



Initial Poverty and Social Analysis

Project Number: 55063-001
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Indonesia: Promoting Research and Innovation through Modern and Efficient Science and Technology Parks

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CURRENCY EQUIVALENTS

(as of 4 May 2022)

Currency unit	=	Rupiah/s (Rp)
Rp1.00	=	\$ 0.00006
\$1.00	=	Rp14,497

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	Coronavirus disease
CPS	–	country partnership strategy
GDI	–	Gender Development Index
GDP	–	gross domestic product
MSMEs	–	micro, small, and medium-sized enterprises
R&D	–	research and development
RPJMN	–	Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)
STP	–	science and technology park
TA	–	technical assistance

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Promoting Research and Innovation through Modern and Efficient Science and Technology Parks
Lending/Financing Modality:	Project	Department/Division	Southeast Asia Department/Human and Social Development Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project is well-aligned with objectives of the government's RPJMN and ADB's CPS for Indonesia. The RPJMN 2020–2024 seeks to grow the economy and reduce poverty, particularly looking at addressing inequality and unemployment. The plan laid out a multifaceted approach under which the government will (i) strive for economic resilience; (ii) reduce regional disparities; (iii) improve human capital; (iv) develop culture and mindset; (v) invest in infrastructure; (vi) address climate change; and (vii) modernize the public service. The project is aligned with the first strategic objective for improving well-being, of ADB's CPS for Indonesia, 2020–2024.^a The CPS seeks to support an inclusive, competitive, and resilient Indonesia.

B. Poverty Targeting:

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

Overall, PRIMESTeP is a general intervention that focuses on strengthening R&D and innovation ecosystem and platforms to generate new technologies, support use of technologies, and foster quality employment across priority economic sectors. Output 2 of the project supports technology startups and scaleups with financing and incubation facilitation. The output also provides financing for institutions of higher learning to collaborate on applied R&D with private sectors firms mainly in the MSME category. These two interventions under output 2 will benefit the poorer segment of the population as more quality jobs focusing on technologies and innovations will be generated, and MSMEs will be able to move up the value chain and compete effectively in the region and beyond.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Poverty in Indonesia declined from a peak of 24.2% in 1999 to 9.2% in 2019. The Gini coefficient measuring inequality was estimated at 0.31 in 1999, rose to 0.41 in 2011, and stalled until 2015 before gradually declining to 0.38 in 2019. These improvements are linked with low inflation, the growing formal economy, upscaling of social assistance and investments, with 2.5 million jobs added to the economy in 12 months until August 2019. Unemployment was maintained at 5.3%. However, about 30% of the total population are poor or near poor and vulnerable. Updated estimates of international poverty lines (2011 purchasing power parity) in 2017 indicate that 24.2% fell below \$3.20 a day. With disruptions to production and restrictions associated with the need for social distancing due to COVID-19 pandemics, many households lost their income and fell into poverty. The 71 million self-employed, casual employees, and unpaid workers, who are normally not covered by employment protection legislation, were affected. By supporting innovation, development, and diffusion of new technologies, this project will benefit the working population particularly those working in MSMEs. With improvement in technologies, Indonesian companies can compete better in the regional economy and the workforce, and MSMEs will acquire new skills required to implement new technologies. Additionally, support for technology startups will provide more quality employment opportunities for youth. This project will contribute to accelerating knowledge economy in the aftermaths of COVID-19. Key project beneficiaries will be students of the four STPs, workforce in the priority economic sectors supported under this project, and researchers and technicians working in R&D institutions.
2. Impact channels and expected systemic changes. The Innovate Indonesia report by ADB and the Ministry of Finance indicates that technology adoption could add up to \$2.8 trillion to the Indonesia economy by 2040, adding 0.55 percentage points to annual GDP over the next two decades.^b This translates to a potential GDP per capita of \$14,747 by 2045 for Indonesia. This project will lead to (i) stronger collaboration between public R&D institution and private sector companies; (ii) more competitive firms through participation and adoption of new technologies in workforce; (iii) a more productive workforce which is adept in using technologies in their production of goods and delivery of services; and (iv) more entrepreneurial youth participating in job creation in technology fields.
3. Focus of (and resources allocated in) the transaction TA or due diligence. The focus will be on designing a project that supports the development of an R&D system that focuses on innovation, technology creation, and technology diffusion leading to an equitable economic growth. Potential components include strengthening the R&D facilities and ecosystem to support technology creation and diffusion; establishing sustainable financing platforms for startup incubation and financing R&D; and improving R&D competency of researchers and R&D technicians.

4. Specific analysis for policy-based lending. Not Applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?

Indonesia has achieved the level of medium equality as per the United Nation Development Program GDI, calculated for 167 countries, with the HDI of female being 0.694 in contrast with 0.738 for males, resulting in a GDI value of 0.940. In comparison, GDI values for the People's Republic of China and the Philippines are 0.957 and 1.007, respectively. The annual ranking exercise undertaken by World Economic Forum (2020) puts Indonesia at the 85th position (among 157 countries globally) with a small improvement in its score (70.0, up 1 percentage point). The country has closed 70% of its gender gap. The economic gap remains large but has narrowed considerably since 2006. Indonesia boasts of having the world's largest share of senior and leadership roles held by women (55%) and is one of the six countries in the world where majority of such roles are held by women. On the other hand, the low share of women (54%) participating in the labor market and significant difference in income distribution (female earned income is half that of men) continue to weigh on the country's performance on this subindex.^c For hundreds of years, science was viewed as a male and masculine field. It was only in the 1990s when details of gender inequality in science and technology in the world, including in Indonesia, were revealed after the World Conference on Women in Beijing, the publication of the UNESCO World Science Report (1996), and the World Conference on Science in Budapest.^d An initial assessment of gender issues under this project shows that women as founders in the technology startup in Indonesia in the last 3 year fluctuates around 4.5-11.8%. There is a need to assess and improve women's participation in technology startup both as owner and as founding members.

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 access to and use of opportunities, services, resources, assets, and participation in decision-making? Yes No

The proposed project will promote gender mainstreaming throughout the project life. This will be achieved by: (i) gender specific targeting and mobilization activities designed to encourage female students in research and innovation work; (ii) incorporating behavioral change communication and community education/awareness campaigns that unpack gender norms and stereotypes; (iii) organizing counselling and motivational sessions for female students in the project universities to participate in innovation and research; (iv) ensuring the R&D facilities will incorporate gender sensitive and inclusive designs (e.g., by including child care and resting facilities); (v) training faculties, management, and other key stakeholders on gender sensitive programming; and (vi) involving women in science and technology to mentor and support more female students to participate in research and innovation.

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

Yes No

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 EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design. Close consultation will be held with MOECRT and STPs staff and management, students, and industry stakeholders to develop market relevant applied R&D, and targeted support to technology startups.

2. Who are the key, active, and relevant CSOs in the project area? This will be assessed during project processing

3. Are there issues during project design for which participation of the poor and vulnerable is important?

Yes No If yes, what are these issues?

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues? The project will support higher quality and more relevant R&D and innovation activities in targeted areas and sectors. International and industry R&D partners will be brought in to support in R&D and innovation activities.

5. What level of CSO participation is planned during the project design?

Information generation and sharing Consultation Collaboration Partnership

The key stakeholders include male, female students, students from other vulnerable backgrounds, university authorities, researchers, incubators, entrepreneurs, investors, technical experts, industry leaders, banks and financial institutions, private companies and government stakeholders engaged in innovative solutions. Key stakeholders will be identified and will be extensively consulted during project preparation.

IV. SOCIAL SAFEGUARDS	
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
The project only has a minor civil work component within one university campus (IPB).	
2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?	
<input 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 checked="" type="checkbox"/> None	
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?	
<input 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 checked="" type="checkbox"/> None	
V. OTHER SOCIAL ISSUES AND RISKS	
1. What other social issues and risks should be considered in the project design?	
<input checked="" type="checkbox"/> Creating decent jobs and employment <input 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 _____	
2. How are these additional social issues and risks going to be addressed in the project design? The design and monitoring framework will articulate the risks and issues to be addressed as a part of the project design and plan.	
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT	
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	
Due diligence during processing will include analysis of poverty, social, gender, and safeguard issues.	
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis; and the participation plan during the transaction TA or due diligence? The project will be prepared using \$350,000 financed by ADB's TA Special Fund-Others under a transaction TA facility to support the required due diligence and capacity development.	

ADB = Asian Development Bank; COVID-19 = coronavirus disease; CPS = country partnership strategy; GDI = Gender Development Index; GDP = gross domestic product; HDI = human development index; IPB = Bogor Agricultural University; MOECRT = Ministry of Education Culture Research and Technology; MSME = micro, small, and medium-sized enterprises; PRIMESTeP = Promoting Research and Innovation through Modern and Efficient Science and Technology Parks; R&D = research and development; RPJMN = Medium-Term National Development Plan; STP = science and technology park; TA = technical assistance; UNESCO = United Nations Educational, Scientific and Cultural Organization.

^a ADB. 2020. [Country Partnership Strategy: Indonesia, 2020–2024. Emerging Stronger](#). Manila.

^b ADB and Ministry of Finance Republic of Indonesia. 2020. [Innovate Indonesia: Unlocking Growth Through Technological Transformation](#). Manila.

^c World Economic Forum. 2019. [Global Gender Gap Report 2020](#). Geneva.

^d W. Hemawati. [Gender in science in Indonesia: why important gaps are lowered](#). *World.edu (a global education network)*.