



# Initial Poverty and Social Analysis

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March 2018

## Indonesia: Enhanced Water Security Investment Project

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 1 March 2018)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0.0000732
\$1.00	=	Rp13,669

## ABBREVIATIONS

ADB	–	Asian Development Bank
EWS	–	early warning system
GDP	–	gross domestic product
ha	–	hectare
RPJMN	–	<i>Rencana Pembangunan Jangka Menengah Nasional</i> (National Medium-Term Development Plan, 2015–2019)
TRTA	–	transaction technical assistance

## NOTE

In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Enhanced Water Security Investment Project
Lending/ Financing Modality:	Sector/project loan	Department/ Division:	SERD/SEER

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The National Medium-Term Development Plan (RPJMN), 2015–2019 focuses on making the growth process more inclusive. Key targets for 2019 include (i) annual GDP growth of 8%; (ii) a Gini index of 0.36; (iii) GDP per capita of Rp72.2 million, compared with Rp43.4 million in 2014; (iv) a poverty incidence of 7%–8% compared with 11% in 2014; and (v) improvement in the environmental quality index to 66.5–68.5, compared with 63.0–64.0 in 2014. To achieve its economic growth and poverty reduction targets, the RPJMN identifies a total infrastructure investment of \$430 billion in 2015–2019. Water security is a development priority to support economic growth and reduce poverty. The RPJMN aims to improve water security by, among others: (i) increasing bulk water supply from 51.0 cubic meter per second (m<sup>3</sup>/s) to 118.6 m<sup>3</sup>/s; (ii) developing raw water supply systems for 50 small islands; (iii) increasing hydropower capacity from 3.94 GW to 6.88 GW; (iv) improving management for 5.0 million hectare (ha) of degraded land; (v) reducing sediment transport in reservoirs to a rate of 0.3% per year; (vi) reducing flood prone areas by 200,000 ha through integrated flood management; (vii) providing protection for 663.44 kilometer of coast; and (viii) improving monitoring, modeling and forecasting systems. Those targets are aligned with and contribute to the National Action Plan for Climate Change Adaptation. The Asian Development Bank's (ADB) Country Partnership Strategy, 2016–2019 for Indonesia is aligned with the RPJMN by supporting interventions that will (i) enhance the sustainability and resilience of increasingly scarce water resources; and (ii) reduce the risks of climate change associated natural disasters.<sup>1</sup>

The project will directly contribute to the water security objectives listed above. The project will promote an integrated water resources management approach to: (i) improve water resources planning and management to meet rising demands for irrigation and non-agricultural use; (ii) minimize spatial and temporal variations in water availability by improving water storage and conveyance; and (iii) increase resilience to climate change. The project is included in the Country Operations Business Plan, 2018–2020 for Indonesia and will build on ADB's extensive recent engagement in the sector.

#### B. Poverty Targeting

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  Non-Income MDGs (TI-M1, M2, etc.)

The project will help the government to supply additional water for agriculture, domestic, municipal and industrial development in selected river basins. This will directly benefit poor and vulnerable groups by: (i) providing more reliable water supply to farmers; (ii) reducing water borne diseases due to consumption of unclean water; and (iii) providing employment opportunities through expanding industry. At the same time, the project will protect communities who are highly vulnerable to and at greater risk of loss of life and assets from more frequent and intense floods and enhance knowledge and build community capacity and resilience for flood risk management, including flood monitoring, warning, preparedness, response and post flood recovery activities. Income poverty indicator and geographic spread will be assessed during preparation.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Improving bulk water supply infrastructure will support economic growth, health conditions and industrial development. Beneficiaries will be (i) farmer communities, including women who will benefit from improved irrigation water supply; (ii) rural and urban population who will benefit from improved domestic water supply; and (iii) industries and their employees who will benefit from more reliable water supply to support industrial processes.

Improving climate resilience through flood risks management will benefit agricultural households and residences located in the floodplains.

<sup>1</sup> ADB. 2016. *Country Partnership Strategy: Indonesia, 2016–2019: Towards a Higher, More Inclusive and Sustainable Growth Path*. Manila.

The number of poor population, their poverty level and other socio-economic characteristics will be collected once the target river basins be confirmed with the government.

2. Impact channels and expected systemic changes.

Reliable water supply will encourage farmers to diversify crops, which will provide access to higher incomes. Reduced vulnerability to climate change risks will improve economic conditions of floodplains communities, which are generally lower income groups. Improving reliability for industrial development will increase income generation and employment opportunities. Direct employment opportunities will arise in the project area during construction of community-level infrastructure investments; and subsequent regular operations and maintenance.

3. Focus of (and resources allocated in) the TRTA or due diligence.

A social development specialist and a gender specialist will be among the TRTA team to conduct poverty and social assessment and provide recommendations for ensuring that project benefits accrue to the poor and vulnerable, women lessen negative impacts, and ensure ownership.

4. Specific analysis for policy-based lending.

Social economic analysis and potential of alternative livelihoods for farmer communities in selected provinces will be conducted to design the project components. Meaningful consultation with local governments and representatives of farmer communities will be carried out and recorded.

## 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?

Women are also usually responsible for domestic water provision and are highly affected by poor access to quality water supply as they are primarily responsible for tasks related to household water and sanitation, taking care of sick children affected by water-borne diseases and community environment improvements. Key gender issues relate to the level of vulnerability of women, and their active economic roles in securing outside assistance and managing household domestic needs during flood events. Women and girls are often most vulnerable to extreme weather events and disasters. Despite significant and increasing decision-making power and responsibility women generally do not own productive resources and have lesser access to information and formal decision-making structures. Women can also play a crucial role in communicating and developing emergency response capacity in communities. The integration of a gender perspective into early warning systems (EWS) can ensure that both women's and men's disaster risk is reduced and that EWS respond to the needs of all members of the community. Gender analysis will be conducted as the basis for the gender action plan.

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.

The investment in infrastructure does not involve irrigation at field level or water supply which has a direct linkage to the gender issues. The nature of this project is such that it does not directly or indirectly affect gender equity and is not likely to deliver tangible benefits to women. Gender analysis and action plan will be prepared and key actions be reflected in the gender measures. The gender measures will support the gender strategy set forth in the RPJMN.

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

Yes  No Please explain

The activities will be implemented and monitored in accordance with the gender action plan.

Indicate the intended gender mainstreaming category:  SGE (some gender elements)

At this stage, the SGE category is considered the most appropriate gender category given the nature of the project, which focuses on improving storage facilities, transferring water from reservoir to the irrigation canals or water treatment plants, building flood protection infrastructure and does only involve directly the communities under output 3 in relation to the flood warning system. Nevertheless, the possibility to elevate this project to the effective gender mainstreaming (EGM) category will be further assessed during due diligence.

## 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 are local floodplains, farmer communities and urban and rural residents – who will benefit from the overall improved water supply; local suppliers and investors; district, provincial, and national government officials. They will be involved during project design, implementation, and after project.

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?

Meaningful consultations will be conducted during preparation and they will continue throughout the project cycle. The criteria and priorities for infrastructure projects should be discussed with beneficiaries through the consultation process for the updating of the river basin plans. and flood protection infrastructure.

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?

Information generation and sharing  Consultation  Collaboration  Partnership

CSOs will be kept informed and involved in consultations during the updating of the river basin plans. The upland conservation program to be supported by the International Fund for Agriculture Development that will complement the project, will have a high of engagement with farmers communities and non-government organizations (NGOs) active in land management.

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 project design ensures that the poor and the excluded among the project affected families participate in the resettlement planning exercise. The resettlement plans will outline the responsibilities and resources to strengthen the participation of CSOs and the poor and vulnerable.

## 2. 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 construction or upgrading of bulk water supply and flood control facilities can cause resettlement and loss of land. The extent of this will be assessed during preparation under the Loan 3455-INO: Accelerating Infrastructure Delivery through Better Engineering Services Project (ESP) and reconfirmed by the TRTA.

2. What action plan is required to address involuntary resettlement as part of the TRTA 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

3. Will the project require broad community support of affected indigenous communities?  Yes  No

The program will not involve commercial development of indigenous people cultural resources and knowledge, physical displacement of indigenous people from their land, and commercial development of natural resources within customary land

4. What action plan is required to address risks to indigenous peoples as part of the TRTA or due diligence process?

Indigenous peoples plan  Indigenous peoples planning framework  Social Impact matrix  
 Environmental and social management system arrangement  None

## 3. 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 \_\_\_\_\_

1. How are these additional social issues and risks going to be addressed in the project design?

Priority for labor will be conditioned for local communities

## VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the TRTA (or other due diligence) contain key information needed to be gathered during TRTA 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 If no, please explain why.

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 TRTA or due diligence?

Social safeguard Specialists (involuntary resettlement and indigenous peoples) and social development/gender specialist will be engaged under the ESP for each of the subprojects. A budget for consultation especially for community groups and government officials is allocated.