

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Indonesia	Project Title:	Jawa-1 Liquefied Natural Gas-to-Power Project
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

The proposed project will support the construction, operation, and maintenance of a 1,760-megawatt (MW) combined-cycle, gas-fired power plant, and associated facilities. It will increase power generated from local energy sources. 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.^a The project is aligned with this strategy in supporting the expansion of infrastructure and environment-friendly technologies for clean energy generation. 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 The Government'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 also contributes to the objectives of Indonesia's National Energy Plan.^c

B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence

1. **Key poverty and social issues.** The project's footprint will impact 39 villages in three West Java Province regencies: Karawang (28), Bekasi (10), and Subang (1). Based on the information provided by the districts, the 2016 population figures for the impacted villages are 186,000 in Karawang, 110,000 in Bekasi, and 12,000 in Subang. The overall project area is largely surrounded by flat agricultural land, and the power plant area is adjacent to the village of Cilamaya. The transmission line's right of way is routed largely through paddy fields close to some residential areas, while the onshore pipeline corridor and access road traverse paddy fields and fishponds. The near-shore areas where the jetty and the onshore receiving facility will be located are currently used for fishing by nearby communities. The unemployment rate in West Java in 2017 was roughly 10%.^d All three regencies posted a double-digit unemployment rate: Karawang—about 11.5%, Bekasi—10%, and Subang—10%. The project's employment potential during construction will total about 4,800 jobs, and 125 jobs during operations. The project is expected to offer jobs to the local workers and provide additional income sources for the community.

2. **Beneficiaries.** The project will benefit people and industries by giving them better access to reliable power and employment opportunities.

3. **Impact channels.** The borrower will prioritize employment of qualified locals. The contractors are also expected to prioritize the locals for employment during construction. A social development program will be developed to deliver community capacity building and livelihood development.

4. **Other social and poverty issues.** Not applicable.

5. **Design features.** The project will increase the supply of power fueled by domestic sources, which will bolster the country's energy independence. Jobs will be created during construction and operations. This will open new income-generating opportunities to the locals.

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and program activities.** Consultations were conducted as early as February 2017 and involved the national and local government agencies, district leaders, village leaders and representatives, fisherfolk groups, nongovernment organizations (NGOs), academe, business enterprises, landowners and land users, women's groups, and local military and police officials. During the consultations, the borrower in PT. Jawa Satu Power presented and discussed the project description, the likely project impacts, the measures to minimize the environmental and social impacts, promotion of a community partnership, and prioritization of local employment. Discussions revolved around the land acquisition process, which emphasizes the willing-seller–willing-buyer approach, and compensation for the affected landowners. NGOs were also involved in the discussion of issues and concerns related to fisherfolk. In addition, participants raised concerns about the impact of radiation from the transmission line and the danger of electricity lines during rainfall. Participants were reassured that the project carries out periodic maintenance and monitoring to secure the safety of the communities around the transmission line. The borrower prepared a stakeholder engagement plan (SEP) to guide the consultation activities during construction and operations.

2. **Civil society organizations.** PT. Jawa Satu Power has engaged various civil society organizations (CSOs) through public consultations, focus group discussions, and socializations. These include discussions with fisherfolk groups from the villages of Muara, Blanakan, Muara Ciasem, and Cilamaya Girang; and consultations with Yayasan Wahana Lingkungan Hidup (WALHI), the Local Youth Organization (Karang Taruna), Gerakan Masyarakat Bawah Indonesia (GMBI), Badan Pembinaan Potensi Keluarga Besar Banten (BPKB), Ikatan Putra Daerah (IKAPUD), and Pemuda Pancasila.

3. The following forms of CSO 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

4. **Participation plan.** Yes. No. – The project team prepared a SEP to guide the conduct of consultations and information-sharing between various stakeholders from preconstruction to operations.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: some gender elements (SGE)

A. Key issues. Indonesia has made substantial progress in promoting gender equality—it has eliminated the male–female gap in the youth literacy rate, and gender-parity enrollment rates from elementary up to tertiary levels have been achieved.⁶ However, challenges remain. In the labor market, women still have a lower participation rate than men; in 2017, the female labor force participation rate was 50.74%, compared with 81.8% for males.⁷ When women do participate in the labor force, they often work temporarily as “unpaid family workers” in agriculture or the industry and trade sector, and exit the labor force frequently because of their domestic responsibilities (footnote a). In addition, women’s limited access to training as well as labor market gender segregation contributed to the limited engagement of women in the labor market. An initial study on gender mainstreaming in the energy sector, conducted by the Institute for Essential Services Reform,⁸ found that (i) women have limited access to information, (ii) women’s participation in consultations is limited, and (iii) renewable energy technology needs to be women-friendly and proper training on the technology must be made available. During the land procurement negotiations, the project involved women landholders and the wives of men landholders. The project will continue to involve women in consultations and will offer equal employment opportunities to qualified women during construction and operations.

B. Key actions. The project will offer opportunities to improve women’s livelihood and access to labor market. It targets to (i) employ at least 240 women during construction and 15 women during operations, (ii) provide assistance to vulnerable women affected by land acquisition, (iii) tap women’s groups to meet local procurement needs, and (iv) have at least 40% women among those participating in and benefiting from training on livelihood and skills development.

Other actions or measures

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Category: A B C FI

1. **Key impacts.** The project will acquire 76.3 hectares (ha) of land through negotiation on a willing buyer–willing seller basis for the power plant, onshore pipeline, jetty, pumphouse, transmission line tower footings, and the substation. This will involve about 132 landowners and 27 land users. In addition, about 174 ha of land below the transmission line will be subject to land use restriction, affecting 727 landowners, of which 724 are individuals and 3 are government entities. The land for the transmission line tower footings (totaling 11.6 ha of paddy field) and the substation (8 ha of paddy field) were acquired between 2017 and 2018 on a purely willing seller–willing buyer basis, involving 124 landowners and 23 land users. All 124 landowners have received at least 80% of the compensation and, based on the purchase agreement, the remaining 20% will be paid when the land transfer is formally completed. About 174 ha for the transmission line’s right of way will impose land use restrictions on 727 landowners, requiring them to limit the height of trees and structures. As the line footings positions have been definitely defined, people under the transmission line alignment will not have a choice to refuse. The land below the line is used for paddy cultivation, trees, residential houses, a cattle farm, a fishpond, a family graveyard, part of a prayer room, warehouse, food stall, and public sanitation. Landowners will be compensated based on the Ministry of Energy and Mineral Resources Regulation No. 38/2013, which is linked to the market price of assets in computing the basis rate for compensation.

The land for the power plant (36.7 ha), which is currently vacant, will be acquired from Pertamina Gas (Pertagas) through transfer of land ownership. Pertagas, as part of its corporate social responsibility program ending in November 2016, had given a written permission for 36 people to temporarily cultivate the land. For the time being, the vacant land is being used for goat grazing by random goat owners who would usually roam around different villages. The land for the onshore pipeline and access road will be partly acquired (17.3 ha) and partly leased (18 ha), involving about 12 landowners and land users. The area is being used for paddy and fishponds. Administratively, the land belongs to the Ministry of Environment and Forestry (MOEF) and is categorized as a protected forest. However, the surrounding communities have cultivated the land for years and some of them already obtained a proof of ownership from the National Land Agency and from the village authority. As such, the project will both apply for the necessary permit (IPKHH) from MOEF and buy the land from the private owners on a willing seller–willing buyer basis. During construction of the transmission line, the project will rent land plots for the temporary use as laydown areas for the onshore pipeline and access road if the existing land is not available.

2. **Strategy to manage the impacts.** A resettlement plan has been prepared to guide the conduct of land acquisition negotiations through a willing seller–willing buyer approach and negotiated settlement. The land acquisition will affect 20 vulnerable landowning households. A livelihood restoration program has been prepared by the borrower to mitigate the impacts. For the transmission line tower footings, where land transactions were completed, a preliminary audit of the land acquisition process was carried out to assess gaps with reference to national laws and ADB’s

Safeguard Policy Statement. Upon completion of the land procurement activities for all project components, a third party will carry out a full audit.	
3. Plan or other actions. <input checked="" type="checkbox"/> Resettlement plan and livelihood restoration program.	
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. No recognized indigenous peoples in the operational sense of ADB's Safeguard Policy Statement live in the vicinity of the proposed project sites in West Java. The Java island itself is considered as the mainstream island in Indonesia, having been the center of government and socioeconomic development since before colonial times. Most of the landowners and people in the Karawang area, including Cilamaya, belong to the Sundanese ethnic group or a mixture of Sundanese and Javanese, while those in the Bekasi area are Sundanese and Betawi. These people do not necessarily display a collective attachment to the areas which they use. While each of the groups may speak their distinct local language, all of them communicate smoothly in the national Indonesian language for the day-to-day interaction with each other. The people in the project area are generally involved in mainstream economic activities— such as farming, fishing, trading—while others are artisans, low-wage laborers, civil servants, teachers, midwives, nurses, politicians, and office workers. These people are well included in the formal decision-making bodies, as they are well represented in the local House of Representatives and in the local governance system. Furthermore, there is no evidence of any of the ethnic groups being historically, socially, or economically marginalized because of their ethnic identity.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. Not applicable.	
3. Plan or other actions. Not applicable.	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
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)	
2. Labor market impact. The project will create employment for about 4,800 workers during construction and offer about 125 positions during operations. Qualified local workers will be prioritized during recruitment. The project and its contractors will ensure that labor and working conditions are in accordance with the agreed environmental and social management plan, to be monitored by the borrower. The project will ensure compliance with the national labor laws and will take measures to comply with international core labor standards.	
B. Affordability. Not applicable.	
C. Communicable Diseases and Other Social Risks	
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 (L) <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area. Cases of communicable diseases (such as HIV/AIDS) may increase given the influx of people. The borrower will conduct HIV/AIDS awareness-raising campaigns for the workers.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The design and monitoring framework includes targets for the number of jobs provided during construction and operation.	
2. Required human resources. Human resources and budget required for the land purchases are reflected in the resettlement plan.	
3. Information in project administration manual. Not applicable.	
4. Monitoring tools. ADB will conduct periodic site visits and review environmental and social monitoring reports, which will be submitted to ADB twice a year. The borrower will appoint an external expert to monitor the implementation of environmental and social plans, including the resettlement plan.	

^a ADB. 2016. *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 Government of Indonesia. 2017. *National Energy Plan (Presidential Regulation No. 22/2017)*. Jakarta.

^d West Java in Figures. 2017.

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

^f The Global Economy. com. [Economic indicators for Indonesia](#) (accessed 1 June 2018).

^g Institute for Essential Services Reform – Indonesia. 6 January 2017. *Focus Group Discussion: Gender Mainstreaming in the Energy Sector*. <http://iesr.or.id/2017/01/fgd-gender-mainstreaming-in-the-energy-sector/?lang=en>