



# NPRS-PRF

Helping Accelerate Poverty Reduction in Asia and the Pacific

## ADDRESSING POVERTY ISSUES IN ROAD CONSTRUCTION AND REHABILITATION IN NEPAL

A technical assistance (TA) was initiated in Nepal to help the Department of Roads implement a pilot project and develop interim guidelines to enhance poverty reduction impact of road projects that it will be implementing.

Nepal has a very low road density among South Asian countries. Only 36% of the population has access to all-weather roads. More than 60% of the network is concentrated in the lowland areas of the country. High transport costs and the lack of connectivity are major impediments to Nepal's development.<sup>1</sup> The conditions have worsened because of sustained conflicts in the country.

In 2004–2005, Nepal's road network of 28,000 kilometers (km) consisted of 17,000 km of roads—7,200 km was the strategic road network (SRN) comprising 15 national highways and 51 major feeder roads—and 11,000 km of village and agriculture roads. The road network expanded by an average of 5% a year over the last decade and grew faster in 2002.<sup>2</sup>

Reducing regional socioeconomic disparities through increased connectivity is the major thrust of Nepal's transport sector. With effective road connections, its less developed regions have more potential for economic growth and poverty reduction. Nepal's rural poor would have better access to income and employment opportunities and to welfare services such as primary health care and education. They would have a greater chance to participate in social and political activities since good roads eradicate their physical isolation.

The emphasis of the Nepalese government for transport development is on expanding the country's transport facilities to ensure a country-wide balanced growth. The Government plans to develop SRN further, with all-year-round access to the road network. It has expressed a strong commitment to develop the capacity of the Department of Roads (DOR) for dealing more directly with poverty issues in road construction and rehabilitation. The poverty intervention concept was still new in the transport sector agencies and the Department of Roads—a key government agency responsible for constructing and maintaining the country's road network—lacked the appropriate

capacity in addressing poverty reduction through implementation of transport activities.<sup>3</sup>

### Enhancing Poverty Reduction Impact of Road Projects

To address the dearth of poverty intervention support in road projects, technical assistance (TA) 4760, Enhancing Poverty Reduction Impact of Road Projects,<sup>4</sup> was initiated to help DOR implement a pilot project and develop interim guidelines to enhance poverty reduction impact of road projects that it will be implementing.

Apart from strengthening a government agency, TA 4760 was also designed to engage local nongovernment organizations (NGOs) in poverty reduction and, in the process, build their institutional capacity. Skills enhancement and income generation projects were piloted in three road sections<sup>5</sup> under the ADB-financed Road Network Development Project (RNDP) to improve the quality of life of the poor residing within the said road corridors.

Local NGOs<sup>6</sup> affiliated with the Rural Microfinance Development Centre (RMDC) were tapped to implement activities of the pilot project in pre-identified road corridors. They were tasked to organize and mobilize poor households within the corridors. Project development and management orientation and training were provided to the NGOs and staff of DOR, RNDP, and RMDC.

The TA enrolled 801 households in microfinance and 705 family members (comprising 81% female and 19% male) were provided with income-generation trainings. By the end of August 2007, 356 individuals have started income-generation activities that included improved vegetable farming; livestock rearing; incense stick and candle making; *mudha* (sitting stool made from

bamboo sticks), *jhalla* (jute carpet), and *dhaka* (traditional Nepalese cloth) weaving; etc. In the areas covered, the TA also helped develop semi-skilled labor on repair of electrical wirings, bicycles, and motorbikes; plumbing; training of rural animal health technicians, etc.

A savings and credit program was started with about \$98,092.19 (NRs6,277,900) disbursed as loan to 69 microfinance groups. About 46.76% of the loan or \$45,872.45 has been repaid and the project households generated around \$10,627.78 in savings.

Another consequential outcome of the TA is the establishment and improvement of five local market centers in the areas covered.

Meanwhile, interim guidelines for the DOR had been developed and were approved by the Government to apply them in road projects. As outlined in the approved guidelines, an orientation and training of trainers (TOT) for the DOR engineers working in different divisions as well as project and consultants' offices have been organized. The guidelines and the information booklet have also been drafted and are being translated into Nepali language for publication under the TA.

The guidelines, among other things, also recommended the employment of social engineers/experts, clear allocation of responsibility for social and environmental issues, and establishment of institutional linkages between and among other government agencies and NGOs.

## Institutionalizing Poverty Reduction in Road Development

TA 4760's pilot project provided opportunities for the poor households within the covered road corridors. The savings and credit initiatives generated income and savings. It has instilled not only entrepreneurial skills but organizational discipline as well. The pilot project could be replicated as a supplementary to any other development initiative. However, the concept cannot altogether be fully institutionalized unless DOR sets aside a certain fund for microfinance or establishes a partnership mechanism with sustainable microfinance institutions that can ensure access to credit and savings for roadside communities.

Still, the TA has demonstrated that development cooperation between state agencies and civil society organizations is a guaranteed approach to poverty reduction initiatives.

It also reconfirmed that linking road projects with livelihood enhancement initiatives do maximize the impact of such projects on poverty reduction.

Nepal had successful pilot initiatives in integrating poverty reduction in road development—from road network planning, projects to reduce road mishaps, to integration of health in road building activities. The common challenge faced by these pilot initiatives is sustaining the gains achieved after the project period.

### Endnotes

<sup>1</sup> Available: [www.undp.org.np/publication/html/mdg\\_NAN/Chapter\\_9.pdf](http://www.undp.org.np/publication/html/mdg_NAN/Chapter_9.pdf)

<sup>2</sup> Available: [web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/EXTSARREGTOPTRANSPORT/0,,contentMDK:20560914~menuPK:869038~pagePK:34004173~piPK:34003707~theSitePK:579598,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/EXTSARREGTOPTRANSPORT/0,,contentMDK:20560914~menuPK:869038~pagePK:34004173~piPK:34003707~theSitePK:579598,00.html)

<sup>3</sup> Asian Development Bank (ADB). 2006. *Technical Assistance (TA) to Nepal for Enhancing Poverty Reduction Impact of Road Projects*. Manila.

<sup>4</sup> TA 4760 NEP (Enhancing Poverty Reduction Impact of Road Projects); executing agency was the Department of Roads; approval date—January 2006; and completion date—August 2007. TA amount: \$80,000 was government financing and \$350,000 was financed by the Poverty Reduction Cooperation Fund (contributed by the United Kingdom Department for International Development Fund and administered by ADB).

<sup>5</sup> Damak-Gauriganj (Jhapa), Pauwa-Phidim (Panchthar), and Biratnagar-Rangeli-Bardanga-Urbari (Morang).

<sup>6</sup> Local NGOs mobilized were the Forum for Women Arduency Development (FORWARD), Sahara Nepal Cooperatives, Jeevan Bikas Samaj, and Nepal Rural Development Society Center (NRDSC).

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