

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title:	Supporting Electricity Supply Reliability Improvement
Lending/Financing Modality:	Project loan	Department/Division:	South Asia Department/Energy Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The goal of the national strategy of the Government of Sri Lanka is to achieve rapid economic growth that will benefit the entire population and lead to increased social development of the country. The project will support Sri Lanka's national and sector priorities stated in the country's 10-year development framework of 2006, which focuses on infrastructure development to accelerate economic growth and narrow regional disparities, and envisions sustainable development of energy resources, enabling access to and use of energy services by the entire population, and reliable delivery of such services. The framework is based on the government's National Energy Policy and Strategies. In 2010, the government updated this development policy framework, which provides a comprehensive sector development road map, including a long-term investment program and policy and reform measures. The government's updated strategies aim to (i) increase the system's supply capacity to 3,470 megawatts (MW) by 2012 and 6,367 MW by 2020 and reduce the generation cost by adding aggregate base load capacity of about 2,000 MW from three coal-fired plants; (ii) increase the share of in-grid energy supply from nonconventional renewable energy sources from 4.1% in 2007 to 10.0% by 2016, and 20.0% by 2020; and (iii) reduce the total technical and commercial losses of the transmission and distribution network from 14.6% in 2009 to 13.0% by 2016 and 12.0% by 2020. The government's main goals are to improve the quantity, quality, and cost of service delivery, and to increase electricity connections in rural areas.

The project is consistent with the Asian Development Bank (ADB) country partnership strategy for Sri Lanka, which focuses on (i) renewable energy development, including hydro, wind and other clean energy sources; (ii) energy efficiency improvement and system loss reduction; and (iii) transmission and distribution system enhancement to remove grid constraints on absorbing additional capacity from renewable energy sources, achieving energy-efficiency and reliability improvements, and expanding energy access for lagging regions.

At Government's request, the project is included in the Sri Lanka country operations business plan, 2016–2018.¹ The project will support sustainable development of Sri Lanka's power sector in line with national and sector priorities, and ADB's interim country partnership strategy,² and complement activities of other major development partners in Sri Lanka's power sector. The project will assist to: (i) improve efficiency of the medium voltage network, (ii) expand distribution network, and (iii) establish hybrid renewable energy .mini-grids in isolated islands of Sri Lanka.

B. Targeting Classification:

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

Explain why: Although electrification makes social intervention to the poor, there has been no direct linkage with the poverty reduction.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Rural households are potential primary beneficiaries. They include the poor, women and children. Women are severely affected by lack of electricity in housework, which is typically served by them in the rural areas. Children may not be able to avail of sufficient study and learning opportunities, which may result in a lower literacy rate in rural areas.

2. Impact channels and expected systemic changes: Alternative energy sources such as kerosene and wood sometimes cause health problems because of air pollution inside houses. Electricity is environment friendly and better for the health. Also, better access to electricity enables productive economic activities and creates opportunities that improve wellbeing of the population. Lack of and unreliable access to electricity seriously disrupts social access to health and diagnostic services, communications and media information, and any economic activities. Electricity will be the basis to improve accessibility to these services and achieve relevant benefits.

3. Focus of (and resources allocated in) the PPTA or due diligence. Social development specialists will be recruited under the PPTA to conduct the poverty and social analysis. The project includes improvement of 33 kV medium voltage, construction of low voltage distribution network as well as hybrid renewable energy mini-grids in isolated islands, to enable expanded access, better quality and reliability of electricity supply in poor rural areas for enabling pro-poor growth.

¹ ADB. 2015. *Country Operations Business Plan: Sri Lanka, 2016–2018*. Manila.

² ADB. 2015. *Interim Country Partnership Strategy: Sri Lanka, 2015–2016*. Manila.

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

The project may have minor and temporary resettlement related impacts. During project implementation, women affected by the project will be given preference for suitable work. The implementing agency will ensure that women are consulted and invited to participate in group-based activities and, where possible, women will be given the opportunity to learn new skills that may provide alternative forms of income generation and livelihood.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain.

There will be indirect benefits to women as a result of enhanced power supply. No specific measures are required at this moment for differential gender requirements as women are not specifically disadvantaged because of economic, political, or socio-legal discrimination and they do not face specific barriers to access and benefits of electrification.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain

The proposed project will make positive effects on women.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)

SGE (some gender elements) NGE (no gender elements)

The investment project may be designed with a "Some Gender Elements" category.

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Affected people and local communities, local authorities, focal groups, civil society groups, and local associations. All relevant stakeholders will be identified and consulted throughout the implementations of the PPTA and the ensuing project.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

The stakeholders will be consulted throughout the design stage during PPTA and the ensuing program implementation on the relevant issues, including environmental, social and other issues that may affect communities and poor people.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design? Community based organizations participate through consultation process.

Information generation and sharing Consultation Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

The consultations will be carried out during implementation as per Sri-Lankan regulations.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No The magnitude of impacts will be assessed once the project components have been made more specific. All necessary measures will be taken during due diligence to ensure that any potential involuntary resettlement issue is addressed accordingly.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix

Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

No indigenous people are expected in the project areas.

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- (L) Creating decent jobs and employment (L) Adhering to core labor standards Labor retrenchment
 (L) Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

A limited and temporary number of skilled and unskilled jobs will be available to the local population during construction. Specific assurances will ensure enforcement of core labor standards by contractors. Appropriate assurances will be incorporated in the ensuing program regarding spread of communicable diseases, including HIV/AIDS.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? Resources for social development consultants, surveys and workshops are allocated for conducting poverty, social and/or gender analysis.