

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Nauru	Project Title:	Electricity Supply Security and Sustainability
Lending/Financing Modality:	Grant	Department/ Division:	Pacific Department Pacific Operations Department

### 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 project supports the goals of the Nauru National Sustainable Development Strategy 2005–2025 through promoting a reliable and sustainable energy supply, and the Asian Development Bank Nauru country operations business plan 2014–2016 objective of promoting increased energy efficiency.<sup>1</sup>

#### B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. The 2011 Census of Population and Housing<sup>a</sup> recorded the population of Nauru at 10,084, comprising 5,105 males and 4,979 females. The population comprised 1,647 households, with an average household size of six people. Just over half (52%) of households are headed by women. This appears to largely reflect the census recording unmarried women as “household head” rather than the absence of a male partner.

Farming land on Nauru is in short supply and subsistence agriculture opportunities are restricted. The majority of the population relies on earned income (mostly from state employment or, more recently, employment at the Government of Australia’s refugee processing camps) for the purchase of basic foodstuffs, with subsistence fishing providing supplementary protein. A number of traditional landowners and their extended families receive additional income for phosphate royalty payments.

The 2013 National Income and Expenditure Survey<sup>b</sup> shows that 85% of households receive their main income from wages or salaries, with a further 7% citing own business activities. The survey records an average annual household income of A\$25,025, with the top 50% recording an average annual family income of A\$33,074. The lowest 50% of households received an average annual income of A\$10,344. The survey also shows that the lowest 10% of the population earned an annual income of A\$706 per person.

The reopening of the offshore processing center in August 2012 has created a significant number of employment opportunities on Nauru and led to shifts in employment patterns away from government employment to higher-paying private sector jobs. It has also led to some intensification of living patterns as some households have moved in with relatives in order to make their homes available for rent in the booming property market.

2. Beneficiaries. The present erratic power supply acts as a constraint on economic and socioeconomic development. The entire population of Nauru will benefit from the project through more reliable electricity supplies and Nauru’s economy will benefit from more efficient power generation consuming less fuel per kilowatt-hour (kWh) generated.

3. Impact channels. All households benefit from a subsidized electricity allowance of 300 kWh per month, which is far in excess of basic needs. Limiting the availability of an electricity subsidy to the very poor will require that economically disadvantaged Nauruan households are identified. The government recognizes the need to review tariff subsidy policies and has committed to reviewing options for tariff and subsidy rationalization.

4. Other social and poverty issues. Extreme poverty is not an issue on Nauru. Kin networks are strong and it is common for more affluent family members to assume responsibility for payment of specific items such as education or electricity costs. In addition, employment opportunities have increased considerably as a result of the opening of the offshore processing center. Overall, welfare will be improved in Nauru by the provision of reliable, less costly power service. Service interruptions that deprive households of the opportunity to consume modern energy services will become less frequent, and reliance on expensive back-up generators will be reduced.

5. Design features. The project will prepare a comprehensive power station rehabilitation and investment plan and will produce specifications for procurement and installation of a new generator. This will contribute to a more reliable power supply which will underpin economic development and job creation.

<sup>1</sup> ADB. 2013. *Country Operations Business Plan: Nauru, 2014-2016*. Manila.

<b>C. Poverty Impact Analysis for Policy-Based Lending</b>			
Not applicable			
<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>			
<p>1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.</p> <p>Consultations were conducted with local residents and community leaders using focus group discussions and in-depth interviews to identify how power provision issues affect the poor. Interview subjects expressed a general preference for the continuation of a tariff structure that provides a subsidized lower-tier block of consumption.</p> <p>2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation. N/A</p> <p>3. Explain how the project ensures adequate participation of civil society organizations in project implementation. N/A</p> <p>4. What forms of civil society organization participation is envisaged during project implementation?  <input checked="" type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>5. 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 type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. The project is classified as general intervention and will benefit the whole community.</p>			
<b>III. GENDER AND DEVELOPMENT</b>			
Gender mainstreaming category: The project is classified as having no gender elements			
<p><b>A. Key issues.</b> The role of women as homemakers and family carers will be promoted by the improved reliability of power supplies. Improved nighttime electricity will assist women to conduct essential child care responsibilities more efficiently and to ensure that children study at night. Improved daytime supplies will provide an enabling environment for the development of home-based enterprises. Family food security will be promoted by ensuring that home freezers are in constant operation if required and that food does not spoil.</p>			
<p><b>B. Key actions.</b></p> <p><input type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input checked="" type="checkbox"/> No action or measure</p>			
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>			
<p><b>A. Involuntary Resettlement</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. Key impacts. The proposed provision of a new generator and repairs to the powerhouse will all take place within Nauru Utilities Corporation property and no land acquisition is necessary. There is therefore no involuntary resettlement.</p> <p>2. Strategy to address the impacts. N/A</p> <p>3. Plan or other actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Resettlement plan  <input type="checkbox"/> Resettlement framework  <input type="checkbox"/> Environmental and social management system arrangement  <input checked="" type="checkbox"/> No action         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Social impact matrix         </td> </tr> </table>		<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
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<p><b>B. Indigenous Peoples</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. Key impacts. The population is 94% ethnic Nauruan, with the remaining 6% originating from a number of countries. There are no indigenous people or ethnic minorities on the island.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. N/A.</p> <p>3. Plan or other actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Indigenous peoples plan  <input type="checkbox"/> Indigenous peoples planning framework  <input type="checkbox"/> Environmental and social management system arrangement  <input type="checkbox"/> Social impact matrix  <input checked="" type="checkbox"/> No action         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary         </td> </tr> </table>		<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
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<b>V. ADDRESSING OTHER SOCIAL RISKS</b>
<b>A. Risks in the Labor Market</b>
1. Relevance of the project for the country's or region's or sector's labor market L <input checked="" type="checkbox"/> unemployment L <input checked="" type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards
2. Labor market impact. Short-term employment opportunities may be generated during the construction phase of the project if power station refurbishment is undertaken by local contractors. Longer-term employment opportunities could also be generated because of commercial and industrial development triggered by a more secure and reliable electricity supply.
<b>B. Affordability</b> The project will investigate the possibility of targeting the very poor with an increased power subsidy.
<b>C. Communicable Diseases and Other Social Risks</b> The project will involve the importation of a limited number of overseas technical specialists for periods of a few months, so there will only be a limited risk of communicable disease or other social risks. 1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify) _____ 2. Describe the related risks of the project on people in project area. Not Applicable.
<b>VI. MONITORING AND EVALUATION</b>
1. Targets and indicators: As there are no gender, indigenous peoples, or involuntary resettlement dimensions identified under this project, no structured monitoring of these dimensions is foreseen. Project officer review missions will confirm that the gender, indigenous peoples, and involuntary resettlement categorizations remain valid and appropriate. 2. Required human resources: Nil 3. Information in project administration manual: Not applicable 4. Monitoring tools: Any subsidy payments to people regarded as very poor are likely to be made directly to selected electronic prepayment meters via NUC software and so will automatically be monitored.

Sources: <sup>a</sup> Nauru Bureau of Statistics. 2011. *Republic of Nauru Population and Housing Census*. Yaren.

<sup>b</sup> Nauru Bureau of Statistics. 2014. *Republic of Nauru Household Income and Expenditure Survey*. Yaren.