



Initial Poverty and Social Assessment

Project Number: 42182-01
September 2008

Viet Nam: Renewable Energy for Remote Island and Mountain Communes Sector Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title: Vietnam/Renewable Energy for Remote Island and Mountain Communes (RERIMC) Sector Project

Lending/Financing Modality:	Sector Loan	Department/ Division:	SERD/ SEID
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I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy³

ADB's Country Strategy and Program (CSP) for Viet Nam focus on supporting pro-poor economic growth, social equity and balanced development, and sustainable environment management. One of the key challenges for poverty reduction in Vietnam's Socio-economic Development Program (SEDP) is to provide the basic services and infrastructure needed to ensure the access to markets needed to attract private investment and create jobs. ADB country strategy is aimed at reducing the poverty through promoting pro-poor, business-led economic growth. Provision of basic infrastructure is one of the prerequisites for such development. Currently 91.5% of households in Vietnam are connected to the national power grid system. The government is planning to extend the grid system to connect about 96% of villages. Those remaining to be connected are communes in remote mountain and island areas, often inhabited by indigenous people with 40-60% of the population below the national poverty line (against 20% for the whole country). The project contributes to achieving this objective of ensuring 100% electrification of villages and households by 2015. The proposed sector project will help in providing more than half of the remaining villages with off-grid electricity. The proposed sector project, thus, contributes to the government goal of promoting pro-poor and balanced economic development of remote and isolated mountainous and island communes through sustainable use of renewable energy.

In those communes the electricity is mainly used for household purposes such as lighting. There is little scope for the productive use of energy; however the project promotes a special feature to support such productive use of energy. The project provides reliable and affordable supply of electricity to remote poor communes. The project thus contributes particularly to inclusive social development and to a lesser extend to pro-poor growth (through some additional potential for income generation of poor remote communities through productive use of electricity) as well as to environmental sustainability (through promoting renewable energy sources).

B. Targeting Classification

1. Select the targeting classification of the project:

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

The project is located in areas with poverty incidence substantially above the national average. It is not specifically targeted to individual poor households, as it will provide access to electricity to all the households in the remote communes. While the project has some (minor) impact on income poverty, the major feature of it is improving livings standards of poor households in that area. It is therefore classified as an intervention that targets geographical dimensions of poverty (TI-G).

C. Poverty Analysis⁴

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

The project does not specifically address income-poverty at the household level. While it has a small component of promoting the productive use of energy, thereby contributing to perhaps increased income potential for some poor families, the main feature is improving the livings standard of all in a geographical area where majority of the population are poor.

During project preparation, a social and poverty impact analysis study will be done, including assessment of impact on ethnic minorities.

2. What resources are allocated in the PPTA/due diligence?

A social and poverty expert team will prepare a socio-economic analysis of three types of sub projects in remote mountainous and island communes divided into following sub tasks:

- Socio-economic profile of the households in the pilot sub projects.
- People's income and ability to pay, affordability analysis and recommendations for targeted subsidies to ensure poor households benefiting from the project.
- Estimate on use of electricity and recommendations for enhancing productive use of electricity.
- Impact of electricity on changing life, analysis of potential positive and negative effects.
- Ethnic minority assessment; Ethnic Minority Framework for the sector Project and Ethnic Minority Development Plan for

- the sub projects in ethnic minority dominated areas.
- HIV/AIDS and human trafficking risk assessment and recommendations for risk reduction.
- Gender assessment and gender strategy.
- Stakeholder analysis, participation and consultation strategy.

Methodology used will include statistical reports, household surveys, and interviews with different stakeholder categories individually and in groups such as men and women, people earning income from different type of production activities, small business owners, education and healthcare providers, local administration, and regional development authorities.

2. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

The project is classified as a TI-G. It has pro-poor design features and supported an affordability analysis, leading to recommended targeted subsidies to enhance poor households' access and long-term use of electricity.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

Primary beneficiaries are households (majority of which being poor), small enterprises and public service providers in poor and remote communities. Project guidelines and recommendations are targeted to enhance poor households' access to and long-term use of electricity.

2. What are the potential needs of beneficiaries in relation to the proposed project?

To get sustainable access to electricity at an affordable price in the long term for household use and for development of income generation activities. Subsidized prices for connection and electricity consumption may be needed, as well as special features (one of them could be micro-credit) for income generation development.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

Electricity prices may in the long run constitute an obstacle for poor households' electricity use. Affordability analysis of households' ability to pay for electricity and recommendations for targeted subsidies are expected to mitigate the risk of poor households not benefiting from the electrification potential. The analysis will help rationalizing the subsidy component for the off-grid connection.

B. Consultation and Participation⁵

1. Indicate the potential initial stakeholders.⁶

Local households, local small entrepreneurs, local government offices, local public service providers (primarily education and healthcare sectors, and agricultural extension centre), district and province authorities responsible for the sub-sector and for regional development.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of non-government organizations and community-based organizations, etc.)?

Interviews and focus group meetings with households – men and women – from different wealth categories and income generation activity sectors, interviews and focus group meetings with local entrepreneurs, service providers, government officials, representatives for mass organizations, interviews with regional (province and district) authorities.

3. What level of participation is envisaged for project design?

☐ Information sharing ☒ **Consultation** ☐ Collaborative decision making ☐ Empowerment⁷

4. Will a C&P plan be prepared? ☒ **Yes** ☐ No Please explain.

C. Gender and Development

1. What are the key gender issues in the sector/subsector⁸ that are likely to be relevant to this project/program?

Equal access of men and women to the benefits of electrification and the improved income generation prerequisites; risk of loss of manual labor opportunities; some (minor) risk of sexual exploitation and spread of STDs and HIV during the construction period.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?⁹

☒ **Yes** ☐ **No** Please explain

Energy is provided to households not to individual people. As such both men and women will benefit. The use of electricity in public places will enhance comfort and security in the area which will particularly benefit women. The electricity will particularly be used for living room and kitchen lights. Especially the later will reduce exposure of women to fume from candle light (some health and comfort impact). The project has however little impact on income potential because of the limited productive use of electricity and the use of electricity in areas where women may not find major employment opportunities (e.g. ice making). Further information on the benefits for men and women and how such project could impact on gender relations will be prepared during the Project preparation..

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?¹⁰

☒ **Yes** ☐ **No** Please explain

Gender strategy prepared during the Project preparation will include recommendations and measures to mitigate the potential adverse impacts of loss of work opportunities of women and potential (relatively minor) gender-related risks of sexual exploitation during the construction period.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS¹¹

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known ¹²	Plan or Other Action Required ¹³
Involuntary Resettlement¹⁴	Households may be need to be resettled or lose productive assets due to the sub project construction	Not known as depends on each sub project setting. A Resettlement Plan for the core subprojects and a Framework will be prepared for the entire sector Project.	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples¹⁵	One component of the Sector project is located in areas typically inhabited by ethnic minority people and they are the major beneficiaries'	Significant. A Ethnic Minority Development Plan will be prepared for the core sub project and a Framework will be prepared for the entire sector Project.	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action ¹⁶ <input checked="" type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards¹⁷	Electrification is expected to lead to new business and labor opportunities; some opportunities of manual labor might be lost.	Not known	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action¹⁸ <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	Households' and local enterprises' ability to pay for electricity and benefit from electrification	Significant core issue for development.	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain An affordable tariff mechanism will be designed for each sub project taking into account the affordability of the people. This may require part of the capital expenses to be financed by ADB to be provided as a grant

			to the sub projects by the government.
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
<p>1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			
<p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			