



Initial Poverty and Social Analysis

Project Number: 55020-001
May 2021

Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 18 May 2021)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0.0000698
\$1.00	=	Rp14,311

ABBREVIATIONS

ADB	–	Asian Development Bank
BAPPENAS	–	<i>Badan Perencanaan Pembangunan Nasional</i> (Ministry of National Development Planning)
CSO	–	civil society organization
COVID-19	–	coronavirus disease
FAO	–	Food and Agriculture Organization of the United Nations
GAP	–	gender action plan
MMAF	–	Ministry of Marine Affairs and Fisheries
SPRSS	–	summary poverty reduction and social strategy
STELINA	–	<i>sistem telusur dan logistik ikan nasional</i> (national fish traceability and logistic system)
TOR	–	terms of reference

NOTE

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

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Infrastructure Improvement for Shrimp Aquaculture Project
Lending/Financing Modality:	Project	Department/Division:	SERD/SEER

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Government of Indonesia's National Medium-Term Development Plan (RPJMN) for 2020–2024 establishes the goal of becoming an “upper middle-income country that is prosperous, fair, and sustainable” by 2024. It seeks to grow the economy by 5.4% to 6.0% annually and reduce the poverty rate to 6.5% to 7.0% by 2024. The Asian Development Bank's (ADB) country partnership strategy, 2020–2024 for Indonesia is closely aligned with the RPJMN by focusing on (i) improving well-being, (ii) accelerating economic recovery, and (iii) strengthening resilience. The project will introduce environmentally sustainable shrimp aquaculture and improve transparency, traceability, and reporting processes towards increased productivity, quality and profitability of smallholder's shrimp farming in seven provinces. The project impact will be aligned with the National Medium-Term Development Plan (RPJMN) 2020–2024 key development agenda of: Contribution of the fisheries sector to the national economy and value added of aquaculture increased.

The project will support the following four operational priorities of ADB Strategy 2030: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (iv) promoting rural development and food security.^a The project will be aligned with ADB's country partnership strategy, 2020–2024. It is included in the country operations business plan for Indonesia, 2021–2023.

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)
The project will help Ministry of Marine Affairs and Fisheries (MMAF) in introducing environmentally sustainable shrimp aquaculture and improving transparency, traceability, and reporting processes towards increased productivity, quality and profitability of smallholder's shrimp farming in seven provinces.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. For a lower-middle income country, poverty in Indonesia remains high. Nationally, the number of poor people in September 2019 reached 24.79 million (9.41%). In March 2020, the number of poor people increased to 26.4 million (9.78%) including 4.2 million female heads of households. The number of poor people in urban areas rose by 1.3 million people, from 9.86 million (6.56%) in September 2019 to 11.16 million (7.38%) in March 2020. Meanwhile, the numbers in rural areas rose by 333.9 thousand people, from 14.93 million (12.60%) in September 2019 to 15.26 million (12.82%) in March 2020. The largest source of income for expenditure of Indonesian households is derived from employment earnings. Average wages were estimated at Rp2,756,345 in August 2020, only 30% higher than that which is needed to keep a family above the national poverty line. The unemployment rate surged to 7.1% in August 2020 from 5.3% in 2019, and estimates indicate that the livelihoods of nearly 30 million people have been affected by coronavirus disease (COVID-19) pandemic. The project will deliver an integrated investment addressing upstream, production, and downstream processes through infrastructure, support to improve farming practices and post-harvest systems, and value chain strengthening. The primary beneficiaries are male and female farmers who will develop business plans including access to finance and marketing strategy and private sectors which will provide farmers greater access to fair market condition. Introduction of sustainable aquaculture will help farmers to reduce production costs and remain competitive; develop native species and disease-resistant species breeding; reduce dependence on imported feed; and advance alternatives to use of fishmeal, which places huge stresses on capture fisheries. The project will also strengthen farmers' capacity in brood stock management, disease management, and food safety. The poor and vulnerable farmers are often not involved in any decision making related to aquaculture program and limited access to the capacity strengthening. The project will facilitate the involvement poor and vulnerable farmers in the project activities.

2. Impact channels and expected systemic changes. The project impact is increased productivity, profitability, and environment sustainability of shrimp aquaculture. Aquaculture is expected to create jobs in production, processing, and marketing of shrimp products. Future growth of aquaculture is essential to providing sustainable supplies of protein; creating jobs and generating incomes for poor communities; and bringing foreign exchange earnings. The project will also enhance the capacity of the MMAF capacity and knowledge, especially on technology and sustainable aquaculture practices including upgrading of geospatial data base and regular monitoring to support evidence-based decision making.

3. Focus of (and resources allocated in) the transaction TA or due diligence. In coordination with MMAF, assessment will be undertaken which will include (i) socioeconomic and poverty issues in project areas; (ii) beneficiaries and their capacity to participate in the program; (iii) potential safeguards impacts (environment, resettlement, and Indigenous Peoples), profile of project affected persons and their vulnerability; and (iv) gender and vulnerability.

4. Specific analysis for policy-based lending. N/A
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? 2020 National Statistics accounts 38,224,371 people work in agriculture, forestry, and fishing sector, out of which 13,795,740 (36%) are women. Accurate, regular sex-disaggregated statistics for aquaculture are not available. Aquaculture is still dominated by men. Women are predominant in aquaculture-related marketing and processing (832,035 women; 524,640 men). The 2019 report of the Food and Agriculture Organization of the United Nations (FAO) suggests that on average, there are 1.7 times more women than men in processing and 1.5 times more in marketing (2,882,316 women; 1,963,829 men). There is a growing recognition that women are active not only in post-harvest activities but also in cultivation and harvesting. Article 45 of the Law Number 7/2016 concerning the protection and empowerment of fishermen, fish cultivators and salt farmers affirms the state's obligation to increase the role and involvement of women in all business activities in the marine and fisheries sector down to the smallest scale, which is the family level. The 2017 case study by FAO and WorldFish found low direct participation by, and opportunities for, women in shrimp farming. Women are engaged in two main roles: shrimp farm lead operators and casual laborers. Only a very small number of women engaged as lead operators in the site; in contrast to larger numbers of women in shrimp sorting and grading which is informal, insecure and of low value in terms of payment. Poor women mainly access the opportunities for casual labor. Their rare engagement as shrimp farm operators being found only amongst medium and high wealth group women. Women play a significant background role in the financial management of shrimp farming (in which men were lead operators), with men tending to seek their wives' input to mitigate potential financial risk associated with the investment. It will be important for government actors to focus policy support on ensuring gender equal access to land and pond ownership through inheritance, and to financing and collateral. This includes gender-equal mechanisms for land and house ownership, including clear and accessible gender-equal title registration.</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This project will support increased participation of women in (i) establishment of farmer groups, (ii) technical support to famers groups to access business capital, (iii) training of farmers and extension services agents, (iv) farmers certification in sustainable aquaculture practice, and (v) capacity building activities related to downstream process. National and district governments can lay the foundation for empowerment in aquaculture by sponsoring gender equality and awareness(communication) programmes both for men and women regarding equal rights and opportunities in economic activities as well as regarding the benefits of sharing household roles between genders. The project will promote (i) building/upgrading of broodstock centers and laboratories with disaster resilience, gender responsive and inclusive design features such as lactation rooms, separate male and female toilets, separate male and female prayer room, (ii) piloting traceability and logistic platform (STELINA) improved with sex-disaggregated data of chain actors and checklist of information related to human welfare including gender. The project will also formulate policy to ensuring gender equal access to land and pond ownership through inheritance, and to financing and collateral. The gender action plan will be prepared to support effective gender mainstreaming in the project outputs and activities.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. Relevant government agencies at national (Ministry of Agriculture, Ministry of Environment and Forestry, Ministry of Finance, Ministry of National Development Planning [BAPPENAS], MMAF Business Capital Management Institution), and local government agencies (BAPPEDA, relevant sector agencies, land office, environmental agencies) where the project is located will be the main stakeholders from the government. In addition, the private sectors, farmers groups, and project affected persons will also be main stakeholders. CSOs working for the aquaculture will be consulted. These stakeholders will be consulted during project preparation and implementation. List of stakeholder and level of engagement will be further assessed by TRTA consultant team.</p> <p>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 conduct meaningful consultations with stakeholders and this will be reflected in the project plans including safeguards and gender action plans and facilitating their access to the project activities. Special attention will be provided to gender and vulnerable groups for safeguards measures and capacity strengthening in shrimp aquaculture value chain.</p> <p>3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? <input checked="" type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Partnership CSOs and community-based organizations (CBOs) working in aquaculture will be listed especially those related to shrimp aquaculture value chain, aquaculture infrastructure and services, and production.</p>

<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The poor might not have enough information about the project (who to contact in the project team and how to be involved). CSOs or CBOs might need to participate in the project activities, especially the construction of infrastructure and their operation and maintenance.as well as adopting technology for shrimp aquaculture.</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The construction of broodstock center, laboratory facilities, and other supporting infrastructures, i.e., ponds, drainages, production roads, will have limited involuntary resettlement (IR) impacts. The cluster facilities will be built on MMAF land and will serve as demonstration model for farmer to replicate. This cluster approach may require farmers to consolidate their land and it may affect to the lost assets. The impacts will be confirmed upon completion of the impact assessment by the TA's safeguard specialist.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The proposed project will most likely have positive impacts to the coastal IP communities in project areas located in eastern Indonesia, if any.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The exact project locations are yet to be determined however, the presence of IP communities living in the coastal areas in South Sulawesi and East Nusa Tenggara are most likely. This will be assessed and confirmed by the safeguard expert during TA implementation.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will not involve any three types of project requiring broad community supports indicated by ADB SPS:(i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use. Further assessment will be conducted by the TA social safeguard consultant.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____ Indicate high (H), medium (M), low (L) for selected boxes</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Social issues will be included in the safeguard plans, especially environmental management plans and Indigenous People Plan. These will also be included in the capacity development will also be provided to the EA/IAs staff and contractors. Local communities and vulnerable group will be provided with opportunities to project related jobs. Special management training on gender and core labor standard will be prepared to target small scale farmers that may involve temporary/informal labor in their business activity.</p>
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p> <p>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 transaction TA or due diligence? One international social safeguard specialist (resettlement and Indigenous People), one national social safeguard specialist, and one national gender specialist will be engaged to conduct the project's assessment and prepare social safeguard plans, SPRSS, GAP, and other relevant required documents. The activities of preparation of the documents will require stakeholder's engagement, consultations, survey, data collection, and other required activities. These will be included in the TOR of TA consultants.</p>

^a ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila. Source: Asian Development Bank.