



Initial Poverty and Social Analysis

Project Number: 45339-002
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Proposed Loan and Administration of Technical Assistance Grant Nepal: Second Kathmandu Valley Water Supply Improvement Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Nepal	Project Title:	Second Kathmandu Valley Water Supply Improvement Project
Lending/Financing Modality:	Project loan	Department/ Division:	South Asia Department/ Urban Development and Water Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Government of Nepal prioritizes the provision of safe drinking water for its citizens in its Thirteenth Plan (FY2013/14–FY2015/16) in accordance with the National Urban Water Supply and Sanitation Sector Policy (2009) and also to meet Sustainable Development Goal No. 6 to ensure availability and sustainable management of water and sanitation for all by 2030. The National Water Policy has set basic water supply and sanitation coverage targets for all citizens by 2017, with 27% of the population given access to medium- or high-level drinking water supply service.¹ The new Constitution states that every citizen shall have the right of access to safe water and sanitation (Right to Health, Article 35(4), and that each person shall have the right to live in a healthy and clean environment (Right to Clean Environment, Article 30). Only 12% of the Kathmandu Valley population has access to high-level water supply services. In the country partnership strategy (CPS 2013–2017), ADB supports the government's target of providing safe drinking water by completing the Melamchi Water Supply Project for the Kathmandu Valley and associated projects. In line with the CPS and government strategies, the project will build on ongoing efforts to improve access, quality, and affordability of services to all households, including those living in poor settlements.

B. Poverty Targeting (Select one):

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income SDGs

Building on previous ADB-supported investments, the project seeks to improve water supply services for all, including the poor and marginalized groups. Specific efforts will be made to provide high-quality, mainstream services for households living in poverty pockets; or specialized solutions, as required.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Poverty is steadily decreasing in Nepal, but one-fourth of the population still lives below the level of poverty.² Poverty is more evident in rural areas, but the gravity and impact of poverty in cities are also severe due to lack of access to basic services, uncertainty about security of tenure, and unsafe and unhygienic living conditions and environments. The Human Poverty Index (HPI) for Kathmandu Valley is 21.3%, with 22.5% for Kathmandu, 19.2% for Lalitpur, and 19.4% for Bhaktapur districts, all lower than the national HPI value of 31.12. About 101 slums are reported to exist within the Kathmandu Valley, according to the water utility, the Kathmandu Upatyaka Khanepani Limited (KUKL). The people living in Kathmandu Valley are the primary beneficiaries of the project since alternative arrangements are costly and the poor suffer disproportionately from the burden. Poor and the socially excluded segments of the population will benefit both directly and indirectly. Beneficiaries include households headed by women, low-caste households, and those living in low-income settlements. The project also includes the implementation of a Social Uplifting Program (SUP) for affected basin communities of Yangri and Larke Valleys, including indigenous peoples. The SUP will be designed under ongoing Loan 3255 (and form part of the environmental and social impact assessment (ESIA) and implemented through the proposed project.

2. Impact channels and expected systemic changes. Provision of improved basic services will directly benefit the poor and the socially excluded residents of the Kathmandu Valley through improved access to, and quantity and quality of water. A better enabling environment for enhanced economic activities and more job opportunities, as a result of improvements in water supply, will provide them indirect benefits. Beneficiaries will save time collecting water and save money on water treatment. The tariff was revised upward by 50% in 2013. However, the average bill is still less than 2% of a poor household's income, which is still considered affordable and less expensive than water from alternative vendors.

3. Focus of (and resources allocated in) the project preparatory technical assistance or due diligence. Project preparatory technical assistance (PPTA) consultants will review documents prepared by the implementing agency

¹ Government of Nepal. 2005. National Water Plan. Kathmandu.

² Government of Nepal, Central Bureau of Statistics. 2010. *Nepal Living Standards Survey 2010-11*. Kathmandu.

(e.g., ESIA, resettlement plans, SUP), and improve the quality and ensure compliance with ADB guidelines. They will prepare other required plans and ensure that the project benefits women, the poor, and marginalized communities, and will identify best solutions for maximizing these benefits. They will ensure adequate resources for monitoring and implementation of related inputs.

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?

In the Kathmandu Valley, especially in low-income areas, women tend to suffer more due to lack of access to piped water as they are the main collectors, carriers, users, and managers of domestic water use. Women are forced to spend potentially productive time carrying out burdensome activity of managing private household water supply solutions, which can be stressful, expensive, and time-consuming. Women are also underrepresented in the water utility staff. The SUP will have a strong focus on women's empowerment (e.g., livelihoods, education, health).

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 Please explain. Yes. A gender action plan will be developed by the PPTA consultant, finalized during processing, and closely monitored during implementation. Preliminary targets include (i) implementation of SUP for affected basin communities with women's empowerment focus; (ii) development and implementation of a strategy to increase women staff at all levels of KUKL; and (iii) ensuring women-friendly designs of new KUKL buildings constructed under the project.

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

Yes No Please explain.

Project is not expected to cause any adverse impact on women or widen gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)

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

II. 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.

The main stakeholders are the existing and intended beneficiaries of water supply in the Kathmandu Valley, including poor and marginalized communities, the Ministry of Water Supply and Sanitation, Melamchi Water Supply and Development Board, KUKL, Kathmandu Valley Water Supply Management Board (KVWSMB), municipalities, Yangri and Larke affected basin communities, and interest groups.

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 project will ensure adequate resources for consultations and awareness raising to ensure that households are informed of plans, ongoing civil works, and the opportunity to be connected to KUKL's network; and that grievances are minimized. The SUP scope will be designed in close consultation with affected basin communities.

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?

Information generation and sharing Consultation Collaboration Partnership

Existing Community Awareness and Participation Consultant (CAPC) of Project Implementation Directorate (PID)/KUKL will meet with Tole, or ward-level community groups, during project preparation to discuss the project timing, benefits, temporary disruptions, and requirements for community collaboration. Melamchi Water Supply Development Board will engage closely with basin affected communities during planning phase (Loan 3255) and implementation phase (future project).

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 Please explain.

Existing CAPC will work closely with Toles to ensure that the poor and other marginalized groups understand the project benefits and are benefited. PPTA will ensure SUP targets the most marginalized people within affected communities; and adequate resources are allocated under the loan for social and communications considerations.

V. 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

Land acquisition is not likely for source works such as tunnel. It may be required for other subprojects. Loan consultants of ongoing project will determine the scale of land acquisition required, and PPTA consultants will confirm. However, most impacts are likely to be limited to temporary impacts to businesses and vendors during the construction period of the distribution works or persons growing crops on public land. All impacts will be mitigated to the extent possible and compensated as per the resettlement framework and Safeguard Policy Statement 2009. Resettlement Framework is required for SUP.

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

Culture may be impacted through increased interaction with non-indigenous peoples affiliated with the project.

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

Impacts will be studied during the ESIA.

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?

- 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 _____

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

An ESIA will be prepared under ongoing Loan 3255 for the tunnel works, including comprehensive mitigation measures for affected basin communities. Construction workers will be trained in HIV/AIDS awareness. The project ensures that contractors adhere to core labor standards and monitoring is carried out by the executing agency, implementing agencies, and the Asian Development Bank. Data collection during previous PPTAs indicated that willingness to pay is much higher than the current tariff.

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 (v) 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?

High degree of readiness is expected for this project. Therefore, the loan consultants of the ongoing project are undertaking due diligence in terms of social, gender, resettlement, and economic impact and preparing ESIA (for tunnel) and resettlement plans. PID/KUKL also has a CAPC to provide support for all ongoing projects, and to consult with communities in the preparation of the design of the new project. PPTA consultants will review documents prepared by the implementing agencies and ensure quality and compliance with ADB standards. They will also undertake additional studies, as required, and prepare remaining loan appraisal documents related to Gender Equality and Social Inclusion.