



Initial Poverty and Social Analysis

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IND: Azure Power COVID-19 Liquidity Support Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	INDIA	Project Title:	Azure Power COVID-19 Liquidity Support Project
Lending/Financing Modality:	Corporate Finance	Department/ Division:	Private Sector Operations Department/ Infrastructure Finance Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The objectives of Asian Development Bank (ADB) short-term liquidity support debt facility of \$22 million to Azure Power India Private Limited ('APIPL' or 'the Company') are aligned with the country's COVID-19 response stimulus package which aims to mitigate the impact of COVID-19 on economic activity in India. The project is aligned with ADB's country partnership strategy for India, 2018–2022, which calls for higher efficiency and carbon mitigation through power generation from renewable sources.^a The project is also consistent with ADB's Strategy 2030, particularly with its support to tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability.^b

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 supporting the maintenance of electricity generation resulting in uninterrupted electricity supply to utility companies and in consequence the public. Electricity generation from solar plants typically occurs in rural areas where the population is underserved and where poverty incidence is highest. In addition, the project will seek to directly and indirectly contribute to poverty reduction through maintenance of staffing levels at the company.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. India's economic activity grew at a robust pace in between 2010-15. While its GDP has moderated from a strong 8.3% in 2016, economic activity has continued at a moderate pace with GDP growth of 5.0% in 2019. Economic growth over the decade has translated into progress in many social development indices, including increased life expectancy, reduced under-5 mortality rates and increased school enrolment and completion rates^c. Despite this, the country is confronted with persistent development challenges, many associated with service delivery for a population now in excess of 1.3 billion people, with attendant rural-urban inequalities, natural resource and environmental degradation and pollution. The country has made a significant dent in poverty levels amongst its 1.3 billion population, with extreme poverty dropping from 46 percent to an estimated 13.4 percent over the two decades before 2015.^d However, largely a result of the widespread practice of rice cultivation, cattle-keeping and a traditional reliance on coal fired power plants to power the growing population's energy needs, India is presently the third largest emitter of carbon dioxide (after the US and China). Addressing climate change, a growing population and growing industrial and power generation needs, the government has established ambitious electricity generation targets with an increasing component dedicated to renewable energy sources. Seen as a key growth component within the country's expansive energy mix and key vehicle through which to reduce the country's emissions intensity while ensuring quality, reliable and low-cost power to underserved areas, Solar power in India is a fast-developing industry. The country's solar installed capacity reached 35.12 GW as of 30 June 2020.^e Ensuring continued access to electricity during COVID-19 has been a key element of the government COVID-19 stimulus package which has been accompanied by energy related policy measures aimed at financially supporting electricity distributors but also introducing measures to help customers through the curbing of load shedding and reducing poor quality electricity service provision. Supporting APIPL to maintain operations will benefit existing employees, utility company power purchasers, and end consumers, the latter largely being those in rural areas where solar power plants are most present. Additional benefits suitable to the short-term duration of ADB's financing, but which might be leveraged for employees and communities in the areas of APIPL's operations, will also be analyzed and considered.

2. Impact channels and expected systemic changes. Through ADB's debt facility, additional opportunities for development impact exist in working with the company to enhance staff development (particular with regard to gender mainstreaming) and will be explored.

3. Focus of (and resources allocated in) the transaction due diligence. Due diligence review will focus on corporate and operational EHS, human resources and contractor management policies and procedures to assess the client's ability to manage and address relevant social and environmental risks and impacts of its operations, its compliance with applicable environmental and social safeguard related national laws and regulations, and ADB's safeguard requirements, where applicable.

II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?</p> <p>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 middle to lower level 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.ⁱ</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The Project has the potential to support gender equality both within the company and in communities located near company operations. ADB will work with the company to review gender issues and identify suitable initiatives to enhance women's management and technical capacity, and also to determine potential opportunities to deliver community programs that target women's needs specifically.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>4. Indicate the intended gender mainstreaming category:</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) </div> <div style="display: flex; justify-content: space-between;"> <input checked="" type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements) </div>
1. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.</p> <p>The key stakeholders of the project include employees, local government, grid customers / distributors, and local communities. Potential initiatives associated with employee capacity development as a result of ADB's financing will be explored, particularly those with a focus on gender mainstreaming.</p> <p>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?</p> <p>The project provides opportunities for APIPL to engage more closely with a range of stakeholders including local communities, company employees and local government. Enhanced engagement with stakeholders, particularly those that will benefit from the project, will be an important process to ensure success. Due diligence will determine the extent to which the company operates with structured stakeholder engagement to aid this process.</p> <p>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?</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> M Consultation <input checked="" type="checkbox"/> M Collaboration <input type="checkbox"/> Partnership </div> <p>APIPL actively engages with third party entities to undertake its social development programs in communities in the areas of its solar plants. APIPL also works closely with Village Development Committees to ensure local consultation and collaboration in CSR project design and execution. Further, ADB will discuss potential opportunities for additional social development programs and the optimal vehicle for implementation based on experiences with past and current models of execution.</p> <p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Project focus will not include financing of any project activities with environmental or social impacts which would normally require engagement and / or participation of the poor and excluded. However, where opportunities exist to enhance APIPL's gender mainstreaming efforts and potential CSR activities to support poverty eradication initiatives, these will be explored and, where appropriate, included as part of the project.</p>
2. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. What action plan is required to address involuntary resettlement as part of the due diligence process?</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None </div>

B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 4. What action plan is required to address risks to indigenous peoples as part of the due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None
3. OTHER SOCIAL ISSUES AND RISKS
1. What other social issues and risks should be considered in the project design? <input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input checked="" type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability L <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify: 2. How are these additional social issues and risks going to be addressed in the project design? ADB will ensure environmental and social due diligence review of APIPL's EHS, social management and human resources policies. Corrective actions, if identified, will be included as requirements of the project.
VI. DUE DILIGENCE RESOURCE REQUIREMENT
1. Does the terms of reference for due diligence contain key information needed to be gathered during 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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 due diligence? Social Safeguard and Gender analysis will be undertaken by ADB PSOD Safeguards and Gender specialists in consultation with APIPL.

- ^a ADB. 2017. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila.
- ^b ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.
- ^c World Bank. India - Country Profile. Online databank. https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=IND (Accessed 01 June 2020).
- ^d World Bank. [The World Bank in India](#). (accessed 13 August 2020).
- ^e Government of India. Ministry of New and Renewable Energy. [Physical Progress \(Achievements\)](#). (Accessed 13 August 2020).