

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	India	Project Title:	Demand-Side Energy Efficiency Sector Project
Lending/Financing Modality:	Sector Loan	Department/Division:	South Asia Department Energy Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: general intervention

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

India's continued economic growth and rapid urbanization has led to a dramatic increase in primary energy demand, and electricity remains a key factor in India's economic growth. India has substantial untapped energy efficiency potential across various sectors. Bureau of Energy Efficiency under the Ministry of Power has identified lots of energy efficiency investment opportunities throughout the economy, which would yield high financial returns with short payback periods. Increasing energy efficiency is necessary to manage energy demand and to enhance energy security and address local and global environmental concerns.

The Government of India estimates that its overall energy efficiency market has an investment potential of \$9.77 billion and could save up to 183.5 billion kilowatt-hours (kWh) and 148.6 million tons of carbon dioxide in 5 years. Over 45% of these estimated savings are expected to be achieved in domestic, commercial, and agricultural sectors. The government has recently enacted regulatory mandates and policy initiatives to tap energy saving opportunities through its National Mission for Enhanced Energy Efficiency, which aims to address inefficient usage of energy in the country by setting mandatory energy saving targets in various sectors. The project is aimed at significant energy savings in India by encouraging investment in energy efficiency. Promotion of investment in energy efficiency will also reduce the need for highly expensive generation capacity expansion.

Achieving poverty reduction and social development through faster and more inclusive growth is a priority in India's Twelfth Five-Year Plan (2012–2017). The plan views the expansion in gross domestic product not as an end in itself but as a means of poverty reduction and economic growth along with strategic infrastructure enhancement. This program to promote energy efficiency engages with the sustainable development pillar of the country partnership strategy (CPS) prepared by the Asian Development Bank (ADB) for India for 2013–2017. By promoting sector investments in energy consumption reduction, the project will increase the economic competitiveness and growth and, as all result, contribute to poverty reduction. The project is consistent with the National Poverty Reduction Strategy and ADB's CPS for India. The project's contribution to poverty reduction and social inclusion will primarily be indirect. Project beneficiaries are widespread across the regions traversed by the project. They will include commercial, industrial, agricultural, and household consumers in selected project states in India. People directly or indirectly will benefit from (i) economic investment and growth; (ii) improvements to basic infrastructure, including agriculture and power supplies; and (iii) continued community support.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. As per the 2011 census, of the 246 million households, 67% get electricity from the grid. India has reduced its poverty rate from 21.0% to 12.4% based on a 2011–2012 evaluation. Better access to and efficient use of power is one of the key solutions to poverty. The project will help to increase household savings by adopting energy-efficient domestic appliances like light-emitting diode (LED) bulbs, five star rated (energy-efficient) fans, and energy-efficient pump sets. According to the Energy Efficiency Services Limited (EESL) estimation, through the household level savings, the sector investment will retrench \$579.9 million (LED bulbs \$407.86 million, fans \$145.35 million, and agricultural pump sets \$26.69 million) in financial terms. The poor and below poverty line households will benefit from the additional income generated by electricity savings. The street lighting program with an energy-efficient system will contribute to the state energy savings. The saved energy can be utilized for distribution in poorer areas of the city. The project outcome will increase the adequacy, reliability, and efficiency of power supply and indirectly support economic opportunities, overall long-term sustainable development and energy security.

2. Beneficiaries. The expected beneficiaries are households, municipal corporation, and farmers. The use of energy-efficient lights and appliances will enhance awareness of energy savings and help preserve the environment. Consumers can easily adopt LED light through a monthly installment scheme and can also reduce their electric charges. The Municipal Demand-Side Management program through LED retrofitting will improve the overall energy efficiency of the urban local bodies, which could lead to substantial savings in electricity consumption, thereby resulting in cost reduction and/or savings for them. The efficient agricultural pumps will save energy, and farmers can more easily control the pump sets.

3. Impact channels. The project will increase overall energy efficiency and power security. This will result in regional economic growth and poverty reduction accompanied with (i) improved living conditions for local people, including the

poor; and (ii) investment in basic infrastructure and social services for the poor.

4. Other social and poverty issues. Energy subsidies are widely prevalent in India, both in the electricity and hydrocarbon sectors. These primarily consumer-based subsidies are provided for social welfare, redistribution of income to the poor, and energy availability of the poor. These energy subsidies are being converged to the distribution of more efficient lights and appliances to the poor and below poverty line households through policy development, which is evaluated as a productive attempt. It is important that such subsidies are combined with targeted efforts that help low-income households reduce energy costs and also take advantage of the cost savings. In order to accomplish the intended goal, the general energy subsidy scheme needs to be adjusted to reflect different circumstances of consumers, especially poor families, and improve operation and maintenance of existing services.

5. Design features. The project is classified as general intervention and is expected to have a positive impact on people by improving energy efficiency. No critical or adverse impacts have been identified. The project is aimed at unlocking significant investment potential and catalyzing an energy savings in India by encouraging investment in energy efficiency. Promotion of investment in energy efficiency will also reduce the need for expensive generation capacity expansion. The project will contribute to enhancing energy security and reducing greenhouse gas emissions and air pollutants.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. The project stakeholder engagement process has been participatory. EESL is carrying out formal and informal consultations across various project locations with villagers, urban residents, and other stakeholders during pre-implementation. The detailed and extensive consultation process will continue during implementation through the Stakeholder Communication Strategy (SCS). EESL has recruited Edelman India to handle the formal and informal stakeholders' consultations, using the project's SCS. The aim is to create mass awareness of the benefits of using energy-efficient appliances and to persuade people to adopt energy-efficient measures. The awareness campaigns will engage self-help groups and other community-based organizations in all project covered areas.

2. Civil society organizations. Formal and informal consultations have been carried across various project locations with key informants and other stakeholders during the preparation stage. A summary of public consultations has been presented in social safeguard due diligence reports. The consultation process will continue during project implementation.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

☒ **H** Information gathering and sharing ☒ **M** Consultation ☒ **M** Collaboration ☐ **NA** Partnership

4. Participation plan. ☐ Yes. ☒ No.

No plan will be prepared for the project as a whole. However, EESL has appointed a communication agency to implement an integrated communication strategy to improve awareness, acceptance, and use of energy-efficient technologies in homes (LED lighting, energy-efficient appliances) and farms (energy-efficient agricultural pumps). The strategy includes social mobilization to strengthen active involvement of civil society (farmers, women, youth, government-organized user groups) to promote energy efficiency in project activities.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: some gender elements

A. Key issues. Energy is a key variable in empowering women and promoting gender equality: (i) electricity enables access of women, who are more likely than men to be illiterate, to educational information and information communication; (ii) street-lighting improves safety for women and girls at night, allowing them to attend night schools and participate in community activities; and (iii) energy efficiency gives women more chances to explore opportunities traditionally assigned to men. However, studies show that energy efficiency does not always lead to women's empowerment and gender equality due to constraints in women's participation in decision-making. The India Gender Equality Diagnostic of Selected Sectors corroborates this with its assessment that energy access policies and programs generally do not pay sufficient attention to women's needs and priorities and, therefore, do not always benefit women. Therefore, proactive enabling measures need to be considered.

B. Key actions.

☐ Gender action plan ☒ Other actions or measures ☐ No action or measure

The project will maximize its outreach through engagement with existing women groups, collectives and self-help groups, and/or other institutional mechanisms for social mobilization identified at the state level for each component. End-user awareness programs about the benefits of energy-efficient lighting, household appliances, and agricultural pumps will be implemented with 30% of women participation. To facilitate this, SCS will be prepared. It will enhance women's participation through social mobilization to increase awareness, acceptance, and use of energy-efficient technologies. Further, a social impact assessment and/or surveys will be undertaken to evaluate the result of the street lighting program with a focus on the safety and security of women and their mobility.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement 1. Key impacts. The proposed project has three outputs: (i) efficiency of street lighting enhanced by replacing and/or retrofitting energy-inefficient streetlights in urban areas with energy-efficient LED lights, (ii) efficiency of bulbs and electric fans in households enhanced by replacing inefficient lights and ceiling fans with energy-efficient LED lights and ceiling fans, and (iii) efficiency of agricultural water pumps in utility service areas improved by replacing energy-inefficient agricultural pumps with energy-efficient agricultural pumps in eligible states. The project activities are not expected to cause any physical or economic displacement. No private land acquisition or government land transfer is necessary, and temporary impacts are unlikely to be caused. The project will have no negative impacts on titled or non-titled holders or their livelihoods. 2. Strategy to address the impacts. For the subproject selection and implementation under the sector loan, a resettlement framework has been prepared that includes involuntary resettlement and indigenous peoples checklists and due diligence reports for the three project outputs. 3. Plan or other Actions.	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
B. Indigenous Peoples 1. Key impacts. The project will not have any negative impacts on indigenous peoples and livelihood of them. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. No action is required for indigenous people's issues for the project. 3. Plan or other actions.	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market 1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards </div> 2. Labor market impact. EESL will ensure compliance with the labor laws, with no child labor.	
B. Affordability No particular issue is expected.	
C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input type="checkbox"/> Communicable diseases <input type="checkbox"/> Human trafficking <input checked="" type="checkbox"/> NA Others (please specify) _____ </div> 2. Risks to people in project area. None.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. Benefit tracking will be done through end line social assessments and/or surveys. 2. Required human resources. The executing agency will ensure that adequate resources will be allocated. 3. Information in the project administration manual. Safeguard information will be provided through quarterly project progress reports and/or monitoring reportings upon request by ADB. 4. Monitoring tools. Project progress reports and monitoring reports, if needed.	

Source: Energy Efficiency Services Limited.