



Initial Poverty and Social Analysis

Project Number: 54211-001
January 2021

VIE: Lotus Wind Power Project

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 01 December 2020)

Currency unit	–	dong (D)
D1.00	=	\$0.000043
\$1.00	=	D23,133

ABBREVIATIONS

ADB	–	Asian Development Bank
EVN	–	Viet Nam Electricity
MOIT	–	Ministry of Industry and Trade
MW	–	megawatt
NTFP	–	non-timber forest products
PCC1	–	Power Construction Joint Stock Company No.1
SPS	–	Safeguard Policy Statement

NOTE

- (i) In this report, "\$" refers to United States dollars

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Viet Nam	Project Title:	Lotus Wind Power Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Private Sector Operations Department / Infrastructure Finance Division 2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy
Asian Development Bank (ADB) will provide a \$152 million loan to Power Construction Joint Stock Company No.1 (PCC1) to fund the construction and operation of the three 48 MW wind farms in Huong Hoa District, Quang Tri Province, Viet Nam. The project is consistent with three operational priorities of ADB Strategy 2030: (i) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability by reducing the country's contribution to global greenhouse gas levels, (ii) addressing remaining poverty and reducing inequalities; and (iii) accelerating progress in gender equality. ^a The project is also aligned with Strategic Pillar 3 of ADB's country partnership strategy for Viet Nam 2016-2020 which aims to improve environmental sustainability and climate change response. ^b
B. Poverty Targeting:
<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.)
The project will contribute in meeting the projected growing electricity demand in Viet Nam and show the viability of using renewable energy. The operation of the project will generate additional jobs and ensure continuous and affordable electricity supply to the industrial sector and the general population.
C. Poverty and Social Analysis
1. Key issues and potential beneficiaries. Electricity demand in Viet Nam is projected to grow by more than 8% annually until 2030. This increase is a result of economic activities, recent industrial developments, increased urbanization, enhanced energy access, and improved living standards. ^c From being one of the net energy exporter for a long period, Viet Nam became a net energy importer in 2015, increasing the country's reliance on imported fuels for power generation and industries (footnote c). At the national level, the project will reduce reliance from coal, and would support creation of industries and employment. At the local level, households within the communes would benefit either from temporary or permanent employment, and development initiatives/ programs/ projects, like the upgrading and expansion of existing roads for example. The entire population of Huong Hoa District and Quang Tri province will also benefit from the availability of a reliable supply of electricity from clean and environment-friendly energy sources, the socio-economic development opportunities as well as improved community infrastructure.
2. Impact channels and expected systemic changes. The construction of the three wind farms will contribute to sustaining the recent industrial development of Viet Nam, supporting the economic activities of its people, and ensuring continuous power supply for the improvement of living standards of the general population. These industries will require continuous, adequate, and affordable power supply to sustain its operations, thus sustaining employment.
3. Focus of (and resources allocated in) the transaction TA or due diligence. ADB's due diligence will focus on the review of the environmental and social impact assessments and audit of PCC1's compliance with relevant Vietnamese laws and regulations and the extent it complies with ADB SPS requirements. The environmental and social impacts of the three wind farms are being identified and analyzed including beneficial social impacts to the local communities including the ethnic minority groups present in the area. Documents prepared by PCC1's E&S consultant including the corresponding management plans will be reviewed by the ADB E&S team. Due to coronavirus disease travel restrictions, due diligence is being done in collaboration with ADB's Viet Nam Resident Mission and a qualified and experienced social staff consultant who will conduct field visits and participate in the conduct of meaningful consultations in project affected villages.
II. GENDER AND DEVELOPMENT
1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?
The Government of Viet Nam has made significant progress in promoting gender equality through important legislative advances such as Law on Gender Equality (2006) and Law on Domestic Prevention and Control (2007). However, weak enforcement and deep-rooted gender stereotypes and social norms limit opportunities for women and girls. Prevalence of violence against women is high with three in five women experiencing some form of intimate partner violence in their lifetime. Women's labor force participation (73% in 2013) and literacy rate (94% in 2018 ^d) remains one of the highest in the region, but women tend to have limited access to formal employment and are

disproportionately engaged in vulnerable employment (69% in 2012).^e In the utilities sector, women represented 27% of employees and just 16% of management positions across all sectors in Viet Nam in 2019.^f

These broader trends are reflected in the renewable energy sector in Viet Nam which has a small proportion of women in management, technical and field-based roles and a high concentration of women in office positions such as administration, finance and human resources.^g

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

Due diligence will identify potential gender mainstreaming measures that may be incorporated in the project design. Gender measures may include development of anti-sexual harassment policy, promoting job opportunities for women and encouraging women to develop vocational skills.

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 main stakeholders of the project are households within the Project areas who may be economically displaced during the land acquisition for the Projects; Van Kieu ethnic minorities who may experience potential impacts from the Projects, communities surrounding the Projects who may be the receptors of the Projects' construction, operation and commissioning's activities; contractors and suppliers of goods and services, neighboring wind farms who may use shared facilities; national, provincial, district and commune People's Committees and economically interested parties such as the Government of Viet Nam through the Viet Nam Electricity (EVN) and the Ministry of Industry and Trade (MOIT). A Stakeholder Engagement Plan was prepared in the early stage of project design to ensure meaningful engagement with various stakeholders.

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?

Due diligence will need to check on the implementation of PCC1's Stakeholder Engagement Plan to ensure that all project-affected households, the ones whose livelihoods will be affected and local communities are properly consulted, their views and opinions are heard, and their recommendations are studied and if viable, incorporated in project design and in the environmental and social management plans and social safeguard plans.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?

(L) Information generation and sharing (L) Consultation (L) Collaboration Partnership

CSOs can assist in developing and implementing livelihood and social programs for ethnic minority communities. Due diligence will check extent to which communication and involvement of CSO were considered in developing the livelihood restoration and/or ethnic minority development plans.

4. Are there issues during project design for which participation of the poor and excluded is important?

What are they and how should they be addressed? Yes No

The participation of the poor and vulnerable in the consultation process is essential in developing the livelihood restoration and/or ethnic minority development plans. Poor and vulnerable households will be identified during the environmental and social impact assessment and consultations will be conducted to ensure that they will benefit from the livelihood restoration and/or ethnic minority development plans.

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

PCC1 will construct three 48 MW wind farms in Quang Tri Province – the Lien Lap, Phong Huy, and Phong Nguyen Wind Power Projects. Land for the Lien Lap wind farm was acquired through a government-led land acquisition process implemented by the Huong Hoa Land Fund Development Center. The provincial government of Quang Tri has approved the allocation of about 40 hectares of agricultural lands for Lien Lap. The Phong Huy and Phong Nguyen wind farms will be located in the government-managed forest and will not require the acquisition of private lands.

However, upgrading and expanding of external access road for Phong Huy requires the acquisition of strips of agricultural lands from private users. During due diligence, the government-led land acquisition and land conversion process, impacts to land users and actions to address impacts will be reviewed against the requirements of Land Law of Viet Nam, other regulations and ADB Safeguard Policy Statement (SPS) requirements. Due diligence findings and necessary actions for the identified gaps will also be discussed with PCC1.

2. What action plan is required to address involuntary resettlement as part of the transaction TA 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

The wind farms are located in villages where Van Kieu ethnic minority communities are present. Land-based economic activities and cultural practices are known to be actively practiced in these villages. Due diligence will encompass the evaluation of project impacts on the livelihood systems and culture of Van Kieu ethnic minority group, including the impact of the influx of workers coming from different communes and the development activities brought about by the project. Mitigation of negative impacts and enhancement of beneficial outcomes in establishing the wind farms identified through the environmental and social impacts assessments will be discussed and agreed upon with PCC1.

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 is not foreseen to cause displacement of the indigenous peoples from their traditional land or commercial development of any natural resources within customary land. Site visits will determine the proximity of sacred, cultural, and traditional sites of the Van Kieu ethnic minority group to the project boundaries and remain accessible to the said EM group during construction and operation of the wind farms.

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 transaction TA 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?

- (M) Creating decent jobs and employment (L) 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?

PCC1's compliance with the Labor Code of Viet Nam and related policies, as well as measures to adhere to core labor standards will be reviewed during due diligence.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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

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 transaction TA or due diligence?

PCC1 engaged a consulting firm to conduct the environment and social impact assessment, a land acquisition audit for the completed land acquisition and an environment and social compliance audit for the ongoing construction activities in the three project sites. ADB's environment and social staff from Vietnam resident mission and environment and social staff consultants were also engaged to conduct site visits and observe the conduct of meaningful consultations with the affected people and local communities. At ADB Headquarters, a team comprised of 12 environment, social and gender specialists will conduct virtual due diligence for the proposed wind power projects.

-
- ^a ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.
- ^b ADB. 2016. *Country Partnership Strategy: Viet Nam, 2016-2020-Fostering More Inclusive and Environmentally Sustainable Growth*. Manila.
- ^c EU. 2019. [Vietnam Progress of Energy Efficiency and Conservation](#). Hong Kong. 18-23 March.
- ^d World Bank. 2020. World Development Indicators. <https://data.worldbank.org>.
- ^e UN Women. 2019. [UN Women in Vietnam](#).
- ^f International Labour Organization. 2020. ILOSTAT database. <https://ilostat.ilo.org/data>.
- ^g USAID Clean Power Asia. 2017. *Gender Equality in Renewable Energy in the Lower Mekong: Assessment and Opportunities*. Bangkok.
- Source: Asian Development Bank.