

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Samoa	Project Title:	Renewable Energy Project
Lending/Financing Modality:	Project Loan	Department/ Division:	PARD/PATE

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

According to the poverty assessment, about one third of Samoan households received incomes below a basic need poverty line per year, meaning that they experienced periodic difficulties in meeting their daily costs of living for food and other essential expenditures. Hardship among the resident population (185,000 inhabitants in 2011) is alleviated by private remittance from Samoans living abroad. For the last 10 years remittances amounted to 20% of GDP with the majority of households receiving remittances contributing to sustained consumption and investment in education and assets. Agriculture, fishery and tourism are the main economic sectors, and economic growth is constrained by small size of economy, high cost due to geographic fragmentation and distance as well as remoteness from the major markets. Private sector development is constrained by lack of infrastructure and high costs of essential services. Unemployment, especially among the youth emerges as social problem such as urban drifts and crime. Nonetheless, the country has potentials in fertile land, vast marine resources, well educated English speaking population and large emigrant population in US, Australia and New Zealand that maintains close relations with families in Samoa and can provide fresh impetus to economic growth with their savings, know-how, market connections and entrepreneurial talent.

ADB's Country Partnership Strategy in Samoa (2008 – 2012) focus on poverty reduction addressing binding constraints on growth by means of (i) pro-poor, environmentally sustainable integrated urban infrastructure development; (ii) financing pro-poor policies through effective prudent macroeconomic and fiscal management; and (iii) private sector development.

The proposed Project will contribute to poverty reduction by reducing the country's reliance on volatile and costly imported fossil fuels for power generation. At the macro-economic level, this will improve Samoa's balance of payments, reduce fiscal deficits, and improve Government debt sustainability. At the household level, the project will reduce the cost of power supply and increase access to modern energy services essential for socio-economic development. This will help prevent the decline in real incomes and allow for a smaller proportion of household income to be spent on energy services. This project will reduce the cost of electricity in the islands to a greater degree, thereby providing a progressive benefit to poorer households.

B. Targeting Classification

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

The project is classified as a general intervention (GI) as it indirectly addresses poverty reduction through the reduction in Samoa's reliance on imported fossil fuels through the substitution of renewable energy for power generation. The project will bring improvements to the macro-economy but it will also benefit individuals indirectly through lower power bills and the need to spend a smaller proportion of household income on energy services.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The primary beneficiaries will be the general public and businesses will benefit as the renewable energy project would allow TPL to provide better quality, cleaner services at lower costs. Households will spend a smaller proportion of their incomes on essential energy services and with lower costs to provide services, EPC will have an incentive to expand its network and improve the quality of its service. Poor and vulnerable residents will also receive subsidized life-line electricity tariffs under the electricity tariff structure.

2. Impact channels and expected systemic changes. A project preparatory technical assistance of \$0.75 million is available to conduct the due diligence for the proposed project. A total of 4 person months has been allocated for international and national specialists to conduct the poverty and social analysis. The beneficiaries currently rely on costly, inefficient and environmentally harmful sources of energy. The beneficiaries need access to modern electricity services to catalyze economic growth, generate livelihoods and sources of income and improve health and education. Potential constraints include (i) low ability to pay for standard for standard power tariffs, (ii) difficulty in managing household budgets, and (iii) lack of capital. The project will ensure low-income households receive the life-line tariff and receive pre-payment meters to enable them to manage household expenditure more effectively.

3. Focus of (and resources allocated in) the PPTA or due diligence: The project will implement a grid-connected hydropower project in Samoa. Opportunities will be explored for incorporation of a social inclusion component to develop models of income generation for the poorest project participants. Training will also be provided for

households in the efficient use of energy and in budgeting for electricity usage.

4. Specific analysis for policy-based lending.

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 have fewer options for income-generating activities and have lower access rates to modern energy services. Refer to Country Gender Assessment for more detail.

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 The project will improve the access of female headed households to renewably-generated, modern electricity services. It will also provide gender awareness training for all project staff and will establish sex-disaggregated baseline and monitoring indicators in the sector. The PPTA will also examine opportunities for using fuel savings to subsidize lifeline tariffs to target poor and female headed households. These issues will be considered further during preparation of the Gender Action Plan, which will be prepared during PPTA.

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

Yes No Improving the efficiency of generation and distribution and conversion to renewable energy does not have any adverse impacts on women to widen gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) 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? Potential stakeholders include, but are not limited to (i) households and project beneficiaries, (ii) national Government officials including Ministry of Finance, EPC (iii) local Government officials including outer island administrations, (iv) development partners such as World Bank, European Union, UNDP, and the Governments of Australia and New Zealand (v) contractors, (vi) community groups, and (vii) non-Governmental organizations.

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? At the inception stage, a stakeholder analysis will be carried out to identify the primary and secondary stakeholders; their interests in the Project, their perceptions of current problems related to power generation, and electricity services. Consultation through workshops with all stakeholder groups will be undertaken during the implementation of the project preparatory TA and project processing. Care will be taken to ensure that community groups are well represented, not only by the community leaders but also by the poor, elderly, disabled and women, so that marginal people's voices are heard and not captured by the local elites.

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?

Information generation and sharing 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 consultation and participation plan is not required since a series of consultation workshops are planned during the implementation of the project preparatory TA and project processing stage.

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 infrastructures will be located on existing sites or on Government land, and the project is not expected to involve involuntary land acquisition and resettlement impacts. This will be confirmed by the PPTA.

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

<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No No impact on indigenous peoples is anticipated. This will be confirmed by the PPTA</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA 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 type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<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 checked="" type="checkbox"/> Others, please specify</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Other action</p>
<p>VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<p>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 (vi) other social risks. Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</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 PPTA or due diligence? Please refer to Appendix 4.</p>