



India: Assam Power Sector Enhancement Investment Program - Tranche 4

Project Name	Assam Power Sector Enhancement Investment Program - Tranche 4				
Project Number	41614-036				
Country	India				
Project Status	Active				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3200-IND: Assam Power Sector Enhancement Investment Program - Tranche 4</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 50.20 million</td> </tr> </table>	Loan 3200-IND: Assam Power Sector Enhancement Investment Program - Tranche 4		Ordinary capital resources	US\$ 50.20 million
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Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development				
Sector / Subsector	Energy - Electricity transmission and distribution				
Gender Equity and Mainstreaming	No gender elements				
Description	Tranche 4 of the investment program amounting to \$50.2 million aims to fund a distribution efficiency improvement project in the state of Assam, India. It covers part of the state's power sector road map for enhancing the subtransmission and distribution capacities to improve operational efficiency and electricity service to end users. Tranche 4 will finance: (i) augmentation of existing transformers, construction of 33 kV lines, 33 kV and 11 kV railway and river crossings, and 33 kV terminal bays; (ii) construction of new 33/11 kV substations, 11 kV lines, and 11 kV aerial bunch conductors; and (iii) introduction of quick response operation and maintenance system, and installation of 8500 units of information technology modules (smart metering) for high tension consumers.				
Project Rationale and Linkage to Country/Regional Strategy	<p>Assam's power sector's challenges include: i) low access to electricity, only about 37% of the households have access to electricity; ii) power cuts of about 5 to 6 hours per day; iii) demand supply gap of about 23% (in FY2012); iv) dependency on out of state generation to meet the demand, only about 25% of demand currently met by in-state generation; v) high distribution losses; vi) financial unsustainability of power companies, particularly Assam Power Distribution Company Limited (ADDCL); and vi) inadequate capacity of the power sector agencies to use modern technology and management systems. Financial losses of the APDCL is mainly due to two reasons; i) inability to meet the targeted loss reduction prescribed by the Assam Energy Regulatory Commission (AERC); ii) purchase of about 15% of the power from independent power producers to meet the demand at very high costs. The Government of Assam (GOA) has taken number of steps to solve the power sector problems. Given that the state cannot be self-sufficient in power generation due to natural resource constraints, its connectivity with North Eastern region plays a critical role. With the ADB assistance GOA has obtained three loans (Loan 2592-IND, Loan 2677-IND, and Loan 2800-IND) under Assam Power Sector Enhancement Investment Program (APSEIP) to improve the connectivity with the North Eastern Region. Tranche 4 of the ongoing APSEIP will utilize the savings of APSEIP to undertake priority investments in distribution system.</p> <p>GOA also has prepared a power sector master plan with a sector roadmap that identifies \$3.5 million (about \$1.2 million for generation, \$1.1 million for transmission and \$1.1 million for distribution) worth investments for the period of 2012-2022. The Assam Power Sector Investment Program (APSIP) worth of \$ 300 million mainly for increasing in-state generation capacity was approved on 3 July 2014. About 50 million of the investment program is allocated for distribution improvements.</p>				
Impact	an enhanced quality and expanded service delivery of electricity in Assam.				

Project Outcome

Description of Outcome	increased operational efficiency and expanded distribution network capacity of Assam Power Distribution Company Ltd. (APDCL).
Progress Toward Outcome	Project implementation is ongoing. The outcome is expected to be achieved after project's physical completion.

Implementation Progress

Description of Project Outputs	Enhanced capacity of distribution system improved technology of operations and maintenance (O&M) system.
Status of Implementation Progress (Outputs, Activities, and Issues)	Implementation is ongoing. All contracts to construct new and rehabilitate existing power distribution infrastructure have been awarded and works have commenced. Contract for project management and supervision consulting services has been signed and experts have commenced the assignment.
Geographical Location	

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	According to ADB's Safeguards Policy Statement 2009 (SPS), Tranche 4 is environment category B requiring an initial environmental examination (IEE). Following SPS 2009 and the EARF, an IEE was prepared for Tranche 4 which describes potential environmental impacts, EMP, institutional requirements and corresponding budget for EMP implementation. Project details of components included in Tranche 4 were taken from the Detailed Project Report prepared by APDCL. Site visits were conducted between April 28, 2014 and May 22, 2014. Surveys were conducted at all 20 substations under Component A and some parts of 33 kV lines in Component B proposed by APDCL. The IEE was disclosed on ADB and APDCL websites on 27 August 2014.
Involuntary Resettlement	The Tranche 4 project is categorized as B for Involuntary Resettlement according to ADB's SPS 2009. The RP describes the extent of IR impact and spells out provisions of compensation and assistance to the Affected Persons (APs). The RP is based on the engineering design and is prepared in due consultation with stakeholders. Resettlement impacts have been minimized at the design stage by selection of substation sites at government land having no settlement, choosing barren tea estate land having no tea plants, and scheduling the construction of lines during off the crop season. Total land required for proposed new substations is 4.68 hectares (Ha) out of which 1.10 Ha is government land, 2.30 Ha of land is tea estate land, and 1.28 Ha of land is private land. There are a total of 6 affected households who are considered to be economically displaced families who will be losing small portions of land without any physical displacement. Temporary impacts on loss of crops on the right-of-way of distribution lines are foreseen with minimum impacts. The RP was disclosed on ADB and APDCL websites on 27 August 2014.
Indigenous Peoples	The Tranche 4 project is categorized as C for indigenous peoples (IP) according to SPS 2009. Pursuant to Indigenous Peoples Planning Framework for the MFF, an Indigenous Peoples Plan is not required as it is not expected to have impacts on IP.

Stakeholder Communication, Participation, and Consultation

During Project Design	The EA and the PMU consulted with stakeholders, including affected communities, during the design stage. During the preparatory stages, consultants were carried out with various stakeholders and government officials concerned. Local communities were consulted as part of the social and resettlement study to gather their views on the proposed projects. All affected people were consulted on a one-to-one basis through questionnaire surveys. Additionally, focus group discussions were conducted within the project influence areas.
During Project Implementation	Consultation will continue during the entire project cycle according to a stakeholder participation plan.

Business Opportunities

Consulting Services	A consulting firm will be recruited following Guidelines on the Use of Consultants by ADB and its Borrowers (2013, as amended from time to time). The Government requested provision of \$1 million to finance services of project implementation consultant firm to support smooth implementation of the project. There is an ongoing contract with a consultancy firm which has been engaged under the MFF to support implementation of the investment program. As the tasks under tranche 4 represent a natural continuation of previous work carried out by the firm, ADB approved the EA's request to recruit consultancy firm for tranche 4 using single source selection method.
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Procurement Procurement of works, goods, and services will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). International competitive bidding will be used for all contract packages identified for the proposed tranche 4 project. Advance contracting for procurement of goods and civil works, including preparation of bidding documents, and inviting and receiving bids for project contracts and retroactive financing has been approved under the MFF. Retroactive financing may be allowed for up to 20% of the loan amount for expenditures incurred 12 months prior to loan signing. The government has been advised that ADB's approval of advance contracting and retroactive financing in principal does not commit ADB to finance any part of the project until the loan becomes effective. As indicated in procurement plan, total number of 4 packages has been identified for physical components. Total contracts value of 4 packages is estimated at \$59 million.

Responsible Staff

Responsible ADB Officer	Banerjee, Jyotirmoy
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	<i>Assam Power Distribution Company Ltd. PMU_ASEB@REDIFFMAIL.COM Assam State Electricity Board , 4th Floor Bijuleen Bhawan Paltan Bazar, Guwahati-781001</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	24 Sep 2014
Approval	25 Nov 2014
Last Review Mission	-
Last PDS Update	28 Feb 2017

Loan 3200-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
25 Nov 2014	20 Feb 2015	12 May 2015	30 Jun 2019	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	68.17	Cumulative Contract Awards			
ADB	50.20	25 Nov 2014	38.19	0.00	76%
Counterpart	17.97	Cumulative Disbursements			
Cofinancing	0.00	25 Nov 2014	18.25	0.00	36%

Project Page	https://www.adb.org/projects/41614-036/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=41614-036
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