

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Madhya Pradesh Power Transmission and Distribution System Improvement Project
Lending/Financing Modality:	Project Loan	Department/ Division:	SARD/SAEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The power sector has a great potential to contribute to economic development and social wellbeing. Development of the power sector is directly and indirectly connected to poverty reduction. Efficient and reliable electricity supply is a key to the basic human needs of health and education. Poor and vulnerable consumers, as well as social utilities such as hospitals, schools, are often particularly disadvantaged by inadequate power supply, load shedding, and poor power quality, and will therefore benefit directly from the project. The ongoing Madhya Pradesh Energy Efficiency Improvement Investment Program (Loan 2764 and Loan 2830) will bring direct and indirect positive social impacts in terms of dedicated reliable power supply and will benefit the people living in the remote areas through improved frequency and voltage levels for various uses such as domestic and agricultural. Improved electricity supply will enable the farmers to irrigate their crops and use better post harvesting techniques. However, the full benefits of the ongoing project cannot be realized without further investments in transmission and distribution systems. Successful completion of the ongoing feeder separation project will create additional demand, especially in rural areas and the existing transmission and distribution system does not have adequate capacity to increase the power supply to meet the growing demand. Therefore, the system strengthening proposed in this project is necessary to realize full benefits of the previous investments in the power sector. The proposed project is expected to generate a considerable amount of employment in terms of requirement of both skilled and unskilled labor during the construction. The project will have positive socio-economic impact in terms of agricultural productivity, health facilities, and education facilities in the state of Madhya Pradesh.

B. Targeting Classification

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

The system improvements proposed in this project will benefit all the electricity consumers by removing the bottlenecks in the transmission and distribution system. Therefore, the interventions fall in the category of general intervention.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The poverty level in Madhya Pradesh is, on average, higher than the rest of India. This is indicative of the degree of vulnerability and marginalization of the population. According to the National Sample Survey (NSS) 55th round, 37.43% of the population is below the poverty line in the state. Poverty line for rural areas in the state is set at Rs.311.34 per capita per month and Rs.481.65 per capita per month for the urban population. The all India poverty line is slightly higher for rural areas at Rs327.66 per month but lower for urban areas at Rs.454.11 per month. However, both the national and the state poverty line is much lower than the internationally accepted \$1 per day poverty line, highlighting further the vulnerability of the population. According to the Human Development Report, the poverty level in the rural areas has gone down from 40.6% in 1993-1994 to 37.1% in 1999-2000, as per the head count ratio in Madhya Pradesh. The project will create significant employment opportunities for skilled and unskilled labor during the implementation. Efforts will be made to employ both skilled and unskilled labor during the construction of transmission distribution lines, sub stations, and other manual works. Employment during post construction phase is expected for maintenance activities.

2. Impact channels and expected systemic changes.

Stable electricity supply promotes the agricultural sector, business expansion, and increase employment opportunities, which will have a positive impact on reducing poverty. Expected systemic change is enhanced demand for power and the project will remove the transmission and distribution bottlenecks to meet the demand.

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

Adequate consultant resources have been allocated to undertake social assessment, update poverty impact and social assessment, categorize the project for involuntary resettlement and indigenous peoples including consultation of project affected people. These resources will also be used to prepare the resettlement plan and indigenous peoples plan, if necessary.

4. Specific analysis for policy-based lending. None

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 project is expected to have positive impact on women. Gender impacts of electrification are particularly favorable; women want electricity and have clear perceptions of its ability to reduce drudgery, to ease working hours, to increase access to the media, and to enhance the general amenity in their lives. Women in Madhya Pradesh are largely involved in domestic and agricultural work. However, they have a very low economic participation rate (i.e., productive or gainful employment). During project implementation, project-affected women will receive preferential treatment for work in the project activities. The executing agency will ensure that women are consulted and invited to participate in project 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 Please explain.

In energy projects gender mainstreaming opportunities arise when there is interface between the project and the community. Such opportunities are limited in this project and previous project in Madhya Pradesh have undertaken gender mainstreaming activities with two technical assistance.

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

Yes No Please explain.

Enhanced power supply generally benefits men and women both. Women benefits more in terms of additional leisure time and recreational opportunities.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) 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.

Electricity consumers, utility personnel's, and communities living close to the right-of-way of the project facilities are the main stakeholders.

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?

Consultations will be carried out with various stakeholders during project processing. As integral part of the social and safeguards planning, consultations in the project areas will be carried out with village communities. Consultations will focus to ensure participation and minimization of the negative impacts. Different techniques of consultation with stakeholders will be used during project preparation, viz., in-depth interviews and group discussions etc. To understand the socio-economic profile of the project area, focused group discussions (FGD) will also be conducted at selected rural as well urban areas. The same will be continued during the project implementation.

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?

There are large numbers of civil societies operating in the project area. A list of these organizations will be compiled and their relevance will be studied during the preparation of the project. It is not expected that civil society will directly participate in designing the project.

M Information generation and sharing L Consultation N Collaboration N Partnership

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

This type of project is generally supported by the local communities, so the project team does not expect any issues during the project design.

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

No physical displacement is foreseen in the project. The project will construct a transmission line and associated facilities. Limited amount of land acquisition may be required for larger substations associated with the transmission line. Distribution lines and substations will not require land acquisition.

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

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

The project anticipates no impact on indigenous peoples.

3. Will the project require broad community support of affected indigenous communities? Yes No

This type of power projects which benefit communities are generally well received by local communities.

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 _____

Risks of HIV/AIDS and not adhering to core labor standards are low.

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

Necessary measures will be included in project and loan agreements.

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 (vi) other social risks. Are the relevant specialists identified?

- Yes No

3. 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?

A total of 8 person-months of consultants (4 international I and 4 national) are allocated together with adequate budget for field work.