

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Thailand	Project Title:	Cornerstone Investment in Leading Independent Power Producer Project
Lending/Financing Modality:	General corporate finance	Department/Division:	Private Sector Operations Department Infrastructure Finance Division 2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The proposed project is consistent with the Asian Development Bank (ADB) Midterm Review of Strategy 2020^a and the country operations business plan, 2017–2019 for Thailand^b for (i) environmentally sustainable development; (ii) the role of the private sector in meeting growing energy demand in the region; and (iii) capitalizing on ADB's operating strengths in infrastructure development, finance, and other areas. The midterm review also supported the expansion of environment-friendly technologies for clean and efficient energy generation and use, as well as a larger role for private sector financing of infrastructure. ADB's country partnership strategies for various ADB developing member countries echo the themes of the energy policy, including the promotion of environmentally sustainable economic development and energy security.</p> <p>The project is consistent with ADB's Energy Policy, which supports wider access to energy through investments in energy efficiency. The project will also catalyze further private sector resources in the clean energy sector.</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 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. 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 manufacturing. 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 the country.</p> <p>Potential project beneficiaries include general communities, small businesses, micro-enterprises, and industrial firms employing large workforces. Electricity supplied to the grid will increase the availability and reliability of power, thereby increasing industrial 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. Increased power to the grid will also expand and increase access to power in remote rural areas, thereby promoting socioeconomic development and increasing access to improved infrastructure and services.</p> <p>2. Impact channels and expected systemic changes. In the short term, the project will create employment opportunities 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 project will contribute to ensuring uninterrupted power supply for businesses and communities in the region. It will also support creation of employment opportunities to support its operations.</p> <p>3. Focus of (and resources allocated in) the due diligence. ADB team and experienced external experts conducted due diligence on company's operations to understand the environmental and social impacts of the project. The external experts were engaged to conduct a corporate audit on the company's existing environment and social policy, procedures, and operations. The audit identified corrective actions required to ensure adequacy and compliance of the procedures and operations to the ADB SPS and other social requirements, including labor and gender aspects.</p> <p>4. Specific analysis for policy-based lending. Not applicable.</p>
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 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 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.

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 The corporate audit has identified areas of improvement on gender related aspects including improving overall representation of women and regular monitoring of gender participation in the overall workforce of the company. The company has accepted and agreed to monitor and progressively increase participation of women in the overall workforce of the company

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

Yes No The project will benefit women through increase in employment opportunities and better facilities for women staff.

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 Company proactively engages with different stakeholders during the various stages of the project life cycle. The Community Relations (CR) team is involved in site selection, land purchase negotiations, and ensuring good stakeholder relationships during the planning, construction, and operations phase of any project. A representative of the CR team is based at each project site and engages with stakeholders. These engagements include (i) meeting 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-level 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, or general feedback on company 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? The company will incorporate in its environmental and social management system the periodic process of engagement with various stakeholders including nearby communities. Documentation of these engagement activities will be carried out.

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

Due diligence for the project found no adverse media regarding civil society opposition to the company 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 company buys or leases land for its various sub-projects. Land is purchased through negotiated settlement with individual land owners, and in some cases leased from industrial estates on a long-term basis on mutually agreed terms. Land for the existing projects has either been purchased or leased on a long-term basis. For the planned and under-construction projects, the company has and will either purchase or lease lands on a negotiated basis. To minimize adverse impacts, the site and land screening and selection procedure is designed to avoid inhabited and irrigated lands. Involuntary resettlement issues and impacts are, therefore, not envisaged for the project

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 company will further strengthen its existing environment and social management system (ESMS) to include frameworks for (i) a resettlement action plan and (iii) screening criteria and decision matrix for any involuntary resettlement-related impacts to decide on any new project. Project and development teams will be trained and sensitized on involuntary resettlement-related issues and the use of the screening checklist. In the unlikely event of any adverse involuntary resettlement impacts resulting from future projects, the company will prepare a resettlement action plan based on the agreed framework, and in compliance with ADB Safeguard Policy Statement requirements.

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

The company will update and strengthen its ESMS to include (i) a framework for an indigenous peoples' plan, and (ii) screening criteria and a decision matrix for any indigenous peoples-related issues or impacts to make decisions regarding any new projects. Project and development teams will be trained and sensitized on indigenous peoples' issues and the use of the screening checklist. In the unlikely event of any adverse impact on indigenous peoples associated with future projects, the company will prepare an indigenous peoples' plan based on the agreed framework and in compliance with ADB Safeguard Policy Statement (2009)^c requirements

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 company and its relevant subsidiary companies and their contractors 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 audit of the company and its existing operations. ADB team also participated in the due diligence mission.

^a ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

^b ADB. 2016. Thailand: Country Operations Business Plan. Manila.

^c ADB. 2009. *Safeguard Policy Statement*. Manila.