

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Regional	Project Title:	ASEAN Distributed Power Project (Phase 2)
Lending/Financing	General corporate finance	Department/	Private Sector Operations Department/
Modality:		Division:	Private Sector Infrastructure Finance 2 Division

<p>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</p> <p>Targeting classification: general intervention</p> <p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</p> <p>The project is consistent with the Asian Development Bank (ADB) Midterm Review of Strategy 2020, which affirmed ADB’s support under Strategy 2020 for environmentally sustainable development and the role of the private sector in meeting growing energy demand in the region, and for capitalizing on ADB’s operating strengths in infrastructure development, finance, and other areas.^a The midterm review also supported the expansion of environmentally friendly technologies for clean and efficient energy generation and use, and a larger role for private sector financing of infrastructure. The project is consistent with ADB’s Energy Policy, which supports wider access to energy through investments in energy efficiency and renewable energy projects.^b The project will contribute to ADB’s target of \$6 billion in annual financing for climate mitigation and adaptation by 2020, and catalyze further private sector resources in the clean energy segment.</p> <p>The project will contribute to regional progress in achieving the target of increasing substantially the share of renewable energy in the global energy mix by 2030.^c It will also support the Government of Thailand’s Alternative Energy Development Plan for 2015–2036, which aims to increase the share of renewable energy used for power generation to 30%, including the installation of 19,684 megawatts of renewable energy capacity by 2036.^d</p> <p>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</p> <p>1. Key poverty and social issues. The project will contribute to meeting the energy needs and demands of the region, and thereby contribute to economic growth and help reduce socioeconomic disparities. The project will support other efforts at poverty reduction through job creation and allied opportunities such as small-scale manufacturing. The company’s renewable projects are typically located in remote, rural areas with elevated poverty levels, and economic and social disparities. The project will directly and indirectly contribute to poverty reduction in these areas through the creation of temporary and permanent employment, and increased availability of electricity, which will enhance growth and sustainability in agriculture and other sectors.</p> <p>2. Beneficiaries. Limited access to electricity is a major obstacle to growth and social and economic equality in the region, especially in countries such as Cambodia, the Lao People’s Democratic Republic (Lao PDR), and Myanmar, where more than 30% of the population still lack access to electricity. Potential project beneficiaries include communities, small businesses and micro enterprises, and industrial firms employing large workforces. Electricity supplied to the grid will increase the availability and reliability of power, thereby boosting industrial and agricultural productivity. Electricity sold directly to industrial firms will increase manufacturing and industrial output, which will increase employment, skill development, and the employability of the workforce. Adding power to the grid will also expand and increase access to power in remote rural areas, thereby promoting socioeconomic development and widening access to better infrastructure and services.</p> <p>3. Impact channels. In the short term, the project will create employment for local people in the construction and operation phases of several company subprojects, and provide beneficiaries with access to better, more affordable services and the opportunity to increase their incomes and improve their livelihoods. In the longer term, the use of renewable energy sources such as solar and wind reduces the threat of environmental and climate-related risks that could undermine beneficiaries’ social and economic life.</p> <p>4. Other social and poverty issues. – None</p> <p>5. Design features. The project is expected to contribute to the development of renewable energy targets, and improve access to a stable supply of electricity, particularly for those in now-underserved areas. 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.</p> <p>C. Poverty Impact Analysis for Policy-Based Lending – not applicable</p>
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II. PARTICIPATION AND EMPOWERING THE POOR	
1. Participatory approaches and project activities.	
The borrower, B.Grimm Power Public Company Limited, proactively engages with different stakeholders during the various stages of its projects. At a corporate level, it has a team that engages with stakeholders and manages relations during project planning and development. These engagements include (i) meetings and discussions with community or village heads and other community members in the area where the proposed project is to be located, (ii) liaising with state and provincial regulatory authorities, (iii) carrying out community consultations during project development and implementation, and (iv) resolving any community and/or stakeholder grievances and concerns linked to project development. At a project and site level, during construction and operations, stakeholder and community engagement are linked either to community development activities, grievance redress, or general feedback on company operations.	
CONFIDENTIAL INFORMATION DELETED	
3. Civil society organizations. CONFIDENTIAL INFORMATION DELETED	
4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):	
<input checked="" type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership	
5. Participation plan. Will a project-level participation plan be prepared?	
<input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No.	
III. GENDER AND DEVELOPMENT	
Gender mainstreaming category: no gender elements	
A. Key issues. 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, especially in rural and less-developed areas. This is likely to have an indirect impact on participation 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 women's overall development status.	
B. Key actions.	
<input type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input checked="" type="checkbox"/> No action or measure	
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement	Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. As a corporate policy, the company buys and leases land for its projects, primarily negotiated purchase settlements with individual land owners, and in some instances through long-term leases from land owners, based on mutually agreed terms. Involuntary resettlement issues and impacts are therefore not envisaged. All existing renewable and gas-fired projects are located on purchased or leased lands. The company plans to buy or lease lands for its planned future projects through negotiations. The company's site and land selection procedure typically avoids inhabited and irrigated lands to minimize physical and economic impacts on landowners. The land use assessment, negotiation, and final settlement process is documented using the company's land procurement guidelines. A grid connection is typically located within or close to the project boundary, thereby avoiding any right-of-way issues; consequently, involuntary resettlement impacts and issues are not envisaged.	
2. Strategy to address the impacts. CONFIDENTIAL INFORMATION DELETED	
3. Plan or other Actions. <input checked="" type="checkbox"/> Resettlement Framework	
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. The existing solar, wind, and thermal or gas-fired projects of the company do not result in adverse impacts on indigenous peoples. The borrower's site and land selection procedures typically avoid indigenous peoples' lands or areas. The company also plans to avoid such lands and areas for future planned projects.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. CONFIDENTIAL INFORMATION DELETED	
3. Plan or other actions. <input checked="" type="checkbox"/> Indigenous peoples planning framework <input checked="" type="checkbox"/> Environmental and social management system arrangement	

V. ADDRESSING OTHER SOCIAL RISKS
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input checked="" type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input checked="" type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards</p> <p>2. Labor market impact. Renewable energy projects require a small number of skilled workers during design and relatively small numbers of unskilled workers (200–300 people) during construction (approximately 6–8 months). The thermal or gas-fired projects are labor intensive, predominantly during construction. During operation, these projects can be maintained with relatively small staff numbers. The impact of the project's subprojects on local labor markets is therefore not significant. Core labor standards are ratified in national law and enforced through contractual obligations with employees, service providers, and contractors.</p>
<p>B. Affordability</p> <p>The price of electricity is set by the regulator and/or offtaker and hence is beyond the control of the borrower and the project.</p>
<p>C. Communicable Diseases and Other Social Risks</p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (L) <input checked="" type="checkbox"/> Human trafficking (L)</p> <p>2. Risks to people in project areas. A limited workforce needed mostly during construction makes the risk of the project contributing to the spread of communicable disease relatively small. Most unskilled workers are drawn from the local population, further limiting the risk of the project contributing to other social risks and related issues or impacts. The existing ESMS is being strengthened to include impacts related to influx of workers, and host community sensitivities.</p>
VI. MONITORING AND EVALUATION
<p>1. Targets and indicators. The subprojects implemented by the company are expected to provide direct and indirect (e.g., small contractual) employment for local communities. The targets are included in the design and monitoring framework.</p> <p>2. Required human resources. The company has a team of qualified staff (at corporate and project level) to manage the environmental, safety, and community relation aspects of its operations. In addition, ADB staff will continue to monitor ongoing compliance by the projects.</p> <p>3. Information in the project administration manual. Not applicable.</p> <p>4. Monitoring tools. The company will prepare and submit an annual report on environmental and social monitoring compliance to ADB. The ADB project team will review the reports and conduct review missions to validate and monitor project progress.</p>

^a ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila; ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

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

^c Target associated with goal 7 of the United Nations Sustainable Development Goals.
<http://www.un.org/sustainabledevelopment/energy/>

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