

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Cambodia	Project Title:	National Solar Park Project
Lending/Financing Modality:	Loan and Administration of Grant and Loan and Administration of Technical Assistance Grant	Department / Division:	SERD/SEEN

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

Cambodia is experiencing rapid economic growth, increased urbanization, and increased electrification rates, contributing to a surge in electricity demand since 2011. This trend is expected to continue, such that by 2050, electricity demand in Cambodia is forecast to be 10 times the current level. Cambodia aims to reduce poverty among its citizens through improved electricity supply and coverage. Cambodia's current policy framework for poverty reduction comprises the government's socioeconomic policy agenda, the Rectangular Strategy Phase IV (2018–2023) and its implementation plan, the National Strategic Development Plan, 2019–2023 (currently under development).^a As stated in the strategy, the national poverty reduction target is greater than one percentage point per year. In addition, two multi-sector strategies have poverty reduction at their core: the National Social Protection Strategy for the Poor and Vulnerable and the National Food Security and Nutrition Strategy.^b The project contributes to one of the four priority areas in the Rectangular Strategy Phase IV, namely, continued investment in energy infrastructure. As the first utility scale solar public–private partnership in Cambodia, the project aims to expand low-cost energy infrastructure, while strengthening the private sector and promoting investment through an international competitive bidding process. The project will supply renewable electricity at a rate in parity with other sources and will demonstrate to the government, multinational banks, and other international financiers that private sector-led renewable energy development can be undertaken successfully in Cambodia.

A reliable, affordable and sustainable supply of energy will improve the business environment in Cambodia and encourage additional investment and economic growth. Cambodia's Industrial Development Policy, 2015–2025 recognizes that current electricity tariffs and interrupted supply are major impediments to the competitiveness of the country's manufacturing sector and calls for alternate sources of energy to be developed.^c Such investment will provide job opportunities, higher incomes, and improved living conditions for local Cambodians. The project is aligned with the Asian Development Bank (ADB) country partnership strategy for Cambodia 2014–2018, which aims to reduce income poverty, multidimensional poverty, and poverty vulnerability, and to promote inclusive growth by focusing on rural areas and rural–urban–regional linkages.^d The project is also aligned with ADB's Strategy 2030,^e which promotes addressing remaining poverty in developing member countries, tackling climate change and enhancing environmental sustainability, strengthening governance and institutional capacity, and catalyzing financial resources for development.

B. Results from the Poverty and Social Analysis

1. Key poverty and social issues. The availability of electricity has a strong, indirect link with reducing poverty and promoting economic growth. The project is expected to contribute to poverty reduction by improving essential infrastructure and providing clean and reliable energy. It will supply energy to economic and industrial zones in the neighboring provinces that employ or directly support more than 3,000 workers and support other direct and indirect local business opportunities.

The project is classified as a general intervention. While it does not address poverty directly, the project is expected to indirectly improve well-being and expand livelihood opportunities. Solar park and transmission line construction will require land acquisition, but no relocation of houses or other structures is expected.

2. Beneficiaries. It is expected that the project will indirectly contribute to poverty reduction in the Phnom Penh service area. It is expected that grid-connected households and industrial zones in the service area will be the core beneficiaries of the project. Moreover, the project will further improve the economic activities of the residents by providing employment opportunities during the construction and operational phases. By increasing generation of power from solar energy, the project aims to provide industrial, residential, and commercial consumers with energy that is reliable, low-cost and clean, and that will avoid air emissions from thermal power plants and their associated health impacts, which can differentially impact the poor and vulnerable.

3. Impact channels. Through increased access to renewable and reliable energy, the proposed project will reduce the cost and improve the supply of electricity for the Phnom Penh service area. Cheaper and more reliable electricity supply will encourage an improved business and investment environment. It is expected that national and local

<p>economic activities will be extended, with direct and indirect impacts over a wider area. For job creation, the project will require both unskilled and professional laborers during the construction and operational phases.</p> <p>4. Other social and poverty issues. In the villages to be affected by land acquisition by the project, the household poverty rate is 5%–10%, and only two villages do not yet have grid electricity. While the project will supply electricity to the national grid, the project scope does not include increasing household electricity access in the communities to be affected by the project, which should be covered by other programs.</p> <p>5. Design features. The project design includes job creation for local unskilled workers, including women, and the project will employ members of low-income households in the construction and operational phases.</p>
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Participatory approaches and project activities. During project preparation, public consultation meetings were arranged in districts and villages in the project area that provided information on the project, its impacts, schedule, land acquisition, and grievance redress mechanisms. A project information leaflet was distributed to meeting participants and households affected by the project. The project management office will have regular meetings with the project area commune and village chiefs throughout project implementation to update local communities on the project status and activities, and to receive community feedback concerning ongoing project activities.</p> <p>2. Civil society organizations. Community-based organizations in the project areas were invited to the public consultation meetings, and they be involved in future consultations.</p> <p>3. Participation of community-based organizations will consist of information sharing and consultation. <input checked="" type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Participation plan. A communication strategy has been prepared to serve as a guide for the implementing agency in conducting meaningful information sharing and consultations, and ensuring active participation by concerned stakeholders. The strategy is intended to reduce (i) misconceptions regarding project impacts and implementation processes, and (ii) doubts or misconceptions about the project that may delay implementation. The strategy is intended to strengthen the understanding and acceptance of the project by affected communities and to enhance understanding of and support for the project by government officials and community leaders. A communication plan will be prepared (based on the communication strategy) during detailed design. <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No.</p>
III. GENDER AND DEVELOPMENT
<p>Gender mainstreaming category: Some gender elements</p> <p>A. Key issues. By expanding the supply of sustainable energy, the project will support access to improved social services, such as education, health, and public lighting, and help drive economic growth. Diversifying the energy mix with solar photovoltaic generation will reduce Cambodia's electricity costs, and thereby help increase the country's economic competitiveness, especially for small and medium-sized enterprises. The project does not address poverty and gender equality directly, but is expected to indirectly improve well-being and expand livelihood opportunities, including for women.</p>
<p>B. Key actions. <input type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure The project design includes poverty reduction measures by engaging low-income households and poor women for construction and maintenance works. The project will comply with applicable national labor laws and core labor standards, including but not limited to equal pay for equal work regardless of gender, race or ethnicity, and excluding child labor. The project will also (i) include the provision of special assistance to households headed by women with dependents for any loss of livelihood or income, (ii) ensure that women represent at least 40% of participants during public consultations about the project, and (iii) ensure the gender target is met for capacity building of the implementing agency.</p>
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES
<p>A. Involuntary Resettlement Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p>
<p>1. Key impacts. The project will require acquisition of 100 hectares (ha) of land for a 60-megawatt solar park and a total of 3 ha for transmission line tower bases along a distance of 40 kilometers. Additionally, the project will have a 30-meter wide right-of-way, covering a total land area of 117 ha, within which vegetation will be restricted to 3 meters in height. Only land, crops and trees will be affected. The project will not require the displacement of structures or people.</p> <p>2. Strategy to address the impacts. Land for the solar park will be acquired through negotiated settlement and a land acquisition resettlement framework has been prepared should expropriation result following failure of negotiations. A land acquisition and resettlement plan has been prepared for the transmission line component to ensure that the owners of land to be acquired for the project are compensated at full replacement cost. Owners of productive trees that are affected will be compensated for their full value. Both owners of legal titles and owners with recognizable rights and non-title holders will be entitled to compensation. All affected persons will be fully informed</p>

about the project, its impacts, their entitlements and eligibility, and grievance redress mechanisms, including the detailed guidelines and forms to file complaints. Meaningful consultations will be undertaken with the affected persons in accordance with ADB Safeguard Policy (2009) requirements and government laws and regulations, and a grievance system will be set up during the detailed design phase.

3. Plan or other Actions.

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

B. Indigenous Peoples

Safeguard Category: ☐ A ☐ B ☒ C ☐ FI

1. Key impacts. All the Affected Persons are Khmer, and no ethnic minority people will be affected by the project.

Is broad community support triggered? ☐ Yes ☒ No

2. Strategy to address the impacts. Not needed.

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

L unemployment **L** underemployment **L** retrenchment **M** core labor standards

2. Labor market impact. Core Labor Standards requirements will be included in the civil works bidding documents and contracts. The project implementing agency will provide civil works contractors with an orientation on ADB Safeguard Policy requirements and on the Core Labor Standards (no child labor, equal pay for equal work regardless of sex, safe working conditions). Monitoring will be conducted on a quarterly basis.

B. Affordability

No specific affordability issues expected due to the project.

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 **L** Human trafficking

2. Risks to people in project area. The project is not considered to increase health and social risks for the local people to any significant extent.

VI. MONITORING AND EVALUATION

The project will include monitoring and reporting on gender measures integrated into project quarterly progress reports. The land acquisition process and grievance monitoring system will be set up with internal quarterly monitoring. Monitoring will start in the detailed design phase and continue throughout the construction and 1 year into the operation phase.

Monitoring of local labor force employment will be undertaken by the implementing agency as part of the internal monitoring of civil works construction.

^a Government of Cambodia. 2018. *Rectangular Strategy for Growth, Employment, Equity and Efficiency: Building the Foundation Toward Realizing the Cambodia Vision 2050, Phase IV of the Royal Government of Cambodia of the Sixth Legislature of the National Assembly*. Phnom Penh.

^b Royal Government of Cambodia. 2011. *National Social Protection Strategy for the Poor and Vulnerable*. Phnom Penh; Royal Government of Cambodia. 2014. *National Food Security and Nutrition Strategy (NSFSN 2014-2018)*. Phnom Penh.

^c Government of Cambodia. 2015. *Cambodia Industrial Development Policy, 2015–2025: Market Orientation and Enabling Environment for Industrial Development*. Phnom Penh.

^d ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila.

^e ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.