SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

<table>
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<tr>
<th>Country:</th>
<th>Papua New Guinea (PNG)</th>
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<tr>
<td>Project Title:</td>
<td>Power Sector Development Project</td>
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I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

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

PNG has one of the lowest electricity access rates in the region, with about 13% of households connected to the main grid. Papua New Guinea Vision 2050a and PNG’s Development Strategic Plan, 2010–2030b focuses on inclusive economic growth and improving living standards. The Development Strategic Plan targets a national electrification rate of 70%. The government's five-year plan—the Medium-Term Development Plan III (2018–2022)—also identifies the need to improve utilities, including the main power grid extension. The project will increase reliable and affordable power connections to households and essential services in rural areas near Port Moresby, Lae, Madang, and on the island of New Britain. The project is in line with ADB’s country partnership strategy for PNG, 2021–2025, which prioritizes energy as a key area of support to diversify economic growth. The project supports the operational priorities of ADB’s Strategy 2030, including (i) addressing remaining poverty and reducing inequalities; and (ii) strengthening governance and institutional capacity. It will contribute to Sustainable Development Goal 7: ensuring access to affordable, reliable, sustainable, and modern energy for all. The project is in line with ADB’s Energy Policy objectives and is included in ADB’s country operations business plan for PNG, 2021–2023.

B. Results from the Poverty and Social Analysis during PPTA

1. Key poverty and social issues. In 2017, the proportion of the population living below the national poverty line was 37.5%. The United Nations Human Development Report (2019) found that 56.6% of the population are multidimensionally poor, with an additional 25.3% considered vulnerable to poverty. Households headed by women in rural areas are considered the poorest in the country, and poverty levels have increased because of the COVID-19 pandemic. PNG has a Human Development Index value of 0.555 (medium human development category) and was rated 155 of 189 countries and territories in 2019. Achievements have been made since 1990 on key indicators, including increased life expectancy at birth (by 8 years), increased expected years of schooling (by 5.5 years), and increased gross national income per capita (by 87.9%) (footnote i). However, PNG’s topography dispersed population, and poor infrastructure impedes the delivery of services to rural populations. Limited access to affordable and reliable electricity constraints includes economic growth and poverty reduction. Despite ongoing improvements in the energy sector, grid penetration in rural areas remains extremely low at 4% because of insufficient transmission and distribution infrastructure. PNG’s per capita consumption ratio of electricity is also one of the lowest globally.

2. Beneficiaries. The project will benefit 2 million people in the outlying areas of Port Moresby and the provinces of East New Britain, West New Britain, Morobe, and Madang. The project will extend the electricity supply network to about 56,000 additional customers (including 39,340 customers in Gazelle and Ramu-Lae, funded by the Australian Infrastructure Financing Facility for the Pacific), including households and public facilities such as public and commercial buildings.

3. Impact channels. The project will make electricity more affordable, reducing reliance on diesel-generated power. This will benefit small businesses and households, including low-income families. The reliable and affordable electricity supply will create additional income-generating activities at the household and community levels. In addition, it is likely that the quality of government social services, such as education and health services, will improve indirectly once rural facilities are connected to the main grid, as cost savings can be redirected to support service delivery. The project will employ some locals during construction and operation.

4. Design features. The project will improve access to electricity in rural and town centers of PNG through (i) expanding/upgrading the transmission and distribution network to promote economic and social activities in areas experiencing increased load, (ii) enhancing the operational capacity of PPL, (iii) improving sector-wide coordination, and (iv) creating an enabling environment for private investment in off-grid areas. The project will support the government's target of 70% of electrification by 2030 by promoting sustainable development in peri-urban and rural areas and increasing grid penetration from 13% to about 20% by 2028. Benefits to the poor are indirect in that a more reliable power supply contributes to economic growth, job creation, and better quality of life and well-being. Design features target women to the extent possible.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participation approaches and project activities. PPL will ensure that poor and vulnerable households in project areas can meaningfully participate in decisions regarding the location of utility poles and construction activities in their communities. PPL will utilize a range of consultation approaches during the detailed engineering design phase and encourage the attendance of CSOs, including business, women’s, religious, youth, and disability groups, in
consultation meetings. It may be required to adjust activities because of COVID-19-related restrictions on public gatherings and social distancing measures.  
2. PPL will invite CSOs to be members of grievance redress committees in the project areas and request that GBV organizations support project-related grievances involving harassment and abuse against women. PPL will explore opportunities to involve CSOs in safely delivering locally based training activities in the subproject areas, including business skills training, intrahousehold decision-making, electrical safety campaigns, and aspects of the resettlement plans. Apart from locally based groups, PPL has collaborated with Port Moresby-based environmental and advocacy organizations in the past and will explore opportunities to involve these groups in implementing and/or monitoring safeguards implementation.  
3. Civil society organizations. A gender and community development expert within the project management unit will be responsible for exploring CSO engagement opportunities in the project, including activities identified in the gender action plan and resettlement plans.  
   ☑ Information gathering and sharing (M) ☑ Consultation (M) ☑ Collaboration (M) ☐ Partnership (N)  
4. Participation plan. ☑ Yes. ☐ No. PPL will prepare a participation plan within 3 months of loan effectiveness to strengthen civil society groups’ participation in project implementation and ensure that members of poor and vulnerable households are consulted about the project. The plan will be informed by initial meetings with organizations engaged by PPL to deliver project-related training and monitoring or implementation assistance. The plan will include delegated responsibilities and a Gantt chart of activities to be delivered. PPL will regularly update the participation plan during project implementation.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective gender mainstreaming

A. Key issues. There is significant gender inequality in all spheres of life in PNG. Although access to affordable and reliable energy remains a challenge for all project areas, there are specific implications for women and girls. Women and girls have high levels of time poverty and are primarily responsible for household management, including collecting water and fuel for cooking or heating. Surveys conducted at project sites found that women contribute to household incomes mainly through informal work. Focus group discussions highlighted several barriers to income generation for women, including a lack of reliable electricity for business, limited training, particularly in business skills and financial literacy, and personal safety issues. Consultations also highlighted women’s concerns about a lack of reliable electricity in schools and hospitals, which limits the effectiveness of emergency procedures and harms maternal health. Female-headed households, which account for 17% of households nationally, are at increased risk of poverty and vulnerability. GBV prevalence in PNG is among the highest globally, with 68% of women disclosing an experience of physical or sexual violence by an intimate partner in their lifetime. Limited lighting also impacts women’s perception of safety. Women and girls have limited decision-making or leadership roles at the policy and institutional levels, particularly in the energy sector. About 15% of PPL’s workforce are women, and 2% of employees in technical roles are women.

B. Key actions.  
   ☑ Gender action plan ☐ Other actions or measures ☐ No action or measure Access to energy will reduce women’s drudgery, saving time by removing the need to collect fuel for food preparation. Access to power will also reduce indoor air pollution and improve health by eliminating the need to use wood-fueled stoves. Electrification’s benefits will proactively target women and girls by ensuring that at least 10% of new connections are for female-headed or other vulnerable households through connection and usage subsidies and/or low interest/no collateral credit schemes. Connections for schools and health clinics in project areas will be prioritized. Additional training and support will be provided to support women and girls to maximize the benefits of access to affordable and reliable energy, including business skills training, demand-side management training, and electricity safety campaigns. The project will run and evaluate a pilot training on intrahousehold decision-making. The project also contains several measures to ensure a safe working environment for women (as employees and the community). The project will train contractors and PPL staff on GBV and prevent sexual exploitation and abuse. The project will ensure equal pay for equal work, public lighting at all project sites, and separate and safe sanitation facilities for female and male construction workers. Project activities will support increased female representation in technical and leadership roles, including the development of an institutional gender plan for PPL; paid internships for women in technical, science, and technology areas; and outreach to high schools, with a particular focus on careers for women in the energy sector.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement  
   Safeguard Category: ☐ A ☑ B ☐ C ☐ F1  
1. Key impacts. For the transmission and distribution lines, PPL will utilize existing road right-of-way or easements. The new substations and switchyards are proposed to be located on state-owned land (3.28 hectares) and customary owned land (3.12 hectares). The project will result in the involuntary resettlement of about 70 people (12 households) and will severely impact the livelihood of one informal settler household. There will be extensive impacts on assets
located within the road right-of-way. Nevertheless, impacts on livelihoods are not expected to be significant.

2. Strategy to address the impacts. PPL will negotiate easement agreements for the transmission and distribution lines where needed. According to national laws that allow customary land to be alienated for public purposes, land required for the substations and switchyards will be acquired outright through agreements. Four draft resettlement plans have been prepared in compliance with national laws and ADB’s Safeguard Policy Statement (SPS, 2009). Relocation assistance will be provided where needed, and compensation paid for affected assets at replacement value.

3. Plan or other Actions.

**Resettlement Plan**
- Resettlement plan
- Resettlement framework
- Environmental social management system
- No action

**Combined Resettlement and Indigenous Peoples Plan**
- Combined resettlement and indigenous peoples planning framework
- Social impact matrix

B. Indigenous Peoples

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<th>Safeguard Category</th>
<th>A</th>
<th>B</th>
<th>C</th>
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1. Key impacts. Although the project will be in customary land areas populated by tribes and clans, these different sociocultural groups are not considered as distinct and vulnerable as defined in the SPS (2009).

Is broad community support triggered? Yes ☐ No ☒

2. Strategy to address the impacts. Not applicable

3. Plan or other actions. PPL will deliver consultations in local languages, ensuring that culturally appropriate events are held at times most suited to clans’ members, including women. PNG laws concerning the compulsory acquisition of customary land will be adhered to.

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. Relevance of the project for the country’s or region’s or sector’s labor market, indicated as high (H), medium (M), and low or not significant (L).
- Unemployment (L) ☐ Underemployment (L) ☐ Retrenchment (L) ☒ Core labor standards (L)

2. Labor market impact. The project will generate employment opportunities during construction and operation.

B. Affordability

The project will improve the affordability of electricity for households and businesses. It will reduce reliance on diesel-generated power, which is more costly than power supplied through the main grid.

C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): NA
   - Communicable diseases (M) ☐ Human trafficking (L) ☒
   - Others (please specify) ______________

2. Risks to people in the project area. PNG has experienced community transmission of COVID-19; HIV/AIDS prevalence is at a rate of 0.9, and there are high rates of intimate partner violence (47.6%). The project will undertake assessments to mitigate the risks of communicable diseases.

VI. MONITORING AND EVALUATION

1. Targets and indicators. The social targets are outlined in the DMF and the gender action plan. They include targets for (i) new connections to female-headed and vulnerable households, (ii) new connections to schools and health clinics, and (iii) attendance of women at training courses.

2. Required human resources. The project management unit will include a large team of PPL staff, including a gender expert, and will be supported by an international consulting firm.

3. Information in the project administration manual. The PAM includes information on safeguards, gender, and stakeholder consultations. It also briefly summarizes the grievance redress mechanism and the project committees.

4. Monitoring tools. Project performance will be monitored using the targets and indicators set out in the DMF, PAM, and safeguard documents. PPL will prepare quarterly progress reports and semiannual safeguard monitoring reports.


Source: ADB and PPL

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