



# Initial Poverty and Social Assessment

---

Project Number: 41946  
January 2008

## IND: Mundra Ultra-Mega Power Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

**Asian Development Bank**

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title: **IND: Mundra Ultra Mega Power Project**

Lending/Financing Modality: **Direct Loan** Department/Division: **PSOD/PSIF1**

### I. POVERTY ISSUES

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

1. Based on the country poverty assessment, the country partnership strategy and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

The project will contribute to poverty reduction by supporting economic development of Gujarat and its neighboring states by providing critically needed power to support economic activities. The Project will generate employment and tax revenues throughout the project life. Increased economical and efficient base-load generation capacity in the region will enable the Government to achieve its stated policy of "Power for All" by 2012. Supply of reliable power to local grids will bring the benefits of electricity to remote communities, thereby ensuring better health care, sanitation, and education, greater income-earning opportunities, and higher living standards.

#### B. Targeting Classification

1. Select the targeting classification of the project:  
 General Intervention    Individual or Household (TI-H);    Geographic (TI-G);    Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification:  
 The electricity generated will be distributed to five (5) states. Given the severe electricity shortage in these states, availability of reliable power supply to upcoming industries in the region would significantly stimulate the local economies.

#### C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? *N/A*  
 2. What resources are allocated in the PPTA/due diligence? *N/A*  
 3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

The project developers have programs to engage the local community in the vicinity of the Project site.

### II. SOCIAL DEVELOPMENT ISSUES

#### A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

During the construction and operations phase, villages settled nearby are expected to benefit from increased jobs. Some migration of worker populations is expected which is expected to give further stimulus to the local economy. Qualified local workers from the nearby area will be given preferential employment. Better infrastructure facilities are expected to be developed in the project area that can be used by local villagers.

2. What are the potential needs of beneficiaries in relation to the proposed project?

Adverse environmental impacts (noise and air pollution) of the project will be mitigated. The labor rights of contracted local workers will be ensured by compliance of contractors with national labor laws and regulations.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

The operations of the power plant and support facilities will require about 718 persons consisting of 255 project developer's staff and 465 outsourced staff. Qualified local villagers will be provided skills enhancement and on the job training.

#### B. Consultation and Participation

1. Indicate the potential initial stakeholders.

Potential initial stakeholders include national and local government, communities within the vicinity of the project site, development partners, nongovernment organizations, and the private sector.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

The private sector sponsor has conducted interviews, consultations and surveys as part of the environment and social impact assessment.

3. What level of participation is envisaged for project design?

Information sharing    Consultation    Collaborative decision making    Empowerment<sup>7</sup>

4. Will a C&P plan be prepared?  Yes    No   Please explain.

<b>C. Gender and Development</b>			
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? The Project is not expected to cause any specific cultural or social impact on or exclude any socioeconomic group, including women, from benefiting from the Project.</p>			
<p>2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. Villagers will have equal access to any assistance that will be extended by the project to the community.</p>			
<p>3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain While women landowners may be affected by land acquisition, their rights as legal titleholders are recognized under the law, hence not expected to widen gender inequality.</p>			
<b>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS<sup>11</sup></b>			
<b>Issue</b>	<b>Nature of Social Issue</b>	<b>Significant/Limited/ No Impact/Not Known<sup>12</sup></b>	<b>Plan or Other Action Required<sup>13</sup></b>
<b>Involuntary Resettlement<sup>14</sup></b>	Private and public land will be used. Due diligence required on ongoing acquisition of private land.	Limited. Loss of land and restricted access to grazing land may have limited economic impacts.	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Indigenous Peoples<sup>15</sup></b>	About 3% of the total population in affected villages belong to scheduled tribes. Their traditional practices will not be affected by the project.	No Impact.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <sup>16</sup> <input type="checkbox"/> Indigenous Peoples Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Labor</b> <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards <sup>17</sup>	Plant construction and operation will provide employment opportunities to qualified local population. Employment arrangements will comply with employment and labor standards as provided in the applicable laws and regulations.	No impact.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <sup>18</sup> <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Affordability</b>	Not relevant. Power will be made available through the grid.	N/A	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Other Risks and/or Vulnerabilities</b> <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others	None.	No impact.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT</b>			
<p>1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			
<p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&amp;P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			