

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Bhutan Project Title: Amochhu Land Development and Township Project

Lending/Financing Modality: Project Loan Department/Division: SARD/SAER

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Country Partnership Strategy 2014–2018 of the Asian Development Bank (ADB) for Bhutan is aligned with the Government of Bhutan's Eleventh Five Year Plan's main strategic thrusts on (i) inclusive social development, (ii) green accelerated economic development, and (iii) strategic infrastructure development. ADB's overarching goal of achieving poverty reduction (Strategy 2020) supports the government's strategic thrust on inclusive growth and infrastructure development. The project aims to (i) mitigate flood risks of Amochhu River, and (ii) develop riparian land as part of Phuentsholing's expanded urban development. The project is aligned with ADB's Water Operational Plan 2011–2020 and ADB Urban Operational Plan 2012-2020. The project will enhance urban services and improve urban environmental sustainability, and will contribute directly and indirectly to poverty reduction.

#### B. Poverty Targeting

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

The project will mitigate the flood risks to the municipality. In addition, the flood protected land will be developed for urban expansion. With an additional 460 hectares of land available for urban development, the Phuentsholing will be able to provide space, urban infrastructure facilities and services that will attract commerce and investment, and lead to increased employment opportunities and economic activities resulting in improved income of its population. The project preparatory technical assistance (PPTA) will assess the impacts of the project on poverty alleviation.

#### C. Poverty and Social Analysis

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

The recent study<sup>a</sup> shows that Bhutan's poverty reduction has been rapid, broad based, and inclusive. Between 2007 and 2012, Bhutan cut poverty by half from 23% in 2007 to 12% in 2012 based on an indicator of \$1.25 per day. Chukka Dzongkhag, where the Phuentsholing municipality is located, reduce poverty rates from 20.3% in 2007 to 11.3% in 2012. Rural areas are more successful than urban areas in reducing poverty. To improve the wellbeing of its citizens, Phuentsholing municipality is under tremendous pressure to provide urban infrastructure facilities and services particularly with rapidly growing population of 3% per annum. Improvements to the environment and urban infrastructure will support more economic activities to improve income of its citizens. The employment opportunities generated by the project during implementation and operation, will benefit not only Phuentsholing's citizens, but also people living in surrounding project areas including peoples from India.

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

The proposed Amochhu River works will reduce threats from flooding and river bank erosion, and protect additional areas that will be developed for urban expansion. Urban infrastructures, basic services, and housing complexes to be established in the new developed areas will not only serve the citizens living in this new town, but will also be shared with Phuentsholing's citizens living in the old town. Improved urban infrastructures and access to basic services, and access to parks and riverfront will enhance living environment and form a livable town that provides a conducive environment for increasing economic opportunities and improving their income.

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

For the poverty assessment, the PPTA consultant will focus on (i) collecting social and poverty data and reviewing available reports to identify key poverty issues; (ii) assessing types of likely employment opportunities, and identifying effective measures in improving employment opportunities for local people, including the poor and women; and (iii) assessing how the project, particularly the establishment of urban infrastructures including housing and its facilities, could directly and indirectly contribute to poverty

reduction. The poverty assessment will be carried out by following ADB Handbook on Poverty and Social Analysis, (2012). The PPTA will allocate inputs of 3 person–months for a national social development specialist who will: (i) undertake a gender assessment to develop measures to be incorporated in the project design; (ii) undertake stakeholder analysis to develop measures to enhance community participation on the design and implementation of the project; and (iii) develop mitigation measures for other social aspects not related to safeguards, including social aspects to ensure meaningful impacts on the poor, women and marginalized people.

## 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?

Bhutan continues to make good progress on improving women participation and reducing gender inequality. However, in urban areas, the study<sup>b</sup> shows that there is a lack of women involvement in decision making in urban development planning and community management of urban services. There is a need to involve women in the planning process, ensure women-friendly designs, seek women's advice on siting of infrastructure, and to increase urban safety. Without the project, the main climate change risk will be related to flooding. Therefore, the project is expected to ease women from taking responsibilities on addressing flooding impacts at the household level such as cleaning, protecting family especially children and elderly from illness and other diseases related to flooding, and keeping the family in a good spirit.

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 The PPTA consultant will carry out a gender assessment study to recommend how the project can generate maximum benefits for women; and how the project can ensure women's participation.

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

Yes  No

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.

As the project will result in providing more space for Phuentsholing to develop sustainable urban facilities, the main beneficiary will be the citizens of Phuentsholing. Nonetheless, the PPTA consultant will carry out a stakeholder analysis to identify and confirm the beneficiaries and other stakeholders, and to define roles and responsibilities for strengthening participation in project design and implementation.

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?

Consultations in various modes will be conducted during the PPTA and throughout implementation to ensure concerns from the poor, vulnerable and excluded groups, if any, are addressed and incorporated into project design and implementation.

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?

Civil society organizations (CSOs) in Bhutan have existed for many years forming an integral part of the traditional Bhutanese society, known as *kidu*. In Phuentsholing, civil society organization have provided people with opportunities to voluntarily participate in making decisions related to different activities on their day-to-day lives. The PPTA consultant will identify CSOs located in neighboring project areas, and areas affected by the project activities. The PPTA consultant will discuss and consult with them to identify what will be their participations throughout project design, implementation, and operation.

M Information generation and sharing  H Consultation  L Collaboration  N Partnership

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 PPTA consultant will identify issues that could affect the poor and vulnerable, and ensure that they are consulted.

## IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category  A  B  C  FI

<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</p> <p>The project will not acquire any land or involve involuntary resettlement as it is located in barren riparian land. This barren riparian land is government land with no encroachers or livelihood activities occurring. Therefore there will be no affected people experiencing either physical or economic displacement. There will be no involuntary resettlement impact or land acquired for other supporting activities such as borrow materials, access road, temporary storage for machineries and construction materials.</p>
<p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p><b>B. Indigenous Peoples Category</b> <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</p> <p>The project is located on barren land adjacent to the city of Phuentsholing. There are no communities that could be categorized as indigenous people, as described in the ADB's Safeguards Policy Statement (2009), living in the project areas, or affected by the project.</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 PPTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p style="text-align: center;"><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment  <input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> Affordability  <input checked="" 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?</p> <p>The poverty and social analysis (PSA) will gather information on potential risks, assess their significance, and identify appropriate mitigation measures in consultation with stakeholders. The obligation of contractors to implement measures especially on adhering to core labor standards, health and safety, and spread of communicable diseases will also be defined as part of PSA's recommendations.</p>
<p style="text-align: center;"><b>VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></p>
<p>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?</p> <p><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 PPTA or due diligence?</p> <p>In addition to the resources provided by the executing agency for undertaking a social impact assessment, the PPTA will allocate adequate budget for engagement of three person-months of a social development consultant, and survey costs, to prepare a PSA.</p>

<sup>a</sup> National Statistics Bureau, Royal Government of Bhutan and The World Bank. 2014. *Bhutan Poverty Assessment 2014*. Thimphu.

<sup>b</sup> Asian Development Bank. 2014. *Bhutan: Gender Equality Diagnostic of Selected Sectors*. Manila.