



Initial Poverty and Social Analysis

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Sri Lanka: Integrated Water Productivity Improvement Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title:	Integrated Water Productivity Improvement Project
Lending/Financing Modality:	Project loan	Department/Division:	South Asia Department/Environment, Natural Resources and Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project will focus on river basins located mainly within two provinces: North Western Province and Uva Province. These basins straddle the dry and intermediate climatic zones and have large numbers of smallholder farmers cultivating under village irrigation systems and rainfed conditions. They are identified as areas (i) vulnerable to climate change; (ii) requiring interventions in irrigation and water resources management to develop resilience to climate change; and (iii) not currently covered by ongoing or planned interventions.

The overarching objectives of the project are therefore to reduce poverty among rural farmers, improve rural livelihoods, increase food security and reduce farmers vulnerability to climate shocks. The project will address these objectives by improving farmers access to, and the availability of, water for irrigated farming.

The project objectives directly align with the Sri Lankan government's Public Investment Programme 2017–2020;¹ National Adaptation Plan for Climate Change Impacts in Sri Lanka: 2016–2025;² Food Production National Programme (2016–2018);³ and the more recent development framework: Vision 2025.⁴

The project aligns with ADB's Country Partnership Strategy 2018–2022⁵ which supports Sri Lanka's transition to an upper middle-income country status. ADB's focus in the water and agriculture and natural resources sectors supports (i) enhancing water use efficiency (ii) updating irrigation information systems, and (iii) increasing the returns on irrigation investment through higher crop intensity, crop diversification, and commercialization of agriculture. The project supports a key pillar on improving the quality of growth by promoting inclusiveness. The proposed investment also aligns with ADB's 2001 Water for All Policy⁶ and Water Operational Plan 2011–2020.⁷ Collectively these policies and programs call for investments that promote economic and social inclusion of the rural poor and vulnerable groups. The project will directly benefit men and women farmers who are among the poorest communities in the country.

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs

Over 80% of Sri Lanka's poor population live in rural areas.⁸ In 2016, the proportion of people living below the country's official poverty line (\$25.90 per person per month) was recorded at 2.7% for the North Western Province and 6.5% in the Uva Province.⁹ Importantly, these poverty rates represent extreme poverty by international standards, and are disproportionately high for vulnerable groups such as women, youth and ethnic minorities. Agriculture represents an important sector for poverty reduction. Seventy percent of Sri Lanka's rural population directly or indirectly depend on agriculture for their livelihoods (footnote 1). In North Western Province, 30.4% of the population in the Kurunegala district, and 24.6% of the population in the Puttalam district are involved in agricultural production. In the Uva Province, 57.3% of the population in the Badulla district, and 48.9% of the population in the Moneragala, are formally involved in the sector.¹⁰ The project is expected to reduce poverty for rural farming populations by supporting men and women in improving agricultural productivity, access to new technologies and information, and access to, and availability of, irrigation.

C. Poverty and Social Analysis

¹ Government of Sri Lanka, Ministry of National Planning and Economic Affairs, Department of National Planning. *Public Investment Program 2017-2020*. Colombo.

² Government of Sri Lanka, Ministry of Mahaweli Development and Environment. *National Adaptation Plan for Climate Change Impacts in Sri Lanka: 2016-2025*. Colombo.

³ Government of Sri Lanka, Ministry of Agriculture. *Food Production National Programme (2016 – 2018)*. Colombo.

⁴ Government of Sri Lanka. 2017. *Vision 2025, A Country Enriched*. Colombo.

⁵ ADB. 2017. *Sri Lanka Country Partnership Strategy 2018–2022*. Manila.

⁶ ADB. 2001. *Water for All: The Water Policy of the Asian Development Bank*. Manila.

⁷ ADB. 2011. *Water Operational Plan 2011–2020*. Manila.

⁸ Government of Sri Lanka, Department of Census and Statistics. *Poverty Statistics, Household Income and Expenditure Survey 2016*. [http://www.statistics.gov.lk/poverty/Poverty%20Indicators 2016.pdf](http://www.statistics.gov.lk/poverty/Poverty%20Indicators%202016.pdf) (accessed 19 Aug 2018)

⁹ The official poverty line (OPL) in Sri Lanka for 2016 was Rs.4,166 or \$25.90. This is the real per capita expenditure per month for a person fixed at a specific welfare level with the consumption expenditure of food and non-food items.

¹⁰ Government of Sri Lanka, Ministry of National Policies and Economic Affairs. 2016. *Poverty Indicators Department of Census and Statistics Household Income and Expenditure Survey*. Sri Lanka.

1. Key issues and potential beneficiaries. Rural farming households and communities are the direct beneficiaries of the project. The NWP and UP river basins straddle the dry and intermediate climatic zones and have large number of smallholder farmers cultivating under rainfed and village irrigation systems (small reservoirs and diversion weirs, i.e. anicuts). Farmers in these provinces are generally poorer and more vulnerable to climate shocks than farmers in the dry zone where some major irrigation schemes already exist.¹¹ Farmers cannot guarantee that water will be available for their crops, nor at the right time. Compounding this challenge is that farmers have limited information, market access and infrastructure for storing and transporting produce. A delayed monsoon or heavy rainfall during the sowing or harvesting period can damage an entire cropping season. For farmers who cultivate under village irrigation systems, the crop from the *maha* season (north east monsoon) is often their main source of household food and income. Rural communities' remoteness and disconnect with the larger irrigation and agricultural institutional infrastructure has compounded the vulnerability of farming communities (footnote 11).

Women will be targeted as beneficiaries of the project given their significant role in the agriculture sector. Women currently participate in farming activities through paid or compensated labor in the production of food, unpaid labor in food production in family-owned cultivations, subsistence labor (e.g. home gardening), and unpaid labor such as care work (cooking, cleaning, child rearing) alongside other social reproductive work including community work and political canvassing. The project will address women's needs for capacity building in farming practices, access to credit and other social services, and improved participation and voice in the farmers organizations (FOs) via initiatives outlined in the project's Gender Action Plan.

2. Impact channels and expected systemic changes. Improved access and availability of water for irrigation is expected to increase crop yields, expand irrigation systems, and increase cropping intensities, thus increasing incomes for farmer households and communities. Farmers, including women and any other vulnerable groups, will receive capacity building opportunities to expand their businesses and improve their knowledge and access to the market.

3. Focus of (and resources allocated in) the transaction TA or due diligence. The TRTA Social Development Expert will compile socio-economic baseline on the men, women and other marginalized groups in the target project areas. An assessment of the population's strengths and needs will be undertaken to examine the constraints and opportunities for livelihoods and broader social development.

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? Women are active participants in the agriculture sector yet often lack access to information and skills training that would help them to improve their crop productivity. Women are also time-poor as primary caretakers for the household and household members. Project interventions aimed at assisting women must consider their role and household and community responsibilities to ensure that their needs are appropriately integrated and human potential realized.

2. Does the proposed project or program have the potential to contribute 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

A gender analysis and action plan will be prepared under the project TRTA. The gender assessment will identify the needs and interests of women and other vulnerable groups with the project area. Targets and quotas will be sector appropriate and may include (i) formation and strengthening of women's FOs, (ii) increasing access to microfinance for entrepreneurship, (iii) increasing finance literacy, (iv) training for livelihood development, (v) promoting equal access for women to training and skill development, new technology, and inputs, and (vi) gender capacity building in the Ministry of Agriculture (MOA) and Department of Agriculture (DOA).

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
 Yes No

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. The project's main stakeholders include farming households and communities; farmers organizations, including their associated women farmers organizations; the Ministry of Irrigation and Water Resources and Disaster Management (the executing agency); MOA; provincial councils, and any farmer or social welfare programs run by other government ministries, nongovernment organizations, civil society organizations or private sectors in project areas. All stakeholders will be mapped and consulted during the TRTA as part of the poverty and social assessment (PSA) and stakeholder communications strategy.

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?

¹¹ Ministry of Mahaweli Development and Environment. 2016. *Technical Feasibility Report: Strengthening the resilience of farmers in the Dry Zone to climate vulnerability and extreme events through an integrated approach to water management*. A report prepared by the Government of Sri Lanka with technical assistance support from the United Nations Development Program. Colombo.

The TRTA Social Development Expert will ensure that poor and vulnerable groups are meaningfully engaged in the project design and implementation. For example, an initial assessment of the farming communities in the project area suggests that consultations with women are best held through established women's forums, including the women's FOs.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? FOs are active within project areas and will be the targeted for capacity building by the project (see Output 3).

[H] Information generation and sharing [H] Consultation [H] 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

The PSA will identify the poor and excluded groups, including extreme poor, widows and single-headed households and differently-abled people. The consultation under the PSA will ensure these groups are heard, and opportunities are identified to build on their strengths and address their needs through the project.

IV. SOCIAL SAFEGUARDS

Involuntary Resettlement (IR) 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

A preliminary screening suggests that the project will be a Category B for IR. While most of civil works will be conducted within the government's right of way, government officials reported that sections of canal embankments are occupied by non-title holder households and businesses. Furthermore, the project may involve acquisition for construction of new infrastructure. During the TRTA, the Social Development Expert will prepare all safeguard project documents as per the Sri Lankan Government and ADB's SPS 2009 requirements. ADB will review and re-screen the IR categorization based on the census and inventory of losses.

2. What action plan is required to address involuntary resettlement as part of the transaction TA 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

The project is not expected to impact indigenous peoples (IP) or their lands. This is because while project sites are yet to be identified, secondary data analysis highlights that there is only one indigenous community living in the forest area. The forest area will not be included in the project scope. If any indigenous people are found to live within the sub-project areas during the TRTA social studies, ADB will change the IP categorization.

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 transaction TA 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 [M] Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
Creating internal social conflicts Others, please specify _____

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

The project is expected to create employment. Adherence to core labor standards will be secured through provisions in the construction contracts and service agreements. Monitoring will be undertaken during implementation by the implementing agent and ADB missions.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

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 transaction TA or due diligence? The TRTA provides 4.5 person-months for an international and a national social and gender specialist. Adequate consultant budget has also been provided for surveys to complete the PSA and preparation social safeguard documents.