INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC638

Date ISDS Prepared/Updated: 13-Aug-2012

I. BASIC INFORMATION
A. Basic Project Data

<table>
<thead>
<tr>
<th>Country:</th>
<th>India</th>
<th>Project ID:</th>
<th>P127974</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name:</td>
<td>North Eastern Region Power System Improvement Project (P127974)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task Team Leader:</td>
<td>Rohit Mittal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Appraisal Date:</td>
<td>03-Jul-2013</td>
<td>Estimated Board Date:</td>
<td>04-Nov-2013</td>
</tr>
<tr>
<td>Managing Unit:</td>
<td>SASDE</td>
<td>Lending Instrument:</td>
<td>Specific Investment Loan</td>
</tr>
<tr>
<td>Sector:</td>
<td>Transmission and Distribution of Electricity (100%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theme:</td>
<td>Infrastructure services for private sector development (50%), Corporate governance (33%), Other public sector governance (17%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing (In USD Million)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing Source</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrower</td>
<td>105.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Bank for Reconstruction and Development</td>
<td>425.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>530.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Category:</td>
<td>A - Full Assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is this a Repeater project?</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. Project Objectives
The proposed project development objectives would be:
To improve the availability and reliability of electricity supply through expansion and reinforcement of power systems in the participating states in the North Eastern Region.

C. Project Description
The project is part of an overall scheme formulated by GoI for: (i) strengthening/ augmenting inter-state and intra-state transmission and distribution network in the eight states of the North Eastern Region (NER) to facilitate increased access and availability of power; and (ii) development of institutional capacities for the efficient and sustainable operation of the sector. GoI’s request to the World Bank is for IBRD funding support for a part of the comprehensive scheme, covering the strengthening of the intra-state transmission and distribution network and building institutional
capacity of six states in the region (Assam, Manipur, Mizoram, Meghalaya, Tripura and Nagaland). The project, as described below, is going to address priority needs and set the platform for the reform process, using the institutional as well as regulatory frameworks outlined by the Electricity Act 2003. There is a possibility of future operations depending on the performance of this project. It is understood that the intra-state investments and capacity building initiatives for the other two states in the region will be funded directly by GoI, thus ensuring equity between the eight states. Recognizing the limited institutional capacity of the participating states to undertake efficient implementation of the proposed project, the GoI has engaged POWERGRID as a “design and project management consultant” to the states.

As per the present DPR for the overall program, the intra-state investments across the proposed six states include Transmission lines (132 kV, 220 kV and 400 kV); Distribution lines (33 kV); Substations (220/132, 132/66, 132/33, 132/11, 66/33, 33/11 kV). These investments could be broken down into three categories:

- Critical and urgent investments (transmission lines as well as substations) to increase the transfer capability of the transmission network.
- Critical and urgent investments (distribution segments as well as substations) to improve the electricity supply and services to the consumers.
- Investments at both the transmission and distribution levels to expand the electricity service.

The critical and urgent investments could be viewed as “Priority” investments that need to be carried out to enable the states to draw their share of power from the grid and deliver it to major load centres. Given the fragile state of transmission and distribution infrastructure in the region, it is proposed that the Bank finances the critical infrastructure needs in the first operation/phase (of a series of loans) to enable the target states to draw their allocated share of power from the national grid, to strengthen the state grid to ensure adequate power reaches the major load centers in a reliable manner, and to improve the performance of the distribution segment in providing quality services to the consumers.

While ensuring a minimum level of service, the institutional capacity of the various utilities and other players, notably the electricity regulatory commissions, will be strengthened through Technical Assistance to help them better prepare and implement the investments under the project. Within the project, a component to fund higher level of investments in states demonstrating progress against certain performance indicators is also being proposed. The project will particularly build on the lessons learned from the Bank’s engagement with POWERGRID, Haryana, West Bengal and Maharashtra, to incorporate to the maximum extent possible the good practices across the different dimensions during project planning and implementation as well as essential functions in utility operations and management.

In line with the above approach, the proposed project, with expected Bank support of around US$ 425 million, will fund the following three components/ activities:

(a) Component A: Priority Investment Component for Strengthening of intra-state transmission, subtransmission and distribution systems (indicative size of US$ 350 million of IBRD funding)

This component will include priority investments in 400 kV, 220 kV, 132 kV, 66 kV, 33 kV 11kV lines and associated sub-stations, as described above. These priority investments will increase the power transfer capability of the transmission network, and improve the electricity supply to the consumers. It is expected that these investments will reduce the overall system technical losses and thus help improve power availability, reliability, and quality.
(b) Component B: Performance-based Investment Component (indicative size of US$ 60 million of IBRD funding)

This component will also fund investments in strengthening intra-state transmission, sub-transmission and distribution systems as described above. However, the funds under this component will be available to the States only after they demonstrate satisfactory performance against laid down key performance indicators to be finalized during project preparation. As of now, the proposed indicators are proposed to focus on two aspects: (i) implementation performance of investments under component A; and (ii) one or two additional parameters like improvement in Metering/ Billing/ Collection; improvement in customer service, Third party energy audits, adoption of Fuel Surcharge Adjustment formulas etc.

POWERGRID (as the design and project management consultant for the project), CEA and the States are working together to finalize the priority investments and update their implementation time lines for inclusion in the proposed project. The volume of investment requirement for the respective States as well as the allocation of funds between the two components will be decided once the details of priority investments have been finalized.

(c) Component C: Technical Assistance for Institutional Strengthening and Capacity Building of utilities/departments (indicative size of US$15 million of IBRD funding)

The GoI and the NER states have expressed their support for the institutional strengthening of the various utilities and key stakeholders in the sector, and have agreed to focus on capacity building of the utilities across the six States through this Technical Assistance component. Taken collectively the power sectors in the NER states are below the national averages in terms of size and performance. However, between themselves, the states are at various levels. Some have done relatively better in specific areas. e.g. development of regulatory institutions, use of IT systems etc. In that context the capacity building program under the proposed project will strive to bring all the NER states to the same institutional level and thus become a homogeneous group. The main focus of the capacity building program will be to strengthen the core skills of the utility in the areas critical for the preparation and implementation of the proposed investments as well as in the core functions of utility operations and management, so that the desired outcomes of efficiency and service improvement are achieved. The Planning Process, Procurement and Project Management, Financial Management Systems, Metering, Billing and Collection Systems, accountability structures are perceived to be the immediate capacity challenges that need to be addressed. Diagnostic studies are proposed to be undertaken during the project preparation phase in each of the six states for a gap analysis in the power sector for identification of priority areas for institutional capacity building. The capacity building program shall be specifically customized to each State’s needs while drawing on the possible synergies between them.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The North East Region (NER) stretches across the eastern foothills of the Himalayan mountain range. Geographically the region is connected to the other parts of the country through a small “chicken neck” corridor in the state of West Bengal. With a total population of 45.6 million (2011 census), the sparsely populated region of the North East accounts for about 3.7 percent of India’s total population and covers 7.9 percent of India’s total geographical area. The vast majority of the region’s population lives in rural areas, accounting for 82 percent of the total population as against
the national average of 69 percent (2011). The project is proposed to be located across six states (Assam, Manipur, Mizoram, Meghalaya, Tripura and Nagaland) of the North East region of India.

A large part of the region is hilly and, recognized as one of the globe’s biodiversity hotspots. Forests cover about 56% of the total land area and some are among the most dense in the region. The region has many havens for a variety of flora and fauna, some of which are endemic and others recognized to be threatened at various levels. Of particular attention are numerous corridors/areas of migration of elephants and birds, 46 already recognized national parks and sanctuaries, and other important conservation areas, which transmission lines may need to traverse.

The North-East Region is known for its rich cultural heritage and ethnic diversity where over 160 scheduled tribes reside, representing about 12 percent of the total tribal population of India. Close to 442 languages and dialects are spoken in the region, and almost every community has its own distinct culture and historical context (unique language, customs, traditional and religious beliefs, arts and crafts, etc.).

Agriculture remains the backbone of the region’s economy, contributing close to 26 percent of the regional GDP (2008) and provides employment to over 75 percent of the population, with a predominance of agricultural workers being women. The region’s literacy rates of 81 percent for males is slightly lower than the national average of 82 per cent, while the female literacy rate of 75 percent is substantially above the national average of 65 percent (2011 Census).

The legal and policy framework governing land ownership and settlement pattern varies across the proposed project region in the six states. It recognizes both community and private ownership that is determined by the traditional practices of the tribal groups in the region.

**E. Borrowers Institutional Capacity for Safeguard Policies**

The electricity departments/ power utilities of the states in the North East region have no prior experience of using World Bank Safeguards Policies. In order to help with the project preparation, GoI has designated POWERGRID (which has a long engagement with the World Bank) as the "design and project management consultant" to assist the states in project preparation and implementation on technical as well as safeguard aspects. The scope of work of POWERGRID includes developing the capacity of the states’ power sector agencies in managing safeguards by working very closely with each state during the project preparation and implementation phase.

**F. Environmental and Social Safeguards Specialists on the Team**

Mridula Singh (SASDS)
Gaurav D. Joshi (SASDI)

**II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The project activities are likely to have impacts on the natural environment in a number of states. Hence, this policy is triggered. As part of the environmental assessment, biodiversity impact assessment, based on available secondary data will also be undertaken.</td>
</tr>
</tbody>
</table>
### Natural Habitats OP/BP 4.04
- **Yes**
- Some of the project activities have the potential to affect Natural Habitats as some components of the project may pass through relatively pristine area. Hence, this policy has been triggered to ensure that appropriate instruments are developed in advance for handling any such situations.

### Forests OP/BP 4.36
- **Yes**
- Some project activities will be carried out in Forest areas and could affect them. Hence, this policy has been triggered. Mitigation aspects will be however covered in the overall assessment and form part of the Environment and Social Policy and Procedures (ESPP) and no separate documentation is currently envisaged for this.

### Pest Management OP 4.09
- **TBD**
- Since it is not clear whether there will be any specific pest management activities, final decision on this will be taken at the time of appraisal.

### Physical Cultural Resources OP/BP 4.11
- **Yes**
- The project will involve some civil works and chance finds cannot be ruled out. Hence, this policy has been triggered. However, as with other policies, measures to address its requirements are expected to be within the ESPP documentation.

### Indigenous Peoples OP/BP 4.10
- **Yes**
- The states have over 12% of the total tribal population of India, representing more than 160 tribes. A Resettlement Action Plan cum Tribal Development Plan is proposed to be prepared.

### Involuntary Resettlement OP/BP 4.12
- **Yes**
- The civil works will require assets that are traditionally owned/managed by individuals/collectively/local institutions. Measures to mitigate any adverse impacts will be developed.

### Safety of Dams OP/BP 4.37
- **No**

### Projects on International Waterways OP/BP 7.50
- **No**

### Projects in Disputed Areas OP/BP 7.60
- **No**

---

**III. SAFEGUARD PREPARATION PLAN**

**A. Tentative target date for preparing the PAD Stage ISDS:** 05-Apr-2013

**B. Time frame for launching and completing the safeguard-related studies that may be needed.**

The specific studies and their timing\(^1\) should be specified in the PAD-stage ISDS:

---

\(^1\) Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.
Each state is expected to develop its own set of Policies and Procedures adapting the Environmental and Social Policies of POWERGRID for transmission and distribution schemes. The scope of work of POWERGRID includes helping develop the capacity of the states’ power sector agencies in managing these aspects by working very closely with each state during the project preparation and implementation phase. An overall environmental assessment is proposed to be undertaken for each state. Given the high representation of tribal groups in the region’s population, a Resettlement Action Plan cum Tribal Development Plan is proposed to be prepared. The tentative timeline for completing the safeguard related studies is April 2013.

### IV. APPROVALS

<table>
<thead>
<tr>
<th>Task Team Leader:</th>
<th>Name: Rohit Mittal</th>
</tr>
</thead>
</table>

**Approved By:**

<table>
<thead>
<tr>
<th>Regional Safeguards Coordinator:</th>
<th>Name:</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Sector Manager:</th>
<th>Name:</th>
<th>Date:</th>
</tr>
</thead>
</table>