

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Mytrah Energy Wind Power Development Project
Lending/Financing Modality:	Corporate Finance	Department/ Division:	PSIF1/PSOD

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

India remains in chronic need of additional power generation capacity. Although the electrification rate of households in India has increased, the quality and reliability of service is suboptimal and rural areas in particular remain underserved. India's Eleventh Five-Year Plan, 2007–2012 targeted additional capacity of 79 gigawatts (GW); however, actual realization was only 55 GW. The Twelfth Five-Year Plan, 2012–2017 targets an addition of 88 GW, including 30 GW of renewable energy capacity. In February 2015, India announced ambitious renewable energy targets of 200 GW by 2022 with 100 GW of solar capacity, 60 GW of wind capacity installations and rest from other renewable sources. As of 31 March 2015, 23.4 GW of wind power capacity has been installed in India. With this increased target set for renewable generation capacity, the sector requires increased investment from private sector companies and financial institutions.

#### B. Poverty Targeting

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

The project will contribute to poverty reduction through the provision of electricity generation infrastructure and electricity that will supplement government services. Electricity generation from wind by its very nature typically occurs in rural areas where the population is underserved and where poverty incidence is highest. In addition, the project will directly and indirectly contribute to poverty reduction locally through the creation of a temporary and permanent employment and availability of additional electricity that will enhance the sustainability of non-agricultural sectors.

#### C. Poverty and Social Analysis

##### 1. Key issues and potential beneficiaries.

India's electricity needs continue to be unmet and rural areas are underserved by suboptimal service and availability. Unavailability of electricity, especially in rural areas, promotes uneven development and limits regional economic growth. Census 2011 found that electricity as a source of lighting in urban areas had reached 92.7% of households, but only 55.3% of rural households were able access it. Potential beneficiaries will be those underserved in mostly rural but also urban areas where electricity supply is absent or intermittent. In 2011, 21.9% of India's population fell below the national poverty line with 25.7% in rural areas and 13.7% in urban. In Rajasthan that year, 14.7% of the population fell below that state's poverty line while in Madhya Pradesh 31.7% did.<sup>1</sup> For this same year, the World Bank calculated that 23.6% of the population was living below \$1.25 a day while 59.2% was living below \$2 a day.<sup>2</sup>

##### 2. Impact channels and expected systemic changes.

In the short term the project will provide beneficiaries with access to better and more affordable services and better opportunities to raise their income and improve their sustainable employment. In the longer term, the use of renewable energy sources in wind reduces the threat for beneficiaries of environmental and climate related risks that would adversely affect their social and economic life.

##### 3. Focus of (and resources allocated in) the PPTA or due diligence.

Due diligence includes a corporate audit of the borrower's current Environmental and Social Management System (ESMS) and its past and current performance against the objectives, principles, and requirements of ADB SPS (2009). In addition, environmental and social impact assessments will be carried out for each wind farm project that will be funded through the loan envelope. In particular, due diligence will consider poverty and social issues that need to be carefully reviewed during project design, including private land purchase arrangements for towers and access to electricity status of households in each project's area of influence.

### 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? Electricity generated by the borrower will be sold into each state's grid and will be transmitted and distributed by state

<sup>1</sup> Government of India Planning Commission, Press Note on Poverty Estimates, 2011-12, published July 2013 ([http://planningcommission.nic.in/news/pre\\_pov2307.pdf](http://planningcommission.nic.in/news/pre_pov2307.pdf)).

<sup>2</sup> World Development Indicators: Poverty rates at international poverty lines (<http://wdi.worldbank.org/table/2.8>).

level transmission and distribution companies. As such direct benefits to women in states where electricity from the borrower's projects will be distributed cannot be quantified. Some of the critical constraints faced by women that will however be considered as part of the borrower's projects as potential indirect benefits include: reducing the burden borne by women for collecting household biomass fuels through enhanced electricity supply and increasing participation of women in non-agriculture sector employment through additional electricity supply improving economic conditions. In addition, due diligence will consider the representation of women within the borrower's corporate structure and that of its subsidiaries to ensure a commitment to gender equity in employment is practiced.

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. Project outputs present potential indirect benefits, while the borrower presents some potential for the promotion of gender equity in employment that will be explored during due diligence.

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

Yes  No Please explain. Due diligence will assess the borrower's human resources policies and practices to determine the presence of threats to widening gender inequality in India.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity)  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.

At the project level, stakeholders include local government authorities, transmission and distribution companies, villagers in project affected areas, individuals who will be employed during construction and operation of wind projects and other funding sources. As part of the audit of the borrower's environmental and social performance during due diligence, local communities in the proposed project locations will be visited and key informant interviews will be conducted to determine whether the borrower's systems and processes, including community programs, are effective. Through the results of the audit, the borrower's ESMS will be enhanced as required. Due diligence will assess how these stakeholders are engaged effectively in ASEPL's operations.

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?

By ensuring that the borrower adopts and implements a satisfactory ESMS, the concerns of the poor, vulnerable and excluded will be addressed in the project specific environmental and social assessments and plans which will be prepared during project implementation. Further, the due diligence will assess the effectiveness of the grievance redress mechanism, especially for the poor and vulnerable communities in each project's area of influence.

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?

[L] 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 Please explain. The borrower's private land purchase and lease arrangements will be assessed during due diligence to ensure that any asymmetry in price negotiations with poor landowners (who may be experiencing debts stress for example) does not result in adverse economic impacts.

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  F1

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No Please explain. The borrower has no recourse to government expropriation for its land needs, so involuntary physical displacement is highly unlikely; although it does take long-term leases on government land in some states that has commons users. The borrower's projects in Rajasthan, and potentially in other states, will be developed on government land that is used by local villagers for grazing animals and opportunistic planting of guar beans, which are used primarily for industrial purposes. Such non-titleholders will be excluded from this land use on small parcels at each wind turbine site. Due diligence will assess the significance of associated impacts and recommend corrective action where necessary. Elsewhere, the borrower purchases land for its wind turbine sites from private landowners on a willing buyer willing seller basis. Due diligence will assess the extent to which land purchase procedures are standardized internally and in compliance with local laws.

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  
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  
While no IP impacts have yet been found, due diligence will determine the need for IP planning within ESMS arrangements.

#### V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?  
 [L] Creating decent jobs and employment     [M] Adhering to core labor standards     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? The borrower's ESMS will include mitigation and management measures to ensure compliance with national labor standards, including standards for employee health and safety during construction and operation phases.

#### 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?  
Due diligence includes a corporate audit, gaps analysis of ESMS performance and impact assessments for all new projects that would be funded through the loan envelope.