

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Nepal	Project Title:	Agriculture Sector Development Program
Lending/Financing Modality:	SDP - Program loan	Department/ Division:	South Asia Department/Environment, Natural Resources & Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The sector development program is consistent with Nepal's Country Partnership Strategy 2013–2017, which supports inclusive economic growth. The focus of the Country Partnership Strategy agricultural sector interventions is on increased agricultural production, productivity and food security. The proposed Agriculture Sector Development Program (ASDP) will combine a policy-based program and an investment component to support implementing the government's Agricultural Development Strategy (ADS) in a comprehensive and integrated manner, by promoting sustainable and connectivity-based agricultural growth in Nepal. The program component aims to support and foster key policy reforms identified in the ADS, to improve enabling environment for investment in productivity improvement and commercializing agriculture. The investment component will support market and value chain development, rural connectivity by linking rural areas, decentralizing agricultural extension services and research that are responsive to the needs of the farmers in four clusters of eastern, central, western and mid and far western part of the country.

B. Targeting Classification

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

The proposed program and the investment component will not address poverty issues directly. However, poverty will be indirectly addressed through promotion of agribusiness and non-farm rural activities through linkages with other sectors. It aims at promoting inclusiveness through acceleration of sustainable, multi-sector and connectivity based growth. This will result in increased food and nutrition security benefiting the poor rural households. Improved agribusiness infrastructure and value chain development will help establish innovative integrated linkages with various stakeholders. The improved road connectivity will improve physical and economic access, and facilitate in adopting suitable inputs and technologies. Expansion of research and extension that is responsive to the real needs of the farmers, including women, poor and disadvantaged will help address agro ecological and socio-economic needs of different types of farmers more effectively. Training to extension workers on the adoption of climate resilient crop and insurance policy will provide cushion to poor farmers and avert adverse risks.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The national poverty is 25.2% (\$1/day) (Nepal Living Standards Survey 2010-11). Growth of agriculture gross domestic product continues to be low at about 3% and highly variable from year to year. Most of the poor live in rural areas and poverty is closely associated with a stagnant agricultural growth and rural economy. The primary beneficiaries of the project are related sector agencies and institutions and the market systems, including the traders, and rural and urban farmers. The program component will support and foster policy reforms to improve enabling environment for investment in the agriculture sector. The investment component will support market outreach through connectivity to rural communities, and integrated linkages among stakeholders in the value chains. It will provide needed technologies, input, and services in meeting food deficiency and malnutrition. Under the investment component, the staff capacities will be expanded through the implementation of capacity development program for 3,000 agriculture service center staff and other field persons, including women.

2. Impact channels and expected systemic changes.

The ADS implementation is expected to have a greater impact on the overall agriculture sector for the next 20 years. With systemic change in the structure of the agriculture sector, agribusiness and non-farm rural activities based on agriculture are expected to grow rapidly. This will contribute directly and indirectly in cutting poverty of the poor and socially disadvantaged groups, particularly in rural areas.

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

A social development and gender specialist will be engaged under the project preparatory technical assistance (PPTA) for 2 person months to undertake gender and social analysis, including preparing the gender and social inclusion (GESI) action plan and a budget for gender and social development related activities.

4. Specific analysis for policy-based lending.

The short term impacts on the poor, vulnerable and excluded groups would be through increased connectivity, and easy access to agricultural inputs. The long term impact would be transformation to commercialization and competitiveness in the market, greater economic return through integrated advantageous value chain linkages and improved market connectivity, favorable policies, adequate legal frameworks and institutional mechanisms for agricultural growth with easy access to financial and insurance products and mitigating measures for climate change and other disaster risks.

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?

Key gender issues in the sector are lack of recognition of women as independent and autonomous farmers, lack of strategic programs and budget to enhance women's strategic positions in agriculture as producers and entrepreneurs, women's lack of property titles resulting in constrained access to financial credit and insurance, and to other resources such as water for irrigation, lack of women's access to means of production such as extension services, quality inputs (fertilizers, seeds and improved breed), equipment, and limited leadership competence in creating acceptance, and improving women's position in different structures of the government, non-government and private sectors.

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 gender equality and social inclusion action plan will be developed during the PPTA. It will assess the overall situation of women farmers, disaggregated information on the extent of agriculture extension service outreach, and assess the existing institutional mechanism and capacity needs of the executing agencies/implementing agencies on GESI.

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

Yes No

The proposed project is not expected to entail any adverse impact on women or widen gender inequality.

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 stakeholders include (i) Ministry of Finance, (ii) Ministry of Agricultural Development, (iii) Ministry of Federal Affairs and Local Development, (iv) Department of Local Infrastructure and Agricultural Roads (DOLIDAR), (v) Department of Agriculture, and (vi) National Agriculture Research System. At the district level, District Agriculture Development Offices and District Development Committees are other stakeholders of the project. Beneficiaries include farmers including women, poor and disadvantaged farmers, rural communities, entrepreneurs, extension workers and field personnel, and staff of executing agencies and implementing agencies. The project will not have any negative effect on the people. The beneficiaries will participate in consultation session during the design of the activities under investment component.

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 primary stakeholders such as the Ministry of Finance, Ministry of Agricultural Development and Ministry of Federal Affairs and Local Development and their Departments such as Department of Agriculture, and DOLIDAR are already involved in the design of the program and due attention is being paid to inclusiveness of poor, vulnerable and excluded groups. The poor and excluded will be involved in the agriculture related activities under the investment component such as in the agriculture infrastructure improvement, rural connectivity, integration in value chain, employment during road upgrading, information dissemination and outreach on the agriculture extension services at the district and community levels and on nutrition and pilot crop insurance program to cover poor, vulnerable and disadvantaged farmers.

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 **C**ollaboration **P**artnership

Nongovernment organizations will be engaged to implement agriculture related component such as information dissemination and outreach, social mobilization of farmers, entrepreneurs and capacity development.

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 project design will ensure that poor and disadvantaged will be included in the consultation sessions under investment component related to agriculture such as in the selection of agriculture infrastructure, in value chain, in accessing agriculture

inputs and services, and awareness and capacity development in nutrition and food security.

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 investment component may require land acquisition. PPTA will further examine.

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

PPTA will further examine.

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

PPTA will further examine.

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(M) 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 poor and excluded will be involved in the agriculture related activities under the investment component such as in the agriculture infrastructure improvement, rural connectivity, integration in value chain, employment during road upgrading, information dissemination and outreach on the agriculture extension services at the district and community levels and on nutrition and pilot crop insurance program to cover poor, vulnerable and disadvantaged farmers.

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

Yes No

A poverty reduction specialist and a social development and gender specialist are included in the PPTA for necessary inputs.

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?

A poverty reduction specialist and a social development and gender specialist are included in the PPTA for necessary inputs. Consultation costs will also be allocated for field level data and information collection.