

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Vanuatu	Project Title:	Vanuatu Energy Access Project
Lending/Financing Modality:	Project	Department/ Division:	PARD: Pacific Department PATE: Transport, Energy, and Natural Resources

<p><b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b></p> <p>Poverty targeting: General Intervention</p> <p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b></p> <p>1. The Government of Vanuatu program on poverty reduction is reflected in the government's <i>National Sustainable Development Plan 2016 to 2030 (Plan)</i>. The strategies and key targets of the Plan are consistent with the Millennium Development Goals (MDGs). Assessments show that Vanuatu has made significant progress in several indicators. The Plan highlights several basic development objectives in major sectors such as health, education, basic infrastructure – roads and bridges, transport, power, telecommunication, water and sanitation, social infrastructure expansion and improving access and enhancing social services as well as improving employment and income generating opportunities for the population as key to achieving poverty reduction and economic development.</p> <p>2. The PPA and National Energy Road Map 2013 identified challenges faced by Vanuatu for sustainable energy development due to widely scattered markets and small isolated communities on islands separated by large areas of water. Less than 20% of households enumerated in the 1999 Census had access to electricity. The Household Income and Expenditure Survey (HIES) 2010 showed some significant improvement in urban and peri-urban areas. Most rural communities continue to have limited access to basic energy services and use of traditional fuels - wood, coco shell and wood charcoal - is common. Women devote substantial time to collecting firewood.</p> <p>3. The project will improve access to social infrastructure and services and help generate income in two provinces, Sanma and Malampa. Poverty is characterized as lack of access to basic services, social infrastructure and income generating activities particularly in rural areas. Availability of a reliable source of energy will help stimulate the local economy and increase income generating activities especially for women.</p> <p><b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b></p> <p>1. <b>Key poverty and social issues.</b> Vanuatu Household Income and Expenditure Survey 2010 suggests that almost 11% of households (or 11% of population) face difficulties in meeting basic food and essential non-food needs (almost unchanged from 2006). There are many more households and individuals with expenditure just above the basic needs poverty line (BNPL) and thus vulnerable to rising prices and declining incomes. The proportion of poor in the project areas is quite high in comparison with national data. Based on TA 8285-VAN 2014 findings, the proportion of poor based on BNPL (VUV1,900 adjusted for inflation per household per capita per week) is 72% in Sarakata area and 83% in Brenwe area. Female-headed households are disproportionately represented among the poor: in Brenwe area they are particularly vulnerable considering their sole dependency on subsistence farming as source of cash income. Access to basic social services such as education and health as well as livelihood activities in the Project areas are limited by the distance of the communities to the urban centers. While there are road connections, condition of the road as well as limited public transport services make travel expensive and time consuming. Agricultural produce needs to be transported to centers like Luganville and Lakatoro due to absence of a local market. Health and educational facilities and services are likewise limited. Other basic amenities like potable water supply and electricity access are insufficient.</p> <p>2. <b>Beneficiaries.</b> Main beneficiaries of the project are (i) households along the new transmission line and the grid extension area who will receive access to electricity, including female headed and poor households, and (ii) customers who will enjoy improved and regular power supplies.</p> <p>3. <b>Impact channels.</b> Potential project beneficiaries indicated that intended use of electricity would be primarily for lighting and operating small businesses. Overall, the social assessment showed high acceptability and social viability as affirmed by the focus group discussions. There is a clear demand for improved electricity as overwhelming the majority of households affirmed their interest to connect to electricity. Access to electricity will (i) replace kerosene lighting with a cheaper form of energy, thereby freeing household expenditure; (ii) enable households to generate income; (iii) improve children's education; and (iv) reduce indoor health and safety issues associated with burning kerosene.</p> <p>4. <b>Design features.</b> Key poverty issues such as ethnic and gender concerns and land acquisition impacts are addressed through the Gender Action Plan (GAP), the due diligence investigation on IP (indigenous People) and the Resettlement Plan (RP). Community and social development programs include training for newly connected households in utilizing electricity in income generating activities, managing utility expenditures and health and</p>
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electricity safety issues. The Communication, Consultation and Participation Plan (CCPP) will ensure beneficiaries of the Project are engaged and participate in development processes.

## II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. The CCPP overall strategy involves various sets of activities to be undertaken at different stages of project cycle. Relevant activities are incorporated in various mitigating measures to be carried out under the Project to address potential adverse impacts. These include the Land Acquisition and RP, the Initial Environmental Examination (IEE), the Environmental Management Plan (EMP) and the GAP. The CCPP shall be implemented within a period of three years, from 2018-2021. The project's measures on poverty reduction measures include engaging low-income households including landowners to undertake construction projects, and extension of the distribution grid (including poor households), including training for income generation activities.

2. Civil society organizations. Requirements for civil society participation will be implemented and monitored according to the CCPP.

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):

M Information gathering and sharing  M Consultation  Collaboration  Partnership

5. Participation plan.   Yes. The consultation and participation plans for the project are built into the safeguard documents for the project and include participation of civil society.

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

**A. Key issues.** 1. The condition of women in subproject areas is similar to the national situation. The Housing Health and Safety Rating System (HHSES) result showed that of the total sample households surveyed in two subproject sites, approximately 10% are female-headed. The average household size is five, of which the female-male ratio is almost equal. Of the total sample households, 91% are male headed while 9% are female headed. In educational attainment, females have lower level chances of being schooled. Overall, the proportion of female headed households having no schooling at all and classified as illiterate was slightly higher than male headed households. The proportion of women having higher education is significantly higher among the Sarakata sample households. Among male-headed households, approximately 37.5% are engaged in subsistence farming with another 10% as agricultural workers. The rest are engaged in various occupations outside of agriculture sector and 5% are not working. The situation for women heads is as follows: in agriculture (43%), business (14%), private sector employment (7%) and civil service (14%), with the rest (21%) as housewife. Women headed households in Brenwe project are most likely to be engaged in farming while Sarakata women heads are involved in more varied occupation. The average annual income of sample households is VUV227,268 with Sarakata households VUV299,095, higher than Brenwe households at VUV155,437.

2. Power for lighting comes primarily from solar. Energy for cooking is sourced generally from wood/charcoal and gas. Cooking is the primary responsibility of women in the project areas and women are also primarily responsible for collecting wood and coconut shells for fuel. Likewise women are also primarily responsible for household tasks and childcare and care for the infirmed and sick, which require sufficient lighting during evenings. Women are exposed to accidents and other risks. Time spent for domestic households as well as in doing other income generating activities puts pressure on multi tasks done by women. Moreover, the lack of adequate lighting facilities often constrains women and girls from effectively carrying out their responsibilities at night time.

### B. Key actions.

Gender action plan  Other actions or measures  No action or measure

1. Key gender actions to be included under the project are: (i) women involvement in project design (40% participation in workshops); (ii) requiring contractors to pay equal wages to men and women for work of equal value, and encouraging employment of women during construction and operation; (iii) ensuring that women's wages are paid directly to them; (iv) undertaking orientation/training to newly connected households (at least 40% female participation) on income generation (e.g. agribusiness value-adding, handicraft production), electricity safety, operation of prepayment meters, energy efficiency, and household utility budgeting; (v) provide construction workers orientation information on HIV/AIDS and Sexually transmitted diseases (STD) issues and concerns; (vi) conduct gender awareness orientation for contractors, project management unit (PMU), and local officials; (vii) inclusion of women representatives in the grievance redress mechanism committee; and (viii) include an international social or gender specialist to support the PMU and implement the GAP.

## IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

### A. Involuntary Resettlement

Safeguard Category:  A  B  C  FI

1. **Key impacts.** The project will have land acquisition impacts for Brenwe subproject that are not deemed significant; transmission line extension at Espiritu Santo will follow the existing road corridor without any such impacts. No physical relocation or loss of major income sources is expected from the implementation of the project. The Brenwe hydropower facilities will require acquisition of about 4.41 hectares of customary land that has not been used for any

residential or agriculture purpose, and the transmission line will require some tree clearance along existing provincial road. The land at the hydropower site is claimed by 3 separate social groups totaling 7 households (about 37 persons).

2. **Strategy to address the impacts.** A resettlement plan has been prepared based on impact assessment, consultations with affected persons and detailed investigation of affected land and assets at hydropower sites during project preparation. The resettlement plan will be updated following the detailed design for the transmission line. Affected persons will be further consulted during the detailed design and implementation. VPMU will (i) appoint a focal person for land issues; (ii) establish environmental and social safeguard capacity within the PMU, including social safeguard specialists; and (iii) coordinate with the Ministry of Lands and Natural Resources, provincial government, and other relevant agencies to implement resettlement activities.

3. Plan or other Actions.

Resettlement plan

**B. Indigenous Peoples**

**Safeguard Category:**  A  B  C  FI

1. Key impacts. The due diligence concluded that while there are tribes and clans in the subproject areas their institutions are not separate from mainstream society, and these groups are not vulnerable. As socio-cultural groups need to be both “distinct” and “vulnerable” for triggering the ADB SPS requirements on IPs, the project has been proposed as category C and an IPP is not required. However, the Project will ensure that local communities actively participate and receive culturally appropriate benefits and issues related to land acquisition are addressed. Is broad community support triggered?  Yes  No

3. Plan or other actions.  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).

L unemployment  underemployment  retrenchment  core labor standards

2. Labor market impact. The impact on the labor market will be minimal and transient in nature. Works contracts will prioritize hiring local labour. The project will ensure equal opportunities for women, equal wages to men and women for work of equal value and women’s wages will be paid directly to them.

**B. Affordability.** The project will improve affordability through downward pressure on tariffs.

**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):

L Communicable diseases  Human trafficking

2. Risks to people in project area. All contractors will provide awareness training on HIV/AIDS for construction staff and community. This requirement is included in the Project Administration Manual (PAM) and the loan documents.

**VI. MONITORING AND EVALUATION**

1. Targets and indicators. Performance targets and monitorable indicators in the DMF that address poverty reduction and inclusive social development include (i) access to energy increased from 8.2% to 14.2% in Malekula and from 21.5% to 33.7% in Espiritu Santo by June 2022 compared to January 2015 baseline, (ii) Government connects 1,050 new customers in Malekula and Espiritu Santo by October 2023, including subsidized connections to 100 female headed households, and (iii) conduct 10 training workshops for newly connected households including power safety, household utility budget and business skills training (including 50% women participation) by January 2022.

2. Required human resources. The design and supervision consultants include international and national social safeguard specialist (international 2 months, national 6 months) will assist with implementation. ADB review missions will include a social safeguard specialist.

3. Monitoring tools. Monitoring requirements are stipulated in Resettlement Plan, DMF, PAM and loan agreement.

DMF = design and monitoring framework, PAM = project administration manual

Source: Asian Development Bank