

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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| Country: | Solomon Islands | Project Title: | Provincial Renewable Energy Project |
| Lending/Financing Modality: | Project | Department/ Division: | Pacific Department Transport, Energy, and Natural Resources |

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: general intervention

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

The poverty-reduction strategy of the Government of Solomon Islands is reflected in its National Development Strategy (NDS), 2011–2020, which outlines its vision and specific sector strategies to achieve the socioeconomic development of the country and its people in line with the Millennium Development Goals (MDGs). The key targets of the NDS are consistent with the MDGs, although assessments of achievement to date show that some are unlikely to be achieved. The NDS highlights several basic development objectives in major sectors such as health, education, basic infrastructure transport, power, telecommunications, and water and sanitation. It also aims to improve access and enhance social services, and improve income-generating opportunities for the population. The NDS pinpoints the challenges faced by Solomon Islands in developing sustainable energy due to the widely scattered market on islands that are separated by large areas of sea and which have small, isolated communities. The NDS addresses poverty as income poverty, and the strategies seek to improve both cash and non-cash income streams in the context of the major role played by subsistence activities. Most livelihoods are based on subsistence exploitation of natural resources, and the strategies aim to improve such livelihoods and small and medium enterprise (SME) development. Supporting strategies also seek fairer returns to resource owners and better rural infrastructure.

B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence

1. **Key poverty and social issues.** Poverty in Solomon Islands is characterized by the lack of access to basic services and social infrastructure, and lack of income-generating opportunities, particularly in rural and hinterland areas. The national rates of subsistence and poor households are 8.6% and 27.4% while in provincial urban areas they are 0.6% and 11.2%. A poverty and social assessment (PSA) undertaken during project preparation showed that the incidence of poor households in the project area (Auki town and nearby villages in Malaita Province) is comparatively higher at 30%. The PSA result appears to be so high because of the high proportion of rural households in the sample taken. The 2005/2006 HIES indicated that Malaita rural areas had the highest (34.5%) incidence of income poverty. Most villages and rural communities in Auki have limited access to basic energy services, and use of traditional fuels—wood, dung, and crop residue—is common. The use of kerosene and lanterns is growing, and the poor, particularly in remote areas, spend a large proportion of their cash income on kerosene. More than 95% of rural households use wood for cooking and women devote a substantial amount of their time to collecting firewood. The project will contribute to widening poor households' access to social infrastructure and services and enabling income-generating activities. Availability of reliable sources of energy will help stimulate the local economy and increase income-generating activities, especially for women.

2. **Beneficiaries.** The main beneficiaries from the project are (i) residents along the new transmission line and in the grid extension area, who will receive access to electricity, including 20 households headed by women that will receive subsidized household connections; (ii) Solomon Islands Electricity Authority (SIEA) customers, who will receive more reliable power; and (iii) villages near the project site, which will have better access thanks to the new access road.

3. **Impact channels.** Potential project beneficiaries indicated that the intended use of electricity would be primarily for lighting (56%) and for operating small businesses (30%). Overall, the PSA showed high acceptability and social viability as affirmed by the focus group discussions. Focus group discussions were conducted with various stakeholders, particularly communities directly affected by the project. There is clear demand for more, and more reliable, electricity—over 84% of households indicated their interest in being connected to the grid. Access to electricity will (i) replace kerosene lighting with a cheaper form of energy, thereby freeing household expenditure; (ii) enable households to generate income; (iii) improve children's education; and (iv) reduce indoor health and safety issues associated with burning kerosene.

4. **Design features.** Key poverty issues such as ethnic and gender concerns, and land acquisition impacts were dealt with via the gender action plan, the due diligence investigation, and the land acquisition and resettlement plan. The plans include training for newly connected households on using electricity for income-generating activities, managing utility expenditures, and being aware of health and safety issues related to electricity. Health and related concerns such as HIV/AIDS and other sexually transmitted infections (STIs) are discussed in the resettlement plan and the initial environmental examination, and in the communication, consultation, and participation plan.

| II. PARTICIPATION AND EMPOWERING THE POOR | |
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| <p>1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation. – The communication, consultation, and participation plan involves three phases of activities to be undertaken at different stages of the project cycle and incorporating various mitigation measures to minimize potentially adverse impacts. The plan shall be implemented within 3 years, from 2014 to 2016. The project's poverty reduction measures include engaging low-income households, including landowners, for construction works, and extension of the distribution grid (including to poor households), as well as training on income-generating activities.</p> <p>2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation. – Requirements for civil society participation will be implemented and monitored according to the consultation and participation plan.</p> <p>3. What forms of civil society organization participation is envisaged during project implementation? <input checked="" type="checkbox"/> Medium Information gathering and sharing <input checked="" type="checkbox"/> Medium Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Will a project-level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons, particularly the poor and vulnerable? <input checked="" type="checkbox"/> Yes. The consultation and participation plans for the project are built into the safeguard documents for the project and include participation of civil society.</p> | |
| III. GENDER AND DEVELOPMENT | |
| Gender mainstreaming category: effective gender mainstreaming | |
| A. Key issues. | |
| <p>The condition of women in the project area is similar to the national situation. The average household size is 5.6 persons and the female–male ratio is 1:1.3. Significantly more men obtain higher education than women. More women (28%) are illiterate than men (18%), reflecting the national situation. Of the household heads' partners, only 19% are gainfully employed and 33% indicated their occupation as housewife or housekeeper. Of the male heads, 34% reported being gainfully employed. For both male and female heads, reported predominant occupations and main sources of income are subsistence farming and business (hawking and vending). The percentage of partners who are not gainfully employed is high (48%). A significant proportion of household heads' partners (men: 31%; women: 17%) is engaged in subsistence agriculture and business and earns an income, which contributes to total household income. Better access to electricity has greater benefits for women. Safer and more reliable lighting enables women to do their household chores more efficiently, resulting in time savings and a general feeling of well-being. However, with the availability of electricity, women may find themselves working longer hours than men and thus may end up having additional burdens, although generally this appears not to be the case.</p> | |
| B. Key actions. | |
| <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure <p>Key gender actions are: (i) incorporating women's involvement in project design (40% participation in workshops); (ii) requiring contractors to pay equal wages for work of equal value and provide female workers with sanitation facilities, and encouraging employment of women during construction and operation; (iii) ensuring that women's wages are paid directly to them; (iv) undertaking training workshops for newly connected households (at least 50% female participation) on income generation (e.g., value-adding agribusiness, handicraft production), electricity safety, operation of prepayment meters, energy efficiency, and household utility budgeting; (v) providing construction workers with information on HIV/AIDS and STI issues; (vi) prioritizing households headed by women in connection to the grid; (vii) conducting gender awareness training for contractors, project management unit (PMU), and Solomon Islands Electricity Authority management, (viii) including at least one woman in the grievance redress mechanism committee, and (ix) including an international social or gender specialist to support the PMU and implement the gender action plan. By replacing kerosene for cooking and lighting, the project will also provide direct gender benefits in the form of better health for women.</p> | |
| IV. ADDRESSING SOCIAL SAFEGUARD ISSUES | |
| A. Involuntary Resettlement | |
| Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI | |
| <p>1. Key impacts. No physical relocation and loss of income is expected from project implementation. The project requires 11 hectares of customarily owned land. The land required for the project facilities (the intake at water source, conduction channel, forebay, penstock pipe, powerhouse, and stretches of access road to the proposed site of the hydropower facilities) is partly customary land, but some stretches fall within the rights of way already used for roads. No impacts are expected in the upstream and downstream portions of the hydropower facilities' location because construction and operation will not restrict the community near the river system from accessing and using the resources therein. The impacts on landowners or affected persons are deemed not significant, and the project is classified as category B for resettlement.</p> <p>2. Strategy to mitigate the impacts. A land acquisition and resettlement plan had been prepared to provide mitigating measures and compensation for affected customary landowners. Land acquisition and compensation will be pursued as a negotiated agreement between the project (under the auspices of the provincial government of</p> | |

Malaita and SIEA) and customary landowners. Compensation for land will take account of the project life requirement for hydro resources. The process to be followed by the project will be guided by the processes described in the Land and Titles Act of Solomon Islands and ADB's Safeguard Policy Statement (Safeguard Requirements 2 – Involuntary Resettlement) for negotiated agreements. The land acquisition process will include key elements of notification, public meetings, surveys, and negotiation of agreements. SIEA and Malaita provincial executives will follow government procedures for acquisition and compensation of customary land and assets (crops and trees) but will also ensure compliance with ADB's policy on compensation at replacement cost with additional measures. The national methodology and procedures are based on the compensation formula of the Ministry of Agriculture for crops and fruit-bearing trees, of the Ministry of Forestry on timber products, and of the Ministry of Lands, Housing and Survey on customary land rental or lease fees. To ensure that compensation is at replacement cost, an appraiser or valuer will be engaged when finalizing the resettlement plan during detailed design, who will undertake a replacement cost study and update the cost estimate on land and other affected assets based on replacement cost principle. Landowners will be made aware of their entitlement to access impartial legal advice in negotiations at the project's expense.

3. Plan or other Actions. Resettlement plan

B. Indigenous Peoples

Safeguard Category: A B C FI

1. **Key impacts.** The due diligence concluded that while there are tribes and clans in the project areas, their institutions are not separate from mainstream society, and these groups are not vulnerable. As socio-cultural groups need to be both "distinct" and "vulnerable" for triggering ADB's Safeguard Policy Statement requirements on indigenous peoples, the project has been proposed as category C and an Indigenous People's Plan is not required. However, the project will ensure that local communities actively participate and receive culturally appropriate benefits, and that issues related to land acquisition are dealt with.

Is broad community support triggered? Yes No

2. Plan or other actions. No action

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. Relevance of the project for the country's or region's or sector's labor market.

unemployment (L) underemployment retrenchment core labor standards (L)

2. **Labor market impact.** – The impact on the labor market will be minimal and transient in nature. Works contracts will prioritize hiring local labor. The project will ensure equal opportunities for women, equal wages for work of equal value, and payment of women's wages directly to them.

B. Affordability. The project will improve affordability through downward pressure on tariffs.

C. Communicable Diseases and Other Social Risks

1. Indicate the respective risks, if any. Communicable diseases: (L)

2. Describe the related risks of the project on people in project area. – All contractors will provide awareness training on HIV/AIDS for construction staff and community members. This requirement is included in the project administration manual (PAM) and the loan documents.

VI. MONITORING AND EVALUATION

1. **Targets and indicators:** Performance targets and monitorable indicators in the design and monitoring framework (DMF) that concern poverty reduction and inclusive social development include: (i) duration of outages for customers in Auki reduced by 20% by February 2018 (compared with February 2014); (ii) SIEA increases household customers from 274 in February 2014 to 524 in February 2020, including subsidized connections households headed by women; (iii) the PMU conducts training workshops for 250 newly connected households, including power safety, household utility budget, and business skills training (50% female participation) by February 2018, and (iv) the PMU conducts training activities for PMU staff and SIEA management, including gender awareness training by February 2015.

2. **Required human resources:** They include terms of reference and allocated budget for international and national social safeguard specialists (international: 3 months, national: 14 months) to assist with implementation. ADB review missions will include a social safeguard specialist.

3. **Monitoring tools:** Monitoring requirements are stipulated in the resettlement plan, DMF, PAM, and loan agreement.

Source: Asian Development Bank.