

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Sri Lanka	Project Title:	Wind Power Generation Project
Lending/Financing Modality:	Project Loan	Department/ Division:	South Asia Department/Energy Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: General Intervention
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy
<p>In 2016, the total installed capacity was 4,018 megawatts (MW) and the annual electricity generation of Sri Lanka was 14,148 gigawatt-hour (GWh).¹ The country's electricity requirement increases at an average rate of 5%–7% annually (7.4% in 2016) and the energy demand will continue to increase with industrial and commercial development. It is estimated that about 150–200 MW additional installed capacity is required each year to fill the gap for the electricity demand while ensuring uninterrupted, reliable, and low-cost electricity for all people. The electrification level (access to electricity) stands at 99.3% and the government expects to increase it up to 100% from 2016 to 2017. However, people who already live in electrified areas do not have electricity due to low income levels and other social factors, whereas 270,000 families in the country are not provided with electricity either through grid or off-grid options.² Sri Lanka aims at reaching a target of 20% of electricity generation from non-conventional renewable energy (NRE) sources by 2020 while relieving the dependence on fossil fuel imports.³ In 2016, the country had achieved 8.2% of electricity generation from NRE sources, which included mini-hydro, wind, solar, and biomass. The country partnership strategy (CPS) of the Asian Development Bank (ADB) is consistent with the development policies of the Government of Sri Lanka, including its energy policies.⁴ The CPS focuses on assisting the government in addressing major constraints for sustaining inclusive growth in Sri Lanka.</p> <p>The proposed Wind Power Generation Project complies with the national and sector needs and priorities of the government and ADB's CPS. The project will support the development of renewable energy systems, contribute to reaching the NRE target of 20% in 2020, and a decrease in the costs of electricity generation. It is estimated that generation cost of 1 kilowatt-hour (kWh) of electricity using fossil fuel ranges between SLRs26–SLRs30 whereas the cost of electricity generated using wind power is about SLRs19 per kWh. As such, the project will have a strong influence to reduce fossil fuel imports and to minimize the price fluctuations of electricity. The proposed project is expected to improve the availability of electricity with due consideration of environmental and social impacts, and support sustainable economic growth and poverty reduction.</p>
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence
<p>1. Key poverty and social issues. Enhanced power supply will contribute to economic growth, promote commercial and industry sectors, and improve social services, since hospitals, schools, and other social utilities are often hardest hit by inadequate power supply, load shedding, and poor power quality. The country will also benefit indirectly from a reduction of CO₂ emissions generated from fossil fuels, which was estimated to be approximately 0.86 tons of CO₂ per capita in 2013, through this renewable energy project. The project will contribute to the development of communities on and around the project site by creating job opportunities.</p> <p>2. Beneficiaries. At the national level, the project's benefits are contribution to cost reductions in electricity generation and fossil fuel imports, additional power supply to the national grid to meet the escalating demand for electricity, and a decrease of the CO₂ emissions generated by fossil fuels. The project will also significantly contribute to reaching the NRE target of 20% by 2020. Local communities in the project impact zone, with an estimated population of around 8,217 and 2,120 households, will benefit from employment opportunities in labor work during the project construction period between 2018–2021; improved road networks and drinking water wells to be developed by the project; and improved power supply and reliability in Mannar with the installation of reactors at New Anuradhapura and Mannar grid substations. The local community will also benefit from an increased demand for their local produce and resources from the influx of labor teams and others who will come to work on the wind power project.</p> <p>3. Impact channels. The project will contribute to the increase of power supply in the country. Households and industry will receive a more stable and reliable supply of electricity and their vulnerability to power-cuts due to depletion of hydro-power resources during severe droughts will be reduced. Manufacturing and services would be able to initiate new enterprises, sustain their productivity, increase their supplies of goods and services to the market,</p>

¹ Ceylon Electricity Board. 2017. *Statistical Digest 2016*. Colombo.

² Government of Sri Lanka. Department of National Planning, Ministry of National Policies and Economic Affairs. *Public Investment Programme 2017–2020*.

³ Nonconventional renewable energy includes mini-hydro up to 10 megawatt capacity, wind, solar, biomass, tide, and geothermal power generation sources.

⁴ ADB. 2017. *Country Partnership Strategy: Sri Lanka, 2018–2022—Transition to Upper Middle-Income Country Status*. Manila.

entitlements, compensation, and other assistance, depending on the severity and nature of the impacts. The resettlement plan includes a process for addressing grievances, monitoring activities, and allocating budgets and costs for carrying out relevant activities.	
3. Plan or other Actions.	
<input checked="" type="checkbox"/> Resettlement plan	<input type="checkbox"/> Combined resettlement and indigenous peoples plan
<input type="checkbox"/> Resettlement framework framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix <input type="checkbox"/> No action
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. No Indigenous Peoples reside in or around the project area, and positive or adverse impacts on indigenous peoples are not anticipated.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. No action required.	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	
<input type="checkbox"/> Social impact matrix	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input checked="" type="checkbox"/> No action	
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).	
<input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards	
2. Labor market impact. The project will create temporary employment opportunities for skilled and unskilled labor in the project area during its construction. The contractual work agreements with the selected engineering construction company will include conditions for contractors to ensure deployment of local labor wherever possible, maintaining gender equality in labor force participation and compliance with core labor standards, including equal wages, appropriate facilities for men and women, and health and safety measures for the labor force. Information on the risks of sexually transmitted diseases, including HIV/AIDS will be disseminated in accordance with the relevant provisions in the loan agreement.	
B. Affordability: No issue anticipated	
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):	
<input type="checkbox"/> Communicable diseases	<input type="checkbox"/> Human trafficking
<input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area. Risks of the project on local communities are perceived to be minimal. Workers will be educated on the prevention of sexually transmitted diseases including HIV/AIDS. Worker camps (if necessary) will be set up outside the settlements and deployment of child labor and human trafficking will be strictly prohibited.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The monitoring and evaluation indicators will include (i) conduct consultations with affected persons and other stakeholders and their participation; (ii) status of information disclosure; (iii) timely payment of compensation prior to the commencement of civil works; (iv) grievance redress; (v) measures to avoid construction-related losses and disturbances to local communities; and (vi) economic and social benefits to local communities, e.g., access to improved road networks and potable water.	
2. Required human resources. Staff of a project management unit (PMU), project managers and their staff in the project implementation unit in Mannar, and hired consultants (if necessary).	
3. Information in the project administration manual. Semiannual monitoring reports by the PMU.	
4. Monitoring tools. PMU will submit monitoring reports to ADB, who will review the reports and conduct site visits when necessary.	

Sources: Government of Sri Lanka. 2008. *National Energy Policy and Strategies of Sri Lanka*. Colombo.

Government of Sri Lanka. Department of Census and Statistics. 2015.. *Household Income and Expenditure Survey 2012/13*. Colombo.

Government of Sri Lanka. Department of National Planning, Ministry of National Policies and Economic Affairs. *Public Investment Programme 2017–2020*.

Ceylon Electricity Board. 2017. *Statistical Digest 2016*. Colombo.

ADB. 2017. *Country Partnership Strategy: Sri Lanka, 2018–2022—Transition to Upper Middle-Income Country Status*. Manila.