

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Nepal	Project Title:	Urban Water Supply and Sanitation (Sector) Project
Lending/Financing Modality:	Sector loan	Department/Division:	South Asia Department Urban Development and Water Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: targeted intervention—Sustainable Development Goals

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

The country partnership strategy of the Asian Development Bank (ADB) for Nepal highlights the development of water supply and sanitation (WSS) as one of its major programs for poverty reduction.^a By improving WSS infrastructure, access, and level of service, the project will enhance access to economic opportunities,^b thereby increasing poverty reduction impacts. Furthermore, the project will support the government's goal of having universal access to basic drinking water and sanitation, as outlined in its Fourteenth Three-Year Plan.^c The project particularly targets the poor and marginalized in providing sustainable WSS services, and thus promotes inclusive growth. The project is also aligned with the Sustainable Development Goals 5 (gender equality), 6 (clean water and sanitation), and 13 (climate change).

B. Results from the Poverty and Social Analysis during Due Diligence

1. **Key poverty and social issues.** Latest data reveal that 25.2% of Nepal's population lives below the poverty line,^d and the poor have the least access to WSS services. More than twice as many non-poor households (63.4%) are using piped water than poor households (28.5%).^e The annual household survey also shows the positive relationship between prosperity and available toilet facilities. While only 1.1% of the richest households had no toilet in 2015, close to half (43.5%) of the poorest households did not have access to a toilet. The project aims to address this inequality and strengthen the government's efforts to improve WSS by (i) providing WSS infrastructure; and (ii) strengthening institutional, project preparation, and service delivery capacity. Targeted interventions in project municipalities will ensure inclusion of all poor and vulnerable households in piped-water supply and sewerage, and support construction of toilets for poor and vulnerable households that lack them but have space for them. Safer and inclusive WSS services are expected to lead to better living conditions, health benefits, and opportunity cost savings. Training and creation of jobs in WSS operation and maintenance will specifically target the poor and vulnerable.

2. **Beneficiaries.** The Water, Sanitation and Hygiene Sector Status Report 2016 shows coverage of water supply at 84%, including 52% coverage of piped-water supply, and access to basic sanitation at 81%.^f A total of 23,742 patients were reported to have suffered from waterborne diseases in 2017, of which 11,620 had diarrhea and gastroenteritis of presumed infectious origin.^g Households headed by women have decreased at the national level from 27.9% (2015) to 25.9% (2016); more are in urban (30.9%) than in rural (22.5%) areas. Among the poorest households, 18.5% are headed by women, while among the richest households, that percentage is 35.1%.^e

3. **Impact channels.** Better water quality, access to treated water and sanitation at door-step, coupled with a hygiene and sanitation awareness campaign, are likely to reduce the incidence of waterborne diseases. This will lead to household savings on health expenditure and on time spent giving care, allowing more resources for children's education and reducing working days lost. Women will be able to use their time more productively than by fetching water.

4. **Other social and poverty issues.** Issues of poverty, malnourishment, lack of adequate health facilities, illiteracy, and lack of economic opportunities persist. Line departments of the government are managing development programs on poverty alleviation, health, education, and provision of access to basic services.

5. **Design features.** The project is designed to improve access to efficient and reliable supply of piped water and sanitation services to people in project areas, including the poor and vulnerable. A project gender equality and social inclusion (GESI) action plan details activities and strategies related to participation, orientation, and capacity building, while the project's framework for inclusion provides strategies for achieving 100% connectivity for the poor and vulnerable. The project will promote the use of local workers for project-related work and involve local communities in targeting subsidy beneficiaries.

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** Baseline household surveys (100% of households), focus group discussions with mixed groups of women and men, and with women-only groups, and consultations with institutional stakeholders were conducted during project design. A GESI action plan was prepared to ensure participation of women and other disadvantaged groups. The project management office (PMO) will prepare a stakeholder communication strategy, including a communication plan targeting the general public, indigenous peoples, and vulnerable groups. Targeting of 100% poor households in project areas for water supply and sewerage connections and toilets ensures inclusiveness and empowerment of the poor. Community members will also be oriented on water conservation, hygiene, and sanitation.

2. **Civil society organizations.** Water users' and sanitation committees (WUSCs) will be the main counterpart representing civil society organizations for project implementation activities. The project will support 20 registered water users' associations (WUAs) and WUSCs that have at least 33% women and at least one woman in a key post and provide capacity development.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

(H) Information gathering and sharing (H) Consultation (H) Collaboration (L) Partnership

4. Participation plan.

Yes. No. – Output 2 of the project targets strengthening of community capacities. This will be monitored through the design monitoring framework and GESI targets, hence no separate participation plan is required. The PMO will prepare a stakeholder communication strategy, which will include a public communication plan. Dedicated social mobilizers will ensure participation and inclusion of poor and vulnerable people.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: gender equity

A. Key issues. In Nepal, women are responsible for collecting and managing water in most households. Many women and girls spend substantial time fetching water from distant areas, which reduces their time for other activities. Also, lack of access to safe drinking water brings waterborne diseases and various health issues to children and family members, creating an extra work load for women. Women's engagement in household chores leaves them with little time and opportunities for productive employment. While women's role is significant in household water management, their participation in planning and decision-making outside their home, in important areas such as WSS, is still minimal. Earlier projects have benefited women and girls directly through access to piped water connections and sanitation facilities, resulting in better health and decreasing time poverty for women. While women have realized benefits of several water supply projects, significant gender disparities still exist in design, construction, and maintenance of WSS systems and services.

B. Key actions. Provision of WSS infrastructures will improve women's condition in project municipalities. With easier access to WSS services, women and girls have more time to use for other productive activities. The project will empower women through their participation in decision-making WSS bodies such as WUSCs. The mandate for WUSCs to have 33% women members and a key position held by a woman in the executive committee will provide women with the opportunity to engage in decision-making. Core labor standards, including equal wages for women and men for work of equal value, will be ensured. Community awareness-raising campaigns, and leadership and skills development training will promote gender equality in project municipalities. Activities to strengthen institutional and community capacity will not only improve women's access to knowledge on WSS services and sustainable hygiene practices but will also provide a chance to take part as key stakeholders in project activities. This will allow them to enhance design, implementation, and operation and maintenance of projects with more gender and socially inclusive approaches.

Gender action plan Other actions or measures No action or measure

The project team prepared a GESI action plan with clear targets, responsibilities, and resource allocation to address the issues of women and other socially excluded and vulnerable groups. The GESI action plan ensures women's participation in all activities generated out of the project. The project requires to mainstream GESI indicators and sex-disaggregated data collection in project monitoring and evaluation systems.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. **Key impacts.** No involuntary acquisition of private land is anticipated. Due diligence indicates that the project will involve limited involuntary resettlement impacts, and risks that are not significant. A resettlement framework, one draft resettlement plan, and four involuntary resettlement due diligence reports for sample subprojects were prepared in accordance with ADB's Safeguard Policy Statement (2009) and government laws. The assessments indicate that one structure used by the local community for prayer meetings and trees planted on government land are likely to be affected. The draft resettlement plan and due diligence reports will be finalized during the detailed design. Resettlement plans for components that will be identified or designed in detail after Board approval of the sector loan will be prepared in accordance with the resettlement framework.

2. **Strategy to address the impacts.** Based on preliminary design studies of sample subprojects, most of the proposed sites (99% of the 30,623.23 square meters of estimated total land required) belong to the government. The remaining land (254.32 square meters) will be obtained through negotiated settlement from a private landowner. One resettlement plan and four due diligence reports for sample subprojects were prepared. Any loss of common property resources will be compensated. The resettlement framework will give guidance on any unanticipated impacts during project implementation and on preparing resettlement plans for future subprojects. The framework defines the process for negotiated settlement of land and land donation, and entitlements of titled and non-titled people. Capacity development training programs on ADB safeguard policy requirements will be provided for staff from the Department of Water Supply and Sewerage, PMO, field staff of regional PMOs, consultancy units, and contractors. A grievance redress mechanism will be established, and project information disclosure schedules are enclosed in the resettlement framework and plans. The project will screen subproject components to avoid or minimize impacts and exclude those that involve significant involuntary resettlement impacts.

3. Plan or other actions.

Resettlement plan Combined resettlement and indigenous peoples plan
 Resettlement framework Combined resettlement framework and indigenous peoples planning framework
 Environmental and social management system

arrangement <input type="checkbox"/> No action	<input type="checkbox"/> Social impact matrix
B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI 1. Key impacts. Field visits confirmed the presence of indigenous peoples' groups (accounting for 41% of the town population and comprising Newar, Tamang, Thami, Sherpa, Gurung, Jirel and Rai). They will be included in project benefits in one sample municipality (Charikot) where two subprojects (WSS and decentralized wastewater treatment) are proposed. Indigenous peoples' groups who are traditional users of surface water sources were also identified in Ilam, site of a proposed water supply system (accounting for 89% of the population of Maimajhuwa, where the water sources are located, and comprising predominantly Rais and Gurungs). A sample draft indigenous peoples plan was prepared. No land acquisition and physical or economic displacement of indigenous peoples are envisaged. Poor indigenous people in the project area of Ilam will be eligible for connection fee subsidies, and indigenous people in Maimajhuwa and Ilam will be given preference for skilled or unskilled project-related work. Meaningful, widespread consultations will continue with indigenous communities in the project area. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. The draft indigenous peoples plan for Ilam water supply defines beneficial and mitigation measures based on extensive consultations with the indigenous peoples and other stakeholders. For any future subprojects, the indigenous peoples planning framework will provide guidance on documentation and mitigation activities. 3. Plan or other actions. <input checked="" type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input checked="" 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 type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market 1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input checked="" type="checkbox"/> (M) unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> (L) core labor standards 2. Labor market impact. The project will create jobs during construction and operation. The local community in the selected municipalities, and poor and vulnerable households will be given preference, depending on their skills and willingness. The project will enforce core labor standards and internationally recognized basic rights and principles at work.	
B. Affordability Water supply connection fees will be subsidized for poor and vulnerable households through a 100% upfront grant, while toilet construction will be subsidized as output-based aid, whereby the project will reimburse the cost to the contractors.	
C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> (L) Communicable diseases <input type="checkbox"/> Human trafficking <input checked="" type="checkbox"/> (M) Others (conflict, political strikes/ <i>Bandh</i>) 2. Risks to people in project area. Dialogue and engagement with the Ministry of Water Supply, Department of Water Supply and Sewerage, provincial and local government entities, and political parties will continue, to minimize the impacts of strikes. Contractors' workers will be made aware of HIV/AIDS and other occupational health and safety issues.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The design and monitoring framework, GESI action plan, and consultation and participation plan provide the key targets and indicators. 2. Required human resources. The project director, and central and regional PMO staff, will be responsible for overseeing project implementation and all activities related to social development, poverty, gender, and safeguards. A gender officer and social safeguard officer in the PMO, a social development and safeguard specialist in the project management and quality assurance consulting team, and a social safeguard expert and social mobilizers from the pool of consultants will be provided. 3. Information in the project administration manual. Framework for inclusion of the poor and vulnerable, terms of reference for consultants, GESI action plan, and consultation and participation plan. 4. Monitoring tools. Baseline socioeconomic survey, census, project performance management system, semiannual compliance and safeguard monitoring reports, midterm review during implementation, project completion review and report.	

Sources:

^a ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017*. Manila.

^b ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017—Poverty Analysis (Summary)*. Manila.

^c Government of Nepal. 2016. *Government's Fourteenth Plan (4 years: 2016–2019)*. Kathmandu.

^d ADB. 2017. *Basic 2017 Statistics*. Manila.

^e Government of Nepal, Central Bureau of Statistics, and United Nations Development Programme. 2016. *Annual Household Survey [fiscal year 2016]*. Kathmandu.

^f Government of Nepal, Ministry of Water Supply and Sanitation. 2016. *Water, Sanitation and Hygiene Sector Status Report 2016*. Kathmandu.

^g Government of Nepal, Department of Health Services. 2017. *Annual Report [fiscal year 2017]*. Kathmandu.