



# Initial Poverty and Social Analysis

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Project Number: 54430-001  
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## Cambodia: Energy Efficiency Sector Development Program

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## **CURRENCY EQUIVALENTS**

(as of 29 September 2021)

Currency unit	–	riel (KR)
KR1.00	=	\$0.00025
\$1.00	=	KR4,086

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
TA	–	technical assistance

## **NOTE**

In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Program Title:	Energy Efficiency Sector Development Program
Lending/Financing Modality:	Proposed Loans	Department/ Division:	Southeast Asia Department/ Energy Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The program is aligned with the Asian Development Bank (ADB) energy sector assessment, strategy, and road map, which is integrated into the country partnership strategy, 2019–2023 for Cambodia. Under Socio-Economic Policy Agenda, 2018–2023, the government recognizes the importance of developing the energy sector to increase competitiveness, ensure sustained economic growth and thereby continue to reduce poverty.<sup>a</sup> Relevant key energy policy objectives include (i) expanding supply coverage, (ii) enhancing power reliability by constructing additional sub-stations closer to economic growth centers, and (iii) further reducing electricity tariffs. The program will also support Cambodia's greenhouse gas emission reduction goals, because energy efficiency interventions feature prominently in Cambodia's nationally determined contributions to the United Nations Framework Convention on Climate Change.<sup>b</sup> Lastly, energy efficiency will create new job opportunities in Cambodia.

#### B. Poverty Targeting

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

Strengthening policy and regulatory framework for energy efficiency and enhancement of energy savings are expected to considerably improve the efficiency of power use. Energy savings in public buildings and through the national public lighting program will result in emission reductions of carbon dioxide, which helps reduce drivers of climate change that might cause significant impacts on poor households. Furthermore, energy efficiency will help alleviate the poverty of low-income families by lowering their energy bills and increasing their share of disposable income.

#### C. Poverty and Social Analysis

##### 1. Key issues and potential beneficiaries.

In 2019, Cambodia had a total population of 16,486,542.<sup>c</sup> As a result of Cambodia's sustained high growth, the percentages of Cambodians under the national poverty line fell from 47.8% in 2007 to 12.9% in 2018.<sup>d</sup> The price of electricity is \$0.149 per kilowatt-hour for households, higher than those of other countries in Asia. Spending on electricity accounts for 3% of average monthly household expenditures. About 9.4% of grid-connected households cannot afford the electricity tariff. Of urban non-electrified households, 69.6% cite high costs as the main reason for not having a grid connection, while 47.8% of rural households cite distance from the grid as the main reason.<sup>e</sup> Potential beneficiaries of the program are poor households, non-poor households, enterprises who are owners of public offices, medical facilities, and education institutes in the whole country, and those will benefit from the energy efficiency revolving fund.

##### 2. Impact channels and expected systemic changes.

The program aims to encourage energy efficiency through policy reforms and conducting interventions to improve energy savings. Output 2 will include interventions that lead to the adoption of more efficient ventilation and air-conditioning systems and make use of more efficient lighting and electrical equipment in public buildings. These interventions could help reduce electricity costs of public enterprises in the longer term and lower electricity bills of low-income households. Under output 3, a total of 300,000 light-emitting diode lamps will be installed across municipalities in areas not served yet by public lighting systems, which would result in the greenhouse gas emission reductions of 100,525 total carbon dioxide. Hence, is likely that poor households would cope with less risk of climate change. Furthermore, local authorities could take the savings in electricity bills (estimated at \$19.8 million) and invest in other services such as sanitation, schools, or public health.

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

The transaction technical assistance (TA) will improve the program design to ensure that poor and vulnerable households will benefit from the program. The TA will include international and national social and resettlement specialists to prepare the summary poverty reduction and social strategy, and social safeguards documents in accordance with ADB's Safeguard Policy Statement (2009) and relevant government rules and regulations.

##### 4. Specific analysis for policy-based lending.

Not applicable.

### II. GENDER AND DEVELOPMENT

#### 1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?

While men and women both benefit from access to energy, women often play a key role in managing household electricity use and are keenly aware of the cost of electricity and ways to conserve it. Access to energy enables women to spend less time on household activities such as cooking, and to spend more time on leisure and income

generating opportunities. Moreover, women are underrepresented in the energy sector, particularly at senior positions in government energy agencies as well as decision makers. At this stage, these issues are expected to be addressed in output 1 of the project, and a Gender Specialist (national) will be engaged to assess and identify further gender mainstreaming in the policy and regulatory framework for energy efficiency.

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?  Yes  No

The objectives of the program in establishing the policy and regulatory framework for energy efficiency (project component 1) and the project component 2, would benefit the men and women equally, while the output of project component 3 in providing access to public lighting would improve women's public safety. Specifically, the project component 1 would seek to mainstream gender in the policy and regulatory framework for energy efficiency. The due diligence in the project preparatory work will include a gender assessment of the project component 1. To determine whether the project's SGE rating can be justified.

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

There is no significant risk identified on women or girls. The program has positive impacts on the whole population and will not 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? Identify how they will participate in the project design.

The main stakeholders of the program include the Ministry of Mines and Energy, Electricity Authority of Cambodia, local authorities of municipalities in the country, beneficiaries including the whole population of the project municipalities, public offices, medical facilities, education institutes, local banks that have access to low-interest loans from the energy efficiency revolving fund, and small and medium industries. Information sharing and consultations through stakeholder workshops and community mobilization will take place during pre-feasibility and detailed engineering design.

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?

Priority and special care shall be given to the poor households identified through a socio-economic survey. The proposed program will need to ensure that the Safeguard Policy Statement involuntary safeguards objectives are met and that poor and marginalized groups are meaningfully consulted and covered under program entitlements if involuntary resettlement is required for energy efficiency projects. Monitoring will be undertaken to verify the extent of the participation and decision-making of affected households.

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?  
 Information generation and sharing (M)  Consultation (L)  Collaboration (N/A)  Partnership (N/A)

Stakeholder CSOs could potentially contribute particularly to output 3 through community consultation for streetlighting. Because the social benefits of the program are primarily indirect, the program will ensure that information flows are fully transparent and will seek CSOs' engagement and 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 should they be addressed?  Yes  No

There are no significant issues during program design identified for which participation of the poor and excluded is important.

### 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 program mainly focuses on policy reforms and includes interventions in public buildings as well as replacement of public lighting devices. As a result, involuntary land acquisition is not anticipated.

2. What action plan is required to address involuntary resettlement as part of the transaction TA 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

<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</p> <p>The impact has not been identified in this stage, but it is unlikely that there will be negative impacts. In general, the population in Cambodia is fairly homogenous with distinct ethnic groups likely not living within the program areas.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The program does not affect such territories or resources because it mainly focuses on policy reforms and includes interventions in public buildings and replacement of public lighting devices in areas where public lights already existed.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The program provides assistance for policy reforms and interventions in public buildings as well as replacement of public lighting devices. Indigenous people communities will not be impacted by the program.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan    <input type="checkbox"/> Indigenous peoples planning framework    <input type="checkbox"/> Social impact matrix  <input type="checkbox"/> Environmental and social management system arrangement    <input checked="" type="checkbox"/> None</p>
<p><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> (L) Creating decent jobs and employment    <input checked="" type="checkbox"/> (L) Adhering to core labor standards    <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS    <input type="checkbox"/> Increase in human trafficking    <input type="checkbox"/> Affordability  <input type="checkbox"/> Increase in unplanned migration    <input type="checkbox"/> Increase in vulnerability to natural disasters    <input type="checkbox"/> Creating political instability  <input type="checkbox"/> Creating internal social conflicts    <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>The program environment plan and civil works contracts will require compliance with core labor standards during construction. The program will extend its support to deliver longer-term benefits through hiring and training local professionals during the construction and operation phases.</p>
<p><b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></p>
<p>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?</p> <p><input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p>TA consultants will help collect necessary information to confirm categorization, address any potential risks, and identify opportunities to maximize benefits to the poor and women.</p>
<p>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?</p> <p>International and national environment specialists will undertake an initial environmental examination as part of the feasibility study. International and national social development and/or safeguards specialists will conduct involuntary resettlement and indigenous peoples due diligence and prepare required social safeguards documents.</p>

<sup>a</sup> Royal Government of Cambodia. 2018. *Rectangular Strategy for Growth, Employment, Equity and Efficiency: Building a Foundation Toward Realizing the Cambodia Vision 2050 of the Royal Government of Cambodia of the Sixth Legislature of the National Assembly – Phase IV*. Phnom Penh.

<sup>b</sup> This pertains to the draft version of Cambodia's updated nationally determined contributions, which was formally submitted to the United Nations Framework Convention on Climate Change in December 2020.

<sup>c</sup> World Bank. [Population, total – Cambodia](#) (accessed 23 October 2020).

<sup>d</sup> Cambodia uses an absolute poverty line definition. In 2013, the Ministry of Planning introduced new poverty lines. The revisions to the poverty lines include (i) a food poverty line based on 2,200 calories per person per day (up from 2,100); and (ii) a non-food component that is estimated separately for Phnom Penh, other urban, and rural areas. Cambodia Socioeconomic Survey 2014 identified those who earned less than \$33 per person per month as living under the poverty line for other urban area. ADB. [Poverty Data: Cambodia](#) (accessed 23 October 2020).

<sup>e</sup> World Bank. 2018. *Energy Access Diagnostic Report Based on the Multi-Tier Framework*. Washington, DC.

Source: Asian Development Bank.