

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Bhutan	Project Title:	Secondary Towns Urban Development Project
Lending/ Financing Modality:	Project Loan	Department/ Division:	South Asia Department/ Urban Development and Water Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General Intervention

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

The proposed Secondary Towns Urban Development Project has been designed to support balanced and sustainable development of human settlements in Sarpang, Trashigang, and Samdrup Jongkhar through urban infrastructure development and capacity development of (i) local institutions in service delivery, and (ii) local communities in improved hygiene practices. The project is expected to increase access to high quality, efficient, and sustainable urban services. The project outcome and impact are aligned with the government's Eleventh Five-Year Plan (2013–2018),^a which aims at achieving sustainable development and establishment of good governance. Overall, the project is consistent with the Asian Development Bank (ADB) country partnership strategy for Bhutan (2014–2018),^b which aims to promote inclusive economic growth by supporting the development of key infrastructure, particularly in the energy, transport, and urban sectors.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. The towns selected for assistance under the project are in lagging regions which have not received much funding assistance from the government for the development of key urban infrastructure, thereby limiting their potential for economic growth. The key impediments to reducing poverty include (i) urgent need for improved water supply; (ii) limited local economies because of lack of social capital, infrastructure, and municipal services; and (iii) poor urban service levels in existing towns leading to time poverty and waterborne diseases. Lack of access to reliable and quality services, time spent on water collection, and water borne disease burden are some of the key issues that affect the poor. The project will improve livability in three secondary towns through sustainable infrastructure investments and institutional strengthening. The urban infrastructure improvements will increase accessibility and affordability of services including sanitation in one town, create employment during construction, and offer better economic opportunities through improved water supply, sewerage, roads, and drainage systems, thereby contributing to Sustainable Development Goal 6 (Clean Water and Sanitation) and 11 (Sustainable Cities and Communities). In particular, the project's support for development of the commercial precinct of the new satellite town for Sarpang will increase economic opportunities in the Sarpang area.

2. Beneficiaries. The Poverty Analysis Report 2017 establishes the national poverty line of Bhutan, which is Nu2,195.95 per person per month.^c The poverty and social analysis survey conducted under the project preparatory technical assistance (TA) indicates the following poverty incidence rates: Sarpang 12.00%, Samdrup Jongkhar 21.01%, and Trashigang 11.52%.^d The average poverty rate for the three towns is 14.84%, which is greater than the national poverty rate (8.20%) (note c and d). The satellite areas of the towns being supported (Rangjung area of Trashigang, and Dewathang area of Samdrup Jongkhar) have lower access to basic services and economic opportunities as well as lower household incomes (tending to be around 60% of the average household incomes in the main town) (note d). The project preparatory TA poverty and social assessment report indicates that there are vulnerable groups, including low-income households and female-headed households, located in this area (3.5% of surveyed households are poor households headed by women).

3. Impact channels. These include access to improved water supply and sewerage for all, including poor and vulnerable people in project towns. Improved access to drinking water for households will bring health benefits, leading to better education attainment for children, lower household expenditure on health care, reduced drudgery especially for women, and more time for productive endeavors.

4. Other social and poverty issues. The average literacy rate in the three towns is 72.5%. The Bhutan Poverty Analysis Report 2012 indicates direct correlation between poverty levels and educational attainment in both rural and urban settings.^e This is being addressed through ongoing government programs and partnerships with international partners such as the Global Partnership for Education.

5. Design features. Targeting the poor is ensured by (i) installing water supply and sewerage infrastructure directly benefitting 100% of households in the coverage area through use of loan funds; (ii) ensuring affordable tariffs for basic consumption through development of water tariff guidelines; and (iii) supporting vulnerable groups, especially women, who stand to benefit from prioritized employment in project-related works. Combined with the project's community-based and social approach, this will also lead to more efficient human resource allocation and further opportunities to increase long-term economic growth and short-term poverty reduction impacts.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. Community participation has been employed involving local communities in subproject selection and assessing project design and environmental and social safeguard concerns (such as land acquisition and environment issues). Several consultations were held and social surveys were conducted with at least 30% of the target beneficiaries. The project's participation strategy involves community

outreach activities on public-health-related issues such as water conservation; solid-waste segregation and reduction; and water, sanitation, and hygiene to be conducted by local nongovernment organizations (NGOs). Adequate consultations will be held prior to tariff increases and tariff structures will include lifeline tariffs targeting the poor. NGOs will form part of the central grievance redress committee at the project management unit (PMU) level, which will help to ensure fair and transparent grievance redress, particularly for the poor. Consultations will be documented and reported in the periodic monitoring reports.

2. Civil society organizations. Links with local civil society organizations will be orchestrated within the gender action plan (GAP) framework, particularly around awareness creation on HIV/AIDS and human trafficking.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA)

Information gathering and sharing (M) Consultation (M) Collaboration (L) Partnership (L)

4. Participation plan. Collaboration with existing institutions, NGOs, and the community will be enhanced through partnerships to widen project information dissemination, promote public health awareness and behavior change, and address gender-related issues and concerns. An NGO will be engaged to undertake the outreach strategy.

Yes. No.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective gender mainstreaming. The gender component is considered by the project to be an important crosscutting element, such that poor households headed by women will be prioritized for their involvement in subproject implementation matters, trainings, and income-generating opportunities.

A. Key issues. The key issues to be addressed are (i) mainstreaming gender issues into the project; (ii) poor institutional capacity in urban infrastructure operation and maintenance, including that of professional women staff; (iii) poor accessibility of basic services and amenities resulting in high demands on time, health risks, and economic costs, especially for girls and women; (iv) low participation and representation of women in decision making; (v) limited data availability on water and sanitation at the local level; and (vi) limited skills, and caregiver responsibilities limiting women's chances of getting better employment and other opportunities during project implementation. There is high disparity in terms of employment as well as in salaries and income between men and women. The poverty and social analysis report (undertaken by the project preparatory TA team) revealed that men have higher incomes compared to women in terms of paid labor by almost 27.43% (note e).

B. Key actions. Gender action plan Other actions or measures No action or measure

A GAP has been prepared to guide and address key gender issues in development and implementation of subprojects. The activities under the GAP will be carried out by an NGO. The GAP seeks to deliver as outputs (i) raising awareness on project benefits and impacts; (ii) orienting staff and contractors on gender-related issues including core labor standards; (iii) establishing baseline data for vulnerable and female-headed households and conducting impact evaluation to assess the impact of water supply services on the lives of women beneficiaries; (iv) undertaking outreach programs to ensure that vulnerable and female headed households are connected to the water supply and sewerage services; (v) conducting gender sensitivity training for PMU or project implementation unit staff; (vi) facilitating joint participation of local institutions in awareness raising; (vii) preparing communication material on health, hygiene, HIV awareness, and human trafficking issues; (viii) conducting awareness raising campaigns on health or hygiene issues, need for house service connections, and sensitization on tariff increases; and (ix) monitoring project gender equality results through the platform for national gender equality monitoring system. Women's employment in project-related construction activities will be supported through contractual clauses encouraging women's participation and ensuring equal wages for men and women for work of equal value. Project monitoring of the GAP indicators will be linked with the overall design and monitoring framework.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. **Key impacts.** The project is classified category B for involuntary resettlement. The project does not involve physical and economic displacement. Most works will be undertaken on public lands or within existing rights of way. The resettlement impacts include probable tree and crop compensations for 19 agricultural landholders for the laying of a water transmission pipeline in Sarpang. Third-party independent assessment has certified that these landowners willingly agreed to the routing of the pipeline through their lands and were adequately consulted. Land for the rehabilitation of the Trashigang water transmission line and break pressure tank rehabilitation works was donated by 46 agricultural landowners in 2004 when the scheme was initially constructed.¹ Land for development of basic services in the Sarpang satellite town was acquired through land pooling, wherein 93 landowners donated land in exchange for development of urban infrastructure. Of these 93 landowners, 14 have lost nonland assets in the pooled portion of the land. The land pooling was not undertaken in anticipation of ADB financing and compensation for non-land assets was paid per government policy. The due diligence process (including a third-party independent assessor's report) confirms that there were no asymmetric power relations or coercion involved, and that the land pooling was undertaken in a fair and transparent manner. The safeguard documents are disclosed on the ADB website, and relevant information shared with the affected persons.

<p>2. Strategy to address the impacts. One resettlement plan and three due diligence reports have been prepared in accordance with ADB Safeguard Policy Statement, 2009 and will be updated after detailed designs are prepared. A grievance redress procedure is in place to handle grievances that may arise during project implementation.</p>	
<p>3. Plan or other Actions.</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Combined resettlement and indigenous peoples plan</p> <p><input type="checkbox"/> Resettlement framework <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> No action</p>	
<p>B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>The project is classified category C for indigenous people's impacts. The socioeconomic survey and consultations show that no distinctive and separate indigenous peoples live in the project areas as defined by ADB Safeguard Policy Statement.</p> <p>1. Key impacts. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts.</p> <p>3. Plan or other actions.</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</p> <p><input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> No action <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</p>	
<p>V. ADDRESSING OTHER SOCIAL RISKS</p>	
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).</p> <p><input type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment (L) <input type="checkbox"/> retrenchment (L) <input checked="" type="checkbox"/> core labor standards (H)</p> <p>2. Labor market impact. Contract documents will have clauses on core labor standards and preferential employment of local people, particularly women, in project construction. A policy of no child labor will be adhered to.</p>	
<p>B. Affordability</p> <p>Water supply and sewerage connections will be provided free of charge using loan funds to all buildings in the project area. An institutional specialist will support water tariff guideline development which will ensure lifeline or subsidized tariffs blocks for the poor and affordable tariffs for the lowest consumption slab (0-20 cubic meters).</p>	
<p>C. Communicable Diseases and Other Social Risks</p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p><input checked="" type="checkbox"/> Communicable diseases (L) <input checked="" type="checkbox"/> Human trafficking (M) <input type="checkbox"/> Others (please specify) (NA)</p> <p>2. The proximity of Samdrup Jongkhar and Sarpang to the border zone of India makes these areas vulnerable to human trafficking and communicable diseases. These risks will be addressed through awareness raising campaigns specified in the GAP, which will be implemented by an NGO. Large labor camps will not be required because of the simple nature of the works; hence, the risk of communicable diseases is low. The proper upkeep of sites and labor camps (including provision of water and sanitation facilities) will be ensured through contract provisions.</p>	
<p>VI. MONITORING AND EVALUATION</p>	
<p>1. Targets and indicators. These are set in the design and monitoring framework and GAP.</p> <p>2. Required human resources. The project management and supervision consultants and NGO for GAP implementation will support the PMU with monitoring activities of the project, including safeguards monitoring and the preparation of semiannual monitoring reports.</p> <p>3. Information in the project administration manual. The frequency of safeguards and gender monitoring and reporting has been included in the project administration manual and covenanted in the loan agreement.</p> <p>4. Monitoring tools. Regular progress reports of the PMU, ADB project review mission, and minutes of the project steering committee meetings.</p>	

^a Government of Bhutan, Gross National Happiness Commission. 2013. *Eleventh Five-Year Plan, 2013–2018*. Thimphu.

^b ADB. 2014. *Country Partnership Strategy: Bhutan, 2014–2018*. Manila.

^c National Statistics Bureau of Bhutan. 2017. *Bhutan Poverty Analysis Report 2017*. Thimphu.

^d ADB. 2016. *Poverty and Social Assessment Report*. Consultant's report. Manila (TA 8551-BHU).

^e World Bank. 2013. *Bhutan Poverty Analysis 2012*. Washington, DC.

^f Crop loss is not anticipated for works on agricultural lands as construction will be scheduled during noncropping periods. The final pipe alignment in Sarpang will be done to ensure minimal tree loss.