



Initial Poverty and Social Analysis

Project Number: 51222-001
August 2017

THA: Bond Guarantee for Renewable Energy and Energy Storage Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Thailand	Project Title:	Proposed Partial Credit Guarantee Energy Absolute Public Company Limited Bond Guarantee for Renewable Energy and Energy Storage Project
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Lending/Financing Modality:	General corporate finance	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 2
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I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>Energy Absolute is the leading renewable energy company in Thailand which was set up in 2006. The company focuses its main operations on renewable energy generation, including solar and wind, biodiesel production and distribution. Currently, the company owns four solar projects with total of 278 MW and one wind power project with a total capacity of 126 MW in operation. The company also has 260 MW of wind power project under construction. Upon completion, the company will have a total of capacity of 664 MW from renewable energy projects. The proposed project is consistent with ADB's Midterm Review of Strategy 2020 and the country operations business plan 2017-2019 for Thailand which are to support for clean energy and environmentally sustainable growth. These are also to support the recent adopted Sustainable Development Goals which are to increase substantially the share of renewable energy in the global energy mix.</p> <p>In addition, the proposed project will enable the company to establish a manufacturing facility for energy storage using cutting edge lithium-ion polymer technology that helps it to be an early-mover in the emerging large scale energy storage market in the region. Energy storage is a key enable of decentralized renewable power generation in emerging markets and it is broadly accepted as one of the largest opportunities in the power sector of the near future. The proposed project is also consistent with the Government of Thailand's promotion of alternative energy under the Alternative Energy Development Plan, 2015-2036 which is expected to increase renewable energy from current 8% to 30% of total capacity by 2036. The plan was developed as part of the government's strategy to diversify the energy mix and promote renewable energy that marks the significant potential of renewable energy in the country and indicates that energy import can be avoided through development of domestic renewable energy projects with participation of private sector investment.</p>
<p>B. Poverty Targeting</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 classified as General Intervention as power produced will be evacuated in the national grid managed by EGAT for domestic use. The company has four solar power plants and one wind power plant under operations and one wind power project under construction in different locations in Thailand.</p>
<p>C. Poverty and Social Analysis</p> <ol style="list-style-type: none"> 1. Key issues and potential beneficiaries. The primary beneficiaries of the project are the company itself, contractors, operators of solar power plant and energy storage facilities and local community residents who generally benefit during project construction and operation, and population who benefit from clean environment. 2. Impact channels and expected systemic changes. The project assists the company to achieve its vision to be a leader in the alternative energy business with use of an advanced and environmental friendly technology for the best benefit and fairness toward customers, shareholders, partners and employees. Since the solar power plant is in the rural area so it provides employment opportunities for the surrounding community peoples. 3. Focus of (and resources allocated in) the PPTA or due diligence. While owning different renewable energy projects, energy storage is a new business line for the sponsor. The project will be following local laws and regulations as well as the requirements of ADB's safeguard policy statement (SPS) and other social dimensions on gender and core labor standards. 4. Specific analysis for policy-based lending. N/A

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? Renewable energy projects are commonly in the rural areas, away from the residential places. No gender elements (NGE) is anticipated for this transaction. However, advancing gender can be initiated through jobs offered to local women as the opportunities which would be discussed further with the client during due diligence.</p> <p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. If yes, a gender action plan should be prepared during PPTA or due diligence.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain If yes, actions and measures should be prepared during PPTA or due diligence.</p> <p>4. Indicate the intended gender mainstreaming category <input type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input checked="" type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERMENT
<p>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 company sells electricity to EGAT under the SPP program and to PEA under the VSPP program. Potential stakeholders include power consumers (business, industrial, residential), national and local government, regulatory agencies, and host local communities. The project affected persons might be involved with land acquisition and they will participate through community consultations conducted by the company.</p> <p>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 meetings and public hearing will be conducted by the company with the relevant stakeholders, especially the community members at the village and sub-district levels.</p> <p>3. 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. Details of the consultation and public hearing and grievance redress mechanism will be discussed in the corporate audit and ESMS.</p>
IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Energy Absolute has a Land Department to handle land acquisition. The land acquisition is based on willing seller-willing buyer and/or willing lessor-willing lessee.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Energy Absolute does not have any project sites that have impacts on Indigenous Peoples</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p>

Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability

Creating internal social conflicts Others, please specify _____

Indicate high (H), medium (M), low (L) for selected boxes

2. How are these additional social issues and risks going to be addressed in the project design? Energy Absolute will provide job opportunities for the local peoples through the help of subcontractors. The manual work can be provided during construction and operation of the project.

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 If no, please explain why. There is no PPTA under private sector project but there was a TOR developed and the client will mobilize competent consultant to cover social safeguards issues and other social dimensions.

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 is undertaken by staff.