

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Thailand	Project Title:	Grid-Parity Rooftop Solar Project
Lending/Financing Modality:	Project	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 2

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

The proposed loan will finance the rollout and operation of multiple solar photovoltaic installations, each with a capacity of 400 kilowatts-peak to 10 megawatts-peak, on the rooftops or elsewhere on the premises of commercial and/or industrial buildings owned or leased by host companies up to an aggregate capacity of 100 MW. The project will address energy infrastructure constraints identified in ADB's country partnership strategy, 2013–2016^a for Thailand and the country's Eleventh National Economic and Social Development Plan, 2012–2016.^b Both strategies task the private sector to pursue investments in renewable energy and energy efficiency projects. The project is aligned with the Government of Thailand's Alternative Energy Development Plan, 2015–2036,^c which notes the significant potential of solar power in Thailand and indicates that energy imports can be avoided through developing solar projects with private investment. The Alternative Energy Development Plan, 2015–2036 aims to increase the share of renewable energy used for power generation to 30%. This target includes installing 19,684 MW of renewable energy capacity by 2036, with 6,000 MW coming from solar power.

B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

1. Key poverty and social issues. Thailand relies heavily on fossil fuels for electricity production, making the country's energy security vulnerable to (i) rising oil and gas prices, (ii) scarce and dwindling domestic resources, (iii) uncertain reliability of nondomestic sources of energy, and (iv) increasing domestic demand. To address these issues, the Thailand Power Development Plan, 2015–2036^d mandates energy diversification, to the extent possible, from the heavy reliance on fossil fuels toward renewable energy resources. The project, with its aggregate capacity of up to 100 MW, will partly contribute to the government's directive of energy diversification to cope with increasing power demand to meet goals identified in its Eleventh National Economic and Social Development Plan. Because project activities comprise multiple solar photovoltaic installations, opportunities to integrate poverty and social measures are limited. However, the project, during construction, will generate employment opportunities that will benefit the local people near the premises of commercial and/or industrial areas. It is also expected that the energy supply will help reduce air pollution and greenhouse gas emissions, which contribute to the vulnerability of the poor.

2. Beneficiaries. Host companies will directly benefit from (i) discounted electricity prices, (ii) more reliable electricity supply, (iii) avoidance of having to pay the up-front costs associated with developing their own solar power facilities, (iv) reduced emissions, and (v) an improved corporate image for their support to renewable energy. Solar power developers will benefit from being able to achieve (i) long-term power purchase agreements with reliable industrial and commercial clients, (ii) lower costs from installing and operating large-scale projects, and (iii) reduced or eliminated costs related to the acquisition or leasing of land for solar panels.

3. Impact channels. The project offers attractive benefits for Thailand, including helping the country reach its renewable energy target by scaling up grid-parity solar power and increasing the country's use of distributed generation (i.e., power generated where it is consumed), thereby reducing the need to upgrade and maintain grid infrastructure and offering more reliable energy supply to consumers.

4. Other social and poverty issues. Not applicable. The project design targets commercial and industrial electricity consumers and has limited scope with respect to collaboration and coordination with government, civil society organizations, and other development partners in addressing social and poverty issues in the sector.

5. Design features. The project is expected to contribute significantly in improving the energy mix diversification in Thailand. This will improve electricity consumption from clean or renewable sources, leading to reduced carbon dioxide emissions. It will also contribute to reliable energy supply to industrial and/or commercial consumers. Other than full-time local employment during operation, the local economy is expected to benefit from the local purchase of goods and services required for 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):

NA Communicable diseases NA Human trafficking

Others (please specify) _____

2. Risks to people in project area. Not applicable

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** The project's outputs will be the rollout and operation of rooftop solar power installations, with an aggregate capacity of up to 100 MW.

2. **Required human resources.** An EHS officer will be hired by the borrowers to implement and monitor social provisions included in the EHS plan. The EHS officer will liaise with the human resources officer to monitor the compliance of the borrowers and their contractors with national labor laws and regulations consistent with internationally recognized core labor standards.

3. **Information in the project administration manual.** Not applicable.

4. **Monitoring tools.** The borrower will report on the status and progress of indicators in its annual environmental monitoring reports to ADB. ADB's project team will review the reports and will conduct review missions to validate and monitor the progress of the project.

ADB = Asian Development Bank; EHS = environment, health, and safety; MW = megawatt.

^a ADB. 2013. *Country Partnership Strategy: Thailand, 2013–2016*. Manila.

^b National Economic and Social Development Board, Office of the Prime Minister. 2011. *The Eleventh National Economic and Social Development Plan, 2012–2016*. Bangkok.

^c Government of Thailand, Ministry of Energy. 2015. *Alternative Energy Development Plan, 2015–2036*. Bangkok.

^d Government of Thailand, Ministry of Energy. 2015. *Thailand Power Development Plan, 2015–2036*. Bangkok.

^e United Nations Development Programme. 2015. *Human Development Report 2015*. New York.