

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Project Title:	National Solar Park Project
Lending/Financing Modality:	Loan and Administration of SCF Grant and Loan	Department/ Division:	SERD/SEEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>Cambodia is experiencing rapid economic growth, increased urbanization and increased electrification rates, contributing to a surge in electricity demand over the last decade. This trend is expected to continue, such that by 2050, the electricity demand in Cambodia is forecast to increase by 10 times the current consumption.¹ Through improved electricity supply and coverage, Cambodia aims to reduce poverty among its citizens. Cambodia's current policy framework for poverty reduction comprises the government's socioeconomic policy agenda, the Rectangular Strategy Phase III (2014–2018) (RS III), and its implementation plan, the National Strategic Development Plan 2014–2018. As stated in the RS III, the national poverty reduction target is one percentage point reduction per year. In addition, two multi-sector strategies have poverty reduction at their core: the 2011 National Social Protection Strategy for the Poor and Vulnerable and the 2014 National Food Security and Nutrition Strategy. The project contributes to one of four priority areas in the RS III, namely, continued investment in energy infrastructure. As the first utility scale solar public-private partnership in Cambodia, the project aims to expand low-cost energy infrastructure, while strengthening the private sector and promoting investment through an international competitive bidding process. The project will supply renewable electricity at a rate in parity with other sources and will demonstrate to the government, multinational banks, and other international financiers that private sector-led renewable energy development can be undertaken successfully in Cambodia.</p> <p>A reliable, affordable and sustainable supply of energy will improve the business environment in Cambodia and encourage additional investment and economic growth.² Cambodia's Industrial Development Policy 2015–2025 recognizes that current electricity tariffs and interrupted supply are major impediments to the competitiveness of the country's manufacturing sector and calls for alternate sources of energy to be developed.³ More investment inevitably provides more job opportunities, higher incomes, and improved living conditions for local Cambodians. The Project is aligned with the Asian Development Bank's (ADB's) country partnership strategy for Cambodia 2014–2018, which aims to reduce income poverty, multidimensional poverty, and poverty vulnerability, and to promote inclusive growth by focusing on rural areas and rural–urban–regional linkages.⁴</p>
<p>B. Poverty Targeting</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The availability of electricity has an indirect but strong link with reducing poverty and promoting economic growth. The classification therefore recognizes that while power itself will not explicitly decrease poverty, it is a critical stepping stone to attracting other means of economic investment and development that will provide the foundation for concrete poverty reduction strategies in the future. This proposed ADB project is expected to contribute to poverty reduction through the improvement of essential infrastructure and provision of reliable energy supply. The continuation of all economic and industrial zones supplied by this energy secures the direct incomes for more than 3,000 workers and supports other direct and indirect local business opportunities.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries.</p> <p>It is expected that the project will relatively contribute to poverty reduction in the Phnom Penh service area. It is expected that that grid-connected households and industrial zones in the service area, will be the core beneficiaries of this renewable energy project. Moreover, the project will further improve the economic activities of the residents by providing employment opportunities during the construction and operation phases. By increasing generation of power from solar energy, the Project aims to provide industrial, residential, and commercial consumers with reliable energy and low cost of expense. Clean energy will also avoid air emissions from thermal power plants and the associated health impacts, which can differentially impact the poor and vulnerable.</p>

¹ WWF. 2016. Power Sector Vision. Towards 100% Renewable Electricity by 2050 Greater Mekong Region, Cambodia Report. Phnom Penh.

² World Bank. 2014. Where have all the poor gone? Cambodia poverty assessment 2013. Second edition.

³ Royal Government of Cambodia. 2015. *Cambodia Industrial Development Policy 2015–2025: Market Orientation and Enabling Environment for Industrial Development*. Phnom Penh.

⁴ ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila.

2. Impact channels and expected systemic changes.

Through increased access to renewable and reliable energy, the proposed project will reduce the cost and improve the supply of electricity for the Phnom Penh service area. Cheaper and more reliable electricity supply will encourage an improved business and investment environment in Phnom Penh. It is expected that national and local economic activities will be extended, offering more direct and indirect spillover in a wider region. For job creation, the project will require unskilled and professional labor during the construction and operation phases.

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

To ensure an accurate and participatory due diligence, and to reduce conflicts with affected people and other stakeholders, the project will employ a multi-stakeholder engagement approach involving all concerned groups through local consultations and dialogues as early as possible. Involuntary Resettlement (IR) and Indigenous Peoples (IP) due diligence and preparation of related safeguards instruments as required under ADB Safeguard Policy Statement (2009), will be conducted.

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? Relevant issues for this project are (i) unequal employment opportunities, and (ii) uneven beneficiaries of electricity supply. The project will aim to hire an equal proportion of female and male workers during construction and operation, by adopting gender-sensitive employment rules and/or checklists and will provide improved electricity supply to all consumers in the service area equally. The benefits to women of access to reliable sources of electricity will be detailed in the SPRSS.

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

Ensuring equal employment during construction and operation is the best option within the capacity of the project. However, assuring equal beneficiaries is location- and demography-based which cannot be justified by the project.

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

Yes No Please explain

No, there is no significant risk identified on women/girls.

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

Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The project's primary stakeholders are Electricite du Cambodge (EDC), Ministry of Mines and Energy, Electricity Authority of Cambodia, provincial administration offices, associated districts, communes and villages within the project site and affected households (including those who agree to sell land and/or to exchange for other land or support). The EDC and Ministry of Mines and Energy defined the project through a public-private partnership concession and will ultimately select the project site. Local government officials and local households will participate in project siting through the land sale negotiation process. Other stakeholders will include private sector firms who will bid on the solar generation plants and will potentially be selected to sell electricity to the grid and provide related services.

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 proposed project will need to ensure that Safeguard Policy Statement involuntary safeguards objectives are met and that poor and marginalized groups are meaningfully consulted and covered under project entitlements. Priority and special care shall be given to the poor, female-headed, and/or excluded households, identified through a socio-economic survey of land owners/occupants. Monitoring will be undertaken to verify the extent of the participation and decision-making of affected households.

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?

Stakeholder civil society organizations (CSOs) in potential project areas yet to be identified.

(M) Information generation and sharing (M) Consultation (N) Collaboration (N) 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 preferred approach by EDC is to acquire land needed for the solar park through negotiated settlement. Some poor and excluded households owning/occupying land to be acquired may be invited to sell their property and/or other assets. If negotiated land acquisition is pursued, the households will need clear information regarding the value of the land and regarding the process of willing-buyer, willing-seller. Due diligence will be required to ensure that any negotiated purchases do not result in lower standards of compensation/assistance than would be available through the project entitlement matrix for involuntary resettlement. Working with any identified CSO in the area will help to facilitate two-way flow of information and lower the risk of conflicts since CSO frequently play an active role within communities where they operate.

IV. SOCIAL SAFEGUARD

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 proposed project will require at least 150-200 hectares from public, private or communal land in a yet-to-be determined site located in two districts in selected provinces near Phnom Penh. Land acquisition and/or restricted land use may also be required for construction of a substation and transmission line to evacuate power from the solar park to EDC's main grid. EDC's final selection of the solar park will take in to consideration land owners' willingness to sell without resorting to compulsory acquisition. A resettlement plan is expected to be required and potentially a resettlement framework. The Involuntary Resettlement Categorization will be reassessed during the design phase.

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 Management Plan 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

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?

(L) Creating decent jobs and employment (L) 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 project Environment Management Plan and civil works contracts will require compliance with Core Labor Standards during construction. The project will extend its support to deliver longer-term benefits through hiring and training local professionals during the construction and operation phase.

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

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?

International and national environment specialists will undertake an initial environmental and social examination as part of the feasibility study. International and national social development/safeguards specialists will conduct IR and IP due diligence and prepare required social safeguards instruments.