

**INITIAL POVERTY AND SOCIAL ANALYSIS**

Country:	Indonesia	Project Title:	Pilot Carbon Capture and Storage Activity in the Natural Gas Processing Sector
Lending/Financing Modality:	Grant	Department/Division:	Southeast Asia Department / Energy Division

<p><b>I. POVERTY IMPACT AND SOCIAL DIMENSIONS</b></p>
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>The Government of Indonesia’s National Medium–Term Development Plan (RPJMN) 2015–2019 sets a target to reduce poverty rates to 7%-8% by 2019, and recognizes that inclusive and reliable energy services are critical to achieve it. As Indonesia has moved from an oil exporting country to an oil importing country, the Government has increasingly prioritized serving the country’s energy needs through domestic energy sources where possible. Energy plans foresee the contribution of renewable energy increasing from 5% in 2014 to 23% in 2025. However, the energy supply will continue to be dominated by fossil fuels, including continued increases in electricity generation with domestic coal and natural gas resources. The Pilot Carbon Capture and Storage Activity in the Natural Gas Sector will increase awareness of and expertise in Indonesia on a key technology that can support Indonesia’s continued expansion of domestic fossil fuel utilization while minimizing the associated global impacts of increased greenhouse gas emissions.</p> <p>The project 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 it directly contributes to the reform agenda being supported through the recently approved 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>Approximately 35 million people in Indonesia, 16% of the population, are without access to electricity. This project will support Indonesia in adopting technology that can enable expansion of domestic fossil fuel production and utilization while minimizing the global environmental harm associated with greenhouse gas emissions. Efforts to mitigate the adverse impacts of climate change will benefit the poor, who are particularly vulnerable to predicted global changes. In Indonesia, common weather hazards are likely to be exacerbated by climate change, particularly in the low lying areas of the archipelago.</p>
<p><b>C. Poverty and Social Analysis</b></p> <p>1. Key issues and potential beneficiaries.</p> <p>Lack of generation capacity has constrained Indonesia’s ability to provide full electricity access to its population. Indonesia has abundant fossil fuel reserves that can be used to expand energy access, but this approach will result in increased greenhouse gas emissions, which the country has pledged to reduce as part of its Intended Nationally Determined Contribution to the United Nations Framework Convention on Climate Change. Indonesia’s geology is suitable for carbon capture and storage (CCS), a technology which would allow the country to achieve the goal of serving its electrified population with domestic fossil fuel resources while minimizing global environmental impacts, an approach which benefits both the unelectrified poor and those most vulnerable to the effects of climate change.</p> <p>2. Impact channels and expected systemic changes.</p> <p>The project will enhance in-country expertise in CCS technology, increase familiarity and acceptance among the general population, and improve the regulatory environment for CCS. This will lay the foundation for further CCS activities in Indonesia, establish the country as a leader for this technology in Southeast Asia, and provide a pathway for sustainable use of fossil fuel resources to power inclusive economic growth.</p> <p>3. Focus of (and resources allocated in) the PPTA or due diligence.</p> <p>Environmental and social safeguard experts are being retained through a direct charge facility under the Carbon Capture and Storage Fund under the Clean Energy Financing Partnership Facility. They will investigate the likely impacts of any road strengthening or expansion required to facilitate passage of the trucks carrying the compressed CO<sub>2</sub> to the injection site and the potential impacts of the trucks themselves. The hazards and probability of occurrence at the compression and injection facilities will also be evaluated and mitigating measures established, as appropriate.</p> <p>4. Specific analysis for policy-based lending.</p> <p>Not applicable.</p>

## 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?

The proposed Carbon Capture and Storage Pilot Project is expected to be gender neutral. To the extent that the project can support sustainably increased energy access, however, the project will contribute to reduced drudgery for energy-related domestic activities, increased home-based livelihood activities, and reduced risks to the adverse impacts of climate change.

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.

It is not foreseen that the project will specifically promote 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, and 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's 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) facilitated discussions through community based organizations (iii) meetings and interviews with government officials both at national and local levels; and (iv) meetings with informal leaders/groups in the project area. Project due diligence will include a full 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 a few formal and informal community-based organizations in the area that actively participate in forums discussing issues of importance for the community. 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 and other vulnerable groups will be intensively consulted, especially during any 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?

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The road between the collection and injection sites may require expansion and reinforcement, which might involve some resettlement, though the total number of potentially impacted people is expected to be small. This will be fully investigated during project due diligence and appropriate mitigating measures put in place.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <input checked="" 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 type="checkbox"/> None
<p><b>B. Indigenous Peoples Category</b> <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?</p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Preliminary assessment of the potentially impacted communities suggests that indigenous peoples will not be impacted by the project. This will be verified during due diligence. <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?</p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The proposed project is not expected to affect any territories or natural and cultural resources of importance to indigenous peoples. This will be verified during due diligence. <p>3. Will the project require broad community support of affected indigenous communities?</p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. There are no anticipated impacts on the way of life, customs, or religious traditions of communities through solar park development. However, potential impacts will be fully evaluated as will the requirement for support of any affected indigenous communities. <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <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
<p><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design?  Temporary employment opportunities may be available to unskilled laborers. Standard assurances on labor standards will be included in civil works contracts.</p> <input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS (L) <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 _____ <p>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</p>
<p><b>VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></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 (resettlement and indigenous people); and (vi) other social risks. Are the relevant specialists identified?</p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <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?  The project preparation team includes social development specialists (national and international) who will conduct poverty and social impact assessment including gender and community participation issues.</p>