



Initial Poverty and Social Analysis

Project Number: 53258-001
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Tonga: 6 Megawatt Hihifo Solar Power Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
TPL	–	Tonga Power Limited

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Tonga	Project Title:	6MW Hihifo Solar Power Project Tonga
Lending/Financing Modality:	Project Loan	Department/ Division:	Infrastructure Finance Division 2/ Private Sector Operations Department/

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Tonga's Strategic Development Framework II, 2015–2025 aims to develop and promote a just and progressive society.^a This is to be achieved by improving the living standards of the people through equitable access to and distribution of resources. The Asian Development Bank (ADB)'s Pacific Approach 2016–2020 are in line with the government's strategic development framework.^b that prioritizes (i) a dynamic partnership of the public and private sectors as the main engine of growth; (ii) appropriate, well-planned, and well-maintained infrastructure that improves the everyday lives of the people and lowers the cost of doing business; and (iii) integration of environmental sustainability, disaster risk management, and climate change adaptation into planning and program implementation.

The project is in line with in ADB's Country Operations Business Plan for 11 small pacific island countries, 2019–2021;^c Tonga's Strategic Development Framework II, 2015–2025; the Pacific Approach, 2016–2020; and is consistent with the ADB Strategy 2030^d in terms of assisting Pacific Island countries achieve their renewable energy targets and increase private sector participation in their energy sector. It will contribute to poverty reduction by reducing Tonga's dependence on imported fossil fuel for power generation, and giving consumers greater access, especially in the outer islands (home to over 980 consumers), to electricity at reduced costs through solar power generation. This will also improve Tonga's balance of payments, reduce its fiscal deficit, and make its government debt more sustainable.

B. Poverty Targeting

☒ General intervention ☐ Individual or household (TI-H) ☐ Geographic (TI-G) ☐ Non-income MDGs (TI-M1, M2, etc.)

About 90% of Tonga's power generation is from imported diesel. Renewable energies have the potential to decrease tariff prices, increase energy efficiency and security, and decrease emissions. The support to further solar photovoltaic generation coupled with battery energy storage systems in the outer islands and the installation of batteries in wind and solar farms in Tongatapu will significantly increase electricity generation reaching those without energy supply. Female-headed households and people living in the remote outer islands of Tonga will particularly benefit given their current limited access to electricity and reliance on existing lifeline electricity tariffs.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. According to a household income and expenditure survey conducted by the Statistics Department of Tonga in 2009 (latest data available), 23% of households had incomes below the basic needs poverty line and households experience periodic difficulties in meeting their daily costs for food and other living essentials. Household expenditure levels for such items as food and fossil fuels continue to increase in the rural parts of Tongatapu and outer islands. Female headed households are particularly affected and account for 25% of those falling below the basic needs poverty line. The primary beneficiaries of the project will be the people of Tonga who will benefit from stable power tariffs and increased and safe access to electricity.

2. Impact channels and expected systemic changes. About 10%–15% of average household monthly income goes to pay for electricity and the rest is spent on other family expenses. According to interviews, household income can usually cover the monthly power bill, but other expenses get prioritized over electricity bills, such as school fees or social or family obligations (e.g., funeral and wedding costs). This frequently leads to disconnection from the electricity service.

Local businesses and households in the project sites are highly dependent on a consistent supply of power. Businesses need reliable power to deliver services and goods on time. Reliable power benefits households by allowing women to carry out productive economic activity (e.g., using freezers to store fish for sale, and using electric lights in the home to continue making handicrafts in the evening). At the macroeconomic level, the overall project will contribute to poverty reduction by generating employment, reducing Tonga's dependence on imported fossil fuel for power generation, and giving consumers greater access at reduced costs through solar power generation. Provision of social services, such as health and education, is also expected to improve through the provision of a consistent power supply.

3. Focus of (and resources allocated in) the transaction TA or due diligence. The due diligence will examine the potential social safeguards impacts and other social risks of the project.

II. GENDER AND DEVELOPMENT	
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? The gender inequality index ranked Tonga 152th out of 159 countries, and the government has not ratified the United Nations' Convention on the Elimination of all Forms of Discrimination Against Women. Tonga's mainly patrilineal land inheritance laws influence financial inclusion and economic participation of women. Only 30% of women are employed, and 40% are underemployed and engaged in subsistence farming, fishing, and handicrafts making. There are more men than women in paid employment outside the agriculture sector and men are generally paid 20%–50% more than women for work of equal value, perpetuating wage gender discrimination.⁹ Rural women in Tonga perform multiple roles as household and subsistence managers, income earners, and active members of community organizations, including community development groups and churches. While the number of women occupying senior roles in government has increased, women's political participation at senior levels is low; the global gender ranking of women in Parliament ranks Tonga 173rd out of 191 countries. Female-headed households, which comprise 22% of all households, are considered among the most vulnerable with the least access to resources.</p>	
<p>2. Does the proposed project or program have the potential to contribute 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The following gender measures will be explored with the client: targets for women's employment during construction and operation; development and implementation of an anti-sexual exploitation, abuse and harassment policy and family violence support and training for staff; a technical internship for a female student or graduate; and development of a corporate social responsibility project for the community.</p>	
<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>4. Indicate the intended gender mainstreaming category:</p> <p><input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>	
III. PARTICIPATION AND EMPOWERMENT	
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The main stakeholders of the project are the government, landowners, local or community leaders, and residents around the project site.</p>	
<p>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? Initial consultations were held with key stakeholders, including the government agencies, landowners, and surrounding communities, to inform them about the project, solicit their feedback. All of those who participated in community consultations expressed their support to the project and indicated their willingness to participate in potential job opportunities.</p>	
<p>3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? <input checked="" type="checkbox"/> Information generation and sharing (L) <input checked="" type="checkbox"/> Consultation (L) <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p>	
<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
IV. SOCIAL SAFEGUARDS	
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>	
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The establishment of 3 solar power plants will require approximately 24 acres of land and sites are either idle or underutilized. The project will not lead to losses of crops, trees and fixed assets. Land will be sub-leased by Tonga Power Limited (TPL) to Sunergise (borrower) for at least 30 years. Access road upgrade and transmission line extension components will not require land acquisition since these will be constructed within the existing road reserve</p>	
<p>2. Strategy to address the impacts. The establishment of solar power plant will not lead to any physical or economic displacement.</p>	
<p>3. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> None</p>	
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>	
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The proposed project is relatively small in</p>	

<p>magnitude and is not expected to impact on any distinct and vulnerable group of IPs as defined under ADB Safeguard Policy Statement. All activities related to the construction and implementation of the project will be done in a culturally appropriate and participatory manner.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> None</p>
<p align="center">V. OTHER SOCIAL ISSUES AND RISKS</p> <p>1. What other social issues and risks should be considered in the project design?</p> <p><input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? The ADB staff will monitor the borrower and its contractor's/sub-contractor's compliance with applicable national laws.</p>
<p align="center">VI. DUE DILIGENCE RESOURCE REQUIREMENT</p> <p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>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 transaction TA or due diligence? The project team will conduct the due diligence in accordance with ADB requirements.</p>

Sources:

- ^a Government of Tonga. 2015. *Tonga Strategic Development Framework II, 2015–2025*. Nuku'alofa.
- ^b ADB. 2017. *Pacific Approach, 2016–2020*. Manila.
- ^c ADB. 2018. *Country Operations Business Plan: 11 Small Pacific Island Countries, 2019–2021*. Manila.
- ^d ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient and Sustainable Asia and the Pacific*. Manila.
- ^e United Nations Development Programme. 2016. *Human Development Report: Tonga*. New York.