



Initial Poverty and Social Analysis

April 2018

Nepal: South Asia Subregional Economic Cooperation Highway Improvement Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 April 2018)

Currency unit	–	Nepalese Rupee (NRe/NRs)
NRe1.00	=	\$0.009579
\$1.00	=	NRs104.39

ABBREVIATIONS

ADB	–	Asian Development Bank
DOR	–	Department of Roads
EWB	–	east–west highway
km	–	kilometer
SASEC	–	south Asia subregional economic cooperation
SRN	–	strategic road network

NOTE

The fiscal year (FY) of the Government of Nepal ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on 15 July 2018.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Nepal	Project Title:	South Asia Subregional Economic Cooperation Highway Improvement Project
Lending/Financing Modality:	Project loan	Department/ Division:	South Asia Transport and Communications Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

As a landlocked country with more than 70% mountainous terrain, land transport plays a key role in Nepal's economic and social development. Road transport accounts for almost 90% of the country's passenger and freight transport. The government has thus placed a high priority in improving access and expanding the strategic road network (SRN) in its Fourteenth Plan for FY2017–FY2019.

The project aims at expanding the 85-kilometer (km) section of the east–west highway (EWH) from Kanchanpur to Kamala into four lanes. The EWH is a major route for domestic and regional connectivity, as traffic volumes steadily rise. The project is consistent with the strategic objective set out in the country partnership strategy (2013–2017), which has been extended until the end of 2019, and the country operation business plan (2018–2020), which aims at enhancing connectivity to facilitate economic growth.

B. Poverty Targeting

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

The last 2010/2011 Nepal Living Standard Survey (NLSS) shows that 25% of Nepali people live below the absolute poverty line. The proposed project will improve infrastructure supporting the economic development of communities in the project area, as well as cross-border exchanges. At a regional level, economic activity stemming from agriculture, industries, energy, tourism and cross-border trade will benefit due to improved connectivity. At a local level, communities will have improved access to commercial, public, and social services. The induced impacts on economic growth and the delivery of social services will in turn contribute to poverty alleviation.

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** The primary project beneficiaries are residents living in the districts crossed by the road. Other beneficiaries include businesses in the trade, agriculture sectors and some industries.

2. **Impact channels and expected systemic changes.** The improved infrastructure will enhance access to markets, economic opportunities, as well as administrative, health and educational facilities.

3. **Focus of (and resources allocated in) the transaction TA or due diligence.** The social impact assessment, which includes the review of involuntary resettlement and gender impacts, is currently being carried out by the social experts of the design consultant team.

II. GENDER AND DEVELOPMENT

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

At the project preparatory stage, sex-disaggregated data on relevant socioeconomic indicators will be collected, with focus on the needs, demands, and constraints faced by the poor, women and vulnerable groups in the project area. The poverty and social assessment will evaluate the social risks associated with the infrastructure project, like community road safety, HIV/AIDS and human trafficking. The gender

analysis may identify risks that particularly affect women. The findings of this assessment will be translated into mitigation and social enhancement measures included in the project design.

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?

Yes No

The project is expected to improve women’s connectivity and as such their access to services and economic opportunities. A gender action plan will be developed during appraisal.

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

Yes No

The project’s adverse impacts on women will relate to involuntary resettlement impacts. The project will not 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)

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.

District residents, business owners along the corridor and those working in the trade and agricultural sectors, as well as Department of Roads and local officials are the key stakeholders of the project.

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 and focus group discussions are being conducted to obtain the views of the community, in particular women and the vulnerable, about the project and its potential impacts, such as involuntary resettlement, road safety, HIV/AIDS, and human trafficking.

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?

H Information generation and sharing **H** Consultation **M** Collaboration **L** 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

Vulnerable persons impacted by involuntary resettlement will benefit from additional resettlement assistance measures that will be outlined in the resettlement plan. Road safety awareness campaigns to the communities will have measures for populations that are particularly at risk, such as children and professional drivers.

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 involuntary resettlement due diligence is currently being conducted. It is expected that the project will have moderate impacts and will be categorized as B. The project will be carried out in the existing right of way of DOR with limited encroachment.

<p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input 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?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities?</p> <p><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?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p style="text-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>L Creating decent jobs and employment M Adhering to core labor standards L Labor retrenchment M Spread of communicable diseases, including HIV/AIDS M 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 M Others, please specify: community road safety</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>The project will make improvements on existing corridors. The increase in hazards of communicable diseases and human trafficking is thus expected to be marginal but may nevertheless be exacerbated by more road traffic and easier interregional movements. Moreover, the project may lead to the risks of non-compliance to core labor standards and road safety hazards to the community along the corridor. These risks will be assessed during the poverty and social analyses to identify mitigation measures as well as be addressed in the project design.</p>
<p style="text-align: center;">VI. TRANSACTION TA OR 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?</p> <p>The preparation of this project includes the financing of all safeguards documents, including the preparation of the resettlement plans and social, poverty and gender analyses, which are financed under ongoing ADB projects (G0227-NEP: Transport Project Preparatory Facility and L3013-NEP: SASEC Road Connectivity Project).</p>