

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	India	Project Title:	Solar and Wind Power Development Project
Lending/Financing Modality:	Equity Investment/ General Corporate Finance	Department/ Division:	Private Sector Operations Department Infrastructure Finance Division 1

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Targeting classification: General Intervention
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy
<p>The project is aligned with the India Country Partnership Strategy (CPS), 2013–2017.^a The strategy calls for “investments in renewable energy development, particularly solar.” The project will contribute to the diversification of India’s energy mix through the addition of renewable energy capacity, helping the country progress towards its clean energy targets.^b Availability of reliable power is expected to promote business expansion and increase employment opportunities, which can have an indirect but positive impact on reducing poverty.</p>
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence
<p>1. Key poverty and social issues. Poverty in India is widespread, with the nation estimated to have one-third of the world’s poor. It has been estimated that approximately 25.7% of the population in rural areas, 13.7% in urban areas, and 21.9% of the country as a whole lived below the national poverty line in 2011–2012.^c Welspun Renewables Energy Limited (WREL) intends to expand its investments in solar and wind power projects across nine states: Andhra Pradesh, Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, and Tamil Nadu, where approximately 16%–35% of the population live below the national poverty line. Development and commissioning of a portfolio of renewable projects with a total capacity of 300 megawatts (MW) in these nine states will generate jobs for the local population and, therefore, help to alleviate income poverty in the short term. The project’s negative socioeconomic impacts are expected to be localized and short term.</p> <p>2. Beneficiaries. While the proposed project will generate short-term jobs that may benefit the local population, and permanent employment during operations of various solar and wind power projects, this is not expected to directly contribute to reducing poverty in these states, nor will the project significantly mitigate problems in unemployment.</p> <p>3. Impact channels. The additional clean energy supply generated by the project may indirectly benefit the poor and vulnerable groups through jobs that will be created by different industries and businesses as a result of energy security in producing goods and services. The poor and vulnerable groups will benefit from the corporate social responsibility (CSR) programs which WREL implements in localities where it operates.</p> <p>4. Other social and poverty issues. The proposed Asian Development Bank (ADB) assistance is through an equity investment in a renewable power generation company. Power generated by WREL projects will be sold to the respective state grid and power will be transmitted and distributed by state transmission and distribution companies. As such, direct benefits in terms of subsidized electricity connection or preferential tariffs or subsidies to poor, vulnerable, and excluded groups, including households headed by women, in states where power from WREL projects will be distributed, is beyond the control of WREL as a generation company. These are typically decided by the Government of India.</p> <p>5. Design features. ADB will invest up to \$50 million in WREL in the form of common equity shares to partially fund the company’s equity injection in a portfolio of solar photovoltaic and wind power projects with a total project capacity of approximately 300 MW to be commissioned between April 2014 and March 2016. Although the exact composition of the portfolio might change as a result of public bid awards, WREL expects its portfolio to grow with 200 MW of solar and 100 MW of wind power projects through this equity investment. As part of its commitment to assist local communities, especially the poor and vulnerable, WREL commits to implement its CSR programs in localities where it is operating. WREL also requests its contractors to hire workers from the local communities.</p>
C. Poverty Impact Analysis for Policy-Based Lending Not applicable

II. PARTICIPATION AND EMPOWERING THE POOR

1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation. The project is an equity investment in a renewable energy company which has a portfolio of power projects in several states. It is being processed as general corporate finance whereby no specific projects are selected for ADB financing. As part of the corporate safeguards audit, it was found that WREL has arrangements for stakeholder consultations and, through engagement with the community, obtains no-objection certificates from village councils. WREL's environmental and social management system (ESMS) will codify this practice and will include arrangements to ensure that project-affected communities, including the poor, vulnerable, and excluded, will be consulted and their concerns addressed in the project-specific environmental and social assessments and plans which WREL will prepare during project implementation.
2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation. There are no specific projects which will be financed as the transaction is an equity investment. During project implementation, WREL will implement an ESMS which will include civil society organizations (CSOs) as stakeholders if present in the project area.
3. Explain how the project ensures adequate participation of civil society organizations in project implementation. WREL's ESMS will include procedures for engaging CSOs if present in the project area as potential stakeholders in the design and implementation of future projects.
4. What forms of civil society organization participation is envisaged during project implementation?
 Information gathering and sharing (Low) Consultation (Low) Collaboration Partnership
5. Will a project-level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons, particularly the poor and vulnerable? No. There are no civil society groups actively operating in the WREL project areas covered by the audit.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Some Gender Elements

A. Key issues. The proposed ADB assistance is through an equity investment in a renewable power generation company. Power generated by WREL projects will be sold to the state grid and power will be transmitted and distributed by state transmission and distribution companies. As such, direct benefits to women in states where power from WREL projects will be distributed cannot be quantified. Gender issues at the corporate and project site levels are therefore limited to equal access to job opportunities during construction and operations and women's representation and access to any community activities or programs which are directly related to WREL projects. WREL has established a corporate CSR policy which discusses empowerment of women as one of the eight main areas of intervention. As such, at one site the audit observed that female workers comprise more than half of the daily unskilled workers hired by its contractors. However, in terms of facilities, the audit found that specific sanitary facilities have not been clearly marked as designated for women. The audit finds that WREL has clearly stipulated that no employees will be discriminated against based on sex or sexual orientation, race, ethnic origin, disability, etc. WREL has committed to increase the number of female staff to 15% but this target is not embodied in its corporate documents. Programs initially identified by WREL in its community development and engagement plan for 2013–2015 may include health, animal husbandry, education, community-based environmental activities, and livelihood activities for women. Women are also expected to benefit from other activities such as training on dairy farming, goat raising, and poultry farming; formation of self-help groups; and exposure to job fairs.

B. Key actions.

Gender action plan Other actions or measures No action or measure

WREL will be encouraged to target an increase in the percentage of female staff from 10% in 2013 to 15% and requested to adopt a practicable time frame to achieve such target, e.g. in the next 5 years or 2018. Human resources and general administration will be requested to include such target in its human resources hiring policy. At the community level, consistent with WREL's CSR policy objective of empowering women, its ESMS will include arrangements to ensure meaningful consultation with women during the conduct of environmental and social assessments and design and implementation of community programs, achievable targets for employment of women during construction and subsequent operation of the facilities, and monitoring and reporting on benefits and assistance provided to women. WREL's CSR department, which is currently headed by a woman, will be encouraged to hire female staff as well as ensure that entities, consultants, or organizations engaged to implement CSR activities on the ground include female staff.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Key impacts. A corporate safeguards and social audit of WREL's environmental and social performance was conducted. The audit finds that WREL solar and wind power projects are typically located on state-owned land or nonproductive land. Where privately owned land is required, it is purchased based on negotiated settlement without the option for expropriation. Effort will be taken by WREL to avoid involuntary resettlement impacts.</p> <p>2. Strategy to address the impacts. WREL's site selection criteria includes screening for involuntary resettlement impacts. An ESMS will be developed and established by WREL to ensure that the company's planned expansion will not entail any physical or economic displacement.</p> <p>3. Plan or other Actions. <input checked="" type="checkbox"/> Environmental and social management system arrangement</p>	
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Key impacts. The corporate safeguards audit finds that the selected wind and solar power projects being implemented by WREL did not affect any tribal groups who may be considered as indigenous peoples as defined in ADB's 2009 Safeguard Policy Statement (SPS).^d WREL's site selection policy excludes use of tribal lands. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. WREL will continue to use its screening check list and follow its policy which prohibits use of tribal lands.</p> <p>3. Plan or other actions. <input checked="" type="checkbox"/> Environmental and social management system arrangement</p>	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
<p>1. Relevance of the project for the country's or region's or sector's labor market <input checked="" type="checkbox"/> core labor standards (Low)</p> <p>2. Labor market impact. WREL human resources policy includes commitments to comply with national labor laws. WREL will be required to take specific measures in line with internationally recognized core labor standards. WREL will ensure, as part of its ESMS, that this is applied (including in relation to contractors) for all its operations, in compliance with ADB's Social Protection Strategy.^e</p>	
B. Affordability	No affordability issues are expected.
C. Communicable Diseases and Other Social Risks	
<p>1. Indicate the respective risks, if any, and rate the impact <input checked="" type="checkbox"/> Communicable diseases (Low)</p> <p>2. Describe the related risks of the project on people in project area. Migrant labor is involved in the construction of the Neemuch project. Workers' camps were constructed on-site and workers' and community health and safety measures, including HIV/AIDS prevention, are outlined in the environmental and social management plan. An environment, health, and safety audit of the implementation of health and safety measures also revealed no issues related to communicable diseases. Local workers were given preferential employment in the Dangri project and communicable diseases were also not an issue.</p>	
VI. MONITORING AND EVALUATION	
<p>1. Targets and indicators: Corporate level: enhancement of the existing ESMS, allocation of staff resources to implement the ESMS, and staff training. Project level: job opportunities provided to local community and affected people, implementation of programs for women, and other community development programs.</p> <p>2. Required human resources: WREL has environment and social staff at the corporate and project site levels. ADB's social team will review ESMS implementation during project administration.</p> <p>3. Information in Project Administration Manual (PAM): PAMs are not prepared for nonsovereign projects. The ESMS will include reporting and monitoring requirements in line with the ADB safeguard and social requirements.</p> <p>4. Monitoring tools: ADB will conduct periodic site visits and review monitoring reports.</p>	

^a ADB. 2013. *Country Partnership Strategy: India, 2013–2017*. Manila.

^b Planning Commission. 2012. *Twelfth Five-Year Plan (2012–2017): Faster, More Inclusive and Sustainable Growth*. Draft. New Delhi: Government of India. Available from http://planningcommission.gov.in/plans/planrel/12thplan/pdf/vol_1.pdf The government has established targets of adding 30 gigawatts of renewable power by 2017 under the Twelfth Five-Year Plan.

^c Planning Commission. 2013. *Press Note on Poverty Estimates, 2011–2012*. New Delhi: Government of India. For 2011–2012, for rural areas the national poverty line is estimated at Rs816 per capita per month and in urban areas Rs1,000 per capita per month. Available from http://planningcommission.nic.in/news/pre_pov2307.pdf

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

^e ADB. 2001. *Social Protection Strategy*. Manila.