

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title:	Water Resources Development Investment Program
Lending/Financing Modality:	MFF-Facility (Loan)	Department/Division:	South Asia Department/Environment, Natural Resources & Agriculture Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed investment program purports to assist Sri Lanka in increasing water delivery to the beneficiaries by increasing the reservoir ('tank') capacity and transferring water from the reservoirs to the canals in the North Western Province, North Central Province, and Upper Elahera Canal – all in the dry zone, resulting in increased crop intensity. This will unlock future development in the northern dry areas. This is aligned with the goal of Sri Lanka's 10-year development framework (2006-2016) to achieve rapid economic growth that will benefit the entire population and stimulate social development of the country. In line with this goal, the Mahinda Chintana: Vision for the Future, provides the strategic context for the equitable development. The Mahinda Chintana vision specifically targets achieving the MDGs ahead of targeted time. Among such MDGs to be achieved by 2016 is eradication of hunger and hard-core poverty. This is to be attained through rapid economic growth. The principal target of the strategy is to raise the per capita income from US\$2,400 in 2010 to US\$4,000 in 2016. For irrigation strategy specifically, the Mahinda Chintana advocates construction of new reservoirs to harvest as much runoff water as possible while increasing irrigation productivity through improved water management and water use efficiency to meet the rising demand for water.

The investment program is also aligned with ADB's CPS for Sri Lanka 2012-2016, which has a pillar of inclusive and sustainable economic growth. ADB's interventions during the CPS period will be strategically focused on water supply, among others (transport, energy, education, skills development). ADB's CPS poverty analysis notes that poverty relates more to the rural and estate sectors than to the urban sector, and more to the agricultural sector than industry and services. At the national level, 21.6% of people who work in the agriculture sector are poor. Poor households are more concentrated in agriculture than in other sectors. In the agriculture sector, 45% of households are poor.

Thus, the investment program contributes to the national poverty reduction strategy by making water available for increased crop intensity – from the present one crop a year to two crops a year in the dry zone – and drinking water and other commercial users. The beneficiaries are the people living within and downstream of the project areas. These include poor and vulnerable groups, but the beneficiaries are not a direct focus of the investment program. The investment program objective addresses the income dimension of poverty such that with two crops a year being possible in the dry zone, the poor farmers will have an income beyond their subsistence agriculture. They will also have improved access to drinking water.

#### B. Targeting Classification

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

#### C. Poverty and Social Analysis

##### 1. Key issues and potential beneficiaries.

Key issues and potential beneficiaries: The expected beneficiaries are the farmers in the command areas in the dry zone. The investment program will address their needs by storing and transferring more water at appropriate times in the agricultural cycle such that the farmers are able to produce two crops a year instead of the existing one crop a year. Constraints to access the proposed benefits are not foreseen, as there is no water user fee in Sri Lanka. The official poverty line (according to the poverty headcount index) at the national level for December 2013 was SLRs 3,781, which is roughly \$1 a day, but families below the poverty line receive a food supplement at SLRs 1,500 per person per month under the national poverty eradication program ("Samurdhi"). The results of the household income and expenditure survey 2009/10 showed that poverty dropped significantly from 23% in 2002 to 8.9% in 2010 (estimated at the national poverty line of SLRs, 3,028 per person per month in 2009/10), and 6.5% in 2012.

##### 2. Impact channels and expected systemic changes.

Impact channels and expected systemic changes: The project indirectly impacts employment opportunities when the dry zone farmers are able to produce two crops a year instead of the existing one crop, thus enhancing their income. Direct but short-term employment opportunities will arise in the project area during construction.

##### 3. Focus of (and resources allocated in) the PPTA or due diligence.

Focus of (and resources allocated in) the PPTA or due diligence: A Social Development Specialist will be engaged under the PPTA to undertake social, poverty and gender analysis as well as social safeguard studies to make the project design more socially inclusive and participatory. No specific poverty and social issues are foreseen except for the families to be relocated, which issue will be addressed in the resettlement plans.

**4. Specific analysis for policy-based lending.**

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?

Key gender-related issues in post-war Sri Lanka include responding to the needs of war widows and single women with elderly dependents, improving women's participation in local (2%) and national (4%) governance structures, increasing employment opportunities for women in economically backward areas, an aging population, and gender-based violence. However, these issues are not relevant to this investment program which relates to transferring water from reservoir to the canals and does not directly involve the communities.

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

This infrastructure investment program does not involve irrigation or water supply which has a direct linkage to the gender issues. The nature of this investment program (transferring water from reservoirs to canals) is such that it does not directly or indirectly affect gender equity and is not likely to deliver tangible benefits to women.

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

Yes  No

The investment program activities are limited to transferring water from reservoirs to canals and thus, have no negative gender impacts leading to women's loss of traditional land rights or employment/ livelihood opportunities.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme)  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.

The main stakeholders include the Ministry of Irrigation and Water Resources Management, the Department of Irrigation and the Mahaweli Authority of Sri Lanka in the project provinces, the farmers in the command areas who are the end users of the irrigation water and beneficiaries, and approximately 194 project affected families under the MFF who will need to be relocated to accommodate the new canals for water transfer. The MIWRM is responsible for the project design. The project affected families will participate through consultations in the resettlement planning exercise.

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 primary stakeholders comprising the Ministry of Irrigation and Water Resources Management, the Department of Irrigation and the Mahaweli Authority of Sri Lanka are already involved with the technical design of the projects with due consideration for minimally affecting human settlements and increasing the area of the elephant habitat that the humans have encroached upon. The affected families including the poor and the excluded will be involved in the investment program design with reference to developing a resettlement framework and the resettlement planning exercise. Farmer Organizations will be involved with the consulting package "Improving System Efficiencies and Water Productivity"

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

For the investment program per se, these aspects of the CSOs are not relevant. The resettlement planning exercise will address these issues for the relocated families.

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 project design ensures that the poor and the excluded among the project affected families participate in the resettlement planning exercise. The resettlement plans will outline the responsibilities and resources to strengthen the participation of CSOs and the poor and vulnerable.

#### 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

Approximately 194 families (UEC=106, NWP Canal=88) will need to be relocated for the entire MFF (3 tranches), who include both titleholders (regularized on forest land) and non-titleholders, for constructing new canals and regaining land for the elephant habitat that was encroached upon. The quantum of land requirement is estimated to be 462.5 ha, all forest land (UEC=100 ha, NWPC=350 ha, Minipe Anicut=12.5 ha). The Involuntary Resettlement due diligence will proceed along the preliminary technical design.

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

The preliminary work that the mission carried out and the environmental impact assessment study of the project areas that the consultants engaged by the EA already carried out, did not identify any settlement of Indigenous Peoples communities in the project areas.

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

N.A.

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

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

Not applicable

#### 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

the social safeguard consultant will be responsible for the social development issues

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 are included for gender and social analysis and the safeguard due diligence. Appropriate amount of fund has been allocated.