

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Indonesia	Project Title:	Rantau Dedap Geothermal Power Project – Phase 2
Lending/Financing Modality:	Project	Department/Division:	Private Sector Operations Department Infrastructure Finance Division 2

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>One of the infrastructure gaps identified in the Indonesia country partnership strategy, 2016–2019 of the Asian Development Bank (ADB) is the inadequate supply of reliable energy, which negatively affects people’s quality of life and discourages private investment.^a The Government of Indonesia’s National Medium-Term Development Plan, 2015–2019 focuses on meeting massive investment needs in infrastructure development, including increasing power generation, and targets electricity access to be 96.6%–100% by 2019. The project is aligned with ADB’s Indonesia CPS, 2016–2019 priority area on improving infrastructure services. ADB will contribute to improving energy supply and access through support to better policies, institutional arrangements, and strategic investment programs. The project is also consistent with ADB’s Midterm Review of Strategy 2020, which emphasizes the need for inclusive economic growth and infrastructure development.^b</p>
B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence
<p>1. Key poverty and social issues. The total population of the five villages where the project will be developed is about 6,500 people. Most residents engage in agriculture as their primary livelihood. While unemployment rates in the project area are not very high, underemployment is prevalent in agriculture and jobs are limited in industry. Potential employment during project construction and subsequent operations is one of the key concerns during consultations. The project area also lacks basic health, education, and infrastructure facilities. The project will generate jobs and provide additional income sources for the community.</p> <p>2. Beneficiaries. The primary beneficiaries of the project will be people and industries that will have improved access to reliable power. PT Supreme Energy Rantau Dedap (SERD) will work with the affected communities and the village representatives to manage social risks and maximize project benefits.</p> <p>3. Impact channels. The borrower, in line with its corporate policy, has prioritized employment of locals in the jobs created. The contractors are expected to prioritize and engage locals for employment. During Phase 1, the contractors hired workers from the project villages. An integrated social development program (ISDP), developed in 2016, focused on community capacity building and livelihood development. The community capacity building program aims to develop the capacity of the most affected communities through building life skills based on the employment needs of the local economy and the availability of local skills. This acts as a mechanism to improve the livelihoods of project-affected people, as well as to provide broader project benefits to the surrounding communities.</p> <p>4. Other social and poverty issues. Not applicable.</p> <p>5. Design features. The development phase will include the construction of two new well pads, the drilling of 14 production wells, the construction of a power plant and separator station, and the laying of pipelines. As during the exploration phase, the civil works will employ mostly local communities during the development phase.</p>
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Participatory approaches and program activities. Consultations began in 2011 and involved local government and related agencies, affected communities and groups, local nongovernment organizations (NGOs), and other related stakeholders. The consultations were conducted in a culturally appropriate manner (using both Bahasa Indonesia and the Semendo dialect) with facilitators from the Semendo community. In 2011, the borrower carried out an initial socialization with the communities, informing them of the project, the land acquisition process through negotiated settlements, the role of the village institutions, and potential opportunities and benefits to the project area. Using topographic maps, pictures, and presentation materials with information on project impacts and mitigation measures, persons directly affected by the project activities were further informed and consulted through focus group discussions and in-depth interviews. In an effort to raise community and stakeholder awareness, the borrower organized a field trip for the communities, local leaders, and representatives to Kamojang Geothermal Power Plant in West Java. Based on the field visits and subsequent consultations with the borrower, the communities provided a statement of support notification. Through various mechanisms, stakeholder engagement has been undertaken and grievances effectively addressed. SERD has developed a stakeholder engagement plan (dated December 2016) that includes a grievance mechanism for construction and operations.</p>

2. The role of civil society is limited to participation in consultations that are conducted at various stages of the project. NGOs have been involved in the consultations.

3. Civil society organizations. Engagement with civil society organizations will be limited to the regular consultations with project stakeholders.

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

(Medium) Information gathering and sharing (Medium) Consultation Collaboration Partnership

5. Participation plan. Yes. No.

SERD developed a stakeholder engagement plan in December 2016, which documents stakeholder analysis and identification, and planned stakeholder engagement activities based on short-, medium-, and long-term planning timetables, responsibilities, grievance mechanism, and reporting procedures. It also includes identification, analysis, and methods related to the engagement of vulnerable people and women's organizations.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Some gender elements (SGE)

A. Key issues. Indonesia has achieved substantial improvement in promoting gender equality—male–female gaps in the youth literacy rate have been eliminated and gender parity enrollment rates in elementary up to tertiary levels has been achieved.^c However, challenges remain. In the labor market, female workers exhibited a lower participation rate than men; in 2016, the female labor force participation rate was 50.9% compared with 83.8% for males.^d “When women do participate in the labor force, they often work temporarily as “unpaid family workers” in the agriculture or trade sector, and exit the labor force frequently in accordance with their domestic responsibilities (footnote a). In addition, women's limited access to training and labor market gender segregation contributed to the limited engagement of women in the labor market.

B. Key actions. The project offers opportunities for women to improve their livelihood activities and access to labor market opportunities through the ISDP program. The project targets to (i) encourage women (30% of total trainees) to attend livelihood and skills development training as part of ISDP implementation; (ii) support at least five women entrepreneurs from the surrounding communities to supply some of the project requirements; and (iii) provide technical and financial support on livelihood opportunities to women groups from at least five project villages.

Gender action plan Other actions or measures No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Category: A B C FI

1. **Key impacts.** The borrower obtained all the lands required for the project through negotiated settlements on a willing-buyer willing-seller basis during 2011–2017. The audit noted that the asset evaluation methodology is consistent with (and in some regards exceeds) the requirements of SR2. The land acquisition did not impact any residential lands or commercial establishments. Coffee is the major crop in the project area.

Perusahaan Listrik Negara (PLN) is undertaking the land acquisition for the 40-kilometer transmission line, an associated facility to the proposed project, connecting the power plant to the PLN substation. The alignment has been selected, landowners have been identified, a measurement survey and inventory has been undertaken, and an independent market valuation process by a registered valuer has commenced. No physical displacement is required for the construction of the transmission line.

2. **Strategy to manage the impacts.** The social safeguards compliance audit, based on an assessment of the existing process, concludes that no compliance gaps relate to land acquisition and involuntary resettlement. The audit has recommended a corrective action plan to enhance the safeguard performance of the project through the implementation of the livelihood improvement program for the affected persons. Once PLN completes the land acquisition for the transmission line, the borrower will undertake an audit to verify compliance with the requirements of ADB's Safeguard Policy Statement (SPS, 2009) and implement any corrective actions identified on a best effort basis, in consultation with PLN, to achieve outcomes, consistent with ADB SPS requirements.

3. **Plan or other Actions.** Resettlement plan.

Implementation of the corrective actions in the social safeguards audit.

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 two subdistricts in which the project activities are proposed—Kota Agung (Lahat Regency) and Semendo Darat Ulu (Muara Enim Regency)—are mainly occupied by the Semendo ethnic group. No project site is located on Semendo ancestral land or on land with customary and traditional rights. The borrower is implementing an ISDP toward community development of the project area, especially of the affected population, to boost livelihood opportunities and potential employment in the project. The social safeguards compliance audit (2018) confirmed that (i) the Semendo communities in the project area do not qualify as vulnerable social and cultural groups which can be defined as social and cultural groups that experience a higher risk of poverty and social exclusion than the general population; and (ii) although Semendos do show some of the characteristics of indigenous peoples, the Semendo communities in the project area are not considered to meet the ADB SPS definition of indigenous peoples, so the policy is not triggered.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>2. Strategy to address the impacts. To mitigate impacts of the project as well as maximize project benefits for affected communities, the ISDP has been prepared and is being implemented by the borrower with proposed programs focusing on education, health, culture, agriculture and livelihoods, and employment.</p>	
<p>3. Plan or other actions. <input type="checkbox"/> Indigenous peoples plan <input checked="" type="checkbox"/> Implementation of ISDP</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 type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards (L)</p>	
<p>2. Labor market impact. The development phase will include the construction of two new well pads, the drilling of 14 production wells, the construction of a power plant and separator station, and the laying of pipelines; and will require employment opportunities during civil works. The contractors will provide all temporary facilities for workers—offices, accommodation, storage of materials, and working area—and will ensure that labor and working conditions are in accordance with the agreed environmental and social management plan, monitored by the borrower. The borrower and the contractor will ensure compliance with the national labor laws and will take measures to comply with international core labor standards.</p>	
B. Affordability	
Not applicable	
C. Communicable Diseases and Other Social Risks	
<p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (M) <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) _____</p> <p>2. Risks to people in project area. Project construction activities will increase the population in the affected villages, which have limited access to health facilities. Communicable diseases (such as HIV/AIDS) may increase. The project will conduct HIV/AIDS awareness raising campaigns for the workers (both migrant and local workers).</p>	
VI. MONITORING AND EVALUATION	
<p>1. Targets and indicators. The design and monitoring framework for the exploration phase includes targets for the number of jobs provided during construction and operation.</p> <p>2. Required human resources. The borrower's external relations team will continue to undertake all social activities in the development and operations phase.</p> <p>3. Information in project administration manual. Not applicable.</p> <p>4. Monitoring tools. ADB will conduct periodic site visits and review monitoring reports. The borrower will appoint an external expert to monitor the implementation of the ISDP and the corrective actions for involuntary resettlement and indigenous peoples' safeguards.</p>	

^a ADB. 2016. *Country Partnership Strategy: Indonesia, 2016–2019: Towards a Higher, More Inclusive and Sustainable Growth Path*. Manila.

^b ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

^c U. Hoque. 2015. Summary of Indonesia's Gender Analysis. *ADB Papers on Indonesia*. No. 6. Manila: ADB.

^d The Global Economy. com. [Economic indicators for Indonesia](#). (accessed 30 January 2018).