

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Eastern Indonesia Sustainable Energy Access Sector Project
Lending/Financing Modality:	Sector Project	Department/Division:	Southeast Asia Department / Energy Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>The National Medium–Term Development Plan (RPJMN) 2015–2019 which is part of the Long-term National Development Plan 2005–2025 aims at achieving an annual economic growth rate of at least 7% by 2019 and reducing national poverty ratio to 7–8% by the end of 2019. One of the key priorities in the RPJMN is to enhance domestic energy security and energy accessibility. Improved infrastructure (including the generation of additional electricity) and climate change mitigation (a motivation for clean energy provision) lie at the intersection of RPJMN’s priority areas and strategic priorities of midterm review of ADB’s Strategy 2020.</p> <p>The program is aligned with the priorities of ADB’s draft Country Partnership Strategy for Indonesia (2016–2019) and the draft energy sector assessment, strategy, and road map, both of which are being finalized, and the recently approved policy-based loan for the Sustainable and Inclusive Energy Program.</p>
<p><b>B. Poverty Targeting</b></p> <p><input checked="" type="checkbox"/> General Intervention   <input type="checkbox"/> Individual or Household (TI-H)   <input type="checkbox"/> Geographic (TI-G)   <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The project benefits the general population of Kalimantan, Nusa Tenggara, Papua, and Sulawesi provinces through the provision of more sustainable and stable supply of electricity from natural gas. Other than North Sulawesi, the provinces of the locations of the subprojects (preliminary list) are among the poorest provinces in Indonesia (Southeast Sulawesi, Nusa Tenggara Barat [NTB], Nusa Tenggara Timur [NTT], Papua, West Papua).</p>
<p><b>C. Poverty and Social Analysis</b></p> <p>1. Key issues and potential beneficiaries.</p> <p>Indonesian national statistic indicates that in 2014, the proportion of poor people<sup>1</sup> in North Sulawesi—8.75%, in Southeast Sulawesi—14.05%, in Papua—27.13%, in West Papua—30.05%, in NTB—17.24% and in NTT—19.82%. Most of these percentages are among the highest in the country (average 11.25%). In small islands and other remote areas with low population density and high poverty incidences, it is challenging to provide equitable access to modern energy services. In 2014, the average electrification ratios were less than 50% in some parts of Eastern Indonesia. Lack of generation capacity has been one of the biggest constraints to accessing the electricity service. The project will provide the regional population with new and improved supply of stable and high quality electricity at an affordable price. The beneficiaries will benefit from improved access to electricity.</p> <p>2. Impact channels and expected systemic changes.</p> <p>People who lack access to cleaner and affordable energy are often trapped in a re-enforcing cycle of deprivation, lower incomes, and the means to improve their living conditions while at the same time using significant amounts of their very limited income on expensive and unhealthy forms of energy that provide poor and/or unsafe services. The program will enhance the quality of life in the target project areas by expanding access to electricity as a key driver of increased economic activity. By increasing the supply of electricity from natural gas, the project will provide economic opportunities for large industries, and small and medium enterprises in the region, and households and community-level facilities (e.g. clinics, schools) in the area.</p> <p>3. Focus of (and resources allocated in) the PPTA or due diligence.</p> <p>The team of the PPTA with a budget of \$1.4 million will comprise specialists analyzing the benefits of the project and identify concerns and needs specific to various community stakeholders (including poor, customary communities, and the socially excluded) to further improve project design features.</p> <p>4. Specific analysis for policy-based lending.</p> <p>Not applicable.</p>

<sup>1</sup> Poverty line in Indonesia is differentiated by provinces and there are different figures for urban and rural areas. In March 2014, the national average poverty line in Indonesia was Rp 318,514 in urban area, and Rp 286,097 in rural area per capita per month. (National Statistics Agency, Human Development Index, 2009)

## 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 play an important role in energy-related domestic activities, including cooking and the provision of wood or other alternative fuels for cooking and lighting. Women in Indonesia also help meet their families' basic needs through income-earning activities. A more sustainable and stable supply of electricity will significantly reduce the time and effort women must spend on domestic activities by eliminating the need for them to obtain and use other fuels for their household tasks. This will increase the time they have for income-generating activities in the home and taking care of their families, as well as for leisure. In addition, the electricity supply can also enable women running home industries, businesses, and other enterprises to lower their production costs and increase their revenue. Energy provision is a critical input for improvement of women's life.

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 Please explain.

Since the electricity is to be supplied to the population in the project areas irrespective of gender, it is not foreseen that the project will specifically widen gender equality or empower women.

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

Yes  No Please explain.

The project will have positive impacts both on women and men. No adverse impact to be experienced by women and/or girls is expected.

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? Identify how they will participate in the project design.

Provincial and district government agencies, local communities, customary councils will be consulted. The affected people, if any, will be integrated in the project planning, implementation, and monitoring through various ways including public consultation and focus group discussions (FGDs) with communities to get their views and suggestions on the project potential impacts and mitigation measures.

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?

Meaningful consultation will be carried out. Views and concerns of affected parties will be elicited with regard to project potential impacts, resettlement, social risk, and mitigation measures. The methods to be used for consultations will vary and may include (i) public consultation meetings and FGDs with potential affected people; (ii) limited household surveys; (iii) meetings and interviews with government officials both at national and local levels; and (iv) meetings with informal leaders/groups in all project areas and customary council in Papua. The PPTA will facilitate social and environmental impacts assessment and promote participatory planning to enable local communities to voice their opinions on the project and its potential impacts, and appropriate mitigation measures.

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?

There are several active non-government organizations in the project area that have concern on environment, energy, and water. There are also several indigenous councils that have concerns on the indigenous peoples rights. They will be consulted on the project design, its potential impacts, and efforts to minimize the impacts.

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

All affected people and communities including the poor, indigenous peoples/customary groups, and other vulnerable groups will be intensively consulted, especially during resettlement plan preparation and implementation. No specific capacity building program will be conducted to strengthen the participation of poor and other vulnerable groups.

#### 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

Some of the proposed and potential project sites may require land acquisition and possible resettlement, although the required land area for gas-fired power generation is small and resettlement will be avoided to the extent possible.

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

##### B. Indigenous Peoples Category A B C 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?

Yes  No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?

Yes  No

The proposed project may affect the indigenous peoples living in or near a subproject area in Papua. No indigenous peoples are expected to be affected in Sulawesi and Nusa Tenggara however further due diligence will be conducted and explorations on alternative project designs to avoid physical displacement will be carried out by the PPTA team.

3. Will the project require broad community support of affected indigenous communities?

Yes  No Please explain.

A broad community support of affected indigenous communities will be sought, if any subprojects in Papua may affect the dignity, human rights, livelihood systems, or culture of indigenous peoples or affects the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as an ancestral domain or asset. So far, this seems not to be the case, but will be verified during the PPTA.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan  Indigenous peoples planning framework  Social Impact matrix  
 Environmental and social management system arrangement  None

#### V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment (L)  Adhering to core labor standards  Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS (L)  Increase in human trafficking  Affordability  
 Increase in unplanned migration  Increase in vulnerability to natural disasters  Creating political instability  
 Creating internal social conflicts  Others, please specify \_\_\_\_\_

2. How are these additional social issues and risks going to be addressed in the project design?

Social impact including key issues related to core labor standard will be assessed during the project preparation and it will be included in the provisions of civil works contract

#### VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

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 (resettlement and indigenous people); and (vi) other social risks. Are the relevant specialists identified?

Yes  No

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?

The PPTA team will include social impacts and resettlement specialist (and indigenous peoples specialist, if required) who will conduct poverty and social impact assessment including gender and community participation issues.