

INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY ISSUES

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

The Government of Indonesia has incorporated the national poverty reduction strategy paper in its medium-term national development plan (RPJMN) 2010-2014, as poverty reduction is a major concern for the Government. The 2005 country poverty assessment for Indonesia found that improved quality social services and infrastructure access are central to poverty reduction and achievement of the Millennium Development Goals. Better access to basic services is key for the economic development and poverty reduction. Hence the Government seeks to develop the power sector to support the country's economic development and reducing poverty. CPS supports the Government efforts to achieve higher levels of pro-poor sustainable growth and to enhance social development. The project directly supports two of the five identified areas of engagement in the CPS, namely: improved infrastructure and infrastructure services. The proposed loan project is listed in the COBP 2011-2015.

B. Targeting Classification

Select the targeting classification of the project:

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

Explain the basis for the targeting classification:

The project is classified as general intervention since it has a national focus. The project is an outcome of national power development plan. The interconnection transmission line will remove the power transmission bottleneck between Java and Bali and meet the electricity demand in Bali and improve the reliability and quality of supply while ensuring long term energy security in Bali. The increased capacity and reliable source of electricity will have long term impacts on economic and social development. It is expected that economic growth will lead to increased employment opportunity and would have an impact on poverty reduction.

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? N/A
2. What resources are allocated in the PPTA/due diligence? \$1 million for the ongoing PPTA and due diligence
4. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? Please explain

The focus of the Project does not have opportunity for pro-poor design except the recruitment of labor during civil work which is estimated to absorb around 1,350 local workers. Bali is one of the world's attractive tourist destinations, hence contributes significantly to supply foreign exchange. It is estimated that 70% of Bali residents are directly or indirectly employed in tourism industry. Improved electricity supply will positively impact the development of tourism and thereby increase employment opportunities for low income groups. The increase capacity in supply of electricity will increase household access to electricity and ensure improved reliability of supply for business, industries, real estate development etc. The industrial sector will require energy to grow further but will also require labor force thus providing employment opportunities for low income groups. Home industries and small businesses in Bali can increase production through improved electricity supply. The electricity is also needed for fundamental public services such as education, health care, water supply and sanitation etc., and contributes to minimize public service cost. During the PPTA study, poverty and social analysis will assess the extent to which reduction of public service cost will have an impact on poor people's access to social service.

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?

As a result of the project, the population in Bali is benefitted by having sufficient supply to meet their electricity needs. The average electrification level in Bali is 67% and electrification level in rural areas where majority of the poor people live is considerably lower. The project will increase power supply in Bali by 1500 MW and directly contributes to the Government's rural electrification program which aims to increase the electrification level to 90% by 2020. As a result of the project, a significant number of households living in rural areas will be benefitted by having improved access to reliable electricity. Improved rural access to power supply, directly contributes to access to technology, employment opportunities, better living standards and higher income.

2. What are the potential needs of beneficiaries in relation to the proposed project?
Access to adequate, reliable, safe and quality electricity supply

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

Insufficient and deteriorated electricity distribution system will hinder the project benefits. Distribution network development plan prepared by PLN is available but timely investment cannot be guaranteed. In the ADB ongoing project, "Distribution Performance Phase I", distribution networks in the Java-Bali system are being rehabilitated / augmented. PLN is now planning scaling-up on going activities with appropriate investment in distribution sector. In 2011, Government has provided \$1 million for distribution system improvements

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

PLN, provincial authorities, district and sub district authorities, village heads in the project area, affected households from land acquisition and resettlement activities and Ministries of forestry and environment.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Various participatory methods and approaches were used including a rapid social assessment in consultation and participation with stakeholders under the PPTA. Interactive meetings with members of the communities, local authorities of two National Parks and Coastal area and concerned Ministry of Forestry and Ministry of Environment have been conducted as part of the consultation process. During the preparation of resettlement plan, participation of affected people in the survey was ensured so that affected people could express their opinion on the project and its impact on them. They expressed their opinion and suggestions on compensation, relocation, entitlement provisions, income restoration option, mechanisms for grievance and compliant redress etc.

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 during the project design for project implementation? Yes No Please explain.

C. Gender and Development

Proposed Gender Mainstreaming Category: No gender elements

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/ program?

In Indonesia, generally women are responsible for housing activities such as agriculture, cooking, arrangement of wood or other alternative fuel for cooking and lightening. Time and effort spent on these activities would be significantly reduced for women with improved electricity supply, so that they can engage in income generating activities, family or leisure time. It is expected that a reliable source of electricity will have a positive impact on use of household equipment, especially kitchen equipment. This could lessen the workload of women in upper and middle-income households. Women running home industries, businesses, and other enterprises might experience lower production costs and increased revenue. The negative impact of the Project is related to land acquisition and loss of income for poor women. Specific actions to address gender issues have been included in the draft resettlement plan.

2. Does the proposed project/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.

Since the transmission line is to increase the availability of supply in Bali and strengthen the regional electricity grid, the overall positive impacts are diffused, it is difficult to design gender equality and/or women's empowerment actions within the project design.

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

Yes No Please explain

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	IR is envisaged. The total land area where permanent impact is expected is around 450,000 m ² belong to 500 households. Lands to be acquired are a combination of private owned and lands belong to PLN and government (Ministry of Forestry). Based on its function, the lands comprise of forests, paddy fields, and dry fields used for vegetables and other secondary crops. It is envisaged about 380 houses will be severely affected.	Significant	<input checked="" type="checkbox"/> Resettlement Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input type="checkbox"/> None <input type="checkbox"/> Uncertain
Indigenous Peoples	No indigenous people expected to be affected by the Project.	No Impact	<input type="checkbox"/> Indigenous Peoples Plan <input type="checkbox"/> Indigenous Peoples Planning Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input checked="" type="checkbox"/> None <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input checked="" type="checkbox"/> Core Labor Standards	The Project will create wage employment opportunities during construction. It will be ensured that the construction contracts will include provision of fair wages, equal wages for men and women for equal work, and basic facilities in the construction camps.		<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	Not Applicable		<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input checked="" type="checkbox"/> HIV/AIDS <input checked="" type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	The project will minimize the risk of HIV/AIDS through information dissemination campaigns at project areas as per the provisions in the project administration manual.		<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
<p>1. Do the TOR for the PPTA (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.</p> <p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social, and/or gender analysis, and C&P during the PPTA/ due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Under the PPTA following resources allocated; social specialists 3 person-months international and 4 person-months national, survey budget of \$70,000 and total travel budget of \$90,000</p>			