



# Initial Poverty and Social Analysis

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IND: Proposed Loan  
Ostro Kutch Wind Private Limited  
Kutch Wind Project

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Asian Development Bank

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:  Project Title:

Lending/Financing Modality:  Department/ Division:

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

In 2015, Government of India set an ambitious target of achieving 175 gigawatts (GW) of renewable energy capacity by 2022: 100 GW from solar, 60 GW from wind, and 15 GW from other sources. In pursuit of that target, India added 11 GW of renewable energy capacity in FY2017, taking the total renewable energy capacity to 57 GW as of 31 March 2017. Of that total, wind contributed 5.4 GW and solar 5.6 GW. The increased target set for renewable generation capacity requires increased investment from private sector companies and financial institutions. The project supports infrastructure and environment, two of the five core operational areas of the Asian Development Bank (ADB), based on Strategy 2020 and reaffirmed by the Midterm Review of Strategy 2020.<sup>a</sup> Additionally, ADB's country partnership strategy, 2018–2022 for India is based on three developmental pillars: (i) boosting economic competitiveness to create more and better jobs, (ii) inclusive provision of infrastructure networks and services, and (iii) addressing climate change and increasing climate resilience.<sup>b</sup> This project particularly supports pillar (iii). The project is consistent with ADB's Energy Policy, which prioritizes support for renewable energy development.<sup>c</sup> In September 2015, ADB announced that it would double its annual climate financing to \$6 billion by 2020, including \$4 billion annually for mitigation. Of this \$6 billion, \$4 billion will be dedicated to mitigation which includes scaling up support for renewable energy.<sup>d</sup>

#### 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 projects (typically in Indian context), 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 temporary and permanent employment, and availability of additional electricity that will enhance the sustainability of nonagricultural sectors. The project will diversify local employment opportunities and further assist private sector development in the renewable energy subsector.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. India's electricity needs continue to be unmet, and rural areas are underserved owing to suboptimal service and availability. Unavailability of electricity, especially in rural areas, promotes uneven development and limits regional economic growth. The 2011 census of India 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 to access it. Potential beneficiaries will be underserved populations in mostly rural but also urban areas where electricity supply is absent or intermittent. In addition, the project will benefit business and industrial users and host local communities, which will generally benefit during project construction and operation.

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 reduces the threat of environmental and climate-related risks that would adversely affect beneficiaries' social and economic life.

3. Focus of (and resources allocated in) the due diligence. ADB team and experienced external experts conducted the environment and social impact assessment and assessed the impacts of the project. This assessment also included the review of existing systems and processes of the company and its alignment with ADB SPS requirements. Actions have been identified to ensure compliance of the procedures and operations to the ADB SPS and other social requirements, including labor and gender aspects.

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? Electricity generated by the borrower will be sold into each state's grid and will be transmitted and distributed by state-level transmission and distribution companies. As such, direct benefits to women in states where electricity from the borrower's subprojects will be distributed cannot be quantified. Some of the critical constraints faced by women will, however, be considered in the borrower's subproject impact assessment, and potential indirect benefits include (i) reducing the burden borne by women for collecting household biomass fuels by boosting electricity supply, and (ii) increasing participation of women in nonagricultural employment because additional electricity supply will improve economic conditions.

2. Does the proposed project or program have the potential to contribute 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. Limited opportunity arose to include gender-related actions and measures in the project design. Women in project areas will benefit from measures delivered through company's CSR activities, which seek to promote gender equality and women's empowerment.

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

Yes  No

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.

The potential stakeholders include project affected people (land sellers), power consumers (business, industrial, residential), national and local government, regulatory agencies and host local communities. The parent company, Ostro Energy Private Limited (OEPL), has in place an environmental and social management system (ESMS) that has been designed and is being implemented in accordance with international standards. The ESMS includes provisions and procedures for documenting land negotiations, stakeholder engagement, community consultation, and grievance resolution in its subprojects. OEPL, across its subprojects, adopts participatory approaches in its community development activities to strengthen inclusiveness and empowerment of the poor and vulnerable in subproject implementation

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? OEPL's ESMS has procedures in place to encourage participation and engagement with stakeholders. The ESMS includes requirements for participatory community engagement in impact identification and mitigation management, as well as broader stakeholder engagement requirements regarding information disclosure.

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  Consultation  Collaboration  Partnership

OEPL's systems include procedures to consult various stakeholders, including civil society organizations, if any. Due diligence for the project found no adverse media regarding civil society opposition to the project. The community development activities ensure adequate participation of civil society organizations in broader subproject impact areas

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 All the WTGs will be located on government owned revenue lands which will be allotted to the project. The Initial Environment Examination (IEE) has assessed and documented that the land is free from encumbrances and there are no physical or economic displacement issues involved with the transfer of these lands. Other project sub-components like the transmission line and the access roads will be located on a mix of government as well as private lands. While government lands will be transferred to the project, private lands will be directly purchased or leased through negotiated one time settlement with individual land owners on a willing

seller- buyer arrangement. Restrictions on land use from wind turbine construction and operation are typically very limited, and impacts are managed through the borrower's ESMS.

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

The ESMS of the company includes a framework for documenting land purchases through negotiated settlements. An independent audit of the land purchase process will be done to validate the fairness of the negotiation and settlement process and conformance to SPS requirements. The preliminary site review of potential project locations avoids social sensitivities and requires a minimum setback to ensure safety and avoidance of other impacts (e.g., noise, shadow flicker). Involuntary resettlement issues are, hence, not envisaged for this project.

**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 project and its activities will not result in impacts on Schedule Tribes<sup>e</sup> and Indigenous Peoples (IPs).

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

The screening process for the locations of WTGs and other associated facilities avoids any indigenous peoples' lands. Indigenous People impacts are not envisaged.

#### **V. OTHER SOCIAL ISSUES AND RISKS**

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

- Creating decent jobs and employment     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 project will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with internationally recognized 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 of the external expert who carried out the environment and social audit report covered environment and social safeguards issues and other social dimensions including labor and gender.

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? An external expert was engaged to carry out environment and social impact assessment. ADB team also participated in the due diligence mission.

<sup>a</sup> ADB. 2014. Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific. Manila.

<sup>b</sup> ADB. 2017. Country Partnership Strategy: India, 2018–2022. Manila.

<sup>c</sup> ADB. 2009. Energy Policy. Manila.

<sup>d</sup> ADB. 2015. ADB to Double Annual Climate Financing to \$6 Billion for Asia-Pacific by 2020. News release. 25 September.

<sup>e</sup> The Scheduled Tribes (STs) are various officially designated groups of historically disadvantaged people in India. The terms are recognized in the Constitution of India and the various groups are designated in one or other of the categories