

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Bhutan	Project Title:	Air Transport Connectivity Enhancement Project-Additional Financing
Lending/Financing Modality:	Project grant	Department/ Division:	South Asia Department / Transport and Communication Division

<b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>
<b>Poverty targeting:</b> General intervention
<p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b></p> <p>The Air Transport Connectivity Enhancement Project of the Asian Development Bank (ADB) was approved on 21 June 2012. The original project was designed to improve basic infrastructure at three domestic airports—Bumthang, Gelephu, and Yonphula. Key civil works included the construction of apron and taxiways, a new terminal, and hill removals. This additional financing grant of \$4 million will further enhance the capacity of these airports by financing (i) the construction of a new passenger terminal building at Bumthang airport, (ii) the erection of security barriers at Yonphula airport, and (iii) the construction of security staff quarters at Gelephu airport. The Department of Air Transport (DOAT) is the executing agency for the project.</p> <p>The overall project, including the original project and the additional financing, is in line with ADB’s 2014–2018 country partnership strategy for Bhutan, and is included in the country operations business plan for 2016–2018. The development of a safe, reliable, and efficient domestic air transport network was identified as a priority by the Government of Bhutan and it is a key strategy in linking rural areas to urban centers.</p>
<p><b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b></p> <p><b>1. Key poverty and social issues.</b> Bhutan’s poverty rates have fallen significantly, from 31.7% in 2003 to 12.0% in 2012, because of economic growth and the government’s efforts to improve living standards. However, poverty persists in rural areas, which encompasses 94% of the country’s poor people. ADB’s 2013 country diagnostic study for Bhutan identified poor connectivity in rural areas and limited opportunities for decent employment as one of the main factors contributing to poverty and inequality. The project is expected to increase accessibility to remote rural areas and create income-generation opportunities through the promotion of trade and business opportunities, which are expected to expand with the opening and regular operations of the airports. The project will support the development of the tourism industry, in particular in Bumthang, which already offers many attractions and sees a lot of visitors. The Government of Bhutan has branded and marketed tourist attractions across the country in an effort to raise revenues, and tourist arrivals have grown on average 41.6% per year from 2009 to 2014.</p> <p><b>2. Beneficiaries.</b> Project beneficiaries are the more than 100,000 residents living in Bumthang, Sarpang (Gelephu), and Trashigang (Yonphula) districts where the airports are located; the DOAT and in particular the 58 existing and 23 future staff working in the three airports; the 50 families expected to occupy the staff quarters at Gelephu; and the visitors and businesses related to the trade, services, and tourism sectors.</p> <p><b>3. Impact channels.</b> Currently, from Paro it takes 8 hours to reach Gelephu and 9 hours to reach Bumthang, and 2 days to reach Trashigang, the district capital next to Yonphula airport. Residents will have much faster access to Thimphu to reach key health, educational, and administrative services. Moreover, through its contribution to the development of the tourism sector, the project will contribute to the diversification of the local economy in the three districts, which at this time predominantly rely on agriculture.</p> <p><b>4. Other social and poverty issues.</b> There are no other social and poverty issues.</p> <p><b>5. Design features.</b> The new terminal at Bumthang airport will include universal designs features, such as segregated toilets for men and women and ramps for the disabled. The security staff quarters at Gelephu will be family friendly in order to accommodate the security staff and their families.</p>
<b>C. Poverty Impact Analysis for Policy-Based Lending.</b> N/A



<p><b>B. Indigenous Peoples</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p><b>1. Key impacts.</b> There are no indigenous people in the project area. The civil works under the additional financing will not affect any indigenous people and the project is categorized C for indigenous peoples.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>2. Strategy to address the impacts.</b> No strategy is required to address the impacts.</p> <p><b>3. Plan or other actions.</b></p> <table border="0"> <tr> <td><input type="checkbox"/> Indigenous peoples plan</td> <td><input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</td> </tr> <tr> <td><input type="checkbox"/> Indigenous peoples planning framework</td> <td><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</td> </tr> <tr> <td><input type="checkbox"/> Environmental and social management system arrangement</td> <td><input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</td> </tr> <tr> <td><input type="checkbox"/> Social impact matrix</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> <b>No action</b></td> <td></td> </tr> </table>	<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan	<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework	<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	<input type="checkbox"/> Social impact matrix		<input checked="" type="checkbox"/> <b>No action</b>	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan									
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework									
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary									
<input type="checkbox"/> Social impact matrix										
<input checked="" type="checkbox"/> <b>No action</b>										
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>										
<p><b>A. Risks in the Labor Market</b></p> <p><b>1. Relevance of the project for the country's labor market, high (H), medium (M), and low (L).</b> L unemployment L underemployment L retrenchment L core labor standards</p> <p><b>2. Labor market impact.</b> Construction is expected to require the recruitment of almost exclusively male migrant labor from India. Provisions will be in the bidding documents for the contractors to ensure that all the civil works comply with core labor standards (e.g., no child labor; no bonded labor; no work discrimination regardless of gender, race, and ethnicity; and freedom of association and collective bargaining).</p>										
<p><b>B. Affordability.</b> The project will not impact affordability of transportation or goods.</p>										
<p><b>C. Communicable Diseases and Other Social Risks</b></p> <p><b>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):</b> L Communicable diseases L Human trafficking NA Others (please specify) _____</p> <p><b>2. Risks to people in project area.</b> The risk of communicable disease transmission will be mitigated by ongoing awareness campaigns carried out by the Government under the National Sexually Transmitted Infections (STI), HIV and AIDS Prevention and Control Programme and by the contractors, with monitoring responsibility assigned to the supervision consultant</p>										
<b>VI. MONITORING AND EVALUATION</b>										
<p><b>1. Targets and indicators.</b> Targets and indicators have been included in the design and monitoring framework.</p> <p><b>2. Required human resources.</b> The project director is also the safeguards focal person. The supervision consultant's team will include a national social expert to monitor and guide the implementation of social safeguards.</p> <p><b>3. Information in the project administration manual.</b> The frequency of social safeguards monitoring and reporting has been included in the project administration manual.</p> <p><b>4. Monitoring tools.</b> The monitoring tools will be the annual social monitoring reports for each airport and the annual safeguards report which will be disclosed on the ADB website.</p>										

Source:

- ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to Kingdom of Bhutan: Air Transport Connectivity Enhancement Project*. Manila (Grant 0295-BHU).
- ADB. 2014. *Country Partnership Strategy: Bhutan, 2014–2018*. Manila.
- ADB. 2015. *Country Operations Business Plan: Bhutan, 2016–2018*. Manila.
- ADB, Australian Agency for International Development, and Japan International Cooperation Agency. 2013. *Country Diagnostic Studies: Bhutan—Critical Development Constraints*. Manila.
- National Statistics Bureau. *Population and Housing Census of Bhutan 2005*. Thimphu.
- World Bank. 2013. *Bhutan Gender Policy Note*. Washington, DC.

<sup>1</sup> <http://www.adb.org/sites/default/files/project-document/148765/44239-013-rp-01.pdf>

<sup>2</sup> <http://www.adb.org/projects/documents/bhu-air-transport-connectivity-enhancement-af-mar-2016-escar>