



Initial Poverty and Social Analysis

Project Number: 54463-001
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Proposed Grant Tuvalu: Strengthening Domestic Shipping Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 26 February 2021)

Currency unit	–	Australian dollar/s (A\$)
A\$1.00	=	\$0.79
\$1.00	=	A\$1.27

ADB	–	Asian Development Bank
ATON	–	aids to navigation
OIMIP	–	Outer Island Maritime Infrastructure Project
PMU	–	project management unit

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Project Title:
Lending/Financing Modality: Department/ Division:

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

For the remote nation of Tuvalu, with over 11,600 people living on nine distant islands, shipping is the only means for communities to remain connected, receive supplies, and access essential services as there are no internal air services. The objective of the proposed investment is to maximize the benefits of the Asian Development Bank's (ADB) Outer Island Maritime Infrastructure Project (OIMIP) to Tuvalu by replacing the existing passenger and cargo ship *Manu Folau* with a new ship certified to international standards, upgrading aids to navigation (ATON), and building capacity within the government to manage and coordinate ship operations. The investment supports sustainable improvements to the domestic maritime transport system, which is vulnerable to failure if any of the components (ships, their operation, physical infrastructure, and shoreside support) do not function effectively. The Tuvalu 5-year *National Strategy for Sustainable Development, 2016–2020*, articulates the country's priorities and strategies for achieving economic and social development.^a It has 13 key focus areas to achieve growth targets, including infrastructure and support services for transportation improvement. The OIMIP is consistent with this National Strategy, ADB's Pacific Approach, 2016–2020^b, and ADB's Midterm Review of Strategy 2020^c, which emphasize that transport development is one of the key drivers of economic growth. Further, ADB's country operations business plan for the 11 small Pacific island countries for 2021–2023^d, which includes Tuvalu, focuses on enhanced transport connectivity and efficiency, greater resilience to climate change and disasters risks, and highlights the need for investments in maritime safety. Strengthening transport connectivity by replacing *Manu Folau* with a more reliable and safer ship and upgrading ATONs will help to ensure the safe and efficient transfer of people and goods.

B. Poverty Targeting

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

The project does not include specific pro-poor design interventions but will increase convenience and safety for people travelling to/from Funafuti to the outer islands, as well as occasional regional voyages to Fiji and Kiribati; providing regional benefits to Tuvalu, Fiji, and Kiribati (to a lesser extent) given the cultural and socioeconomic ties between the three countries. Direct measures to address poverty and social issues include provision for local employment (including women) in ship administration, operations and maintenance. Tuvalu has many experienced seafarers capable of filling maintenance functions given proper equipment, guidance and facilities. In addition, the project will require the purchase of consumables locally (materials, paint, etc.) and the use of local workers for the refurbishment of a workshop and (from the outer islands) to inspect and maintain the ATONs.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Te Kakeega III refers to the 2010 Tuvalu household income and expenditure survey, which indicates that poverty rates are rising and that 26.0% of the population in 2010 lived below the national basic needs poverty line (24.8% on the outer islands, 27.5% on Funafuti). The impact of the coronavirus disease pandemic is expected to hinder poverty reduction gains, as the country's economic growth is expected to halve in 2020 before beginning to recover in 2021. High transaction costs and a lack of economies of scale within the country disproportionately affect those in the outer islands. The country's economy and people primarily rely on maritime transport to access goods and essential social services, and for interisland trade. Nanumaga, Niutao, and Nukulaelae, the smallest islands in Tuvalu, have a negative population growth rate due to out-migration ([-0.32%, -1.6%, and 2.3% respectively]) as a result of limited income opportunities, education services and health facilities.^e The government's ships (when in service) typically visit Nukulaelae once every 4–5 weeks, and Nanumaga and Niutao every 2–3 weeks. The primary beneficiaries of the project will be these, and the other, remote outer island communities. In particular, the young (travelling for education), sick, elderly, pregnant, and those with special needs will benefit from a safer and more reliable service. Others who will benefit include outer islanders residing in Funafuti or outside the country (Fiji and Kiribati) who want to visit, as well as a fledgling private sector (particularly retail establishments) that ensures a supply of essential goods to the outer islands.

2. Impact channels and expected systemic changes.

A new passenger and cargo ship, rehabilitated ATONs and improved capacity of government shipping operations will benefit outer islanders by addressing safety issues and improving travel comfort and reliability of services. This will improve access to basic social services, support small businesses and stimulate economic activities, support social networks and familial ties and foster a sustainable transport system for the country.

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

Due diligence activities will consider the outer island communities' design requirements for the new ship, particularly to ensure it is accessible for, and meets the needs of, women and vulnerable groups, including requirements for space, sleeping and food preparation on board, as well as transfer to and from the workboats to the ship. Activities will investigate measures to make the new ship safer for all passengers (including vulnerable people, all genders and all age groups), and reduce loading and unloading time of cargo. Due diligence will consider requirements for equipment to address security, emergency response and waste management. The process will directly seek the opinions of the community regarding the government shipping services. Due diligence activities will seek to identify the locations of ATONs that are in need of rehabilitation, and prioritize those relied on by fisher-people in the outer islands. The project management unit (PMU) for OIMIP will undertake the due diligence activities, supported by international consultants.

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?

Women play an important role in economic and domestic affairs in Tuvalu, having an active role in the micro and small business sector to supplement household income. Key gender issues in the outer islands continue to be (i) women mostly engaged in traditional chores, (ii) lack of market facilities for both selling and buying products, and (iii) insufficient representation of women in decision making. Their share of wage employment in the non-agriculture sector was 44% in 2012, up from 36% in 1991.

Improvements in maritime transport will improve women's mobility and therein their ability to carry out their roles, engage in more economic activities and participate in public affairs. This project will address the safety of pregnant, young, elderly, and other vulnerable people on board. More reliable transport will also mean improved access to government and health services for women. These benefits will help achieve the government's women empowerment agenda as embodied in *Te Kakeega III* and the Tuvalu National Gender Policy,^f which set targets to continue promoting the gender balance in four key policy areas. These include institutional strengthening, economic empowerment, decision making, and ending violence against women.

2. Does the proposed project or program have the potential to promote gender equity and/or the empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No

The project is expected to have some gender elements and provide some opportunities, but these will not significantly contribute to the promotion of gender equity and empowerment.

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

Yes No The conditions in the ship will be safe and for women.

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.

The main stakeholders will be ship passengers, and businesses or individuals shipping cargo, government staff involved in ship operations, social service providers who undertake outreach activities and the outer island and Funafuti communities (the beneficiaries). Government agencies will also be a key stakeholder, including the Ministry of Communication and Transport, Ministry of Home Affairs and Rural Development, Ministry of Finance. Fisher-folk will also benefit from the rehabilitation of ATONs.

2. How can the project contribute (in a systemic way) to engaging with and empowering stakeholders and beneficiaries, particularly the poor, vulnerable and excluded groups?

During project preparation, structured interviews are to be held with outer islanders, ship users and residents of Funafuti, via specific questionnaires. These will be targeted at 3% of the outer island's population and 50% men, 50% women, 25% under 20, 25% over 60, and 10% with special needs. Interviews will be held with island Kaupule, and consultations conducted with civil society groups and key government personnel.

3. What are the key, active and relevant civil society organizations in the project area? Tuvalu Association of Non-Governmental Organization, an umbrella body for civil society groups in Tuvalu, the Kaupule and women's groups on the outer islands, the Tuvalu National Council of Women, Tuvalu National Youth Council, Tuvalu Red Cross and Tuvalu Action Climate Network, among others.

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

It will be important to seek the perceptions of the poor and excluded on the features of the replacement ship, including fares. Input from the poor and disadvantaged will be obtained through consultations with civil society groups, Kaupule, and guided questionnaires conducted with community members.

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

2. What action plan is required to address involuntary resettlement as part of the project preparatory technical assistance 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

4. What action plan is required to address risks to indigenous peoples as part of the 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 labour standards Labor retrenchment
 (L) Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 (L) 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 nature and extent of social issues and risks, such as spread of communicable diseases, labour and construction standards, and risks of an increase in unplanned migration, will be investigated in the due diligence phase and mitigation plans developed for use during project implementation.

VI. DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the due diligence contain key information needed to be gathered during due diligence 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 are allocated for conducting poverty, social and/or gender analysis, and developing the participation plan during the due diligence?

A National Environment Safeguards Specialist and a National Social Safeguards Specialist have been engaged full time as part of the PMU for the OIMIP. These individuals and the head of the PMU will be responsible for implementing the questionnaires and meeting with the Kaupule, holding consultations with civil society and government stakeholders, as well as undertaking data gathering. International Safeguards Specialists will be recruited to support the preparation of due diligence and planning documents, including communications strategy and engagement plan/stakeholder consultation strategy, initial environmental examination, climate change and disaster risks vulnerability report, poverty, social and gender assessment, summary of poverty reduction and social strategy and gender action plan. These assessments will inform the characteristics, features and specifications of the replacement ship.

^a Government of Tuvalu. 2016. *Te Kakeega III: National Strategy for Sustainable Development, 2016–2020*. Funafuti.

^b ADB. 2016. *Pacific Approach, 2016–2020*. Manila.

^c ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

^d ADB. 2020. *Country Operations Business Plan: 11 Small Pacific Island Countries, 2021–2023*. Manila

^e Government of Tuvalu, Ministry of Home Affairs. 2012. *Nukulaelae Island Profile Report 2012*. Funafuti.

^f Government of Tuvalu, Office of the Prime Minister, Gender Affairs Department. 2014. *Tuvalu National Gender Policy 2014-2016*. Suva.