

Ethnic Minority Development Framework

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ETHNIC MINORITY DEVELOPMENT FRAMEWORK

A. Background and Context

1. Project Rationale

1. Persistent poverty in mountainous and isolated communities in Viet Nam is closely connected to deficient infrastructure development including lack of electricity. The government's Socio-Economic Development Plan (SEDP) 2006–2010 puts a considerable emphasis on provision of rural infrastructure. Although the household electrification rate has increased from 51% in 1996 to 91% by 2007, the electrification rate in the remote Northern mountainous provinces is relatively low. The household electrification rate in the Lai Chau and Dien Bien Provinces is 36% and 56%, respectively. The low per capita consumption and low population density in remote areas makes grid extensions to provide electricity to these communities a financially unattractive proposition to the electricity utility. However, these provinces have a good potential for hydropower development, which can be economically developed to meet the demand for electricity in the local communities and provide surplus electricity to the national grid. The primary objective of the sector Project is to develop the rural electrification and renewable energy sector in Viet Nam to benefit the ethnic minority communities inhabiting remote and poorer parts of the country. The proposed Renewable Energy for Remote Commune (RERC) Sector Project consists of two investment components: (i) mini hydropower plants in Lai Chau, Dien Bien and other Northern provinces; and (ii) grid extensions and rehabilitation of distribution network in Dien Bien and Lai Chau provinces in the Northern, Quang Tri in the Central and Tra Vinh and Soc Trang provinces in the Southern part of the country. The Executing Agencies of the Project will be PC 1, PC 2 and PC 3 of Viet Nam Electricity (EVN). Rural Electrification Project Management Board (REPMB) of Ministry of Industry and Trade (MOIT) will set up a steering committee to coordinate and monitor the implementation of both the components of the sector Project.

2. Subprojects under Component 1 in Lai Chau, Dien Bien and other Northern and Central provinces will be chosen for further selection during the project preparation. Ethnic minorities constitute majority in the population in these provinces with household poverty rates in general far above the average 15% in Vietnam according to the official criteria: 45% in Lai Chau and 33% in Dien Bien, but significantly higher in remote communes in these provinces. The fast socio-economic development that has led to a general poverty reduction and living standards improvement in the country still remains to take place in these areas. Most households live in persistent poverty, with very low living standards and lacking alternatives for sustainable income generation. Electricity provision is one of the most important prerequisites for socio-economic development in remote mountainous ethnic minority communes. The project location therefore gives it a strong poverty and ethnic minority focus, and ethnic minority assessment will be centrally integrated into planning and implementation of all the subprojects: A subproject specific Ethnic Minority Development Plan (EMDP) will be prepared on each of the subprojects under Component I. For Component II, a Provincial EMDP will be prepared for those subproject areas where ethnic minorities constitute more than 20% of the population. Preparation of the subproject specific EMDPs will follow the guidelines of the Project EMDF.

3. The Project Component 2 will focus on grid extension and rehabilitation of distribution network serving poor communes in Dien Bien and Lai Chau Provinces in the northern, in Tra Vinh and Soc Trang provinces in the southern, and in selected provinces in the central part of the country. There are many un-electrified villages in communes, which are officially classified as electrified in that the commune centre is provided with electricity. It is expected that the Project will provide electricity to about 100,000 poor households in about 1,000 villages under this component. Component II implementation is not expected to have significant adverse or negative social impacts on local populations due to the limited scope of the constructions and the already existing infrastructure in the communes. A rapid social assessment based on a sample of communes in each Project province will be undertaken during the detailed Project

preparation by the TA consultant. Building on the social analysis, the TA consultant will prepare a Provincial EMDP for those districts where more than 20% of the population are ethnic minorities. These EMDPs will be implemented each by the Provincial Unit of Project Management Board (PMB) of the regional Power Company (PC1, PC2, PC3). The scope of Component II EMDP will be far less comprehensive than that of the subproject specific EMDPs in Component I due to the limited scope of the Project implementation activities and consequently the expected impacts on the affected and beneficiary ethnic minority populations.

2. Ethnic Minorities and Ethnic Minority Poverty in Viet Nam and in the Northern Project Provinces

4. According to the current classification accepted by the Vietnamese government, 54 different ethnic groups are recognized in Vietnam. The majority Kinh (or Vietnamese) make 87% of the total population. The 53 ethnic minority groups are varying in size from 500,000 to a few hundred members each. Ethnic minorities account for 13% of the total population, but nearly a third (29%) of Vietnam's poverty classified people are ethnic minority people. Ethnic minorities are over represented in poverty statistics and their poverty is more persistent than among the Kinh.

5. In the Northern provinces with planned Project subprojects, large majority of the population consists of ethnic minorities. In Lai Chau 88% of the total population of 332,000 (12/2007) persons are divided into 14 different ethnic minority groups, and the province poverty rate is 45%. In Dien Bien province 80% of the 470,000 people consists of 20 different ethnic minority groups, Thai making 40% and Hmong 29% of the total population. Here province poverty rate (2007) is 33%. In the Dien Bien districts where subprojects are planned, in Tuan Giao with 69,000 inhabitants and poverty rate at 32%, five ethnic minority groups make more than 98% of the population, Thai (64%) and Hmong (28%) being the largest ones. In Dien Bien Dong district 57% of the population of 53,200 is classified as poor, and Kinh make less than 2% of the total population. Also here Hmong (54%) and Thai (32%) are the largest ones of the totally five ethnic minority groups. For the Southern and Central Project provinces the social assessment is under preparation.

3. Legal and Policy Framework

6. The definition of ethnic minority status in Vietnam is based on the following criteria:

- (i) A language different from the national language;
- (ii) Long traditional residence on, or relationship with, land, and long traditional social institutional system;
- (iii) A self-provided production system; and
- (iv) A distinct cultural identity and self-identification as a distinct cultural group that is accepted by neighbouring ethnic groups.

7. Article 5 of the Constitution of Viet Nam (1992) acknowledges equality and equal rights among ethnic groups, upon which also the Government policy and programmes on ethnic minority development are based upon. Articles 36 and 39 of the Constitution appoint citizens living in the mountainous regions as *national minorities* and instruct that they are given priority in education and health care services. A number of ethnic minority groups with especially small populations and lagging behind in development are defined as *especially difficult national minorities*.

8. GoV has implemented a number of National Targeted Programs for Poverty Reduction (NTPPRs) and special support schemes through government Decisions in order to provide funds for poor provinces, especially those with large ethnic minority populations with very high and persistent household poverty. A key policy targeting poverty issues is expressed through the *Program 135 (135/1998/QD-TTG)* dated 31 July 1998. It aims at poverty reduction through a

socio-economic development program for communes with special difficulties in mountainous areas and far from centres of the country. The first phase covered 1,715 communes and the ongoing second phase 2006–2010 is implemented in 1,644 of the country's poorest communes. Since the policy concerns hunger elimination and poverty reduction, ethnic minority issues appear prominently due to the strong correlation of ethnic minorities with poverty. The focus of Program 135 activities is on infrastructure (roads, small irrigation systems, clean water systems, schools, health centres, electricity, etc.), funded from multiple donor resources¹. Another central program focused on supporting production and residential land (houses) and water for difficult ethnic minority households is Program 134. The Program 139 is supporting health care and poor households' access to health services, and Program 159 is focused on improving education infrastructure in ethnic minority areas. In very poor ethnic minority provinces major part of the provincial budget is provided through NTPPRs and other government funds and subsidies (Lai Chau over 90% of the province budget).

9. The main vehicle for implementing government policies concerning ethnic minorities in the central level is the Committee for Ethnic Minorities (CEM), which is a cabinet-level committee established in 1993. The task of CEM is to identify, coordinate, implement, and monitor projects targeted to ethnic minority development and has an own budget to be spent on the main programs and projects. At province level the Department of Ethnic Minorities is the implementing agency for development policies concerning ethnic minorities, at district level this office has been integrated into the office of Agriculture and Rural Development.

10. The state-owned *Social Policy Bank* (SPB), also previously called Bank for the poor, is providing micro loans targeted for poverty and ethnic minority households and households in communities that are classified by the GoV as *extremely difficult areas*. To qualify for a loan from SPB, the borrower has to be member of a village-level micro credit group. Mass organizations (Women's Union, Farmers' Association, Fatherland Front, Youth Union) support these groups and further cooperate with SPB in disseminating information on loan availability, procedures and management. Mass organizations also give recommendations for priority listing of households for loan attainment. Added to facilitating the SPB loan procedures, provincial Women's Union also has a credit fund with funds from the national WU (i.e., governmental funding) to provide loans to poor WU members for income generation improvement.

4. Potential Project Impacts

11. The aim of the Project is to provide inhabitants in poor remote communes with access to electricity at an affordable price. Electrification is expected to facilitate local socio-economic development in various ways. Electricity access would improve basic conditions for household production and income generation activities and business opportunities, healthcare and educational services, communications, entertainment and social life.

12. Subproject construction may lead to land losses for the local population, and some inhabitants may need to resettle. During the project implementation, there may be some risk factors affecting communities that are used to living a rather isolated life. Project construction may bring in workers from other ethnic and cultural backgrounds staying in the area and influencing the local communities. This may lead to a risk of sexual exploitation of women, risk of STDs and HIV spreading during the project construction period. Electrification opens up for some new income bringing and labour opportunities, which may also bring workers from the outside into the area. In the remote mountainous areas there is some potential for e.g. small-scale wood processing industry with electricity, however, until road infrastructure is improved significantly for transportation of products this potential remains minor. Yet if outsiders take the few new business and labour opportunities, the income generation effect for local ethnic minority households will fail to realize. Electrification may also cause changes in production methods and efficiency through mechanization, which may lead some households to improve

¹ WB, IFAD, Australia, Finland, Ireland, Sweden, the UK.

their production through agricultural machines while the others will not be able to afford it. The EMDP that according to ADB requirements has to be prepared for any project with significant effects on ethnic minority people, will assess both how any potential negative effects can be avoided or mitigated, and the kind of support ethnic minority people in the project locations will need in order to benefit from electrification. Subproject specific EMDPs under Component I and the Provincial EMDPs under Component II will be based on the Project Ethnic Minority Development Framework (EMDF).

B. ADB Policy and the Objectives of the EMDF

13. ADB policy objectives concerning ethnic minority people are expressed in *The Bank's Policy on Indigenous Peoples* (April 1998) and *Operations Manual on indigenous people* (F3/BP & F3/OP, 25 Sept. 2006). Accordingly, "An IPDF is a policy and procedural framework for IPDPs that are developed for subprojects, components, or investments, and that are to be approved during loan implementation. An IPDF sets out the indigenous peoples policy together with the screening and planning procedures, which apply to subprojects, components, or investments that are to be approved during loan implementation" (Paragraph 9, F3/OP). ADB policy recognizes the potential vulnerability of indigenous people in all development processes and aims to ensure that they have opportunities to participate in and benefit equally from development. The Bank's policy requirement is that development efforts should ensure that initiatives affecting indigenous people are effective and sustainable. Initiatives should be compatible in substance and structure with the affected people's culture and social and economic institutions, and commensurate with the needs, aspirations and demands of the affected people. Planning of initiatives should take place in informed consent of the affected communities, and include respect for indigenous people's dignity, human rights and cultural uniqueness. ADB notion of *indigenous people* is basically comparable with the Vietnamese definition of *ethnic minorities*. The latter term will be used in all the Project documentation to substitute the term *indigenous people*.

14. ADB policy requires that each stage of a project will be screened in order to ascertain its impact on ethnic minority people. In project preparation, an Initial Poverty and Social Analysis (IPSA) is required to determine likely affects of the project on ethnic minorities and identify what level of planning is to be needed to address impact during the project preparation. If a project is likely to have significant positive or negative impacts on ethnic minority people, an EMDF and/or EMDP is required to avoid negative impacts and ensure appropriate benefits.

15. The impacts of a project on ethnic minority people will be considered significant if it is expected positively or negatively (i) affect their customary rights of use and access to land and natural resources; (ii) change their socioeconomic status; (iii) affect their cultural and communal integrity; (iv) affect their health, education, livelihood, and social security status; or (v) alter or undermine the recognition of indigenous knowledge.

16. According to ADB policy all project interventions affecting ethnic minority people must be:

- (i) Consistent with the needs and aspirations of affected ethnic minority people;
- (ii) Compatible in substance and structure with affected ethnic minority people's culture and social and economic institutions;
- (iii) Conceived, planned, and implemented with the informed participation of affected communities;
- (iv) Equitable in terms of development efforts and impact; and
- (v) Not imposing the negative effects of development on ethnic minority people without appropriate and acceptable compensation.

17. EMDF is applicable for the RERC Project, as ethnic minorities are present in the Project area, they will be affected by the Project and be major beneficiaries of it. EMDF provides a framework for the necessary consultation process and information dissemination for preparation of a specific EMDP for each subproject in the Northern provinces.

18. ADB's Policy on Indigenous Peoples is followed in parallel with other Bank policies. Accordingly, the concern for ethnic minority people is integrated into all applied policies and project components, into all steps of project planning, implementation and monitoring.

C. Selection of Subprojects under Component I and II

19. The selection criteria for subprojects under Component I at this stage have been based on global values on energy cost level, amount of energy to be produced, the number of beneficiary households and the attraction factor. No assessment of any subproject specific social effects or any ethnic minority factors have been considered in the preliminary selection of potential subprojects. The highest ranked subprojects will be assessed in detail through a feasibility study to be conducted during the subproject preparation. Subprojects under Component II are part of the existing governmental rural electrification program.

20. Full social impact assessment will be prepared during the feasibility study by an international consultancy team on each planned subproject, assessing the magnitude of positive and negative impacts on all the affected and beneficiary ethnic minority households. It will follow ADB requirements for social analysis. No subproject that would lead to such negative impacts on ethnic minority people that cannot be alleviated, mitigated or compensated properly will be selected for implementation. After preparation of each EMDP for subprojects under Component I and the Provincial subproject EMDPs under Component II these EMDPs will be sent to ADB for approval.

D. Strategy for Ethnic Minority People's Participation

21. Great majority of the population in the Project provinces are ethnic minority people, and a subproject specific Ethnic Minority Development Plan, EMDP will therefore be prepared for every planned subproject under Component I and every province with district having 20% ethnic minority population under Component II, based on the project EMDF. EMDP will ensure culturally appropriate implementation of the subproject and proper social and economic benefits for the involved ethnic minority people. It will:

- (i) Ensure that the benefits from the subproject for ethnic minority people are proper and culturally appropriate;
- (ii) Avoid potentially adverse impacts on ethnic minority people; and
- (iii) Minimize, mitigate or compensate for such effects when they cannot be avoided.

22. The EMDP will also be connected to the Project's: (i) *Consultation and Participation Strategy* which will provide guidelines for proper involvement of the affected people throughout the Project, in all Project planning and implementation activities; (ii) *Resettlement and Compensation Plan* if a subproject will lead to any relocation or loss of houses, land, or other assets; (iii) *HIV/AIDS and Human Trafficking Prevention Program*; and (iv) *Gender Strategy* similar to core subproject to ensure women's involvement and the benefit of the Project to women.

1. Principles for Project Ethnic Minority Development

23. The principles to guarantee that the project implementation will have positive development effects for involved ethnic minority communities include:

- (i) Social impact analysis on each planned subproject;
- (ii) Participatory strategy for social, poverty and gender analysis;
- (iii) Participation of ethnic minorities in all project activities is encouraged to guarantee that they will benefit from the project in a culturally appropriate way;

- (iv) Negative impacts on ethnic minority people should be avoided or minimized by investigating all alternative viable options for project implementation;
- (v) Preparation of resettlement and compensation plans to address negative impact of loss of land and asset;
- (vi) Preparation of EMDPs that will be carried out with full participation of the ethnic minority people involved in each subproject; and
- (vii) Schedule, budget and institutional responsibilities for EMDPs implementation will be included in each subproject plan.

2. Principles for Ensuring Participation of the Affected Ethnic Minority People

24. For subproject specific planning and preparation of EMDP under Component I and II, all the ethnic minority people and different ethnic minority groups in the project areas will be identified. The major project beneficiaries will be recognized, and the scope of the project impacts on each ethnic minority group defined. Both the anticipated opportunities for improving living standards and livelihoods and reducing poverty, and the potential risks for ethnic minority people will be properly assessed. Environmentally sensitive issues like forest ownership and utilization and socially critical issues like increasing presence of people from other ethnic and cultural backgrounds in the local setting will be identified and measures how these will be assessed in project implementation will be given. The potential risk of HIV/AIDS and Human Trafficking will be assessed in each subproject location and accordingly a prevention program will be included in the EMDP.

25. Ethnic minority people involved in the project will be consulted in their own ethnic language and in a culturally proper manner and at a level that is understandable for them. They will be given adequate information of the project, its design, expected positive and negative impacts, and implementation schedule and activities, in order to ensure proper understanding and make it possible for ethnic minority people to participate and benefit from the project in an appropriate way throughout the project planning and implementation.

26. Ethnic minority people's opinions, needs and aspirations will be made clear and recorded during the consultation process, and be brought into the project implementation plan and into preparing the EMDP.

3. Preparation of Subproject Specific EMDP

27. An EMDP will be prepared for each hydropower subproject under Component I and each ethnic minority province under Component II. According to the ADB Operations Manual on Indigenous People, an acceptable EMDP should address²:

- (i) Aspirations, needs, and preferred options of the affected ethnic minority people (men and women);
- (ii) Local social organization, cultural beliefs, ancestral territory, and resource use patterns among the affected ethnic minority people;
- (iii) Potential positive and negative impacts on ethnic minority people (men and women);
- (iv) Measures to avoid, mitigate, or compensate for the adverse project effects;
- (v) Measures to ensure project benefits will accrue to indigenous peoples strategy;
- (vi) Measures to ensure Project benefit will accrue to women and children;
- (vii) Measures to strengthen social, legal, and technical capabilities of government institutions to address ethnic minority issues;
- (viii) Possibility of involving local organizations and non governmental organizations with expertise in ethnic minority issues;
- (ix) Budget allocation; and

² OMS-F3/OP:12

(x) Monitoring.

28. The subproject specific EMDP for each of the Component I and II subproject involving ethnic minorities to a significant extent will accordingly assess these issues, based on the project EMDF.

29. The Social Impact Assessment (SIA) including Social, Gender and Poverty Analysis that will be conducted during the subproject feasibility study, will deliver a Summary Social Analysis with special attention to social organization, cultural habits, and land and resource use among the affected ethnic minority people. It will also justify the purpose of the subproject specific EMDP. The SIA will assess all the potential and expected positive and negative impacts on ethnic minorities, suggest measures to avoid, mitigate and compensate the negative impacts and measures to ensure the benefits for all ethnic minority people involved in the project. Preparation of the subproject specific plans and actions according to the project *Consultation and Participation Strategy*, *Gender Strategy* and *HIV/AIDS and Human Trafficking Prevention Program* will also build upon the SIA including the Social, Gender and Poverty Analysis. Subproject specific *Resettlement and Compensation Plan* will also be based on the findings and recommendations of the SIA.

4. Consultation and Participation Strategy

30. All project activities that will potentially impact on ethnic minority people will be consulted with them and conditions will be prepared for their full participation in all project phases, following the *Project Consultation and Participation Strategy*. The Provincial Unit of Project Management Board (PMB) will be responsible for implementing the Strategy. Consultations will be arranged with formal commune and village leaders and any existing community-based organizations at the specific location. Participatory village meetings will be organized in order to ensure that all the involved people have full awareness and understanding about the project content. These meetings will be regular and scheduled to follow set milestones throughout the project phases. It is crucial to invite all villagers to the meetings, and especially encourage participation of women and of the most vulnerable households.

31. Many ethnic minority people in remote communes, especially women, are not fluent in the Vietnamese language and their reading skills are limited. It is therefore important that all information and communication with ethnic minority people will take place in their own ethnic language and in a way and at a level that will enable low educated ethnic minority people to understand the content. All information and communication with ethnic minority people has to take place using participatory methodology and with emphasis on pictorial instead of written information.

32. Provincial Unit of PMB will set up routines for regular dialogue with community leaders or with a group of representatives for the affected people chosen by the villagers at a village meeting. Communication will be supported by the province level Ethnic Minority Office or the district level officials dealing with local ethnic minority issues in order to ensure that all concerns, conflicts and grievances can be expressed and assessed in a timely manner.

33. The aim of the consultations is that all the ethnic minority people who are expected to be affected by the project will be properly and timely informed about the project, its scope, implementation schedule and activities, as well as of expected impacts on the local community. They will learn about the benefits and opportunities of electrification, and what kind of support is available (such as micro credits) for them to take new appearing opportunities. Proper and timely information is a prerequisite for the ethnic minority people to fully understand and participate in the project in all different phases and be able to benefit from electrification.

34. If the subproject implementation will lead to land losses, loss of assets, and/or relocation, the affected people have to receive timely information about the planned procedures. The

Province Unit of PMB will provide the affected people with assistance to fully understand their rights to compensation and grievances, as well as of the compensation and grievances procedures. Individual consultations will be arranged with each affected household, their losses will be identified and their expectations brought into the detailed relocation and compensation planning. This planning as well as the implementation of land compensation allocations and resettlement will be conducted in full participation with the affected people.

5. Potential Negative Impacts of the Project and their Mitigation

35. **Land acquisition and relocation.** Implementation of subproject may imply that ethnic minority people will lose land and/or assets and be relocated from the project area. In such cases, following informed consultations with the affected people, a subproject specific *Resettlement and Compensation Plan* will be prepared, following ADB *Policy on Involuntary Resettlement* and mitigation and compensation implemented accordingly.

36. **Loss of work and income generation opportunities due to changes in production techniques.** Electrification will enable increasing mechanization in agricultural and forest production. However, it is difficult for very poor ethnic minority people to take any new opportunities due to lack of knowledge and lack of funds. Often the better-off households take the available new opportunities, which easily for the poorest ones lead to loss of manual work opportunities and income. This kind of potential development will be countered under Component I through (i) special support for the poor and marginally poor households to plan how to improve their income and access micro credits from the Social Policy Bank and the mass organizations for income generation activities; (ii) technical support to poor and marginally poor households for improving production and income generation with electrification; and (iii) building up an affordable production machines leasing system benefiting the poor and marginally poor. This support will be implemented through the Project component *Promoting productive use of electricity*.

37. **Marginalization of ethnic minority people.** Electrification will open up for new production and income generation opportunities in low-productive areas. Potentially new people, especially from the majority population, will find opportunities for resource utilization and income generation in the remote newly-electrified locations. If the available opportunities are taken by outsiders and the majority population, the gap between the poorest ethnic minority people and the better-off people risk to further augment. Cost of electricity may moreover constitute an obstacle for poorest ethnic minority households for utilizing electricity to improve their living standards and income generation. This kind of potential development will be countered by free electricity connection. Under Component I access to micro credit will be facilitated for poor ethnic minority households for improving their income earning opportunities.

38. **Increasing vulnerability of women.** Poor ethnic minority women are currently the most disadvantaged group as to living standards and economic development in Vietnam. They typically live in the most isolated and unprivileged areas, many of them cannot read and write or communicate fluently in the Vietnamese language, which make them isolated with few contacts outside their own ethnic group. They have little ability to take any new available opportunities or change their traditional patterns in production or housework, which easily may lead to their increasing marginalization in income generation and production activities following electrification. They are also vulnerable to be utilized by potential immigrating male workers following project implementation. *Gender Strategy* has been prepared for the core subproject and similar strategies will be prepared for other subprojects as relevant. Targeted actions to prevent negative and enhance positive impacts on women will be implemented through the national HIV prevention program and human trafficking program. The program will provide information especially to women on the risks and prevention of HIV, STDS, abuse and trafficking of girls and women. Under Component I information and support on safe and efficient use of electricity and support on productive use of electricity and income generation development will be

provided as detailed in the Project component *Productive use of electricity*. All these measures will focus on preventing negative and enhancing positive impacts of the Project on women.

6. Measures for Promoting Ethnic Minority Households' Connection to Electricity and Productive Use of Electricity

39. The goal of the project is to provide infrastructure for household electrification in currently non-electrified remote areas. Most project beneficiaries are extremely poor ethnic minority households with poor preparedness for electricity and willingness to pay for it. Poverty households both lack motivation for electrification and have no knowledge on how to utilize electricity in daily life or in production. Many poor households receive free kerosene from the government, and currently have none or very low costs for lightning. The Project therefore will create motivation for electrification among poor targeted ethnic minority households, and provide them understanding of safe use of electricity. Under Component I support will also be provided in skills and capacity to utilize electricity through access to micro credits.

40. Connection costs and electricity tariffs consequently will constitute an obstacle for poor households to benefit from the electricity provision provided by the project. The Project will provide subsidized grid connection to the poor ethnic minority households in provinces under the Government's Special Program. In other provinces, the PCs will seek additional grant funding with the assistance of ADB to provide subsidized grid connections. The poor households will receive a subsidy of \$40 for or half of the actual connection cost, whichever is the lower. The house wiring for electricity bulbs and electricity socket shall also be undertaken for such poor households by the PCs as part of electricity connection. Poor ethnic minority households in any subproject location will be ensured that they receive subsidized grid connection. All households will pay for electricity as per law.

41. Electricity is expected to improve conditions for household income generation and make possible new kinds of income bringing activities. However, local ethnic minority people may not take the available new opportunities due to limited knowledge and financial capacity. The first prerequisite for ethnic minority households to benefit from electricity is for them to learn to use electricity in a proper way and to hinder accidents. In order to promote productive use of electricity, an NGO will be engaged by the project under Component I to support the existing micro credit channels (Social Policy Bank and Women's Union) and provide technical support in subproject areas for ethnic minority people. During the project implementation the beneficiary households will be assisted by the Project NGO in identifying sustainable income generation opportunities with electricity, accessing micro credits and supported with technical capacity building to utilize credit in an efficient way for improving household income and reduce poverty, through e.g. utilization of agricultural machines like threshers, slicing machines, grinders and through other productive activities. This support is outlined and will be implemented under the Project component Promoting productive use of electricity.

7. Mechanism for Grievances and Conflict Resolution

42. One of the aims of the consultation process and regular meetings is to minimize incidences of dissatisfaction among the project-affected people. Local stakeholders' opinions and concerns will be part of the project planning and implementation. The participatory approach will encourage people to raise any concerns before conflicts may appear. However, if any beneficiaries of the project are not satisfied with deliveries or compensation received or any other issue, village leaders will make a grievance through the Community Management Board (CMB) to the PMB. The CMB has a representative from each ethnic minority village and each ethnic minority group. The complaint will be assessed and negotiated into a solution between PMB and CMB, with support from Commune People's Committee (CPC). However, if the conflict is not solved amicably, it will be taken to the Project Steering Committee (SC) under the MOIT.

8. Disclosure

43. It is crucial that all communication concerning the Project with ethnic minority people will take place at an appropriate manner. Information will be delivered in their own ethnic language and in a culturally proper way. Among ethnic minorities many people, especially elder persons and women, are not fully literate and their knowledge in the Vietnamese language is limited. Therefore public meetings will be arranged in villages, using participatory methodology and ethnic minority language. Information will be posted in a central public location like in the village leader's house in each village and be mostly pictorial in order to guarantee accessibility of the information for ethnic minority people with poor literacy skills.

44. Local people's opinions will be recorded in an appropriate way through minutes from the village meetings. Notes also will be taken from all regular meetings between PMB and village leaders or village representatives chosen at village meetings. All the concerns from involved people will be recorded this way and brought into the project planning and for making necessary adjustments in the activities throughout the project phases whenever needed. Any concerns or claims brought up in village meetings or other consultations will be recorded in the same way. EMDP will be disclosed at district level in a public meeting including all relevant stakeholders. The EMDPs will be web-posted as part of ADB's Public Communication Policy.

E. Institutional and Procedural Arrangements under Component I and Component II

45. Implementation of each subproject specific EMDP will be the responsibility of the Provincial Unit of the Project Management Board (PMB). PMB will also be responsible for monitoring that all the activities throughout the Project are taking place in a culturally appropriate way for the involved ethnic minority people. Under Component I, PMB will be supported by the Project NGO. Under Component II the PMB and the Project NGO will also cooperate with the Committee for Ethnic Minorities (CEM) and the district offices dealing with ethnic minority issues in preparation and implementation of the EMDP.

46. To facilitate community level planning, implementation and monitoring of the Project activities especially for motivational work, awareness on proper and safe use of electricity, productive use of electricity for income generating activities, at the commune level a Community Management Board (CMB) will be formed. The CMB will consist of Commune leader, village leaders (men and women), representatives from mass organizations and the field staff of the Project NGO. The task of the CMB will include assisting PMB and the consultancy team with community involvement in planning of subprojects, preparation of social assessment and social impact assessment, motivational and awareness work in the community, planning of income generating activities for individual households and enterprises through micro credits from the Social Policy Bank and Women's Union, and implementation of HIV/AIDS and Human Trafficking Awareness program. In case of resettlement in a sub-project, the CMB will also assist Provincial Unit of PMB in planning and implementing the Resettlement and Compensation Plan. The CMB will conduct community level monitoring of motivational work, households connection to electricity, productive use of electricity for income generation, and of HIV/AIDS and Human Trafficking Awareness Program. The Project NGO will develop capacity of the CMB to perform its task effectively. The NGO will also work with CMB to implement the micro credit scheme for productive use of electricity, motivational work on use of electricity and other relevant Project work.

F. Budget and financing

47. A cost estimate for implementation of each EMDP for Component I subprojects and Component II Province EMDP will be integrated into the project budget with potential land acquisition, resettlement and compensation costs. Funds to implement the activities and measures defined in the EMDP will be included in the **Executing** Agency budget. A project NGO to be engaged for facilitation and supporting the planning and implementation of the EMDP, of

capacity building of the relevant staff in the province, and of the Productive use of electricity component under Component I will have a separate budget under the TA.

G. Monitoring and Evaluation

48. The goal of the EMDF is to ensure that: (i) the Project will benefit the involved ethnic minority communities, (ii) that negative impacts are avoided to the greatest extent possible, and (iii) when negative impacts are unavoidable, these are mitigated and compensated properly. The impacts of each subproject on ethnic minorities will be documented using community-based participatory impact monitoring according to the *Consultation and Participation Strategy* of the Project. The subproject specific EMDP will identify and include specific indicators for monitoring the impacts of the project on involved ethnic minority people. It will be the responsibility of each Provincial Unit of the PMB to set up routines for internal supervision and monitoring of activities against the set goals during the project implementation in order to monitor the success of the project in reaching the set goals after the project implementation. Added to the internal monitoring, an external monitoring and evaluation will be conducted by an independent consultant specialized in ethnic minority and rural livelihoods development.

49. Monitoring indicators will deliver information on:

- (i) Number/percentage of ethnic minority households (including poor and female-headed households) with subsidized grid connection;
- (ii) Number of ethnic minority households including the poor and female headed households received free energy savings bulb;
- (iii) Number/ percentage of ethnic minority households (including poor and female-headed households) utilizing electricity in production/income generation;
- (iv) Number/percentage of poor ethnic minority households accessing micro credits and receiving project technical support for efficient utilization of credit for income improvement with electrification;
- (v) Number of labourers displaced (men and women) due to mechanization of production process; Number of outsiders who have established business in the ethnic minority villages;
- (vi) Number of households that have transferred land lease rights, mortgage rights, inheritance rights, bonus (present) rights;
- (vii) Number of HIV/AIDS cases found;
- (viii) Number of young and adult (men and women) migrated outside the villages, districts and other provinces; and
- (ix) Number of human trafficking cases.

50. An independent body will be engaged for doing external monitoring of the Project. The external monitoring will evaluate the Project impacts also by comparing the development in the Project communes with a non-electrified reference commune. A baseline social assessment will be conducted in such a commune for comparison and followed parallel with the monitoring of the Project communes.