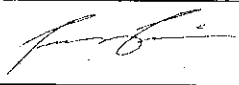
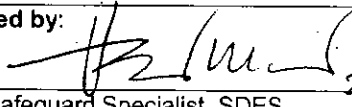

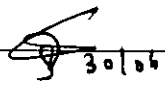
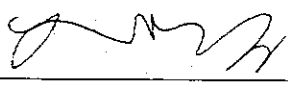
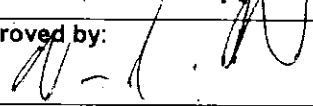


# INDIGENOUS PEOPLES IMPACT CATEGORIZATION

Date: 14 June 2017

<b>A. Instructions</b>			
<p>(i) The project team completes and submits the form to the Environment and Safeguards Division (RSES) for endorsement by RSES Director, and for approval by the Chief Compliance Officer (CCO).</p> <p>(ii) The classification of a project is a continuing process. If there is a change in the project components or/and site that may result in category change, the Sector Division submits a new form and requests for recategorization, and endorsement by RSES Director and by the CCO. The old form is attached for reference.</p> <p>(iii) The project team indicates if the project requires broad community support (BCS) of Indigenous Peoples communities. BCS is required when project activities involve (a) commercial development of the cultural resources and knowledge of indigenous peoples, (b) physical displacement from traditional or customary lands; and (c) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual use that define the identity and community of indigenous peoples.</p> <p>(iv) In addition, the project team may propose in the comments section that the project is highly complex and sensitive (HCS), for approval by the CCO. HCS projects are a subset of category A projects that ADB deems to be highly risky or contentious or involve serious and multidimensional and generally interrelated potential social and/or environmental impacts.</p>			
<b>B. Project Data</b>			
Country/Project No./Project Title		RMI: Majuro Distribution Network Strengthening Phase 1	
Department/ Division		PARD/PATE	
Processing Stage		Concept stage	
Modality			
<input type="checkbox"/> Project Loan	<input type="checkbox"/> Program Loan	<input type="checkbox"/> Financial Intermediary	<input type="checkbox"/> General Corporate Finance
<input type="checkbox"/> Sector Loan	<input type="checkbox"/> MFF	<input type="checkbox"/> Emergency Assistance	<input checked="" type="checkbox"/> Grant
<input type="checkbox"/> Other financing modalities:			
<b>C. Indigenous Peoples Category</b>			
<input checked="" type="checkbox"/> New		<input type="checkbox"/> Recategorization — Previous Category [ ]	
<input type="checkbox"/> Category A	<input type="checkbox"/> Category B	<input checked="" type="checkbox"/> Category C	<input type="checkbox"/> Category FI
<b>D. Project requires the broad community support of affected Indigenous Peoples communities.</b>		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>E. Comments</b>			
Project Team Comments: The project will invest in installing smart meters in existing distribution transformers on one of the Marshall Energy Company's distribution feeders in Majuro. It will also finance consultancy services to implement metering program and prepare a comprehensive reform program to improve the Marshall Energy Company's operation and governance. These components will not have negative impacts on any distinct and vulnerable groups of indigenous peoples as defined under ADB SPS (2009).		SDES Comments:	
<b>F. Approval</b>			
Proposed by: Michael Trainor  Project Team Leader, PARD/PATE Date: 14/6/17		Reviewed by:  Social Safeguard Specialist, SDES Date: 21 June 2017	
Ninebeth Carandang  Safeguards Specialist, PARD/PATE Date: 15/6/17		Endorsed by:  Director, SDES Date: 30.06.2017	
Endorsed by:  Olly Norojono Director, PATE Date: JUN 15 2017		Approved by:  Chief Compliance Officer Date: 31/5/17	<input type="checkbox"/> Highly Complex and Sensitive Project

**Indigenous Peoples Impact Screening Checklist**

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	<b>YES</b>	<b>NO</b>	<b>NOT KNOWN</b>	<b>Remarks</b>
<b>A. Indigenous Peoples Identification</b>				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?	X			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. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?		X		
3. Do such groups self-identify as being part of a distinct social and cultural group?		X		
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?	X			Majority of the population have customary ownership of the lands they occupied.
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?		X		Not distinct from the dominant society as the population's way of life is integrated into the existing institutions.
6. Do such groups speak a distinct language or dialect?		X		
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?		X		
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?		X		
<b>B. Identification of Potential Impacts</b>				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?		X		

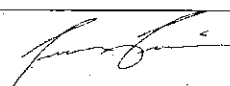
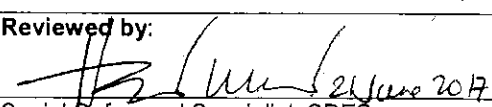


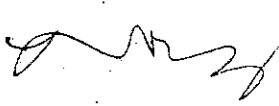
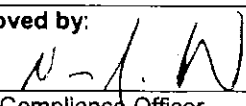
<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	<b>YES</b>	<b>NO</b>	<b>NOT KNOWN</b>	<b>Remarks</b>
10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)		X		
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)		X		
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?		X		
<b>C. Identification of Special Requirements</b> <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?		X		
14. Physical displacement from traditional or customary lands?		X		
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?		X		
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by Indigenous peoples ?		X		
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?		X		

**D. Anticipated project impacts on Indigenous Peoples**

<b>Project component/ activity/ output</b>	<b>Anticipated positive effect</b>	<b>Anticipated negative effect</b>
1. Smart meters installation in existing transformers	N/A	N/A
2. Implementation of the metering program and preparation of a comprehensive reform program to address business efficiency	N/A	N/A

# INVOLUNTARY RESETTLEMENT IMPACT CATEGORIZATION

Date: 14 June 2017

<b>A. Instructions</b>			
<p>(i) The project team completes and submits the form to the Environment and Safeguards Division (RSES) for endorsement by RSES Director, and for approval by the Chief Compliance Officer (CCO).</p> <p>(ii) The classification of a project is a continuing process. If there is a change in the project components or/and site that may result in category change, the Sector Division submits a new form and requests for recategorization, and endorsement by RSES Director and by the CCO. The old form is attached for reference.</p> <p>(iii) In addition, the project team may propose in the comments section that the project is highly complex and sensitive (HCS), for approval by the CCO. HCS projects are a subset of category A projects that ADB deems to be highly risky or contentious or involve serious and multidimensional and generally interrelated potential social and/or environmental impacts.</p>			
<b>B. Project Data</b>			
Country/Project No./Project Title		: RMI: Majuro Distribution Network Strengthening Phase 1	
Department/ Division		: PARD/PATE	
Processing Stage		: Concept stage	
Modality		:	
<input type="checkbox"/> Project Loan	<input type="checkbox"/> Program Loan	<input type="checkbox"/> Financial Intermediary	<input type="checkbox"/> General Corporate Finance
<input type="checkbox"/> Sector Loan	<input type="checkbox"/> MFF	<input type="checkbox"/> Emergency Assistance	<input checked="" type="checkbox"/> Grant
<input type="checkbox"/> Other financing modalities:			
<b>C. Involuntary Resettlement Category</b>			
<input checked="" type="checkbox"/> New <input type="checkbox"/> Recategorization — Previous Category <input type="checkbox"/>			
<input type="checkbox"/> Category A	<input type="checkbox"/> Category B	<input checked="" type="checkbox"/> Category C	<input type="checkbox"/> Category FI
<b>D. Comments</b>			
<b>Project Team Comments:</b> The project will install smart meters in existing distribution transformers on two Marshalls Energy Company distribution feeders on Majuro. It will also finance consultancy services to implement metering program and prepare a comprehensive reform program to improve Marshalls Energy Company's physical and financial performance. The project will not involve any land acquisition or cause any resettlement impact.		<b>SDES Comments:</b>	
<b>E. Approval</b>			
<b>Proposed by:</b>		<b>Reviewed by:</b>	
Michael Trainor  Project Team Leader, PARD/PATE Date: 14/6/2017		 Social Safeguard Specialist, SDES Date:	
<b>Endorsed by:</b>		<b>Endorsed by:</b>	
Ninebeth Carandang  Safeguards Specialist, PARD/PATE Date: 15/6/17		Director, SDES  Date: 30/06/2017	
<b>Endorsed by:</b>		<b>Approved by:</b>	
Olly Norojono  Director, PATE Date: JUN 15 2017		 Chief Compliance Officer Date: 3/7/17	
			<input type="checkbox"/> Highly Complex and Sensitive Project

## Involuntary Resettlement Impact Categorization Checklist

Probable Involuntary Resettlement Effects	Yes	No	Not Known	Remarks
<b>Involuntary Acquisition of Land</b>				
1. Will there be land acquisition?		X		The project's scope will involve installation of smart meters in existing distribution transformers and provide consultancy services. No civil works requiring land will take place.
2. Is the site for land acquisition known?				N/A
3. Is the ownership status and current usage of land to be acquired known?				N/A
4. Will easement be utilized within an existing Right of Way (ROW)?	X			
5. Will there be loss of shelter and residential land due to land acquisition?				N/A
6. Will there be loss of agricultural and other productive assets due to land acquisition?				N/A
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				N/A
8. Will there be loss of businesses or enterprises due to land acquisition?				N/A
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				N/A
<b>Involuntary restrictions on land use or on access to legally designated parks and protected areas</b>				
10. Will people lose access to natural resources, communal facilities and services?		X		
11. If land use is changed, will it have an adverse impact on social and economic activities?		X		
12. Will access to land and resources owned communally or by the state be restricted?		X		
<b>Information on Displaced Persons: Not Applicable</b>				
Any estimate of the likely number of persons that will be displaced by the Project? <input type="checkbox"/> No <input type="checkbox"/> Yes				
If yes, approximately how many? _____				
Are any of them poor, female-heads of households, or vulnerable to poverty risks? <input type="checkbox"/> No <input type="checkbox"/> Yes				
Are any displaced persons from indigenous or ethnic minority groups? <input type="checkbox"/> No <input type="checkbox"/> Yes				

## Project Overview

The Majuro Distribution Network Strengthening Phase 1 (the Project) will make an investment in smart meters at roughly 450 distribution transformers (13.8kv/0.4kv) on two of Marshalls Energy Company (MEC)'s two distribution feeders serving the bulk of Majuro's load. This will allow MEC to record electricity consumption patterns throughout all segments of its network, and to identify where system technical and commercial losses are greatest. This will inform technical design for subsequent investments in distributed generation throughout the relevant portion of the Majuro atoll, and will allow MEC to address commercial losses that are estimated at 10% of annual electricity production on Majuro, or approximately 5,500 MWh per year, with an estimated value of \$2,475,000. The Project will also provide consulting services for implementation of the referenced metering program (including assignment and recording of customer meters with their respective distribution transformers), as well as the preparation of a comprehensive reform program addressing MEC's deficiencies in governance, management, and business practices and systems. The approximate value of this Phase 1 of the project is estimated at \$2 million, consisting of \$1.25 million in procurement and delivery of metering hardware, and \$.75 million in consulting services.

The Project will not involve any land acquisition, nor affect any assets, nor cause any resettlement impacts.