



# Initial Poverty and Social Analysis

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Project Number: 51209-001  
November 2017

## INO: Eastern Indonesia Renewable Energy Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Eastern Indonesia Renewable Energy Project (Phase 1)
Lending/Financing Modality:	Project	Department/Division:	Private Sector Operations Department / Infrastructure Finance Division 2

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Indonesia has made significant improvements in reducing poverty incidence across the country with its strong economic growth. A key component to sustain this economic growth is the country's ability to harness and manage sustainable sources of energy. Indonesia's national medium-term development plan for 2015–2019 identifies energy security as one of the focus areas and targets the development of 35 gigawatts (GW) of new power generation capacity. This approach is supported by ADB's country partnership strategy for 2016–2019 which seeks to extend the reach, reliability and efficiency of the national electricity grid and at the same time help develop clean energy infrastructure. The Eastern Indonesia Renewable Energy Project Phase 1 is aligned with these policy objectives as it taps private sector investment to construct, operate, and maintain a 72 megawatts (MW) wind power plant in Jeneponto Regency, South Sulawesi.

#### B. Poverty Targeting

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

The project will install a wind power plant with a generation capacity of 72 MW in Jeneponto, South Sulawesi. The project will generate local employment, and support growth of local and national economy during construction, and to a limited extent during operation.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Having the world's fourth largest population, Indonesia faces challenges in providing equitable access to modern energy services, particularly in small islands and other remote areas where majority of the country's poor live. Indonesia's overall strategy for its energy sector includes maximum use of domestic energy resources to significantly reduce the use of oil by increasing exploitation of renewable energy with a target of 23% of the energy mix by 2025. The private sector is expected to support this target and pursue investments across the energy sector.

2. Impact channels and expected systemic changes. The infrastructure development brought by the project may contribute to improving the quality of life of the project community. Alongside project implementation, the project will explore developing a community development plan in consultation with and tailored to the needs of project communities.

3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will assess possible safeguard and social impacts of project activities, confirm compliance with core labor standards and applicable national laws, and explore proactive measures that benefit project communities.

### 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? Poor infrastructure and delivery of basic social services, such as electricity, often exacerbates vulnerability of women. Access to such stable supply of electricity reduces domestic drudgery and the time burden of women, and translates to better quality of life of the household. Due diligence will (i) confirm electrification rates in the community; (ii) assess access of women to income-generating and capacity-building activities; and recommend measures to address the same in the community development plan as appropriate.

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. As the project is limited to the construction, operation, and maintenance of the wind power plant, there are limited opportunities to integrate proactive gender measures in the project design.

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

Yes  No Please explain. The project will adopt policy against discrimination based on gender, and will promote equal opportunities for employment.

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**

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.  
 Due diligence will assess consultations conducted with project communities prior to construction, and confirm mechanisms in place to ensure continuous dialogue with the project communities during operation.

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 project will explore developing a community development plan in consultation with the project community to implement proactive measures targeting poor, vulnerable, and excluded groups in the communities.

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?  
 L Information generation and sharing     L 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    A grievance mechanism will be established to receive and address concerns of project communities in case there are any.

**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    The project components will be sited on 44 hectares of land. Due diligence will assess and confirm willing-buyer willing-seller approach in procuring project land requirement.

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    Due diligence will assess and confirm whether the project land is situated in areas identified as traditional lands or lands with customary rights.

3. Will the project require broad community support of affected indigenous communities?  Yes     No  
 Due diligence will confirm absence of indigenous peoples groups in the project area.

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  
 L 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 will monitor compliance of contractor with the requirements set in the environment and social management plan on community health and safety. The project will explore undertaking education and training programs to prevent the transmission of communicable diseases.

**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? In addition to ADB staff due diligence, an environment and social consultant was commissioned to conduct an environment and social impact assessment.