

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Bhutan	Project Title:	SASEC Road Connectivity Project (formerly Road Network Project II (Additional Financing))
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

The Royal Government of Bhutan has established an ambitious strategy for achieving the vision set out in Bhutan 2020, and accords high priority to improving transport infrastructure. Good connectivity is a prerequisite for improving rural access to economic opportunities and basic social services such as health and education, and is central to the government's poverty reduction strategy of diversifying from hydropower development and better integrating the national economy to boost employment and improve the environment for private sector participation, particularly for tourism and high-value agriculture.

Road transport is the dominant transport mode for passengers and freight within Bhutan and with India. The main thoroughfares are a single east–west highway through the center of the country linking Thimphu with the central and eastern regions, and a series of north–south corridors to the border with India. In the south, east-west connections are generally made through India due to the difficult terrain and long travel times within Bhutan. Following the country's vision statement in Bhutan 2020, the main thrusts of transport sector in the government's Eleventh Five Year Plan, 2014–2018 are to complete the national highway grid, to construct and upgrade roads connecting to hydropower projects, and to ensure safe, efficient and reliable transport services. This is to contribute to the overall objective to achieve self-reliance and inclusive green socio-economic development, through improving transport efficiency—reducing travel time and cost—to facilitate greater coverage of basic social services and to boost domestic trade and cross-border transport.

In the series of Transport Working Group meetings among member countries of the South Asia Subregional Economic Cooperation (SASEC), the critical needs have been identified to develop regional cooperation and integration transport projects connecting four SASEC countries. Among them, a priority for Bhutan was found to develop a mini-dry port in Phuentsholing city and a direct access road to Pasakha industrial area from India. This project is included in the Bhutan country operations business plan, 2013–2015.

B. Targeting Classification

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

The proposed project will improve infrastructure supporting the economic development of communities in the project area. At a regional level, economic activity stemming from agriculture, industries, and tourism will benefit due to more reliable and cheaper transport. At a local level, communities will have improved access to commercial, public and social services such as to better quality health and education facilities.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Landlocked Bhutan faces unique development challenges and opportunities. While the expansion and maintenance of physical infrastructure is critical for pursuing the Gross National Happiness goal, the country's small population of about 720,000, dispersed through mountainous terrain with high seismic risk and formidable weather conditions, makes the achievement of economy of scale in service delivery difficult, and the building and maintenance of vital infrastructure, particularly the road network, is costly. Consequently, high domestic and cross border transport costs and lack or limited accessibility have constrained the country's economic and social development. Potential beneficiaries include residents, road users, tourists, businesses and commercial services, and Department of Roads.

2. Impact channels and expected systemic changes.

The poor and vulnerable will benefit from the project roads, which will increase new economic and employment opportunities by improving linkages to commercial facilities. Improved connectivity will help rural population transport their produce faster and receive higher profit margins. There will also be improved access to public and social service facilities such as government agencies, health centers, and schools. Provisions are in the bidding documents for the civil works contracts to comply with core labor standards. There are special provisions for the vulnerable displaced households in the entitlement matrix provided in the resettlement plans.

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

The poverty analysis for relevant project components has already been undertaken, funded by the following resources: Project preparatory technical assistance for Road Network Project II-Additional Financing (TA7803-BHU) was completed in April 2012 for Nganglam-Deothang section of the Southern east-west national highways component and the detailed designs for the component have been completed under the ongoing Road Network Project II (Grant 0174-BHU). Regional technical assistance for Regional Transport Development in South Asia (TA7650-REG) is being used for preparations of access road at Pasakha area, mini-dry port, Alay land custom station and bypass road components.

4. Specific analysis for policy-based lending.

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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?

At the project preparatory stage sex-disaggregated data on the range of socioeconomic indicators relevant to the project are collected, with focus on the needs, demands, constraints faced by the poor, women and vulnerable groups in the project area, in terms of their equitable access to the benefits and opportunities associated with road construction. The poverty and social assessment will assess the health and social risks associated with the infrastructure project, like HIV/AIDS, human trafficking).

The EA will be required to ensure that women and men are given equal opportunities for employment on the project. Contractors will be required to ensure equal payment for equal work. A specific clause will be included in the bidding documents of the civil works. Monitoring mechanisms will be developed to monitor these actions in the due course. Potential practical and implementable gender-specific initiatives will be explored during due diligence.

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

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

Yes No

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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.

Department of Roads, Dzongkhag (provincial) administrative centers, NGO involved in transport and environment sectors, other development partners active in transport sector, local residents, community groups, commercial services and businesses, and tourists.

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?

Workshops, community mobilization, and consultation conducted for discussion on the potential needs of the community, social-related issues such as gender, HIV/AIDs, human trafficking, child labor, environment and social safeguard issues.

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 **N** Collaboration **L** Partnership

Active CSOs are present in the project area.

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

Poor and excluded affected persons impacted by land acquisition are consulted and surveyed. Additional assistance and provisions such as livelihood rehabilitation have been outlined in Resettlement Plans.

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

Based on preliminary due diligence, there will likely be insignificant involuntary resettlement impact for project components. Resettlement will be avoided to the extent possible. All resettlement planning documents will be prepared in accordance to ADB's SPS and national regulation.

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

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

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(L) Adhering to core labor standards(L) Labor retrenchment(L)
 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(L) Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

Spread of communicable diseases, including HIV/AIDS. The Project will develop mechanisms to address the social issues identified during the social and poverty assessment. No significant negative impacts are anticipated.

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

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?

The poverty analysis for relevant project components has already been undertaken, funded by the following resources: Project preparatory technical assistance for Road Network Project II-Additional Financing (TA7803-BHU) was completed in April 2012 for Nganglam-Deothang section of the Southern east-west national highways component and the detailed designs for the component have been completed under the ongoing Road Network Project II (Grant 0174-BHU). Regional technical assistance for Regional Transport Development in South Asia (TA7650-REG) is being used for preparations of access road at Pasakha area, mini-dry port, Alay land custom station and bypass road components.