INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title:	Solar Rooftop Power Generation Project
Lending/Financing Modality:	Project	Department/ Division:	SARD/SAEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Sri Lanka has improved its energy sector performance and achieved a national electrification ratio of 98% in 2014 compared with 29% in 1990.[1] However, high dependence on expensive fossil fuel energy continues. Sector challenges include meeting growing demand for electricity at a low cost and acceptable reliability, and attaining long-term sustainability. The increase in the share of thermal oil-fired energy in power generation, from 6% in 1995 to 35% in 2014, creates a high cost base and is not a viable and sustainable solution for energy security and environment protection in the long term. Diversification of the generation mix primarily to renewable energy sources, improved network efficiency, reduced technical losses, and supply- and demand-side management are required.

The Government of Sri Lanka aims to ensure sustainable development of energy resources by improving the power supply systems to provide access to electricity services to the entire population. Sri Lanka has a national investment program, including sector investments that are based on the National Energy Policy and Strategies.[2] The National Energy Policy and Strategies includes a sector road map, a long-term investment plan, and policy and reform measures. The government objectives includes, among others, to increase the share of energy supply from nonconventional renewable energy sources to 20% by 2020.[3] The 20% increase in power generation from nonconventional renewable energy sources will add to 29% (2014) of conventional hydropower generation and will ensure that in the future a substantial portion of electricity is produced by clean energy sources.

In September 2016, the government announced "The Battle for Solar Energy" program.[4] The program envisages boosting clean power generation through the use of net metering (or net accounting, or micro solar power producer) schemes to connect solar rooftop photovoltaic (PV) installations to the network.

The ensuing project will contribute to the government's goal of expanding access to electricity and developing sustainable clean energy. It will support the government program of increasing clean power generation from solar energy. The project is consistent with the interim country partnership strategy for Sri Lanka of the Asian Development Bank (ADB).[5]

The proposed project is expected to support sustained economic growth and poverty reduction by improving electricity supply and providing connection to renewable energy resource. The project will directly and indirectly contribute to poverty reduction through (i) the creation of temporary and permanent jobs, (ii) public and private economic investment and growth, (iii) improvements to basic infrastructure, (iv) provision of vocational and skills training, (v) capacity development, and (vi) socially inclusive community development.

Access to clean and reliable energy increases industrial and commercial productivity, enhances economic growth and contributes pollution reduction. Economic growth helps reduce poverty and improve quality of life, particularly for the most vulnerable segments of society.

B. Poverty Targeting

☒ General Intervention ☐Individual or Household (TI-H) ☐Geographic (TI-G) ☐Non-Income MDGs (TI-M1, M2, etc.)
The improvement of energy supply has social interventions, but there has been no direct linkage with the poverty reduction.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries are the consumers of electricity in Sri Lanka. These comprise residential, commercial, and industrial users. Poor and vulnerable consumers (including medical facilities, schools, and social utilities) are often hardest hit by inadequate power supply, load shedding, poor power

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1 Ceylon Electricity Board. 2015. *Statistical Digest 2014.* Colombo.
2 Government of Sri Lanka. 2008. *National Energy Policy and Strategies of Sri Lanka*. Colombo.
3 Nonconventional renewable energy sources include mini hydropower (up to 10 MW capacity), wind, solar, and biomass.
4 Ministry of Power and Renewable Energy website (http://powermin.gov.lk/english/?p=4454).
5 ADB. 2015. *Interim Country Partnership Strategy: Sri Lanka, 2015–2016*. Manila.

quality, and limited access. The project will increase clean power supply and benefit consumers.
2. Impact channels and expected systemic changes. The project will focus on improving access to clean and reliable electricity supply in rural and urban areas of Sri Lanka. Benefits to the poor are indirect via improved energy supply to existing and new consumers that contributes to economic growth and employment.
3. Focus of (and resources allocated in) the SSTA or due diligence. The government to prepare the environment assessment for the project. Solar rooftop installations will not have any involuntary resettlement and indigenous peoples impacts. ADB staff and consultants will support due diligence.

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?
The project will focus on solar rooftop generation through provision of a credit line to the private sector for solar rooftop installations. Increased, clean and more reliable power supply can assist job creation and contribute towards further electrification that benefits both women and men. The executing agency will ensure that women are consulted and invited to participate in group-based activities as part of stakeholder consultations. Women may participate in project activities as technicians, suppliers of energy related services, managers and entrepreneurs in the energy supply chain.
2. Does the proposed project or program have the potential to make a contribution 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 Please explain.*
Project benefits from enhanced generation capacity and energy supply are largely indirect and generally gender neutral. While poor and vulnerable women will share the benefits from improved access to power, opportunities for enhancing gender equity and women's empowerment are generally perceived to be limited. No specific measure is explored at this moment for different gender requirements as women are not particularly advantaged or disadvantaged from the project, though there will be indirect benefits to women as a result of enhanced clean power supply.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
☐ Yes ☒ No Please explain
Improved clean energy access and reliability will not adversely impact anyone.
4. Indicate the intended gender mainstreaming category:
☐ GEN (gender equity theme) ☐ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☒ NGE (no gender elements)
The proposed project will make positive effects on both men and women, and the project may be designed with a "No Gender Elements" category.

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 main stakeholders of the project are the people, communities, and civil society. The affected persons, if any, will be identified during the initial design phase through stakeholder consultation and environmental examination. Relevant stakeholders will be consulted during the design and implementation.
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 primary beneficiaries are the consumers of electricity in Sri Lanka. These constitute residential, commercial, and industrial users. Development of electricity networks in unserved and/or under-served areas will support engagement and empowerment of such groups.
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?
☒ (M) Information generation and sharing ☒ (M) Consultation ☐ Collaboration ☐ Partnership
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
The consultations will be carried out during implementation as per local regulations and ADB's Safeguards Policy Statement (2009).

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 Solar rooftop installations will not have any involuntary resettlement impacts since they will be installed at rooftops of the existing buildings.
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

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No Solar rooftop installations will not have indigenous peoples impacts since they are installed on rooftops of the existing buildings.

3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No
Since solar rooftop generation will be installed on rooftops of the existing buildings and there will be no affected indigenous people, no such support would be required.

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?

☒ (M) Creating decent jobs and employment ☒ (M) 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**?** Employment opportunities will be available for skilled and unskilled workers during project implementation.

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 (vi) other social risks. Are the relevant specialists identified?

☒ Yes ☐ No The preparatory work will provide support to review the environmental assessment.

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? Yes, budget for the consultant support is provided from sources including the S-PPTA.