



Initial Poverty and Social Analysis

May 2019

Nepal: South Asia Subregional Economic Cooperation Mugling–Pokhara Highway Improvement Project (Phase 1)

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 24 May 2019)

Currency unit	–	Nepalese Rupee (NRe/NRs)
NRe1.00	=	\$0.008924
\$1.00	=	NRs112.06

ABBREVIATIONS

ADB	–	Asian Development Bank
DOR	–	Department of Roads
km	–	kilometer
SASEC	–	South Asia Subregional Economic Cooperation
SPS	–	Safeguard Policy Statement
SRN	–	strategic road network
TA	–	technical assistance

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., FY2019 ends on 15 July 2019.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Nepal	Project Title:	South Asia Subregional Economic Cooperation Mugling–Pokhara Highway Improvement Project (Phase 1)
Lending/Financing Modality:	Project loan	Department/Division:	South Asia Department/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. Thus, the government has placed a high priority in improving access and expanding the strategic road network (SRN) in its Fourteenth Plan for FY2017–FY2019.

The project is designed to improve the capacity, reliability, and safety of road linkages from Pokhara, the second largest city of Nepal and a major tourist hub, to Mugling, a central junction of the SRN that further links to Kathmandu, Nepal's administrative and economic capital, and Bharatpur, Nepal's fourth most populous city. The project is consistent with the strategic objectives set out in the country partnership strategy (2013–2017), which was extended until 2019, and the country operation business plan (2019–2021), 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. Based on the Annual Household Survey 2015/2016, the literacy rate of the population of ages 5 years and above is 65.9%. The male literacy rate is 74.2% and the female literacy rate is 58.2%. 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 such as schools and health facilities. 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 entrepreneurs in the tourism, trade, agriculture, and industries, and recipients of improved access to basic social services.

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 impacts and gender dimension, 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 will provide opportunities to better understand the gender sensitivities of the infrastructure and 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 and other social impacts during project construction stage. 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 (DOR) 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 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.

IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>It is expected that the project will have significant impacts and will be categorized A. The project will be carried out in the existing right of way of DOR with significant encroachment. About 860 households and 4,200 people, including 35 vulnerable households, are expected to be impacted. Land acquisition is limited, with about 1.2 hectares to be acquired.</p> <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 <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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Available initial assessment indicates that there are no communities along the proposed road project that may be considered as indigenous people under the SPS. This assessment will be confirmed during project appraisal.</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 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 <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>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 M Increase in vulnerability to natural disasters L Creating political instability L Creating internal social conflicts M Others: 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 improve an existing corridor. The increase in hazards of communicable diseases and human trafficking is thus expected to be marginal but may be exacerbated by more road traffic and easier interregional movements. The project may lead to the risks of noncompliance to core labor standards and road safety hazards to the community along the corridor. The project is likely to increase landslide, and adequate mitigation measures will be included in the initial environmental examination, and the capacity of the executing agency will be enhanced through the attached technical assistance. These risks will be assessed during project preparation to identify mitigation measures, and will be fully considered in the project design.</p>

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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? Yes No

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?

The project preparation includes the financing of all safeguards documents, including resettlement plans and social, poverty, and gender analyses, which are financed under ongoing ADB projects (G0227-NEP: Transport Project Preparatory Facility and L3012-NEP: SASEC Road Connectivity Project).