

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Indonesia	Project Title:	Java–Bali 500-Kilovolt Power Transmission Crossing Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Southeast Asia Department/ Energy Division

### 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 government's National Medium-term Development Plan, 2010–2014<sup>1</sup> targets an average annual growth rate of 7% by 2014. The country partnership strategy, 2012–2014<sup>2</sup> and the country operations business plan, 2013–2014<sup>3</sup> support the government's efforts to achieve projected levels of pro-poor sustainable growth. The project supports improved infrastructure and logistics to enhance connectivity and reduce regional disparities, which is a major area of engagement identified in the country partnership strategy. The project is aligned with the interest of the Asian Development Bank (ADB) in strategic transmission investments that will link different islands to reduce the overall need for reserve capacity. This will improve system reliability and remove transmission bottlenecks, and it is an integral part of the electricity supply business plan, 2012–2021 of the State Electricity Company (PLN).<sup>4</sup> The project directly supports two of the basic objectives of the government's poverty reduction strategy: (i) improvement of infrastructure to transcend the geographic barriers of the Java-Bali region and (ii) achievement of the Millennium Development Goals focusing on socioeconomic development.

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

##### 1. Key poverty and social issues

The peak demand in Bali in 2012 was 618 megawatts (MW). In 2018 the total installed supply capacity in Bali will be 926 MW, including 526 MW of diesel-based power generation, while the estimated demand will be 1,234 MW. The diesel generators presently supplementing the main power supply from Java to Bali will be retired once the project is completed. The government aims to increase the electrification ratio in Bali from the current 69% to 90% in 2020. PLN projects the demand in Bali will increase by about 9.6% from 2012 to 2022. The Bali Tourism Board targets continued growth of foreign tourist arrivals above 10%. Limited access to a secured electricity supply by the population of Bali affects key service sectors, including education, health, water, and socioeconomic activities. The lack of key services is one of the main causes of poverty in the region, and increased access to a secured power supply would have long-term impacts on economic and social development, including increased employment opportunities and a reduction in poverty. The local populations in Bali and Java would experience environmental and socioeconomic benefits, which would improve their quality of life.

**2. Beneficiaries.** The project area is located in East Java and Bali provinces, while the project main beneficiary area is Bali Province. The social impact assessment conducted in 2011 indicates that the project will directly benefit about 1 million people living in and around load centers in Denpasar and Bandung regencies. Nearly 20% of the total beneficiary population is below the poverty line. Poverty is reflected by low basic education, low primary health, low economic income, and low access to public facilities, including electricity. The project will indirectly benefit 4 million people living in Bali Province, of which 182,000 are poor, 92,000 urban, and 90,000 rural. In addition, an estimated 2.6 million foreign tourists and floating population in Bali will also benefit from an uninterrupted power supply upon completion of the project.

**3. Impact channels.** The project will contribute toward achieving the targeted 90% electrification rate by 2020 from the current level of 69%. Power sector development will directly contribute to economic growth and poverty reduction by lowering household energy costs, improving the quality of supply, and removing constraints to the growth of the tourism sector that offers robust employment opportunities. Direct benefits will extend to all categories of consumers, poor and non-poor. Increasing energy access for women will enable better use of time now spent in sourcing fuel and performing manual labor. Regional development will benefit the people living in remote areas through increased access to a secured power supply for various uses, which will ultimately result in socioeconomic growth.

**4. Other social and poverty issues.** A lack of access to key social services, such as education and health care, are the main causes of poverty in Indonesia. The poor are more vulnerable to health shocks due to high medical expenses for treating diseases, lost school and work days for recovery, high transportation costs, and other access

<sup>1</sup> National Development Planning Agency. 2009. *Rencana Pembangunan Jangka Menengah Nasional*. Jakarta.

<sup>2</sup> ADB. 2012. *Country Partnership Strategy: Indonesia, 2012–2014*. Manila.

<sup>3</sup> ADB. 2012. *Country Operations Business Plan: Indonesia, 2013–2014*. Manila.

<sup>4</sup> PT (Persero) Perusahaan Listrik Negara.

<p>barriers. The opportunity cost of completing basic education is also greater for children, especially girls, from poor households. The improved efficiency of electricity supply will help improve the situation.</p> <p>5. <b>Design features.</b> The proposed project, which is an integral part of the national power development plan, will construct a 220-kilometer 500-kilovolt transmission line from Java to Bali and upgrade associated facilities. The interconnection transmission line will remove current power supply bottlenecks between Java and Bali provinces, improve the reliability and quality of supply, and ensure long-term power supply security in Bali. The project design features include: (i) priority for employment of local men and women, particularly those from poor households, for physical works; (ii) contractor specifications for provision of HIV/AIDS and sexually transmitted infection awareness and prevention programs for construction crews and surrounding communities; and (iii) a public consultation and participation program linked to different aspects of project preparation and implementation, including participation in monitoring.</p>
<p><b>II. PARTICIPATION AND EMPOWERING THE POOR</b></p>
<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>Most stakeholders, including civil society organizations, local communities, and affected persons, were consulted throughout the project preparation process. Social assessment and focus group discussions were undertaken to address social concerns in project design, minimize impacts, ensure social acceptance, and increase equitability. Local customs, religious practices, and traditional activities have been considered as a fully integrated part of the preparation process to avoid discrimination and/or disruption of activities. All stakeholders and affected persons were informed about the project and its potential impacts and benefits. Public opinion makers were asked whether power interconnection would be a viable alternative for improving electricity supply in Bali.</p> <p>PLN also conducted interactive meetings with all stake holders in the Java and Bali provinces including affected people and beneficiaries, concerned provincial authorities and national ministries to discuss the project's salient features and its impacts on the two national parks and coastal areas. The resulting consensus was that the power interconnection project would result in a better alternative for increasing access to a secured electricity supply with a wide range of benefits to the communities. Separate discussions were held with representatives of labor unions to allay misgivings and other concerns relating to project impacts. Stakeholder consultations will be continued during implementation to ensure smooth land acquisition and resettlement.</p> <p>2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.</p> <p>In general, civil society plays no specific role in the project. However, local community organizations were consulted during project preparation.</p> <p>3. Explain how the project ensures adequate participation of civil society organizations in project implementation.</p> <p>During implementation of the land acquisition and resettlement plan (LARP) and environmental management plan (EMP), consultations with local communities and affected persons will continue.</p> <p>4. What forms of civil society organization participation is envisaged during project implementation?</p> <p><input checked="" type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input checked="" 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?</p> <p><input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p>A participation strategy is adopted throughout the project cycle and incorporated in the social safeguard documents to ensure that different stakeholders will continue to participate during project implementation.</p>
<p><b>III. GENDER AND DEVELOPMENT</b></p>
<p>Gender mainstreaming category: No gender elements</p> <p><b>A. Key issues.</b> No particular issues are expected to arise from the implementation of the project. The project will benefit the population regardless of gender and lead to improved quality of life by providing access to an electricity supply. Additionally, the project authority will provide equal employment opportunities to both men and women in civil works and related services with proper health safeguards. The executing agency will ensure that affected women are consulted and due attention given them in the LARP and its implementation. Women will also be encouraged to participate in capacity development held by the executing agency.</p> <p><b>B. Key actions.</b> Measures included in the design to promote gender equality and women's empowerment include increasing access to and use of relevant services, resources, assets, or opportunities, and participation in the decision making process. <input type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input checked="" type="checkbox"/> No action or measure</p>
<p><b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b></p>
<p><b>A. Involuntary Resettlement</b> <span style="float: right;"><b>Safeguard Category:</b> <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. Key impacts. The project will require acquisition of a total 717 hectares (ha) comprising forestry areas (172 ha) and private or company land (545 ha). Of the 717 ha, only about 56 ha will be permanently acquired for towers and substations, while 661 ha will be restricted for transmission line right of way. A total of 1,198 affected households with 3,892 affected persons in East Java and Bali provinces will be affected by the project. About 305 affected households are considered vulnerable groups and 143 affected households will be severely affected. The draft LARP will be updated following final detailed engineering design, so the data on affected households and affected persons may change.</p>

<p>2. Strategy to address the impacts. Land acquisition will be undertaken in accordance with government laws and regulations. The contractors will be required to comply with applicable national and local labor laws and regulations, and environmental regulations. Affected persons will be paid compensation in accordance with agreed resettlement entitlements, which are incorporated in the LARP.</p> <p>3. Plan or other Actions.</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Combined resettlement and indigenous peoples plan</p> <p><input type="checkbox"/> Resettlement framework <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> No action</p>	
<p><b>B. Indigenous Peoples</b> <b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>	
<p>1. Key impacts. No indigenous people are expected to be affected by the project. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>2. Strategy to address the impacts. No indigenous people are identified as living in the project area. However, Balinese are very sensitive to cultural and religious matters.</p>	
<p>3. Plan or other actions. No action.</p>	
<p><b>V. ADDRESSING OTHER SOCIAL RISKS</b></p>	
<p><b>A. Risks in the Labor Market</b></p>	
<p>1. Relevance of the project for the country's or region's or sector's labor market. Increased employment opportunities <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards</p>	
<p>2. Labor market impact. The project will create increased employment opportunities. Affected persons and beneficiaries, especially those from vulnerable groups, will be given opportunities for project-related jobs, particularly in civil works. Standard clauses with respect to labor standards and national labor legislation will be included in contractors' contract documents. Project assurances will include compliance with labor standards and the provision of regular reporting to ADB.</p>	
<p><b>B. Affordability</b> Not applicable.</p>	
<p><b>C. Communicable Diseases and Other Social Risks</b></p>	
<p>1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases L <input checked="" type="checkbox"/> Human trafficking L <input type="checkbox"/> Others (please specify)</p>	
<p>2. Describe the related risks of the project on people in project area. Construction contractors will be required to provide awareness and prevention education to the workers and communities in which the project is located on safety and HIV/AIDS and other sexually transmitted diseases, and acceptable quality labor camps. The requirements will be specified in the bidding documents and proficiency to deliver will be evaluated during bid evaluations.</p>	
<p><b>VI. MONITORING AND EVALUATION</b></p>	
<p>1. Targets and indicators: The internal monitoring team will collect and collate information from affected communities and other implementing agencies on the progress of implementation of the LARP covering the following:</p> <ul style="list-style-type: none"> <li>(i) Updating of the LARP.</li> <li>(ii) Delivery of entitlements, including compensation for land and non-land assets in accordance with the approved updated LARP, with no discrimination according to gender, vulnerability, or any other factors.</li> <li>(iii) Public information, public consultation and participation, and grievance redress procedures are followed as described in the approved and updated LARP.</li> <li>(iv) Capacity of affected persons to restore and/or re-establish livelihoods and living standards.</li> <li>(v) The transition between resettlement and commencement of civil works is smooth and sites are not handed over for civil works until affected households have been satisfactorily compensated and assisted.</li> <li>(vi) The budget and time frame, including resettlement implementation activities and fund disbursement,</li> </ul>	
<p>2. Required human resources: Consulting services will be engaged for a total 23 person-months to assist the executing agency in monitoring and reporting of safeguard compliance. In addition, an independent national social and resettlement specialist will be engaged for 24 person-months.</p>	
<p>3. Information in PAM: The PAM and the legal documents will require the executing agency to establish periodic reporting arrangements on social aspects to be included in the progress reports that will be provided to ADB during implementation and upon project completion.</p>	
<p>4. Monitoring tools: Monitoring of safeguards compliance will be undertaken through progress reports, site visits and review missions. The monitoring arrangements are summarized in the project's design and monitoring framework and PAM, and they are incorporated into the legal documents.</p>	

Source: Perusahaan Listrik Negara. 2012. *Java Bali 500 KV Power Transmission Crossing Project, Land Acquisition and Resettlement Plan*. Jakarta.