

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Republic of the Marshall Islands	Project Title:	Majuro Power Network Strengthening Project – Phase One
Lending/Financing Modality:	Project/Grant	Department/Division:	Pacific Regional Department Pacific Transport, Energy and Natural Resources 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>The Majuro Power Network Strengthening Project – Phase One will support the government’s <i>National Strategic Plan 2015-2017</i> (NSP), which serves as the framework document to coordinate the government’s articulated medium-term development goals and objectives the national level. The NSP identifies the reduction in “access related poverty” as a key component of its poverty reduction strategy. The Marshall Islands are currently highly reliant on imported fossil fuels, which account for 90% of total primary energy supply (in all sectors). Power generation on Majuro, its most populous atoll, is 98% reliant on imported diesel fuel. The high cost of imported diesel fuel, exacerbated by low efficiency of Majuro’s generation and distribution assets, yield a very high cost of electricity service, with attendant consequences for economic activity and growth. The Marshall Islands’ <i>National Energy Policy and Action Plan 2016</i> prioritizes cost reduction through, inter alia, supply-side efficiency measures and increased penetration of renewable energy for power generation. Reduced cost of power service delivery through reduced system losses will benefit end-users through reduced household expenditure for energy services. The project is in line with the Pacific Approach, 2016–2020 which serves as the Country Partnership Strategy (CPS) for the smallest 11 Pacific Island developing member countries (including the Marshall Islands), which prioritizes energy as a key area of support.</p>
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence
<p>1. Key poverty and social issues. The project will provide for rapid reduction in the Marshalls Energy Company’s power service costs by reducing system losses by at least 4% with minimal capital investment requirement. It will also contribute to planning of capital investments to further reduce network losses, and to identify locations for renewable energy generation assets, further reducing power service delivery costs. Consulting support to improve Marshalls Energy Company’s business processes and management practices will allow management to more cost-effectively operate and maintain its assets, reduce waste, and plan investments to provide for long-term sustainability of Majuro’s energy infrastructure. As electricity service is critical for economic activity and general well-being, the project will generate significant poverty-reduction effects.</p> <p>2. Beneficiaries. While electric power is virtually universally available on Majuro, service reliability and quality (voltage and frequency) are low. The high costs of power service yield a high cost of service, which constrains households’ consumption choices. State budget subsidy to the sector carries a high opportunity cost, diverting resources away from other societal needs (e.g. education and healthcare). Where reduced cost of service results in a reduction in subsidy requirement, public resources can be redirected to other social and poverty alleviation priorities throughout the Marshall Islands.</p> <p>3. Impact channels. Majuro’s households will derive direct benefit from reduced power costs. Indirect beneficiaries will be those that benefit from higher state expenditure on other public services, such as healthcare and education.</p> <p>4. Other social and poverty issues. The project’s poverty reduction impact is not dependent on exogenous factors.</p> <p>5. Design features. The project is classified as general intervention (GI) and while it does not address poverty directly, it is expected to indirectly improve well-being, and expand opportunities for livelihoods.</p>
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Participatory approaches and project activities. The project’s investments in an advanced metering infrastructure will be unobtrusive, located at existing distribution network transformer installations. Nevertheless, MEC will inform relevant landowners and MEC customers of the project and its purpose, viz. the reduction in system losses and, ultimately, cost of service. This is reflected in the project’s Risk Assessment and Risk Management Plan.</p> <p>2. Civil society organizations. No civil society participation is envisaged for this intervention.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): NA Information gathering and sharing NA Consultation NA Collaboration NA Partnership</p> <p>4. Participation plan. <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No. The PMU will prepare the Strategy and Communication Plan prior to the inception. It will indicate the type, timing and mode of communication to be provided to the stakeholders.</p>

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: No Gender Elements

A. Key issues. The project will reduce system losses through installation of advanced metering system and effective capital investment planning. It has limited potential for mainstreaming gender designs or enhancing gender benefits as compared to having network distribution component. The expected reliable and improved electricity supply to the population are not determined by social factors which might disadvantage women and girls. No direct or tangible benefits are also expected to women and girls during the project period.

B. Key actions.

Gender action plan Other actions or measures No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. Key impacts. The main works include the installation of advanced metering system. It does not include any land acquisition or cause resettlement impacts.

2. Strategy to address the impacts. Not applicable.

3. Plan or other Actions.

- | | |
|---|--|
| <input type="checkbox"/> Resettlement plan | <input type="checkbox"/> Combined resettlement and indigenous peoples plan |
| <input type="checkbox"/> Resettlement 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 checked="" type="checkbox"/> No action | |

B. Indigenous Peoples

Safeguard Category: A B C FI

1. Key impacts. Not applicable. Is broad community support triggered? Yes No
Majority of the population in RMI are indigenous in terms of ethnic origin but they do not consider themselves as distinct and vulnerable to meet the definition of IPs as per ADB SPS.

2. Strategy to address the impacts. Not applicable.

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"/> Indigenous peoples plan elements integrated in project with a summary |
| <input type="checkbox"/> Social impact matrix | |
| <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).

unemployment underemployment retrenchment core labor standards

2. Labor market impact. No impact.

B. Affordability

No discernable impact on affordability is envisaged.

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 NA Human trafficking

Others (please specify) None

2. Risks to people in project area.

The DMF includes technical and safety-risk management actions, including proscription on travel and work during non-daylight hours; training and supervision on safety procedures during meter installation to be provided by supplier.

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** No direct poverty reduction or inclusive social development impacts are envisaged in the project. Hence, DMF targets do not include specific social and gender indicators.
2. **Required human resources.** Poverty and social impacts of the project will not be monitored *per se*. The ex post system losses and cost reductions will be measured, as described in the DMF.
3. **Information in the project administration manual.** Within 1 month of the grant effectiveness, the PMU will establish a project performance and monitoring system. Compliance monitoring will be provided through regular quarterly progress reports and during regular ADB review missions. As a general intervention and safeguards category C intervention, no specific safeguards, gender, or social dimensions monitoring is applicable. However, any unanticipated social and safeguards issues will be reported as required.
4. **Monitoring tools.** Project performance and monitoring system will include quarterly progress report and review missions as part of monitoring exercise.

Source: Asian Development Bank