



# Initial Poverty and Social Analysis

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August 2020

## IND: Avaada Solar Phase 2 Project

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Asian Development Bank



## **ABBREVIATIONS**

ADB	–	Asian Development Bank
AEPL	–	Avaada Energy Private Limited
CSR	–	corporate social responsibility
EHS	–	environment, health, and safety
ESMS	–	environmental and social management system
IPP	–	Indigenous Peoples Plan
SPS	–	Safeguard Policy Statement (2009)

## **NOTE**

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

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	<input type="text" value="India"/>	Project Title:	<input type="text" value="Avaada Solar Phase 2 Project"/>
Lending/Financing Modality:	<input type="text" value="General corporate finance"/>	Department/ Division:	<input type="text" value="Private Sector Operations Department&lt;br/&gt;Infrastructure Finance Division 1"/>

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The project is consistent with ADB's Strategy 2030.<sup>a</sup> It relates to two of the five core specializations of ADB: infrastructure and environment. The strategy calls for maintaining ADB's support for clean energy development. The project will also contribute to ADB's operational goal of scaling up private sector development and private sector operations. The project is aligned with the India country partnership strategy,<sup>b</sup> 2018–2022, which calls for "higher efficiency and carbon mitigation through power generation from renewable sources."

The project is fully aligned with ADB's Energy Policy.<sup>c</sup> The policy states that support for renewable energy projects will be prioritized and broadened. To this end, ADB has set the goal to provide climate finance of \$80 billion cumulatively from 2019 to 2030. As part of the policy implementation, ADB emphasizes private sector participation as a tool to boost energy sector efficiency by introducing competition and more investable resources.

#### B. Poverty Targeting:

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  Non-Income MDGs (TI-M1, M2, etc.)

The project will contribute to poverty reduction through the provision of electricity generation infrastructure and electricity that will supplement government services. Electricity generation from renewable projects, by their very nature, typically occurs in rural areas where the population is underserved and where poverty incidence is highest. In addition, the project will directly and indirectly contribute to poverty reduction locally through the creation of temporary and permanent employment, and availability of additional electricity that will enhance the sustainability of nonagricultural sectors. The project will diversify local employment opportunities and further assist private sector development in the renewable energy subsector.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The project will contribute to meeting the energy needs and thereby contribute to economic growth and help reduce socioeconomic disparities. The project will support other efforts at poverty reduction through job creation and increased industrial as well as manufacturing opportunities. The project will directly and indirectly contribute to poverty reduction through the creation of temporary and permanent employment and increased access to markets and other networks.

India's electricity needs continue to be unmet, and rural areas are underserved owing to suboptimal service and availability. Unavailability of electricity, especially in rural areas, promotes uneven development and limits regional economic growth. Potential beneficiaries will be underserved populations in mostly rural but also urban areas where electricity supply is absent or intermittent

2. Impact channels and expected systemic changes. In the short term, the project will provide beneficiaries with access to better and more affordable services and better opportunities to raise their income and improve their sustainable employment. In the longer term, the use of renewable energy sources reduces the threat of environmental and climate-related risks that would adversely affect beneficiaries' social and economic life.

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.

4. Specific analysis for policy-based lending. Not applicable.

### 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? The South Asia power sector is characterized by low levels of female participation with women typically found to be just 3% to 25% of total staff and 0.1% to 25% of technical staff. Most women tend to work in the middle to lower level nontechnical (i.e., administrative) positions. The major barriers to women's careers in the power sector have been identified as lack of role models and networking support, limited fieldwork and training opportunities, and

inadequate facilities and policies including lack of separate toilets, safe transportation, daycare and flexible work arrangements.<sup>d</sup>

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

Gender measures to be explored with AEPL may include increasing the number of women in the company's decision making and technical roles, training staff on prevention of sexual harassment, and strengthening the gender inclusiveness of the company's corporate social responsibility.

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.

Consultation and disclosure process happen during the different stages of the project life cycle. At the stage of site selection, the land and the EHS team engage with different stakeholders to understand and assess any concerns around the site and to gauge expectations of different stakeholder groups. The environmental assessment process also engages with different stakeholder groups in its assessment of impacts and in designing or mitigation strategies. During the development, construction and operations phases the CSR team involves and engages with different community groups to assess needs and plan intervention measures. The EHS/CSR and the site management team maintains an open communication channel and communicates with stakeholders on a periodic basis to manage concerns/grievances (if any) and to share/gather feedback on CSR programmes.

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 some adverse media regarding community protest with one of the sub-projects. The external audit has undertaken a detailed investigation on the same and provided an independent reporting on the context in which these protests took place. The borrower's CSR activities ensure adequate participation of civil society organizations in broader subproject impact areas

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 projects. Land is purchased through negotiated settlement with individual landowners, and in some cases leased from existing solar parks estates on a long-term basis, on mutually agreed terms. Land for the existing projects have either been purchased or leased from industrial estates. For the future, planned projects, the company plans to buy/lease lands on negotiated basis. The site/land selection procedure avoids inhabited, irrigated lands or ethnic people owned lands. Grid connectivity is mostly within/close to the project boundary thereby avoiding any right of way issues. Hence, involuntary resettlement impacts/issues are not widely envisaged. Going forward, the company will further strengthen its existing ESMS to include frameworks for (i) a resettlement action plan and (iii) screening criteria and decision matrix for involuntary resettlement-related impacts to decide on any new project. 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

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

**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

Avaada's site selection process for projects typically avoids IP lands/areas hence Indigenous Peoples (IPs). Hence IP issues and impacts are not typically envisaged. Going forward, Avaada will strengthen its existing ESMS to include a framework for Indigenous Peoples Plan (IPP) in accordance with ADB Safeguard Policy Statement requirements. In the unlikely event of any adverse impacts on IPs associated with any future projects, an IPP will be prepared by the company/project in compliance with ADB SPS requirements

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

**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 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 (as a part of first transaction) 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 (as a part of first transaction).

<sup>a</sup> ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

<sup>b</sup> ADB. 2018. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila.

<sup>c</sup> ADB. 2009. [Energy Policy](#). Manila.

<sup>d</sup> WePOWER. 2019. [The South Asia Women in Power Sector Professional Network Progress Update 2019](#). Washington DC.