

INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Project Title:

Lending/Financing Modality: Department/Division:

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Nepal is transitioning from post-conflict status and stands out for its relatively stable economic performance in recent years. Although the country remains among the poorest countries in the world, it attained the millennium development goals (MDGs) of halving extreme poverty ahead of time. The percentage of people living on less than \$1.25 per day fell from about 53% in of the total population in 2010–2022 to 25% in 2010–2011, within a span of just 7 years. Tremendous earthquakes on 25 April 2015 in Nepal has slowed down the country's steady socio and economic development. The pre-earthquake gross domestic product growth was projected to be 4.6%, down from 5.1% in FY2014. It will also likely affect the country's overarching goal to graduate from the Least Developed Country category by 2022. The earthquake also pushed about a million people below the poverty line and slowed progress on achieving other MDGs. The poor and vulnerable are severely affected by earthquakes, particularly dependent on local infrastructure (roads, bridges, hospitals, and schools) for access to labor and commodity markets, and for accumulation of human capital. Inclusiveness would be at core of national rehabilitation, reconstruction, and further socioeconomic development.

B. Poverty Targeting

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

The project is a general intervention, as it is part of the government's strategy to ensure broad-based and inclusive economic growth.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The primary beneficiaries of the project will be the students in the new center of excellence (world-class higher engineering education institute [WCHEEI]) and three campuses in remote and disadvantaged areas. The project will develop a new WCHEEI in/near Kathmandu Valley and open engineering courses in selected three campuses in disadvantaged areas that need infrastructure and human resource development due to remoteness and long civil strife. The project will provide business opportunities for local business community by outsourcing some of the services to be offered in the WCHEEI and three campuses. The project will include demand side financing for students from the poor and excluded groups to ensure they have access to WCHEEI and opportunities for honorable and gainful employment. The project will also improve overall quality and relevance of engineering program for the country's economic development by ensuring better quality infrastructure, private and public sector capacity at national as well as state level.

2. Impact channels and expected systemic changes.

A project preparatory technical assistance (PPTA) (\$808,000) will assist the government to develop a WCHEEI which provides quality and relevant engineering program in Nepal. Merit-based equitable access and strong governance will be ensured. The findings and recommendations will form the project design. The TA will also support due diligence including technical (sub-sector analysis, supply-demand analysis), social (equitable access, social demand), economic and financial (economic rationale, sustainability, investment needs), governance risk assessment, and safeguards (indigenous peoples, resettlement, and environment).

The project will review the current practice of Nepal and other countries in selecting students from disadvantaged background and introduce some targeted approach to ensure enough number of students from the poor and excluded groups can have access to WCHEEI. Appropriate measure will need to be developed, and consultations with stakeholders will be arranged during the project preparation.

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

The project will incorporate design features to address gender equity, access for excluded groups, and focused demand side financing (financial assistance programs) for the students from the poor and excluded groups. The project will review the existing system that aims at increasing the participation of women and people from excluded groups such as students, faculty, and decision makers of WCHEEI and expand it or introduce improvement with a set of time-bound targets. A challenge of project design development is to set a good balance of merit/performance-

based vs. equity-based approach. (Despite the importance on equity discourse to include enrollment of girls and excluded groups, WCHEEI must focus on quality. WCHEEI will need to have a mission to admit best students).

4. Specific analysis for policy-based lending. N/A

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?

Labor force participation rate of women in Nepal is very high at 80.1% (men 87.5%) while their percentage as paid employee is only 26.2% compared to 73.9% as that of men. Majority of them are involved in agriculture and in the informal sector and self-employed. The other pertaining issue is of unequal wages. Women are still paid less as agriculture labors and in other sectors despite the law prohibiting gender inequality in wages.

During 2005–2012, girls' participation in higher education dramatically increased. In 2012–2013, the Gender Parity Index (GPI) (ratio of female student to the male students) raised from 0.5 to 0.91. 47% of total enrolled students are females. Female enrollment is also skewed towards certain disciplines like nursing and education. GPI in faculties is varied and GPI in engineering is only in 0.16. There is significant gender disparity. Also, at the Institute of Engineering (major engineering higher education institute in Nepal), administrative staff is also limited at 10% (more data will be collected during the PPTA implementation).

With increasing passing rate at secondary to higher education, there is an opportunity to expand women's participation in technical and engineering education and increase the share of women in high skilled jobs. With the tendency of male engineers seeking employment opportunities abroad, which creates shortage of engineering capacity in domestic market, the role of female engineers can become very important not only to fill the capacity gap and contributing to the national development priority in infrastructure and human resource development but also establishing new role model for other non-conventional sectors for female participation.

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 project will include features to ensure gender equity to increase the number of women enrollees, faculty members, administrative staff, and decision makers in WCHEEI; and incorporate specific targets in the design and monitoring framework and gender action plan. Considering the tendency of male graduates leaving the country for better job perspective, increase in the number of female graduates of higher engineering education (HEE) can increase availability of engineering capacity in the domestic market. It will also promote women's role and capacity outside of stereotype occupations.

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

Yes No

The project intends to empower women and/or girls by supporting access to HEE and employment opportunities in the engineering field. This includes students, teachers, researchers, faculty staff, administrative staff, and university management.

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.

There are a large number of stakeholders involving preparation and implementation of the project. They include high policy makers, Ministry of Education, University Grants Commission, WCHEEI, Engineering Association, business associations, large business interests in relevant engineering areas (e.g., construction, power, and tourism), students, and their parents. The project design will require a new higher education act for a newly established WCHEEI. Various levels of consultations will be organized for strategic development of WCHEEI (its mission/role, management structure) and smooth implementation of the project. In addition, workshops and consultations with key stakeholders, including the private sector to ensure focus on relevance of engineering program, will be conducted under the PPTA.

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?

Pro-poor and cultural sensitive approach will be sought during the project preparation. Disadvantaged groups refer to the *dalit* (low caste), *janajati* (indigenous people), hard-core poor (those with per capita income of less than NRs. 4,617 at 2007 prices), and those living in remote areas.

<p>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?</p> <p><input type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> H: Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>Series of consultations will be planned to prepare a new act and the project design.</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>PPTA due diligence will be conducted and pro-poor approach will be developed on student's financing.</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> 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 government has informed that the land acquisition is not planned. During the PPTA implementation, verification of the information and due diligence will be duly conducted to produce the needed reports.</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</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<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>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>The project will target excluded groups, including the indigenous, as recipients of scholarships and placement in HEE. Student finance scheme will be developed on a pro-poor basis so that excluded groups will have access to learning opportunities.</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 checked="" 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 type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? N/A</p> <p><input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><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? N/A</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<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 the PPTA, provision for 2 person-months of gender and social development specialist is included. He or she, working closely with Nepal Resident Mission's senior social development officer (gender) and Human and Social Development Division's senior social sector specialist (team leader), will collect and analyze data and on-going gender and social development actions in higher education and its engineering institutes, and develop feasible actions to be reflected in the gender action plan. Budget in the PPTA also includes cost for consultations and workshops. Project components will be made accessible to women, girls, and vulnerable groups to be able to participate in and benefit from the project.</p>