

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Bhutan	Project Title:	Phuentsholing Township Development Project
Lending/Financing Modality:	Project Loan and Grant	Department/Division:	South Asia Department/South Asia Environment, Natural Resources, and Agriculture 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 country partnership strategy 2014–2018 of the Asian Development Bank (ADB) for Bhutan is aligned with the main strategic thrusts of the Government of Bhutan's Eleventh Five-Year Plan, including (i) inclusive social development, (ii) green accelerated economic development, and (iii) strategic infrastructure development. These strategic thrusts have been embedded in key government programs, some of which were initiated under the Tenth Five-Year Plan,<sup>a</sup> which targeted poverty reduction as its overarching goal. ADB's overarching goal, as stated in its Strategy 2020,<sup>b</sup> is poverty reduction, which supports the government's strategic thrusts on inclusive growth and infrastructure development. The Phuentsholing Township Development Project will provide protection from floods and erosion, and develop 66 hectares (ha) of riparian land near Phuentsholing on the left bank of the Amochhu River on Bhutan's southwest border with India. The project will develop a modern township with smart urban infrastructure. Through subsequent investments, the government plans to expand the new urban area to about 460 ha by also developing the river's right bank. The project is aligned with ADB's Water Operational Plan 2011–2020 and Urban Operational Plan 2012–2020.<sup>c</sup> The project will enhance urban services, improve urban environmental sustainability, and reduce poverty both directly and indirectly.

#### B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

**1. Key poverty and social issues.** Although poverty is mostly found in rural areas in Bhutan, there are also concerns over urban poverty. During 2000–2010, Bhutan's annual population growth rate in urban areas was 5.7%, the highest in South Asia. This rapid growth is placing severe pressure on existing facilities, leading to water shortages and the undercapacity of sanitation and waste disposal facilities, particularly in Thimphu and Phuentsholing. The Amochhu River has threatened Phuentsholing with floods and erosion, and regular and uncertain flood patterns have made livelihoods insecure, affecting economic activities. The project is expected to control floods and erosion, and develop riparian land to establish an economic center with high potential to provide employment and economic growth.

**2. Beneficiaries.** Potential beneficiaries include residents, businesses, and commercial services in Phuentsholing, including Bhutanese people living in Jaigaon, the Indian town across the border from Phuentsholing. Owners of land in the Amochhu local area plan will also benefit from the Amochhu river training works, while local inhabitants will also benefit from skills development and job opportunities created during the construction works.

**3. Impact channels.** Due to limited housing space, about 5,600 Bhutanese people live across the border in India and commute daily to work in Phuentsholing. The new township development will also provide needed space for public services such as health facilities and schools, and growing commercial businesses. This will contribute to the expansion of the country's services sector and diversify the economy from its heavy reliance on hydropower. In addition, a special planning zone will be established to provide financial and regulatory incentives for investors with anchor or flagship investments such as education campuses, resorts, recreational facilities, and hospitals, which will attract further investment. To ensure inclusive township development, land will also be allocated for social housing, and appropriate incentives may be required to develop affordable housing schemes. Town infrastructure will be designed taking into account gender-sensitive considerations as much as possible. This town development is expected to generate economic activities that will increase employment opportunities, especially for residents of Phuentsholing and other areas of Bhutan.

**4. Other social and poverty issues.** Most rural–urban migration occurs among the poor and the young. This creates immense challenges in providing decent employment for these migrants, and these challenges multiply if that population is uneducated or not skilled. The urban poor are also vulnerable to eviction from their houses, loss of livelihood, and lack of proper access to services.

**5. Design features.** The project was planned and designed by integrating measures that are safe, suitable, livable, and affordable for all. The project will be eventually developed into a model town with quality roads, a clean water supply, well maintained drainage and sewer systems, and access to health services, schools, work, and markets. Public and community spaces include disabled-accessible routes such as curb ramps, parking, elevators, signage, entrances, and sanitary facilities. This will encourage and enhance the ability of the poor, disabled, and otherwise vulnerable to participate in community life and public programs, and will provide them with easier access to work, education, and markets.

<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>			
<p><b>1. Participatory approaches and project activities.</b> Several consultative workshops and focus group discussions have been conducted during project preparation. Participants included representatives from the government and private sector, landowners, residents of Phuentsholing and Jaigaon, and civil society organizations (CSOs). The consultations, workshop, and focus group discussions included women participants. The workshops presented the proposed project plans, including a tentative timeline for the project and construction works. Throughout project implementation, several workshops and public consultations will be held. The CSOs will be actively invited to help disseminate information to a wider audience.</p> <p><b>2. Civil society organizations.</b> CSOs in Bhutan are not active in construction projects as most lack the necessary funds and sometimes human resources. CSOs can be encouraged to participate and support project activities as they bring their expertise and knowledge in promoting innovation and public responsiveness, and creating livelihood and employment opportunities. Relevant CSOs can also conduct training and awareness programs on HIV/AIDS, sexually transmitted diseases, child labor, and gender issues.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation:  <input checked="" type="checkbox"/> Information gathering and sharing (M)   <input checked="" type="checkbox"/> Consultation (M)   <input checked="" type="checkbox"/> Collaboration (L)   <input checked="" type="checkbox"/> Partnership (L)</p> <p>4. Participation plan.  <input type="checkbox"/> Yes.   <input checked="" type="checkbox"/> No. No specific plan is prepared to include CSO participation; however, several workshops and training programs have been planned to include CSO participation.</p>			
<b>III. GENDER AND DEVELOPMENT</b>			
Gender mainstreaming category: Some gender elements			
<p><b>A. Key issues.</b> Bhutan continues to make good progress on improving women's participation and reducing gender inequality. However, in urban areas, few women are involved in decision-making activities in urban development planning and community management of urban services. It is necessary to involve women in planning processes, ensure women-friendly designs, seek women's advice on the siting of infrastructure, and increase urban safety. This is also applicable in the risk management of water-induced disasters, particularly the floods that affect Phuentsholing annually. The situation is driven by the matrilineal inheritance pattern, which limits women's opportunities to engage in activities outside their household responsibilities. This project will benefit women, particularly by relieving women from addressing household-level flood impacts, such as cleaning and protecting family members, including children and the elderly, from flood-related illness.</p> <p><b>B. Key actions.</b> The township development will be designed taking gender concerns into consideration. To ensure inclusive gender consideration in town development, women will be invited to meetings through their local community organizations to provide inputs to consider women's needs, especially in designing social housing, public facilities such as street lighting, public toilets, and recreation areas. The meeting participants should be 30% women. Women from project areas will also be invited to training and outreach activities on HIV/AIDS and sexually transmitted diseases, and hygiene as part of the development of water supply and sanitation facilities. The project implementation unit (PIU) will identify important parties, including women's organizations and individual women, who should become key agents in implementing the flood early warning system, and ensure that these women participate in the training on implementing this system. The PIU will also conduct a public awareness program on the opportunities for communities to be employed in the project, and will also urge the recruitment of women if they have the required skills. Equal pay for equal work will be enforced.</p> <p><input type="checkbox"/> Gender action plan   <input checked="" type="checkbox"/> Other actions or measures   <input type="checkbox"/> No action or measure</p>			
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>			
<b>A. Involuntary Resettlement</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI		
<p>1. Key impacts. The project will not acquire any land nor involve involuntary resettlement as it is developing barren riparian government-owned land, on which there are no encroachers nor livelihood activities. Therefore, no affected people will experience either physical or economic displacement. No involuntary resettlement impact will occur, and no land will be acquired for other supporting activities, such as borrow materials. Filling materials will be obtained either onsite or from an existing mining company.</p> <p>2. Strategy to address the impacts. NA</p> <p>3. Plan or other actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Resettlement plan  <input type="checkbox"/> Resettlement framework  <input type="checkbox"/> Environmental and social management system arrangement  <input checked="" type="checkbox"/> No action </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Social impact matrix </td> </tr> </table>		<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
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<b>B. Indigenous Peoples</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI										
<p>1. Key impacts. The project is located on barren land adjacent to the city of Phuentsholing. There are no communities that could be categorized as indigenous people, as described in the ADB's Safeguards Policy Statement (2009), living in the project areas, or affected by the project. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. NA</p> <p>3. Plan or other actions.</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"/> No action</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"/> No action	
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<b>V. ADDRESSING OTHER SOCIAL RISKS</b>											
<b>A. Risks in the Labor Market</b>											
<p>1. Relevance of the project for the country's, region's, or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input checked="" type="checkbox"/> unemployment is high among young people and women, especially in urban areas (H) <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards</p> <p>The government strongly enforces the Implementation of the Labor and Employment Act 2007, and the construction work will be subject to this act.</p> <p>2. Labor market impact. Unskilled labor is available in the project areas due to high numbers of rural–urban migrants, who will be available to work as construction workers. Only skilled laborers unavailable locally and nationally will be recruited from neighboring countries.</p>											
<b>B. Affordability</b>											
<p>During project implementation, a study on the affordability of the infrastructure facilities prepared in the new town such as water supply and sanitation services will be carried out to ensure access by the poor and vulnerable.</p>											
<b>C. Communicable Diseases and Other Social Risks</b>											
<p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (H) <input checked="" type="checkbox"/> Human trafficking (L) <input type="checkbox"/> Others (please specify) _____</p> <p>2. Risks to people in project area. The project, in coordination with the local office of the Ministry of Health or in conjunction with local CSOs, will conduct training workshops on HIV/AIDs for communities near the project areas. Contractors will be required to train and increase the awareness of their workers on HIV/AIDs risks. Training on hygiene will form part of the water supply and sanitation subcomponent.</p>											
<b>VI. MONITORING AND EVALUATION</b>											
<p><b>1. Targets and indicators.</b> Although there is no specific target for addressing social concerns, the participation of women and CSOs in all workshops and training sessions will be monitored and reported quarterly.</p> <p><b>2. Required human resources.</b> Although there are no social safeguards concerns, the project will engage a social development consultant throughout project implementation to help the PIU implement and monitor social aspects of the project, including training on HIV/AIDS, women's participation in urban infrastructure planning workshops, the implementation of the Labor Act in the project, and implementation health and safety standards.</p> <p><b>3. Information in the project administration manual.</b> The project administration manual includes guidance regarding the regular monitoring that the PMU and project staff should carry out to evaluate the effectiveness of the project interventions.</p> <p><b>4. Monitoring tools.</b> The contractor's monthly progress reports and the project quarterly progress reports are the two most important tools for monitoring the effectiveness of the project interventions. The ADB review missions will evaluate the scope of the loan, implementation arrangements, safeguard issues, achievement of scheduled targets, contract management progress, and other issues, including mid-course corrections. An evaluation will be undertaken 1 year after the closure of the project, and all reports, including the findings of the completion report, will be shared with key government officials and disseminated within ADB.</p>											

<sup>a</sup> Government of Bhutan. 2009. *Tenth Five Year Plan, 2008–2013*. Thimphu.

<sup>b</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>c</sup> ADB. 2011. *Water Operational Plan, 2011–2020*. Manila; ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila.