

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	MLD: Preparing the Outer Island Sustainable Energy Development		
Project Number:			
Month/Year	November 2012		
Lending/Financing Modality:	Sector Project - Grant	Department/ Division:	SARD/SAEN

I. POVERTY ISSUES

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy³

The Maldives is a nation of over 1,190 low-lying coral islands spread across 90,000 square kilometers of the Indian Ocean. It has a population of about 300,000 people. The proposed project focuses on the populated islands outside Greater Male where incomes are generally lower. The objective is to support enhancement of energy efficiency and a transition to a higher proportion of renewable energy powered systems resulting in a reduction in fossil fuel dependence on these islands. The government currently provides implicit and explicit subsidies for provision of diesel to such islands. The Project would also support productive usage of energy on such islands.

The 2010 National Energy has the following strategic objectives including a) reducing over-reliance of the energy sector on fossil fuels) improvement of energy efficiency and conservation, c) encouraging adoption of low carbon technologies and local energy resources. The proposed project is also consistent with ADB's Strategy 2020 and Energy Policy. The project will directly and indirectly contribute to poverty reduction locally and in the region through (i) the creation of temporary and permanent jobs; (ii) improvements to basic infrastructure including electricity supply; (iii) economic investment and growth; and (iv) gender mainstreaming opportunities and activities.

B. Targeting Classification

1. Select the targeting classification of the project:

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

2. Explain the basis for the target classification: The proposed project will focus on the small and medium sized outer islands where electricity, water and sewerage services are provided by the state owned utility Fenaka. On these islands, the grant is expected to support investments for energy efficiency and renewable energy and to reduce dependence on fossil fuels and reduce the extent of government subsidies for the electricity sector. The availability of reliable power supplies is expected to be a key input to investments, employment and poverty reduction in addition to expected environmental benefits.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? Not applicable.
2. What resources are allocated to the project preparatory TA and due diligence? The due diligence will be conducted by environmental and social safeguards consultants under the PPTA. The engineering studies (to be supported by ADB SCF funds from SREP preparatory grants) and would include safeguard baseline and due diligence for specific sub-projects.
3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? The project has been classified as GI. Pro-poor, social inclusive and equitable features are expected to be developed into the design and will also be reflected in the outcome including creation and enhancement of livelihoods stemming from availability of energy for productive usage. This will be further developed during PPTA.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? The primary beneficiaries are inhabitants on the islands to be covered under the project. It is expected that this would result in (i) the creation of temporary and permanent jobs; (ii) improvements to basic infrastructure including electricity supply; (iii) economic investment and growth through productive energy usage; and (iv) gender mainstreaming opportunities and activities.

2. What are the potential needs of beneficiaries in relation to the proposed project? The primary needs of poor and vulnerable stakeholders are improved infrastructure including reliable electricity and drinking water, jobs and enhanced economic activity.
3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? The project will facilitate job creation resulting from the improvement of local infrastructure in the local community and contribute to increasing economic growth and investment. The project will link productive electricity usage to micro small and medium enterprises on islands.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.
Potential stakeholders include electricity consumers on outer islands including households, small businesses, schools and health clinics, utility, government and private sector
2. What type of consultation and participation (C&P) is required during the project preparatory TA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)? Participatory public consultations and focus group discussions will be carried out with relevant stakeholders during the planning and implementation stages of development. Consultations will aim to engender the informed consent of stakeholders. Consultations will be ongoing as needed and will involve the implementation personnel and local government officials where relevant.
3. What level of participation is envisaged for project design?
 Information sharing Consultation Collaborative decision making Empowerment
4. Will a C&P plan be prepared? Yes No Consultations will be managed through a mix of formal and informal consultations with communities – on an as needed basis. The nature and scale of impacts and the number of peoples adversely affected is expected to be limited.

C. Gender and Development

1. What are the key gender issues in the sector and subsector that are likely to be relevant to this project or program? Women in the Maldives face inequalities compared to men across a number of human development indicators and socio-economic variables. Women are expected to benefit from the outcome of the project and the overall investment in the outer islands particularly on improved reliability of the power system and productive usage of electricity.
2. Does the proposed project or program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No The project is expected to promote gender equality and empower women in decision making roles by encouraging and enabling women to actively participate in public consultations. Further, productive energy usage, women's employment and related training and capacity development will be supported under the project through a combination of initiatives including micro, small and medium sized enterprise.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
 Yes No Neither women or girls are expected to suffer adversely from the project.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	Loan sub-projects are anticipated to have minimal impacts of an economic nature and physical displacement.	Limited	<input checked="" type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> Involuntary Resettlement Plan (if necessary)
Indigenous Peoples	The project is not expected to adversely impact indigenous groups or peoples. Sub-project due diligence will include the assessment of impacts on indigenous people.	Not known at this time.	<input checked="" type="checkbox"/> Indigenous Peoples Framework (if necessary) <input checked="" type="checkbox"/> Indigenous Peoples Plan (if necessary)

Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	The project will create temporary and permanent jobs including for design, development, operation and maintenance of energy efficient and renewable energy based systems on identified islands.	The project will increase employment opportunities in the local area including for productive end use of electricity. This is viewed as a significant positive impact. Labor and working conditions will be safeguarded and protected in compliance with core labor standards.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	Power costs (and tariffs) are expected to stabilize after the introduction of energy efficient and renewable energy based systems. Volatility associated with fossil fuel pricing (and consequent impact on tariffs, cross-subsidies and government subsidy) is expected to reduce.	No impact	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input checked="" type="checkbox"/> Others (conflict, political instability, etc.), please specify	(Political) The Maldives has seen a change in government in 2012 and national elections are scheduled in 2013.	Not known at this time. The SREP IP process has been through multiple public consultations and the carbon reduction project has been supported by stakeholders.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
IV. PROJECT PREPARATORY TECHNICAL ASSISTANCE/DUE DILIGENCE RESOURCE REQUIREMENT			
1. Do the terms of reference for the project preparatory TA (or other due diligence) include poverty, social, and gender analysis and the relevant specialist(s)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why. 2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social, and/or gender analysis, and C&P during the project preparatory TA or due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			