

## 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

The proposed programmatic approach will provide policy advice to the government on private sector development and expansion of economic opportunities, and help implement related reforms that may face resistance. The Country Partnership Strategy 2010–2014 includes support to private sector reforms as one of the three operational priorities. The proposed assistance is aligned with the National Development Strategy 2007–2015, which prioritizes increased investment and development of entrepreneurship and the private sector.

#### B. Poverty Targeting

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

The Program supports overall economic growth through increased investment and employment creation. The selection of policy actions will take into consideration their implications for individual entrepreneurs and small enterprises.

#### C. Poverty and Social Analysis

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

The primary beneficiaries are expected to be current and future entrepreneurs and investors, who are expected to benefit from an improved business environment and gain a better knowledge of modern production techniques and external markets. Women entrepreneurs will be specifically targeted. One of the issues to be considered in the selection of policy actions is how to expand the indirect benefits to the working population, both the employed and unemployed, as investment opportunities should also result in the creation of jobs and increased wages.

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

Policy reforms are expected to have an indirect medium- and long-term impact on poverty, mainly through increased employment opportunities. Reduced costs of doing business and strengthened protection for investors are expected to attract more investment in the medium term; this is expected to support sustainable economic growth and employment creation. Better knowledge of modern production techniques and external markets is expected to increase profits and wages.

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

ADB staff will review the poverty, social, and gender dimensions of the proposed reforms, and assess how program benefits may be maximized. The team of consultants financed by the ongoing Policy and Advisory Technical Assistance for Investment Climate Reforms includes a specialist on women entrepreneurship.

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

Due diligence will include (i) analysis of the transmission channels of the policy actions and their direct and indirect impacts on the labor market for skilled and unskilled labor, and (ii) estimation of possible additional costs, if any, to individual entrepreneurs and small enterprises brought about by the policy actions.

### 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? Women are taking on business management roles, as male labor migration has increased. Women work in the market, have small production units, and some travel as shuttle traders to neighboring countries. However, their entrepreneurial progress is limited, especially in rural communities, by rigid notions of appropriate roles for men and women in society. Men and women have equal legal rights to land, property other than land, bank loans without the need for prior authorization, and contracts in their own names. Even so, women represent a small percentage of registered land use owners and few women apply for loans, primarily because they are not aware of their rights and do not understand the underlying procedures. Women typically do not control household assets.

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 programmatic approach will include policy actions designed to address obstacles faced particularly by women entrepreneurs and promote a level playing field between male and female entrepreneurs.

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 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 entrepreneurs, investors, and those in the informal and private sectors. The primary beneficiaries are current and future entrepreneurs and investors, who are expected to benefit from an improved business environment and gain a better knowledge of modern production techniques and external markets. These groups will be regularly consulted.

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?

Development of women entrepreneurship has the potential to empower a subset of the population that is particularly vulnerable. The design will benefit from consultations with associations of women entrepreneurs and from lessons learned from pilot interventions supported by ADB policy advisory TA.

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?

**M** Information generation and sharing **M** Consultation **N** Collaboration **N** Partnership

This is programmatic assistance with nationwide impact. All relevant civil society organizations (e.g. non-profit business associations, research experts, and professional networks) will be regularly consulted throughout program design and implementation.

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 programmatic assistance supports overall economic growth through increased investment and employment creation. It does not directly address poverty.

### 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

No impacts. Activities include countrywide policy reforms, but no civil works requiring resettlement.

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 proposed program includes countrywide policy reforms to improve the investment climate and employment opportunities. The reforms are not expected to have adverse impacts on minority ethnic groups.

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

The proposed program includes countrywide policy reforms to improve the investment climate and employment opportunities. The reforms are not expected to have adverse impacts on minority ethnic groups.

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 (**M**)     Adhering to core labor standards     Labor retrenchment
- Spread of communicable diseases, including HIV/AIDS     Increase in human trafficking     Affordability
- 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?

The selection of policy actions will consider their potential to maximize creation of decent jobs. The program will ensure proper communication and dialogue with stakeholders to minimize political instability created by resistance from vested interests.

**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 (v) other social risks. Are the relevant specialists identified?

- Yes             No

Preparation of the programmatic assistance is being supported by the ongoing Policy Advisory Technical Assistance for Investment Climate Reforms. Due diligence of social issues is included in the terms of reference of the processing team and the consultants financed by the technical assistance.

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?

Preparation of the programmatic assistance is being supported by the ongoing Policy Advisory Technical Assistance for Investment Climate Reforms, including a women entrepreneurship specialist.