

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Peoples Republic of Bangladesh	Project Title:	P42378-017 BAN: Power System Expansion and Efficiency Improvement Investment Program - Tranche 3
Lending/Financing Modality:	Multi tranche Financing Facility (MFF)	Department/ Division:	South Asia Department (SARD)/ Energy Division (SAEN)

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: General Intervention

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

The proposed new investment program is consistent with the government's policies and strategies. The government has prioritized the power sector as a priority development sector. In this regard the government has set the vision to provide access to affordable and reliable electricity to all by the year 2021. The government is further focusing on its vision 2030 and prepared the power sector master plan (PSMP) in 2010. The government has undertaken a major program to address power shortages during the plan period, aiming to raise access to electricity from 47% of households in 2009 to 65% in 2015. Bangladesh Poverty Reduction Strategy Paper^a (BPRSP) recognized that the supply of quality and reliable power at affordable prices to the people will be ensured through system expansion, efficiency improvement through institutional and structural reform and establishment of commercial arrangements among the sector entities. Balanced development of generation, transmission and distribution of electricity will be ensured. Electricity generation will focus on completion of plants under construction, installation of new plants, utilization of full capacity of existing plants through rehabilitation, scheduled maintenance and overhauling, and human resource development.

The PSMP and BPRSP are also consistent with the Asian Development Bank's (ADB) ongoing country partnership strategy (CPS) (2011-15).^b ADB's assistance in the previous CPS, 2006–2010 focused on power and gas generation, transmission, and distribution, as well as policy reform and capacity building. ADB engagement in this CPS period will enhance access to power, improve energy efficiency, develop a policy, and regulatory support for power system improvement will expand capacity for power generation and transmission using cleaner and more efficient technologies. Support will aim to ensure reliable power supply and enhance all citizens' access to power. Additionally, sustained partnerships between ADB and Bangladesh will help sector reforms to be on track.

The Government of Bangladesh is committed to poverty reduction through developing the *Steps Toward Change: National Strategies for Accelerated Poverty Reduction II FY2009–11* (NSAPR II). The NSAPR II^c recognizes the multidimensional nature of poverty and that part of the solution is to supply affordable, sustainable energy sector and establish gender equity. NSAPR II emphasizes providing access to affordable and reliable electricity for all citizens of Bangladesh, developing generation, transmission, and distribution infrastructure.

The project is consistent with the National Poverty Reduction Strategy and ADB's CPS. 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 all regions of Bangladesh. People directly impacted by project activities will benefit from (i) temporary and permanent jobs; (ii) economic investment and growth; (iii) improvements to basic infrastructure, including roads, water and power supplies, etc.; (iv) livelihood restoration schemes (where applicable); and (v) continued community support from a responsible corporate player.

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

1. Key poverty and social issues. The impact of the investment program components will be reliable access to energy in Bangladesh. This will increase economic opportunities, including temporary jobs during project implementation and construction. The outcome will be increased adequacy, reliability and efficiency of the power system in Bangladesh. The outputs include improved distribution network efficiency in Bangladesh. Improved power supply and reliability contributes to improved social services, as hospitals, schools and other social utilities are often hardest hit by load shedding and poor power quality. Socially, regular and efficient power supply increases access to electronic media such as television and radio, enabling more informed, meaningful choices and an enhanced understanding of civic affairs and duties. For economic growth, power sector development could support greater farm mechanization leading to greater agricultural yields, and could benefit the commercial and industrial sectors by promoting access to markets, skills training, entrepreneurship, and an increase in employment opportunities. With regular electrification, there would also be expansion and improvement in household and cottage industries. All these factors have a positive impact on alleviating and reducing poverty.

^a Bangladesh: Poverty Reduction Strategy Paper, IMF Country Report No. 12/293, October 2012, International Monetary Fund, Washington, D.C.

^b Country partnership Strategy, Bangladesh 2011-2015, October 2011, Asian Development Bank

^c Steps towards Change: National Strategies for Accelerated Poverty Reduction II FY2009–11, Government of People's Republic of Bangladesh, 2009, Dhaka.

2. Beneficiaries. The proposed investment will support power generation, transmission and distribution system improvements in Bangladesh. The proposed project will help, to remove bottlenecks in the transmission network. The project will provide benefit to reduce transmission and distribution losses through system improvement and efficient metering. In addition, the proposed project will improve the system in such a manner that load shedding, transmission loss, voltage fluctuation will reduce to help domestic, industrial and commercial consumers. In addition to the benefits mentioned above, this project will also trickle down the benefit of sizeable number of agriculture, domestic, industrial and commercial consumers including the garment factories etc.

3. Impact channels. The project is expected to result in regional economic growth and development propelled by investment in industry, agriculture and commerce; creation of new and diverse employment opportunities; improved living conditions for local people, including the poor; and investment in basic infrastructure and social services for the poor.

4. Other social and poverty issues. Only 49% of Bangladeshis have access to electricity, and most continue to use kerosene for lighting. Fuel for cooking is predominantly wood, followed by gas. The use of open stoves and cooking fires is common, despite it being environmentally unsound. Improving infrastructure to improve the delivery of power will contribute to improved socioeconomic development and poverty reduction by improving business development. This is expected to indirectly improve access to social services, improving education and literacy and health status. A better educated and healthier workforce will drive economic development. The project is designed to assist the government in providing electricity to all by 2020. This will be directed both to urban areas, which are growing in population, and to rural areas, where electricity is needed for household use, income generation, irrigation, and decentralized industry and businesses.

5. Design features. While the project will improve the power supply system, it will also indirectly improve the overall condition of the regions. The ADB loan will develop a strategy to avoid or minimize negative impacts on people directly or indirectly affected and on vulnerable groups through appropriate management and mitigation. The proposed project promotes sustained social and economic growth in Bangladesh by improving energy security by increasing the availability of electrical energy through improvements in energy management. The proposed project will increase the coverage of electricity supply in Bangladesh. It is therefore recommended that it be classified as a general intervention. The improvements in generation, transmission and distribution system will generate jobs during construction of the new facility, and during operation and maintenance. The new investment and jobs created in particular will need skilled employees. During and after construction, additional jobs will be created in the service sector for local people.

C. Poverty Impact Analysis for Policy-Based Lending- Not Applicable

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. Consultations were carried out with various stakeholders such as village community, local people, villagers, representative of government officials, and executing agency during the due diligence activities. Stakeholders were informed about the new proposed project and the stream of information will continue during the implementation of the project.

2. The stakeholder engagement process for the project has been based on a participatory approach. Stakeholders are involved in planning and development of the energy requirement. Formal and informal consultations have been carried out across various project locations with key informants, including village heads, management committees, and other stakeholders during the preparation stage. Given the nature of the project, there is no pertinent role for civil society during implementation. Distribution enhancement projects are usually welcomed by the people and community in general.

3. Civil society organizations. The civil society do not have a specific role in the project. However, local democratic elected bodies (unions) have a specific role while right-of-way (ROW) for the new transmission line are being planned through surveys during implementation.

4. 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):

M ☒ Information gathering and sharing **M** ☒ Consultation **N** ☐ Collaboration **N** ☐ Partnership

5. Participation plan. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?

☐ Yes. **NO** ☒

A C&P plan and awareness strategy will be prepared for subprojects at the time of implementation to ensure that ongoing consultation and engagement is achieved with affected communities.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: This sub project can be classified as "No Gender Element". Hence no gender action plan (GAP) is required. Given the nature and characteristic of the project, it is not amenable to gender mainstreaming and no explicit gender-related action is envisaged.

A. Key issues.

The proposed project will help to improve the quality of power supply, and as a result, men and women will be equally benefited from the project. There is no gender related vulnerability observed during consultations and field visits/survey. Attempts will be made by the executing agency and the construction contractor(s) to create job opportunities during construction with equal wage for men and women and additional compensation as vulnerable allowances in case of women headed households that may be affected in the future.

B. Key actions.

The project will not have any targeted impact on women. However, as a part of social due diligence, meaningful consultations were carried out among the women groups in the surrounding villages of the project to create awareness about the upcoming development activities.

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

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES**A. Involuntary Resettlement**

Safeguard Category: ☐ A ☒ B ☐ C ☐ FI

1. Key impacts. For the 132/33 kV, 2 x 25/41 megavolt-ampere (MVA) air-insulated substation (AIS) at Kachua (Chandpur)/Hojiganj, it is proposed to acquire 2.02 hectare of private land from 17 land holders. The other three substations will be located within the land owned by PGCB. The replacement of the existing Comilla–Chadpur 132 kV transmission line and construction of a new transmission line from Madunaghat to Kalurghat will enhance the capacity of the transmission system and will not have any permanent impact on land. The Comilla–Chadpur transmission line will continue to use the existing ROW while the Madunaghat–Kalurghat transmission line will be constructed following the existing ROW of city road. Temporary impacts on loss of crops on the right of way of transmission lines are foreseen with minimum impacts. No physical or economic displacement is envisaged from the project. Accordingly the project has been categorized as B in accordance with Safeguard Policy Statement 2009.

2. Strategy to address the impacts. A resettlement plan has been prepared for the tranche 3 project components in accordance with the revised resettlement framework, based on Bangladesh government law: (i) Acquisition and Requisition of Immovable Properties Ordinance 1982 (amended in 1983, 1993 and 1994); (ii) Electricity Act of 1910, and (iii) Telegraph Act of 1885. The resettlement framework is consistent with the laws mentioned above, and the ADB *Safeguard Policy Statement*.

3. Plan or other Actions

- | | |
|---|--|
| <input checked="" type="checkbox"/> Resettlement plan | <input type="checkbox"/> Combined resettlement and indigenous peoples plan ⁱ |
| <input checked="" type="checkbox"/> Resettlement framework | <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework |
| <input type="checkbox"/> Environmental and social management system arrangement | <input type="checkbox"/> Social impact matrix |
| <input type="checkbox"/> No action | |

B. Indigenous Peoples

Safeguard Category: ☐ A ☐ B ☒ C ☐ FI

1. Key impacts. No indigenous people or groups are expected to be directly or indirectly affected by the project. The scheduled tribes are not affected. Is broad community support triggered? ☐ Yes ☒ No

2. Strategy to address the impacts. No action is required for tranche-3 subproject since there will be no negative impact on IP.

3. Plan or other actions.

- | | |
|---|--|
| <input type="checkbox"/> Indigenous peoples plan | <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan |
| <input type="checkbox"/> Indigenous peoples planning framework | <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework |
| <input type="checkbox"/> Environmental and social management system arrangement | <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary |
| <input type="checkbox"/> Social impact matrix | |
| <input checked="" type="checkbox"/> No action | |

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.

☐ unemployment ☐ underemployment ☐ retrenchment ☒ core labor standards

2. Labor market impact. The project will generate a significant number of temporary jobs during the installation/erection of transmission lines and substations. A few hundred permanent skilled, semi-skilled, and unskilled jobs where the new and old lines will be located will be sourced locally. Local people will be given preference for temporary and permanent jobs. The loan agreement will include specific assurances (i) requiring the enforcement of relevant labor standards at all work camps and sites of its contractors, and (ii) ensuring that workers are protected in terms of occupational health, safety, and security risks.

B. Affordability - No particular issue is expected. Fixation of electricity tariff is independent of the project

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): Relevance of the project for the country's or region's or sector's labor market

☒ L Communicable diseases ☒ N Human trafficking

☐ Others (please specify) _____

2. Risks to people in project area.

Appropriate steps should be taken to address the threat of project workers contacting and/or spreading HIV/AIDs, particularly where they are working in large groups and close to local communities. Specific and standard assurances will be added to the loan agreement to ensure that executing agencies will provide workers with information and training about the risks of HIV/AIDs and how to prevent contracting or spreading it, as and when deemed necessary.

VI. MONITORING AND EVALUATION

1. Targets and indicators. Target indicators would be general in nature such as (i) number of employment or jobs generated during project construction for unskilled, semi-skilled and skilled labor and, (ii) number of people compensated for land and crops etc.
2. Required human resources. PMU staff, PIU staff and Project Management Consultant staff. However, these are already available as this is a tranche 3 loan and the institutions/staff will be responsible for its implementation.
3. Information in PAM. safeguards, gender, health, labor, etc.
4. Monitoring tools. Designated project monitoring team of PMU and PIU will routinely review and report on project performance of ADB-financed components and RP to ensure that the project is implemented in accordance with ADB Safeguard Policy Statement (2009) guidelines.
