



Initial Poverty and Social Analysis

October 2019

VIE: Gulf Solar Power Project

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Asian Development Bank

ABBREVIATIONS

ADB – Asian Development Bank

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Project Title:

Lending/Financing Modality: Department/Division:

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 which outlines seven operational priorities to address the development challenges in Asia and the Pacific. The project supports two of those priorities: (i) addressing remaining poverty and reducing inequality, and (ii) tackling climate change, building climate and disaster resilience, and enhancing environment sustainability. The project also supports Strategy 2030 objectives to expand the role of private sector operations and mobilize additional resources on top of ADB's own financing.

The energy sector has been a priority for ADB's Viet Nam country program. Since 1994, ADB has provided 16 sovereign loans for a total \$2.6 billion, three non-sovereign loans for a total of \$250 million, and 43 technical assistance projects and grants for a total \$37.6 million to the energy sector. ADB's country partnership strategy for Viet Nam, 2016–2020 aims to foster inclusive and environmentally sustainable growth. The project is aligned with two of the three pillars of the strategy: (i) increasing the inclusiveness of infrastructure and service delivery and (ii) improving environmental sustainability and climate change response. Under the strategy, ADB will increase the focus on renewable energy, including through public-private partnerships (PPP), to promote sustainable growth. The project is also aligned with Viet Nam's commitments to the United Nations Framework Convention on Climate Change targeting a reduction in GHG emissions of between 8-25% by 2030.

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 meeting the energy needs and demands of Viet Nam, thereby contributing to economic growth and reducing poverty and socioeconomic disparities. The project will support other efforts at poverty reduction through increased productivity, enhanced job creation, and allied opportunities such as small-scale manufacturing and non-farm rural jobs. The project will directly and indirectly contribute to poverty reduction in these areas through the creation of temporary and permanent employment, and increased availability of electricity, which will enhance growth and sustainability in agriculture and other sectors.

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.

Potential project beneficiaries include farmers, small businesses, microenterprises, and industrial firms. Electricity supplied to Vietnam's power grid will increase the availability and reliability of power (in this case clean energy), thereby increasing industrial and agricultural productivity. Electricity sold directly to industrial firms will increase manufacturing and industrial output, which will increase employment, skills development, and the employability of the workforce. Adding new, reliable capacity to the power grid will also expand and increase access to power in remote rural areas, thereby promoting socioeconomic development and increasing access to improved infrastructure and services.

2. Impact channels and expected systemic changes. The project represents an important addition to ADB's portfolio of projects in Vietnam's power sector, with the development objective of addressing the country's energy shortage and helping the country meet its renewable energy targets. The project will (i) provide beneficiaries with access to better, more affordable services; and (ii) provide beneficiaries with the opportunity to increase their incomes and improve their livelihoods. In the longer term, the project will contribute to (i) providing a renewable power supply source for businesses and communities and (ii) create demonstration effect in the renewable energy space in the country.

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? Electricity generated will be sold into the grid or to the industrial estates and users. Consequently, direct benefits to women cannot be attributed to the project, or quantified. However, electricity generated will improve the overall access to and availability of power, especially in rural and less-developed areas. This is likely to have an indirect impact in terms of participation by and productivity levels of women, especially in non-agricultural activities and sectors. In addition, access to electricity will indirectly lead to better access to infrastructure and services, thereby improving their overall development status. During due diligence, gender assessment of the borrower's human resource and corporate social responsibility approaches was conducted. Given that the project is an already completed solar project which have low staffing requirements, no gender elements for this transaction is pursued. However, the borrower has agreed to continue to explore and implement relevant gender measures such as better working conditions and workplace environment for female staff.

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

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

Yes No The project will benefit women through increase in employment opportunities and better facilities for women staff.

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 has been proactive in its engagement with different stakeholders including local communities. These engagements include (i) meetings with community/village representatives and other community members in the area; (ii) liaising with local government and regulatory authorities; (iii) carrying out community consultations during project planning and development; (iv) resolving any community and/or stakeholder grievances and concerns linked to project development; and (v) receiving general feedback on company operations.

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 no adverse media regarding civil society opposition to the project or the company. The company engages with different Non-Governmental/Civil Society and Community based organizations for planning and implementation of its community development plans/projects.

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 project is in an industrial park and has obtained land use rights certificate for 69.508 hectares of land. This land (including the land for the whole of the industrial park) was acquired in 2008 and has been leased to the industrial state in 2012. The transmission line linking the project to the nearest sub-station is located within the

industrial park and along the right of way of the internal roads within the park. Hence, no involuntary resettlement issues are envisaged for the project

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

The project and its associated facilities are not located on IP lands/area and no impacts on indigenous people are envisaged.

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 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.