

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	IND Dahej Liquefied Natural Gas Terminal Expansion Phase III
Lending/Financing Modality:	Corporate Finance	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed project will contribute to the development and strengthening of the country's natural gas infrastructure. The project will increase the available capacity of LNG in India which will help reduce unmet energy demand in India and enhance energy security by diversifying the energy base in an environmentally sustainable manner through provision of access to piped gas to residential and industrial consumers. The project will help reduce the unmet energy demand in India and enhance energy security by diversifying the energy base in an environmentally sustainable manner. The investment is aligned with India's country partnership strategy, 2013–2017 specifically with regard to emphasis on environmental sustainability and infrastructure development, including expansion of energy access and catalyzing private sector investment

B. Targeting Classification:

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

The proposed expansion of the LNG terminal will enable the sponsor (PLL) reach out to a larger number of urban households in the northern and western parts of India, with clean energy options.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.
The additional LNG capacity is destined for distribution in the North and Western regions of India, where the gas will be fed into the national grid as a cleaner fuel for electricity generation (replacing fuel oil) and it will also help meet the unmet demand for natural gas for domestic consumption and fertilizer production. Access to clean energy will reduce household energy costs compared to current use of other fuels such as kerosene and wood. In addition, the communities in the villages around the terminal can benefit from the employment opportunities generated, during construction and, subsequently in the operation of the facilities.
2. Impact channels and expected systemic changes.
Apart from the beneficial impacts to the households and industries through access to clean energy, benefits to the local population in the surrounding villages of the PLL terminal is likely due to the employment during construction and operation. PLL's CSR initiatives can significantly contribute to improvement of the quality of lives in the surrounding villages of the LNG terminal.
3. Focus of (and resources allocated in) the PPTA or due diligence.
A corporate audit of PLL and the existing terminal at Dahej will be carried out. The audit will include due diligence reviews of PLL's past and present performance on environment and social management systems, an audit of how the safeguard issues are addressed (relating to environment, land acquisition and involuntary resettlement) and social dimensions (relating to labor practices, stakeholder engagement including involvement of local communities during construction and operation of the facilities etc). The ESIA team for the proposed expansion includes a social development specialist.
4. Specific analysis for policy-based lending.
Not applicable

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?
None.
2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?
 Yes No Please explain.
Potential for promotion of gender equity in the proposed project is limited as the proposed facility is within an industrial estate. Though not significant in terms of numbers, there is a possibility of engagement of local women as labor during construction and employment of women in non-labor intensive activities of the terminal. These would be

explored during the audit and due diligence.

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

Yes No Please explain

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Apart from PLL, the key stakeholders will be the population residing in the surrounding villages. The audit will review stakeholder engagement process of PLL and its CSR initiatives with the project villages. The audit and due diligence will explore opportunities for involving local communities, including the poor and vulnerable in the construction and operation of the terminal.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Based on the information provided, PLL has arrangements in place for consultations with local communities around the terminal and also a CSR program targeting the local communities, including infrastructure improvements in the villages around the terminal. The audit will review the existing arrangements and identify potential opportunities to engage and empower stakeholders.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

There are several NGOs and advocacy groups especially on environment and coastal zone protection active in Gujarat. The due diligence will explore the potential participation of CSOs in the project. The ESMS to be developed for PLL will include arrangements to carry out meaningful consultations with stakeholders including the civil society groups.

M Information generation and sharing L Consultation N Collaboration N Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

Involuntary resettlement impacts are not expected, as the proposed expansion of the terminal will be either on lands already under the possession of PLL or government lands that will be handed over on a long term lease basis. No physical or economic displacement is expected, and will be confirmed by the audit and due diligence.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

There are no habitations in the vicinity of the plant, and the nearest habitation is about 1.5km from the site. There are no habitations or concentrations of Scheduled Tribes (STs) in these villages. Therefore, impacts on ethnic minorities are not envisaged.

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- M Creating decent jobs and employment
 M Adhering to core labor standards
 L Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS
 Increase in human trafficking
 Affordability
 Increase in unplanned migration
 Increase in vulnerability to natural disasters
 Creating political instability
 Creating internal social conflicts
 Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

Though no major social issues or risks are anticipated, the audit and due diligence of PLL will assess the significance of the social issues and risks, and incorporate the findings in the audit/due diligence reports. During due diligence, the project team shall consult with PLL on the identified social issues to be integrated as part of the project design and implementation.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?

- Yes
 No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

Inputs of a social development specialist, as part of the ESIA preparation team has been included to conduct a corporate audit of PLL and the due diligence of social safeguards and other social dimensions of the existing facilities of PLL at Dahej and Kochi. The audit shall be carried out based on site visits, consultations with the various stakeholders and affected communities. There are no primary surveys or workshops required to be carried out.