



Initial Poverty and Social Analysis

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Indonesia: Sustainable Energy Access in Eastern Indonesia—Power Transmission Sector Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Sustainable Energy Access in Eastern Indonesia—Power Transmission Sector Project
Lending/Financing Modality:	Sector Project	Department/Division:	Southeast Asia Department Energy Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Indonesia's ability to harness and manage sustainable energy sources is a critical prerequisite for the country to continue its growth trajectory. The Government of Indonesia's National Medium-Term Development Plan (RPJMN) 2015–2019 promotes inclusive economic growth through growing the economy and reducing poverty rates to 7%–8% by 2019. In the energy sector, the RPJMN enhances domestic energy security by expanding energy infrastructure, increasing energy efficiency and accessibility, and diversifying the energy mix with new and renewable sources.¹ The program is aligned with ADB's country partnership strategy 2016–2019 for Indonesia, the Indonesia Energy Sector Assessment, Strategy and Road Map (ADB, 2016),² and the Energy Sector White Paper supporting the RPJMN.³ The project is also aligned with ADB's strategy 2030. The project contributes to increasing employment and reduce poverty by increasing economic growth and, access to electricity.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.) The project focus includes geographic areas (Kalimantan, Nusa Tenggara, Maluku, Papua, and Sulawesi) that are poor, remote, under developed, and lacking access to basic energy services. The project contributes by providing adequate, reliable and quality electricity supply and it also fosters the country's efforts to provide sustainable energy for all which is a key service necessary for sustainable economic growth and poverty alleviation.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Eastern Indonesia's provinces lag behind many other provinces in key determinants of well-being, such as access to services, human development, and environmentally sustainable growth. Indonesian national statistic indicates that in March 2018, the poverty levels in Eastern Indonesia is higher than other regions. The proportion of poverty in North Sulawesi — 7.80%, Central Sulawesi is 14.01%, Southeast Sulawesi — 11.63%, Gorontalo — 16.81%, West Sulawesi — 11.25%, South Sulawesi — 9.06%, Maluku — 18.12%, North Maluku— 6.64%, West Papua — 23.01%, Papua — 27.74%, NTB — 14.75% and in NTT— 21.35%.⁴ Most of these percentages are among the highest in the country (average 9.82%). In small islands and other remote areas with low population density and high poverty incidence, it is challenging to provide equitable access to modern energy services. The electrification ratios are very low in some provinces of Eastern Indonesia—Nusa Tenggara West 83%, Nusa Tenggara East 53%, Papua 40%, and Central Sulawesi 78% against a national average rate of 93% as of 2017.⁵ Lack of access to energy constrains growth in high-value agriculture, fisheries, small and medium-sized enterprises, and tourism, all of which rely on a stable energy supply. Uneven development across provinces has contributed toward widening income disparities, with several provinces in Eastern Indonesia lagging significantly behind Java and Bali. The project will provide the regional population with new and improved supply of stable and high- quality electricity at an affordable price. The primary beneficiaries of the project will be the population in Eastern Indonesia who will benefit from an adequate and improved supply of electricity.

2. Impact channels and expected systemic changes. The project does not deal with the higher costs arising from the expansion of generation, transmission, and distribution capacities—which will necessitate gradual increases in electricity tariffs—as most households do not consider tariffs to be the major issue. It is rather the inadequate and unreliable supply of power that worries them because it hampers household-based and income-generating activities. Poor and vulnerable groups will benefit from improved electricity supply because it will boost economic activity and in turn create more systematic and better income-generating opportunities for these groups, given that higher-value income generation hinges on the use of electricity.

3. Focus of (and resources allocated in) the project design TA and due diligence. The TA team will comprise specialists who will analyze the benefits of the project and identify concerns and needs specific to various community stakeholders (including poor, customary communities, and the socially excluded) to further improve project design. Assessments will include: (i) project technical soundness; (ii) financial and economic feasibility; (iii) environmental and social safeguards systems and preparation of required safeguards frameworks and plans; (iv) fiduciary aspects, including funds flow, project reporting, and monitoring of progress towards achieving performance targets; (v) PLN's procurement systems; and (vi) social and gender assessments.

II. GENDER AND DEVELOPMENT

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

Against the national Gender Development Index (GDI) of 90,82,⁶ the province with both the highest and lowest GDI lie in the eastern Indonesia. North Sulawesi Province has the highest GDI (95,04) that exceeds national index. Significant improvement in expected years of schooling for females and mean years of schooling in North Sulawesi for females contributed to this achievement. Meanwhile five provinces with the lowest GDI are Papua (79,09), West Papua (82,34), East Kalimantan (85,60), West Kalimantan (85,77), and Gorontalo (86,12) all which are located in eastern Indonesia. Disparity in mean years of schooling and net income are considered the major factors in the gender gap in these provinces. If huge gap in net income between males and females is evident particularly in East Kalimantan and Papua where mining is the main business sector, providing high income and dominated by males. Remote geographic conditions and inadequate infrastructure also have a strong correlation to gender disparity. Around 1,271,128 poor households in eastern Indonesia have no access to electricity⁷, and generally place burdens on women as the main household managers responsible for collecting water, washing, cleaning, and food preparation aside from taking care of children. Availability of reliable electricity has inherent gender benefits in improving women's welfare and time-burden, as well as opportunities in job creation that benefits both men and women.

2. Does the proposed project 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

Reliable, sustainable, and affordable electricity will significantly reduce the time and effort spent by women on domestic activities by reducing the labor required to collect water, and obtain and use other fuels, thereby increasing time for income-generating activities, family, and leisure. Energy provision is a critical input for women's empowerment and improved status. Electrification globally has led to time savings and improved time use by women for productive and educational activities, and an enhanced women's role. In Bhutan, women acquired a more significant role in household decisions relating to education and health. Moreover, women in Viet Nam and Bhutan acquired increased self-confidence, in part due to increased time for productive and educational activities (such as educational TV project for women) made possible by electrification.⁸

3. Could the proposed program have an adverse impact on women and/or girls or widen gender inequality?
 Yes No

The project will impact positively on the whole population and will not widen gender inequality. On the contrary, it is expected to reduce the gaps between men and women in terms of time use, time poverty, and income.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

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.

Main stakeholders are the State Electricity Corporation (PLN) as the executing agency and PLN regional offices (UIPs), as the implementing agency of the project, the national government, local governments facilitating land acquisition process for the project, independent power producers, as well as industrial and commercial establishments, customary and community leaders, affected persons/households, and civil society organizations having concerns on electricity and social. They are all potential beneficiaries resulting from a strengthened power grid in Eastern Indonesia.

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 through meetings, interviews and surveys to increase awareness about the project and seek their inputs. A particular focus will be placed on the needs of poor and other vulnerable groups (including women, elderly, women and children, indigenous people, landless, and those without legal title to land) to ensure their participation in consultations. The consultations will focus on social issues that affect them, such as affordability of electricity connection and issues associated with environment and involuntary resettlement.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of CSO participation in the project design?

Information gathering and sharing Consultation Collaboration Partnership

Because the social benefits of the project are primarily indirect, CSOs relevant to social impact and development will have a limited role in the project; if any such CSOs express interest in being involved, the project will ensure that information flows are fully transparent and will seek their advice as appropriate.

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

All affected people and communities including the poor, indigenous peoples/customary groups, and other vulnerable groups will be intensively consulted, especially during preparation and implementation of resettlement plans. No specific capacity building program will be conducted to strengthen the participation of poor and other vulnerable groups.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?

Yes No

The expansion of the transmission networks usually involves (i) the installation of towers and (ii) the stringing of conductors requiring the cutting/trimming of trees. Impacts of involuntary resettlement will be identified during project processing for core subprojects and during implementation for non-core subprojects.

2. What actions are 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

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

While the general areas are known, the sites for subprojects and the expansion of the transmission network have not been selected and will be determined only during project implementation. The project will not specifically target activities in areas (land or territory) occupied, owned, or used by indigenous peoples, and/or claimed as ancestral domain.

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

The project may affect the indigenous peoples living in or near a subproject areas. No indigenous peoples are expected to be affected in other regions however further due diligence will be conducted and explorations on alternative project designs to avoid physical displacement will be carried out by the project assessment team.

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

Broad community support of affected indigenous communities will be sought if any subprojects in Papua may affect the dignity, human rights, livelihood systems, or culture of indigenous peoples, or affect the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as an ancestral domain or asset. So far, this seems not to be the case, but will be verified during the project assessment under the TA.

4. What actions are required to address risks to indigenous peoples as part of the PPTA or the 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?

Creating decent jobs and employment Adhering to core labor standards Labor retrenchment

- 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 _____

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

Social impact including key issues related to core labor standards will be assessed during the project preparation and it will be included in the provisions of civil works contract.

VI. PPTA OR ASSESSMENT RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or project assessments) contain key information needed to be gathered during PPTA or the program assessment process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?
 Yes No

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

The project assessment team will include a social impacts and resettlement specialist (and indigenous peoples specialist, if required) who will conduct a poverty and social impact assessment including gender and community participation issues.

¹ Table 9.2. 2015 – 2019 RPJMN Targets in Infrastructure. RPJMN 2015 - 2018 Book II: Field development Agenda.

² <https://www.adb.org/sites/default/files/institutional-document/189713/ino-energy-asr.pdf>

³ ADB and Bappenas, 2015. <https://www.adb.org/sites/default/files/project-document/176267/ino-energy-white-paper.pdf>

⁴ Indonesia Statistic Bureau. March 2018; <https://www.bps.go.id/site/resultTab>

⁵ PLN Statistic, 2017

⁶ GDI measures life expectancies, expected and mean years of schooling and income per capita. GEM measures women in parliamentary representation, female share of managerial, professional, administrative & technical positions, and women's share of earned income. Ministry of Women's Empowerment & Child Protection and BPS, 2016. *Pembangunan Manusia Berbasis Gender 2017*. Jakarta

⁷ Unified Database (UDB) <http://bdt.tnp2k.go.id/sebaran/>

⁸ See footnote 7 for reference.

Source: Asian Development Bank