



Initial Poverty and Social Analysis

Project Number: 54450-001
November 2020

IND: Administration of Cofinancing Equity Investment in Smart Joules Private Limited

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 21 October 2020)

Currency unit	–	Indian rupee/s ₹
₹ 1.00	=	\$ 0.014
\$1.00	=	₹ 73.49

ABBREVIATIONS

CO ₂	–	carbon dioxide
mtCO ₂ e	–	metric ton of carbon dioxide equivalent
STEM	–	science, technology, engineering, and math disciplines
CSO	–	civil society organization

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Administration of Cofinancing Equity Investment in Smart Joules Private Limited
Lending/Financing Modality:	\$1m Equity	Department/ Division:	Private Sector Operations Department

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy
 The Government of India deems improving the country’s energy efficiency meets the dual objectives of promoting sustainable development and of making the economy competitive. The ADB Ventures investment in Smart Joules Pvt. Ltd. (SJPL) is aligned to promoting energy efficiency in India and likewise consistent with ADB’s Strategy 2030 which puts operational priority on (i) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability. and (ii) making cities more livable. The ADB Ventures equity financing of up to \$1 million, in Indian rupee equivalent, to Smart Joules Pvt. Ltd. will support Smart Joules in the expansion of its operations. Smart Joules offers data driven energy-efficiency solutions for commercial buildings, targeting large hospitals as the beachhead market in India. Currently, energy efficiency in buildings is a \$10 billion plus underserved market not just in India but in the rest of South/South East Asian region. The project will (i) improve energy efficiency in commercial buildings delivering 25-35% energy savings through a combination of technical solutions; (ii) significantly reduce CO2 emission by 2500-5000 mtCO2e per case; and (iii) make distribution system much smarter.

B. Poverty Targeting
 General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)
 The project will directly cater to the needs of the commercial buildings particularly the hospitals, while indirectly benefitting the clients and patients with a more efficient distribution of power within the building. The improvement of the services will contribute to poverty reduction generally.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The project targets owners of small and big buildings (usually hospitals) that previously did not have access to a technology that will allow them to operate with energy efficiency system and who belong to the \$10 billion plus underserved market not just in India but in the rest of South/South East Asian region. Due diligence will determine how women and the poor will benefit from the project.
2. Impact channels and expected systemic changes. Smart Joules aims to enable reliable and affordable electricity access for the energy poor in India by providing cutting-edge efficiency technologies and innovative services to eradicate wastage of energy in commercial complexes. By helping eliminate energy waste, SJPL contributes to carbon emission reduction and environmental protection. The project is seen to benefit primarily the owners of small and big buildings (usually hospitals) that previously did not have access to a technology that will allow them to operate with energy efficiency system. Secondly their staff including female employees will be capacitated on energy efficiency solutions orientations that the Company will carry out.
3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence will focus on Smart Joules corporate-level and/or site-based systems and processes in managing environmental and social risks and the impacts of its operations. The Company’s labor policies and practices, its compliance with the national labor laws, standards set by the certification bodies, and its gender responsiveness will also be reviewed and verified.
4. Specific analysis for policy-based lending. Not Applicable.

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 energy sector is a nontraditional area for women due to the stereotypical view of energy technological development as men’s domain and also the sector’s general lack of recognition of the distinct energy needs and potential contribution of women.^a Women at the household level have increasingly demonstrated an interest in the financial part of energy efficiency and savings to their households, making it vitally important that women must be involved in decision-making in order for energy efficiency incentives and energy use alternatives to be effective. Participation of women in the energy efficiency tech industry is another key issue, where women only represent 30% of combined professional and technical workers in the country, despite the fact that 40% of Indian graduates in science, technology, engineering and math (STEM) disciplines are women.^b Interestingly, technology firms in India, have been introducing models that will attract and retain women in tech industry.^c Furthermore, the issue of sexual harassment in the workplace remains prevalent, with an increasing trend in the number of sexual harassment cases being reported is still happening in India.^d

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 proposed project will consider the opportunities to increase gender inclusivity in the access and use of energy efficiency technology solutions. Due diligence will verify Smart Joules' commitments and capacities to enhance gender equality at the workplace and contribute to better awareness of sexual harassment issues. Gender and development indicators to be incorporated in the project design will be discussed with the client as part of the due diligence process.

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

Yes No

The project will not have an adverse impact on women and/or girls nor will it widen gender inequality.

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 shareholders, investors, senior managers, employees and customers are the main stakeholders of the project.

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 Project will support expansion of Smart Joules business which includes data driven energy-efficiency solutions for commercial buildings, targeting large hospitals. The company's employees, women employees, company's clients and staff, and women staff are expected to directly benefit from the project. The poor, vulnerable and excluded groups are not expected to participate in the project design.

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 N Consultation N Collaboration N Partnership

Smart Joules website is made accessible to all including any CSO who may be interested.

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

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

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

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 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?

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 Creation of overtime work policy

2. How are these additional social issues and risks going to be addressed in the project design? It is recommended for the Company to issue a policy on Overtime Work in view of Factories Act, 1948.

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

A dedicated social safeguards consultant and one gender consultant who are assigned to the project have identified areas for clarification on the part of the Company during the due diligence phase.

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? One social safeguards consultant and one gender consultant have been conducting the necessary poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence phase.

^a ADB.2018. "India Gender Equality Results Case Study Enhancing Energy-Based Livelihoods for Women Micro-Entrepreneurs." Manila. 2018.

^b World Economic Forum. 2020. "Insight Report Global Gender Gap Report". Geneva. 2020.

^c Rathor, S., Misra,A., Phadnis, S., and Shankar, A. 2020. "Why Indian Women may Dominate the Tech World of Tomorrow." *TNN Times of India*, India. (accessed 17 November 2020)

^d Bhat, R. A., and Deshpande, A. 2017. "An overview of sexual harassment of women at workplace in India: An analytical study." http://www.ijirset.com/upload/2017/july/244_PAPER%20OWN.pdf. *International Journal of Innovative Research in Science, Engineering, and Technology*. 6(7): 14361–14369.