



Initial Poverty and Social Analysis

April 2018

ARM: Proposed Loan

ArmPower CJSC

Yerevan Gas-Fired Combined-Cycle Power Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Armenia	Project Title:	ARM / 51090 / ARMPower CJSC- Construction of Gas-fired Combined-cycle Power Plant
Lending/Financing Modality:	Project Loan	Department/ Division:	Private Sector Operations Department / Private Sector Infrastructure Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The project is consistent with the Midterm Review on Strategy 2020, which includes a focus on private sector development and operations, and infrastructure development. ADB's support for the project is in line with its country partnership strategy for Armenia, 2014-2018 that supports private sector development and energy security by diversifying energy sources. In addition, the Armenian Development Strategy (2012-2025) includes the following targets for the energy sector: construct and replace aging generation assets, expand and upgrade the power transmission system, and implement energy-saving measures and maximize use of renewable and alternative energy resources.</p> <p>The project is also in line with ADB's Energy policy, particularly with one of its three pillars – Maximizing Access to Energy for All, by supporting installation of modern transmission and distribution systems to transmit electricity efficiently from generation facilities to consumers, including upgrading of existing systems.^a</p>
<p>B. Targeting Classification:</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The project is expected to contribute to the larger strategic plan of catalyzing private sector resources to enhance power generation capacity in the country. The design and monitoring framework for the project includes indicators to report benefits to the local communities in terms of community development activities and increased local employment opportunities.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries.</p> <p>The project will support the Energy Policy of the Government of Armenia, which aims to ensure energy independence and enhance energy security through diversification of energy sources. This will in turn contribute to economic growth and help reduce socioeconomic disparities. The project will support other efforts at poverty reduction through the creation of temporary and permanent employment, and increased availability of electricity which will enhance growth and sustainability in various sectors.</p> <p>2. Impact channels and expected systemic changes.</p> <p>The project is expected to help improve the living situation of the population, especially the poor by providing them with access to efficient and reliable power in their residences and their sources of livelihood. To a limited extent, the project is expected to provide some short-term employment opportunities during the construction activities.</p> <p>3. Focus of (and resources allocated in) the PPTA or due diligence.</p> <p>The environmental and social assessment team includes inputs of a social safeguard specialist, mandated to assess poverty and social issues that needs to be addressed in the project design.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?</p> <p>Electricity generated will be sold into the grid or to the industrial estates and users. Consequently, direct benefits to women cannot be attributed to the project, or quantified. However, electricity generated will improve the overall access to and availability of power. This is likely to have an indirect impact in terms of participation by and productivity levels of women, especially in non-agricultural activities and sectors. In addition, access to electricity will indirectly lead to better access to infrastructure and services, thereby improving their overall development status.</p>

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

While the project outputs present potential indirect benefits, opportunities for the proposed lending to directly contribute to promotion of gender equity are expected to be limited. However, such opportunities will be further explored and discussed with the borrower as part of diligence.

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

Yes No

The due diligence will include a review of the borrower's human resource policies to assess provisions relating to gender equality. In addition, the borrower's corporate social responsibility policy will be reviewed to identify measures which seek to promote gender equality.

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.

The key stakeholders include customers across the country, the local government agencies responsible for the regulatory requirements including the identification of government lands for siting of the subprojects, industrial estate, surrounding communities and individuals who will be employed during construction and operation of the project components.

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?

Consultation with the community has been undertaken as a part of the environment and social impact assessment process. These consultations began initially in 2015 during the national Environmental Permit process, and in 2017 to 2018 during ESIA preparation. Regulatory authorities and local residents are generally supportive of the project and hope that it will bring employment opportunities.

The stakeholder engagement plan developed for the project provides a detailed plan for ongoing engagements with different stakeholders and will be implemented across the life cycle of the project.

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 Collaboration Partnership

Due diligence for the project found no adverse media regarding civil society opposition to the borrower or its activities. The company engages with different nongovernmental, civil society and community-based organizations for planning and implementation of its community development plans and projects.

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

The Project Site was originally owned by Yerevan Thermal Power Plant (YTPP), which is wholly owned by the Ministry of Energy Infrastructure and Natural Resources. The Company entered into the land use activity agreement with YTPP to purchase the site. The land does not have any legacy or current risks associated with land acquisition and resettlement. The due diligence phase has also assessed that the project does not result any involuntary resettlement issues and/or impacts.

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

The investment program is unlikely to trigger impacts on indigenous peoples because, per the Safeguard Policy Statement definition, there are no known indigenous peoples in Armenia.

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?

- [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 _____

The construction phase of the project may involve significant labour force. The company has a policy of promoting and prioritizing local employment. During operation, the power plants can be maintained with a relatively smaller staff strength. The impact of project on local labor markets is minimal during the operations phase. Core labor standards are ratified in national law and enforced through contractual obligations with employees, service providers and contractors.

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

The Environment Management Plan for the project has provisions and safeguards in place to assess and ensure ongoing social compliance with the national labor standards and the core labor standards.

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

The terms of reference for the environment and social impact assessment study includes the requirements to carry out social and poverty analysis in addition to social safeguards risks.

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?

The scope of works for environment and social assessment study includes a social specialist who is expected to carry out the social analysis and provided inputs to the stakeholder engagement plan.

^a ADB. 2009. *Energy Policy*. Manila.