridor Power Sector Investment Project
Lending/Financing Modality:	Project	Department/ Division:	South Asia Department / Energy Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The national poverty reduction strategy is based on “faster, sustainable and inclusive economic growth.” Power sector development is a key driver of economic growth and development in India. Access to reliable and sufficient energy increases agricultural, industrial and commercial productivity and enhances economic growth. Economic growth helps reduce poverty and improve quality of life, particularly for the most vulnerable segments of society.

The country partnership strategy of the Asian Development Bank (ADB) for India is closely aligned with India's development goals. The inclusive growth is a key driver for poverty reduction by creating employment opportunities and income generating opportunities to the poor. The availability of good quality infrastructure including reliable power supply has been identified as an essential requirement for economic growth. Supporting the economic development through industrial development of East Coast Economic Corridor influence area is one of the core strategies of ADB's country strategy.

The proposed project is designed to enhance the electricity transmission capacity and reliability of power supply to industrial consumers in Tamil Nadu. This is expected to increase the industrial competitiveness of the state and will help attract investment from both internal and external sources to further expand Tamil Nadu's strong industrial base. The industrial development will create both direct and indirect employment opportunities and will contribute to poverty reduction.

B. Poverty Targeting

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

The project is designed to augment and enhance the capacity of high voltage electricity transmission network and will not have direct poverty reduction focus. Although Tamil Nadu has an electrification rate of over 95%, the reliability and quality of power supply can be further improved to meet the requirement of industrialists. The proposed project will contribute to improved quality of power supply which is expected to translate into increased investments in industrial and service sectors and improved investment climate. Given high socio-economic indicators of Tamil Nadu, the resultant economic growth is likely to be of inclusive nature and will contribute to poverty reduction.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Although the direct beneficiaries of the project are industrialists and commercial establishments as well as urban residential consumers, the project will indirectly benefit the poor through improved quality of power supply resulting in increased investments and employment creation. The project will also benefit the urban poor by improving the reliability of power supply. Although the project does not directly address the constraints acting as a barrier for inclusion of poor in economic growth process, these are being addressed by the Tamil Nadu government through other interventions. This includes subsidies on electricity to poor households and credit facilities for the poor to invest in micro enterprises.

2. Impact channels and expected systemic changes.

The project will indirectly contribute to poverty reduction by improving the reliability of electricity supply in Chennai–Kanyakumari Industrial Corridor (CKIC) influence area. The project will contribute to further develop industries in Tamil Nadu by enhancing the transmission capacity to meet the industrial electricity demand. The impact channels will be through employment generation attributable to industrial development.

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

As the project does not have scope for direct poverty reduction interventions, the focus of the project preparatory technical assistance with respect to social issues will be limited to addressing any social impacts during the project construction. These include potential involuntary land acquisition, disruption of livelihoods and lifestyles of indigenous people if they are within the project sites. The due diligence on these issues will be undertaken during project preparation under TA 8254-REG and mitigation measures will be incorporated in the safeguard documents.

4. Specific analysis for policy-based lending.

Not Applicable.

II. GENDER AND DEVELOPMENT
<p>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 specific gender issues relevant to the project as it neither has scope for direct interventions to address any prevailing gender issues nor will cause any adverse gender impacts. However, the project will indirectly contribute to improving the employment opportunities for women in CKIC influence area due to accelerated industrial and commercial development.</p> <p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The proposed project does not have potential to make a direct contribution to the promotion of gender equity or empowerment of women as its scope is limited to high voltage transmission system expansion. However, the corporate social responsibility activities of the implementing agencies will be reviewed to identify opportunities for promoting gender equity and social inclusiveness. If such opportunities are identified, the gender mainstreaming category may be upgraded to some gender elements.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input checked="" type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERMENT
<p>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 of the project including beneficiaries are the electricity utility and large industrial and commercial consumers. The negatively affected people may include the people living along the transmission line alignment. These people will be consulted and compensated as per the prevailing government regulation and in accordance with ADB Safeguard Policy.</p> <p>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? Although the ADB financed project does not directly benefit the poor, due diligence on electricity subsidy policy will be undertaken to identify opportunities to enhance the social inclusiveness and ensure the poor households will be provided opportunities to benefit from access to electricity. Policy dialogue will be undertaken with the state government to enhance the social inclusiveness of the electrification program facilitated by the project.</p> <p>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? <input checked="" type="checkbox"/> (M) Information generation and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The project consists of high voltage transmission lines and substations that may require land acquisition for substations and compensation for restrictions on land use under transmission towers. The implementing agency assured ADB that the transmission line alignments will be selected in a manner that will minimize land use restrictions and disruption of agriculture during the construction phase. Due diligence will be undertaken on land acquisition requirements of identified subprojects and resettlement plans prepared accordingly. A resettlement framework will be prepared to guide the implementing agencies in addressing the involuntary resentment impacts of future subprojects if the sector loan modality is adopted. Safeguard due diligence and document preparation will be undertaken under TA 8254-REG: Enhancing Economic Analysis and South-South Learning.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project is not located in geographical areas inhabited by indigenous people.</p>

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 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 (H) ☒ Adhering to core labor standards (L) ☐ Labor retrenchment
- ☒ Spread of communicable diseases, including HIV/AIDS (L) ☐ 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 implementing agency will be required to ensure that the contractors to be employed under the project will adhere to core labor standards as defined in ADB Safeguard Policy Statement (2009), Core Labor Standards Handbook and take the appropriate measures to mitigate the risk of spread of communicable diseases.

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?
- Given the limited scope for interventions to address social issues due to the nature of the project, it is not intended to allocate TRTA resources for undertaking poverty, social and gender analysis. However, TRTA resources have been allocated for addressing the social safeguard issues.