



Initial Poverty and Social Analysis

February 2018

Proposed Technical Assistance Loan Sri Lanka: Urban Project Preparatory Facility

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 January 2018)

Currency unit	–	Sri Lanka rupee(s) (SLRe/SLRs)
SLRe1.00	=	\$0.007
\$1.00	=	SLRs153.73

ABBREVIATIONS

ADB	–	Asian Development Bank
TA	–	technical assistance

NOTE

In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title:	Urban Project Preparatory Facility
Lending/Financing Modality:	TA 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 TA loan is in line with the Government of Sri Lanka's overall development strategy and sector objectives to create inclusive and balanced geographic urban development for accelerating economic growth and environmental sustainability. The Sri Lanka country partnership strategy, 2018–2022 of ADB supports this strategy and targets equitable growth to enhance social development and reduce inequality for balanced economic growth throughout the country. The TA loan will support these aims by designing future infrastructure projects to deliver services to all city residents, including poor and vulnerable groups. The ensuing projects prepared under the TA loan are expected to narrow regional disparities. ADB supports this development policy framework. ADB's strategic pillars include (i) inclusive and sustainable economic growth, (ii) catalyzing private investment and enhancing the effectiveness of public investment, and (iii) human resource and knowledge development. These will help in decreasing poverty and reducing social inequalities through the proposed TA loan.

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc)
 The TA loan will provide financing to the Government of Sri Lanka to conduct feasibility studies and prepare detailed designs for urban projects including water supply, sewerage, urban roads, drainage, solid waste management, markets, and bus/truck terminals across the country. Service coverage in these projects will include vulnerable groups, which is in line with the Government of Sri Lanka's development policy framework. The advanced preparation of projects through the TA loan will help deliver projects to beneficiaries in a timely manner for faster achievement of outcomes and impacts.

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** Potential direct beneficiaries of the TA loan are the Ministry of Provincial Councils and Local Government and the Ministry of Megapolis and Western Development. For the ensuing infrastructure investments to be made, potential beneficiaries include residents, businesses, and tourists. Projects will cover all 25 districts of Sri Lanka. Poverty and social analyses for selected projects will be carried out through the TA loan to identify the socioeconomic profile of the population in the project-influenced areas, expected benefits and constraints, and ability of the poor and vulnerable groups to benefit from the projects.
2. **Impact channels and expected systemic changes.** Projects will cover all 25 districts of Sri Lanka and include less developed urban areas with high poverty rates. Feasibility studies prepared under the TA loan will identify social and poverty issues. Design features of ensuing projects will improve urban services to poor and vulnerable groups, and will focus on rehabilitation or upgrading of existing urban infrastructure, and creating and establishing new urban infrastructure where required, based on detailed demand and social assessments. Contract documents will include measures to encourage the hiring of local residents during implementation.
3. **Focus of (and resources allocated in) the transaction TA or due diligence.** The TA loan will focus on poverty, social, and gender issues around the areas to be developed or upgraded, particularly in poorer communities. A special focus will also be placed on access to basic urban services and vulnerability to climate change impacts, particularly extreme weather events and impact of natural hazards.
4. **Specific analysis for policy-based lending.** Not applicable.

II. GENDER AND DEVELOPMENT

The TA loan will assess gender issues and integrate gender perspectives in project planning to achieve positive outcomes for women particularly in achieving gender equality. The TA loan will identify the steps or strategies that could be considered or adapted to move forward in key areas to ensure effective gender mainstreaming. Sex-disaggregated data will be collected where relevant.

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

Sri Lanka is the least unequal of the countries in South Asia per the Gender Inequality Index. Gender indicators for women in health and education are strong; however, women's participation in the labor force is very low, especially in technical or engineering-related jobs. Low labor force participation and high unemployment rates among women (73.7% in urban areas) indicate that their skills are underused, which could be attributed to unequal access to basic urban services (water, sanitation) and transport.^a Women's participation in decision-making positions in the community is limited, and they lack knowledge on technical matters related to wastewater management, hygiene, and sanitation. The poorest groups of women spend more time seeking the service of gully suckers to empty their frequently spilling sewerage pits, which reduces their time available for economically productive and remunerative activities. At the project preparatory stage, sex-disaggregated data on the range of socioeconomic indicators

relevant to the project will be collected, with a focus on the needs and constraints faced by the poor, women, and vulnerable groups in the project areas, particularly as regards equitable access to the benefits and opportunities

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 of the TA loan are the Ministry of Provincial Councils and Local Government and the Ministry of Megapolis and Western Development. Officials from selected towns and cities were also consulted during the facility preparation.

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?

Women from the communities will be engaged as local leaders for associated community-based components of the ensuing projects. The ensuing projects will actively promote the empowerment of women as community leaders in local sanitation and promote women employment in skilled positions (management, technical) in the municipalities and related project agencies.

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 (High) Consultation Collaboration Partnership

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? Yes No

It will be important to survey and understand the roles of the poor and women in urban service delivery and to identify opportunities for employment.

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

The TA loan will prepare feasibility studies and detailed designs, and provide implementation support to ensuing investment projects that will be financed by ADB. No resettlement will occur under the TA loan. Resettlement impacts of ensuing projects will be assessed and resettlement planning documents will be prepared (if required) following ADB's Safeguard Policy Statement (2009), and government policy and procedures.

2. What action plan is required to address involuntary resettlement as part of the transaction TA 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

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

Indigenous peoples impacts are unlikely, as indigenous peoples are unlikely to be present in urban project areas. Nevertheless, indigenous peoples impacts will be assessed and documents prepared (if required).

4. What action plan is required to address risks to indigenous peoples as part of the transaction TA 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 (Medium) Adhering to core labor standards (High) Labor retrenchment Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability (High) 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?

Core labor standards will be included in contracts. Economic analysis will assess affordability of proposed urban services and impact on the poor.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during the 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?

Yes No

Terms of references of consultant firms include gender and social development, and social safeguard specialists.

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?

Poverty, social, and gender analysis will be undertaken during TA loan implementation by the social development specialists associated with the project.

3. Does the proposed project or program have the potential to contribute to the promotion of gender equality 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

Women can play important leadership roles as community change agents in urban services delivery including public sanitation, hygiene awareness, and behavioral change. The project will empower women as community leaders of such initiatives. There is potential to employ women in jobs generated under the ensuing project, particularly in the management and technically skilled positions that will be actively pursued. The project will seek to promote the active participation of women in city planning and administration, and ensure that city planning promotes women's access to jobs through better trunk infrastructure, child-care facilities (promoted by the city administration), safe and secure transportation, etc.

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

Yes No

The TA loan will ascertain the labor distribution (male, female). This will help to identify project components that will have positive and negative impacts on women. Project design will include mitigation measures for any negative impacts on women arising due to the project.

5. Indicate the intended gender mainstreaming category:

GEN (gender equality) EGM (effective gender mainstreaming)

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

ADB = Asian Development Bank, TA = technical assistance.

^a Department of Census and Statistics. Ministry of National Policies and Economic Affairs. 2017. Quarterly Report of the Sri Lanka Labor Force Survey (First Quarter). Colombo.

Source: Asian Development Bank.