

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Nepal	Project Title:	Far Western Region Urban Development Project
Lending/Financing Modality:	Project Loan	Department/Division:	South Asia/Urban Development and Water

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed project is aligned with Nepal's Three-Year Plan (FY2014-FY2016) which aims to achieve sustainable, broad-based, inclusive economic growth through improved urban services, among other investment and reform priorities. The Three-Year Plan aims to improve basic services such as water supply, wastewater management and urban transport in large, medium and small urban centers. The proposed project is also fully aligned with the ADB's Nepal Country Partnership Strategy (CPS) (2013-2017), which focuses on core sectors of urban infrastructure, energy, and transport. Thematic drivers of the CPS that are also main features of the proposed project are environmental sustainability, governance, and gender equity and social inclusion. The project proposes to improve urban services for all residents of project municipalities, including the poor and vulnerable populations.

B. Targeting Classification

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

The proposed project will be designed to improve services for all segments of the population with direct benefits for about 280,000 people living in Attariya, Bhimdatta, and Dhangadhi. The project will also indirectly benefit 600,000 people in the Kanchanpur and Kailali Districts. There is a dearth of detailed poverty data for the region, particularly at the city-level. The proposed project will include socio-economic surveys to fill the gap in city-level poverty data and other socioeconomic information, including the prevalence of slums/urban poor settlements. These detailed investigations will help to better understand the environment and ensure that appropriate measures are developed for low-income and other marginalized groups.

The project preparatory technical assistance (TA) will identify low-income communities and qualify current access to basic services. Through the socioeconomic surveys and focus group discussions, the TA will determine community willingness to participate in subproject planning and implementation and identify ongoing work of civil society organizations. Based on the above, the TA will identify options for pro-poor designs, participatory governance and resultant subprojects addressing pro-poor and inclusive growth.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Poverty across the country fell from 42% in 2001 to 25% in 2011 but Nepal still faces wide socioeconomic disparities between geographical regions and ethnic and social groups. The 2011 census data for the Far Western Region and the two target Districts indicate that the area is economically disadvantaged as compared to other regions but that Kailali and Kanchanpur Districts contribute more than half (59%) of the Far Western Region's gross domestic product.¹³ 2011 per capita income in urban areas in Nepal was \$2,248 compared with \$942 in Kailali District and \$938 in Kanchanpur District. The region's poverty rate is above 40% and about one-third of children under the age of five in Kailali and Kanchanpur Districts are malnourished.¹⁴ The project will reach some of the country's most disadvantaged urban populations.

2. Impact channels and expected systemic changes.

Beneficiaries (including the poor) will benefit from an improved living environment and increased access to basic services, resulting in time savings, and improved health and quality of life. The proposed project is expected to lead to more responsive and consumer-oriented local government as well.

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

Under the TA, the Social Development and Gender Expert (2.5 person-months) will supervise household socioeconomic surveys to collect data on poverty, the poor's access to basic services, employment, and literacy to (i) establish baseline data, (ii) identify investment priorities, (iii) understand impacts on marginalized groups and (iv) inform project design. The specialist will identify ongoing work of civil society organizations in the municipalities. She/he will also define the scope of related gender and social development work for the design and supervision consultant (DSC) to be financed through the project design advance.

¹³ *ibid*

¹⁴ Source: Government of Nepal and UNDP. Nepal Human Development Report. 2014.

4. Specific analysis for policy-based lending.

Not applicable

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?**

Gender equality is a key theme in Nepal's Three-Year Plan (FY2014-FY2016). The main issues related to gender in urban development are related to (i) access, and (ii) decision-making. Poor access to services disproportionately affects women since they are generally responsible for securing and maintaining household and community level water supply and sanitation facilities; and ensuring that children have access to a safe and clean environment. Women are typically not represented in decision-making positions, and their needs are thus not adequately incorporated into project design.

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

There will be a requirement for women representation on the regional/city level project steering committee(s). A gender and social equity action plan (GESI) will be prepared during the TA.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No

The proposed project will improve the access, reliability and quality of basic services to all households in the project area. There will be no adverse impacts arising from proposed project and the benefits to women will include improved hygiene and sanitation due to improved storm water drainage, sewerage, septage management, or solid waste management and hygiene education.

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 of the proposed project are the citizens of Attariya, Bhimdatta and Dhangadhi, including those living in marginalized areas, current and future investors (private sector), local business, government officials, civil society organizations, construction industry, and development partners.

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?

The impact of the proposed project is improved urban environment in the municipalities of Attariya, Bhimdatta and Dhangadhi. The TA will include household surveys and focus group discussions representing different beneficiary groups and involving them in designing the access and reliability of basic services. The proposed project will ensure holistic service coverage.

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 (H) Consultation Collaboration Partnership

The Social Development Expert will identify active NGOs and CBOs in the three project municipalities. The proposed project will aim to create synergies with existing civil society organizations in line with project objectives and identify opportunities for collaboration in planning, design and implementation. Intensive community consultations will also be carried over to the project implementation stages and user awareness will be included as an important activity. Consultations may also be held with private sector representative through the local Chamber of Commerce or other associations to identify their investment priorities.

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

IV. SOCIAL SAFEGUARDS	
A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input 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>Efforts will be made to limit involuntary land acquisition for investments in the city centers. However, temporary impacts are expected during some works, which will be identified and mitigated through the Resettlement Plans prepared by the DSC.</p>	
<p>2. What action plan is required to address involuntary resettlement as part of the TA or due diligence process?</p> <p><input checked="" 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 type="checkbox"/> None</p>	
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" 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>Indigenous Peoples' communities are not known to be present in the municipalities and negative impacts are unlikely. However, the household survey will confirm the existence of indigenous peoples among potential beneficiaries and affected persons.</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 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 <input type="checkbox"/> Environmental and social management system arrangement <input checked="" 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?</p> <p><input type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> Affordability (L) <input 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>Adherence to core labor standards will be secured through provisions in the construction contracts. Monitoring will be undertaken through the DSC. Willingness to pay and affordability assessments for basic surveys will be carried out through the socioeconomic surveys.</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>The TA includes a Safeguards Specialist and a Social Development Expert. The DSC will also undertake due diligence based on detailed engineering designs prior to loan appraisal; and these outputs will be reviewed by TA experts.</p>	
<p>3. 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>The TA will include a Social Development Expert to undertake poverty, social and gender analysis based on household socioeconomic surveys and focus group discussions. The contract of the DSC appointed will include sufficient resources to prepare and implement the GESI and participation plan with local NGOs.</p>	