



Initial Poverty and Social Analysis

November 2019

Nepal: South Asia Subregional Economic Cooperation Airport Capacity Enhancement Sector Development Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 7 November 2019)

| | | |
|---------------|---|----------------------------|
| Currency unit | – | Nepalese rupee/s (NRe/NRs) |
| NRe1.00 | = | \$0.008841 |
| \$1.00 | = | NRs113.11 |

ABBREVIATIONS

| | | |
|----------|---|--|
| ADB | – | Asian Development Bank |
| ECWD | – | elderly, children, women and differently-abled |
| GBIA | – | Gautam Buddha International Airport |
| HIV/AIDS | – | human immunodeficiency virus/ acquired immunodeficiency syndrome |
| SDP | – | sector development program |
| TA | – | technical assistance |

NOTES

- (i) The fiscal year (FY) of the Government of Nepal and its agencies 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.
- (ii) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

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|-----------------------------|----------------------------|----------------------|---|
| Country: | Nepal | Project Title: | South Asia Subregional Economic Cooperation Airport Capacity Enhancement Sector Development Program |
| Lending/Financing Modality: | Sector Development Program | Department/Division: | South Asia Department/Transport and Communications Division |

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| I. POVERTY IMPACT AND SOCIAL DIMENSIONS |
| A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy |
| <p>Nepal is a landlocked country with tremendous geographic diversity from the northern rim of the Gangetic Plain in the south to the Himalayan Mountains in the north, where in-between hilly terrains are flared with steep slopes. Civil aviation is crucial to transport, trade, and tourism in the landlocked country, and provides indispensable links for the hilly and mountain areas which are inaccessible by the other transport modes. In order to strengthen the aviation sector of the country, the Airport Capacity Enhancement Sector Development Program is being proposed. The proposed SDP aligns with ADB's operational priorities of (i) strengthening governance and institutional capacity; (ii) fostering regional cooperation and integration; and (iii) accelerating progress in gender equality under Strategy 2030 by (i) strengthening quality airport service delivery through civil aviation sector reforms; and (ii) enhancing connectivity and tourism through international gateway development in a landlocked economy; and (iii) improving women's access to basic services such as facilities in the passenger terminal building at GBIA. The program is listed in the Country Operations Business Plan, 2019–2021.</p> <p>Tourism is one of the major economic activities in Nepal and is on top of the government's priorities. The travel and tourism industry in Nepal is estimated to generate \$1,919.8 million or 7.8% of gross domestic product, including indirect and induced contribution.^a By improving the aviation policy and regulatory environment, and enhancing the aviation infrastructure, more economic opportunities in tourism-related undertakings will open up and further enhance commercial and business activities. More jobs will be created and contribution to national development will be strengthened.</p> |
| B. Poverty Targeting |
| <p><input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-income MDGs (TI-M1, M2, etc.)</p> <p>Nepal derives significant income from tourism activities, and this has become one of the key sectors driving national development. Considering that an overwhelming majority of international tourists come to Nepal by air, improvement of the civil aviation sector is essential for tourism to flourish and to be channeled toward economic development of the country. Foreign exchange from the tourism sector contributes substantially to the national earnings. The proposed improvement in the regulatory and policy sphere and aviation infrastructure facilities (in two airports) will support the needs of developing communities for jobs around the project site, and further enhance existing commercial business activities. At the larger scale, better aviation will have a positive ripple effect on other sectors such as agriculture, industries, energy, and transportation. At the local level, communities that depend on tourism will have more opportunities and access to employment and overall improvement of basic services delivery. Overall, the economic impact of an improved civil aviation sector will have tremendous impact on the country's poverty alleviation programs.</p> |
| C. Poverty and Social Analysis |
| <p>1. Key issues and potential beneficiaries. The primary project beneficiaries are the general public, the government, communities around improved aviation facilities, and tourism-related businesses. Other beneficiaries are the indirect recipient sectors, such as agriculture, transportation, and energy, due to increased demand. There is no foreseen adverse impact from the improvement of the policy and regulatory environment, nor from improvement of infrastructure in the civil aviation sector.</p> <p>2. Impact channels and expected systemic changes. The improved civil aviation infrastructure will enhance access to tourism activities, markets, economic opportunities, thereby improving the livelihood of communities and delivery of basic services.</p> <p>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 (if any) and gender dimensions, shall be carried out by the appropriate experts in the project team.</p> |

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?

The gender imbalance in Nepal is significant, particularly in the area of education where women tend to have lower literacy than men. Education opportunities, access to resources, control of family assets and decision-making are also generally less realized by women. While many women are engaged in tourism-related opportunities, the same may not be said in terms of jobs occupied by women in the civil aviation sector. Where appropriate, during 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 proposed civil aviation improvements. The poverty and social assessment will evaluate the social risks associated with the infrastructure project, like community safety, HIV/AIDS, sexual exploitation, abuse and harassment and human trafficking. The gender information will provide opportunities to better understand the gender sensitivities of the aviation infrastructure and identify areas for improvement where women and other vulnerable groups will benefit.

2. Does the proposed project or program have the potential to contribute to the promotion of gender equality 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 access to opportunities and connectivity and, as such, improve their access to basic services and economic opportunities. Gender equality and social inclusion measures will be incorporated in the design of the sector development program for civil aviation enhancement during project preparatory stage, including ECWD-responsive facilities and institutional strengthening of the GBIA.

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 (if any) and other social impacts during project construction and operation 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, including ECWD, business owners around the civil aviation facilities to be improved under the proposed program, those working in the aviation sector, as well as the relevant government agencies are considered 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 shall be conducted to obtain the views of the community, particularly women and the vulnerable, about the project and its potential impacts, such as involuntary resettlement, civil aviation safety, HIV/AIDS, and human trafficking during construction.

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 **L** 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

None. Civil works will likely happen in built-up and existing facilities.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

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| <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>The involuntary resettlement due diligence will be undertaken during project preparation. It is noted that the proposed activities will only entail civil works within the confines of the relevant aviation facilities to be improved. Physical and economic displacement is unlikely.</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 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 checked="" 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? Proposed program activities and civil works will be undertaken in existing facilities. It is unlikely that there will be impact to communities that is covered under the definition of the ADB Safeguard Policy Statement. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</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> |
| <p style="text-align: center;">V. OTHER SOCIAL ISSUES AND RISKS</p> <p>1. What other social issues and risks should be considered in the project design? H Creating decent jobs and employment H 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 L Increase in vulnerability to natural disasters L Creating political instability L Creating internal social conflicts M Others, please specify: community safety</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Specific social issues and risks will be determined during project preparation. Based on limited information about the proposed civil aviation enhancement program, social issues and risks may be relevant during project construction, given all activities will be done within existing aviation facilities. Appropriate social measures will be placed to manage potential issues and risks that may arise from the improvement and operation of aviation facilities.</p> |
| <p style="text-align: center;">VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>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 preparation of this program includes the financing of all social due diligence activities. The TA proposed will ensure that appropriate experts are mobilized to incorporate the relevant measures for involuntary resettlement, indigenous peoples (if any), gender equality and social inclusion, public health and safety issues, among others.</p> |

ADB = Asian Development Bank, ECWD = elderly, children, women, and differently-abled, GBIA = Gautam Buddha International Airport, HIV/AIDS = human immunodeficiency virus/ acquired immunodeficiency syndrome, SDP = sector development program, TA = transaction technical assistance.

^a World Travel & Tourism Council. 2018. [Travel & Tourism Economic Impact 2018 Nepal](#). London.

Source: Asian Development Bank.