

## INITIAL POVERTY, SOCIAL AND GENDER ANALYSIS

Country/Project Title:	NEP: South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (former Subregional Electricity Transmission Capacity Expansion Project)		
Project Number:	44219		
Month/Year	July 2013		
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

During 2004–2011, Nepal reduced the percentage of people living below the international poverty line (defined as those earning less than \$1.25 per day) from 53.1% to 24.8%. Nepal has aligned its development strategy and priorities with the Millennium Development Goals, and aims to further reduce poverty by 2015. Electricity has been considered important to improve quality of life and is the most important contributing factor in economic development. About 56% of the population has an electricity connection, although there are regional and urban and/or rural disparities. Lack of generation capacity and grid connectivity and network capacity shortfalls have proved to be an impediment to efficient energy consumption. Severe bottlenecks impinge on day-to-day operation, and energy losses in some parts of the network are large. Lack of transmission connectivity and capacity has been hindering development of hydropower generation spread across the country. Lack of regular maintenance of some hydropower plants has led to reduced overall generation capacity available for supply. The distribution network capacity constraints as well as outdated network planning, design, operation, and maintenance have led to inefficient supply of electricity to consumers.

ADB's Country Partnership Strategy (CPS) for Nepal in energy sector focuses on: (i) improving access to electricity in rural areas; (ii) increased energy efficiency; (iii) clean power development; (iv) regional cooperation; (v) strengthening sector governance; and (vi) promoting private sector participation.

The Project aims to enhance power evacuation from hydropower plants for both domestic demand and cross border power exchange.. Benefits of the Project will be contributing to meeting the daily energy requirements and to providing efficient services. This will result in enhanced economic activity and employment opportunities, including for poor and socially disadvantaged people during the implementation phase.

#### B. Targeting Classification

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

The project is aimed at improving the electricity access and efficiency across Nepal, and enhancing cross boarder power exchange.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries are the existing and prospective electricity consumers in Nepal. The poverty reduction potential of this project is significant since Nepal is currently facing supply constraints due to lack of generation and network capacity. The project's benefits are directly linked to providing efficient electricity, thus significantly improving the overall social and economic situation, as efficient electricity supply directly contributes to increased production and creates employment opportunities

2. Impact channels and expected systemic changes. The project has the capacity to significantly change and improve the quality of life and well being of beneficiaries, which help provide economic and reliable supply of electricity for social and economic activities contributing to improved standard of living for the beneficiaries.

Lack of generation capacity and grid connectivity are the main constraints of accessing these benefits. All the components of the project are aimed at addressing these constraints

3. Focus of (and resources allocated in) the PPTA or due diligence. PPTA consultants will include a qualified international gender and social safeguard specialist, a national social specialist and a national gender and poverty reduction specialist. These will prepare SPRSS, IR and IP. Social analysis will result in mitigation plans as and where needed, in addition to a Gender and Social Inclusion (GESI) plan.

4. Specific analysis for policy-based lending. N/A

### 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 pace of electrification in the rural areas is slow and needs to be accelerated in order to 'uplift the rural economy'. Key problems identified with the rural electrification are the rural poor are unable to pay electricity bills, consumption rates are low and maintenance costs are high, thus raising efficiency and sustainability challenges for the NEA. Increasing income generating activities is one important solution to the problems identified. A gender audit of the Renewable Energy Development Program in Nepal identifies poor female heads of households and marginalized *dalit* families as facing affordability problems in project sites.

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. The possibility of female operators in the community-level distribution system, and activities to improve quality of life of women in the rural areas will be identified during PPTA for inclusion in the project

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

Yes  No Women and girls will be the group to benefit from increased availability of energy. With electricity, women and girls will be able to reduce the amount of time they spend on collecting fuelwood, household chores, and other opportunities that will inherently open up as a result of energy access at the community level.

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? Ministry of Energy, Nepal Electricity Utility (NEA), local authorities, civil society groups, the communities living around the facilities funded under the loan, electricity consumers benefited from the project and any associations representing them.

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 project will engage with stakeholders through the village development committees. Where there is opportunity, primarily through the GESI plan, the project will carry out public awareness, thematic and livelihood training to enable and empower peoples to make more informed and meaningful decisions with respect to their social and economic status.

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 (L)  Partnership (L)

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 Please explain. Poor and excluded peoples are very important for the project, as they are the ones to benefit from project activities.

### 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 Involuntary resettlement impact of the project including land acquisition and physical and economic displacement is expected to be limited or temporary during construction.

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 preliminary assessments indicate that there will be none or limited impact on indigenous peoples.

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 (L)  Adhering to core labor standards (L)  Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS (L)  Increase in human trafficking  Affordability (L)  
 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 results of the PPTA will indicate the most appropriate way to address project risks and impacts during the construction phase. Measures will include specific clauses in the contractor's contract, including the expectation to comply with good practices in labor and working conditions and inform workers on how to prevent contracting and spreading communicable and transmissible diseases like HIV/AIDS. Since improvement in power supply is considered to be a priority by all the political parties, current political instability is unlikely to be a risk in the context of the project.

**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

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 PPTA consultants will include a qualified international gender and social safeguard specialist, a national social specialist and a national gender and poverty reduction specialist. These will prepare SPRSS, IR and IP. Social analysis will result in mitigation plans as and where needed, in addition to a Gender and Social Inclusion (GESI) plan.