

Subregional Transport Enhancement Project (RRP NEP 44143)

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country and Project Title: Nepal: Subregional Transport Enhancement Project

Lending/Financing Modality:

Project Loan

Department/Division:

South Asia Department/
Transport and Communications Division

I. POVERTY ANALYSIS AND STRATEGY

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

The poverty situation in Nepal is serious as more than 26% people earn less than NRs10,000 (\$140) per year. Regional disparities in poverty incidence and illiteracy are big. Poverty incidence in rural areas, for example, ranges from 28% in the eastern hill/mountain region to 72% in the mid-western and far-western hill/mountain region. Rural poverty is almost twice as high as urban poverty. It is indispensable to improve connectivity of remote rural areas with markets within and outside the countries, and boost the capacity of border roads to allow more efficient domestic and regional trade traffic. Therefore, the government's road sector development strategy under Nepal's Three-Year Interim Plan (2007/08–2009/10) highly prioritizes the improvement of the regional transport network to assist economic growth and reduce poverty in remote rural areas. A better regional transport network will reduce the cost of imports and exports between Nepal, Bangladesh, Bhutan, India, and third countries. More regional trade and investment will contribute to economic growth and poverty reduction by creating jobs and developing local, national, and international markets. The project is relevant to achieving the goals of the Asian Development Bank's country strategy and program (2010–2014),^a such as improving regional–local connectivity to enable regional balance in economic growth, and is relevant to the regional cooperative strategy and programs (2006–2008)^b by improving South Asia subregional connectivity and boosting interregional trade in South Asia.

B. Poverty Analysis Targeting Classification: General intervention

1. Key issues. The project covers 7 of the 75 districts of the country. According to the Nepal Living Standard Survey (2004), the poverty incidence in the project districts ranges from 29% to 46%, as against 30.8% nationally. Most of these districts are also considered as food-insecure, where food is supplied from outside markets and in most cases from abroad. Most households have a food deficit for 3–9 months of the year. As transportation is hampered by the poor quality or even lack of roads, it has been difficult to supply food in time of need and at low cost. These households are also not able to sell agricultural products to the neighboring markets because of the road problems.

A poverty and social assessment survey was conducted of 871 households selected randomly in the roads' impact zone and 579 directly affected households. Considering the national poverty line as defined by the 2004 Nepal Living Standard Survey (NRs7,695.7 per capita income per year, or \$110), 65% of the sampled households were below the poverty line. The study findings show that the poverty incidence in the project districts varies regionally. A majority of the population in the project areas earns less than \$1,600 per annum. But in Okhaldhunga, for instance, only 5.78% of households have less than \$1,666 per annum, and the average household size is 6 (\$266 per capita per year). Along the project roads (except for the Bhairahawa bypass), less than 25% of the households have enough food grain for a whole year from their production, and less than 30% of the households can survive for three months from their farm products. Better road networks will provide better links between the village communities and urban market centers. They will create wider marketing opportunities for agricultural and non-agricultural products. Speedy and efficient transportation will help save travel time and reduce the wastage, particularly in the case of agricultural produce and perishables. Better road networks will not only link the village communities to bigger markets, but also open up wider employment opportunities. An efficient transport system allows people to get regular work for higher wages in distant places without having to migrate permanently or seasonally.

2. Design features. Not applicable.

C. Poverty Impact Analysis for Policy-Based Lending. Not applicable.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

Key issues. A poverty and social assessment was conducted during April–May 2010 for seven road sections, covering a total of 406 kilometers (km), of which 73.4 km are in Terai and 332 km in hill areas. During the survey, a majority of the primary stakeholders acknowledged the positive impacts of the project, specifically: thanks to better roads and better connectivity, farmers will be able to sell agricultural products to the neighboring markets and will thus be able to grow larger marketable surpluses. A larger marketable surplus will open up more paid agricultural employment opportunities, benefiting the poor, and will improve food secureness in the project districts. The project will also create employment opportunities for skilled and unskilled labor during implementation. It will provide reliable access to social services, particularly health-care services, education facilities, and supply of drinking water. The direct (access to services and markets) and indirect benefits (employment) of the project will help reduce poverty and

improve quality of life for these people.

B. Consultation and Participation

People were consulted at different locations covering all project areas through information and consultation meetings, participatory rural appraisal, focus group discussions, and grassroots-level workshops. During the poverty and social study and the resettlement plan study all levels of stakeholders participated. Of the 39 focus groups, 28 had mixed male and female participation, and 11 were women-only groups. The number of participants ranged from 13–52 in mixed groups and 9–14 in female groups. Project-affected communities, local leaders, women and indigenous people, traders, transport companies and laborers, porters, nongovernment organizations and civil society members, and government agencies were consulted to understand how they feel about the project, the perceived negative effects and how those can be reduced or mitigated, and how local people, especially the poor, women, and indigenous people, can participate in the project. The project beneficiaries unanimously expressed the need for the project primarily because of the socioeconomic benefits it will bring. Their suggested participation is in getting employment under the project. The creation of work through the road improvements and their employment will reduce the need to migrate for cash income. Therefore, they expressed their desire to get work under the project.

2. What level of consultation and participation is envisaged during the project implementation and monitoring?

Information sharing Consultation Collaborative decision making Empowerment

3. Was a consultation and participation plan prepared? Yes No

C. Gender and Development

Key issues. The project will have no negative gender impacts. It will benefit both men and women by providing them with direct employment opportunities during construction, better delivery of services, and easier access to markets, quality health-care facilities, and higher education. Discussions were held with 39 focus groups, of which 28 had mixed male and female participation, and 11 were women-only groups. The number of participants ranged from 13–52 in mixed groups and 9–14 in female groups. Focus group discussions with women and communities revealed that primarily women are looking after the domestic and agricultural activities. About 11% of women are working outside home as construction or agriculture laborers. Only 2% are employed in services, schools or government offices. Women who are engaged in non-agriculture sectors, such as services and construction, are also responsible for domestic affairs, such as taking care of children and the household, or looking after cattle. A majority of the respondents wanted to see the project implemented. The civil works contracts under the project will include legally mandated provisions for health, sanitation, and adequate working conditions, including accommodation for construction workers at campsites during the construction period. The project will ensure that civil works contractors comply with all applicable labor laws, including elimination of gender-differentiated wages, and persons (men and women) directly affected by the project will be given priority of employment under the project. Contractors must pay equal wages to men and women employed for work of equal value. A specific clause will be included in bidding documents, and compliance will be strictly monitored during project implementation by a gender specialist and by external monitoring. To address the potential risks of HIV/AIDS and human trafficking—risks that may increase once connectivity of the project areas has improved—the gender specialist will conduct an HIV/AIDS awareness program and an anti-trafficking program, including gender and child-labor awareness.

Key actions. Measures included in the design to promote gender equality and women’s empowerment—access to and use of key services, resources, assets, or opportunities, and participation in decision-making process:

Gender plan Other actions or measures No action or measure

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Significant/Limited/No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary resettlement	Limited	The project has been developed with a view to minimize the need for land acquisition and involuntary resettlement. Where possible, the construction activities will take place within the existing right-of-way. A census was conducted based on the detailed design. Of five subprojects, three will have minor impacts on land and structures. A total of 902 households will be affected, no physically displaced household was	<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input checked="" type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Environment and social management system

		identified, but some households will lose a strip of agricultural land. All resettlement impacts of the subprojects have been assessed and are documented in the resettlement plan.	<input type="checkbox"/> Environmental and social impact <input type="checkbox"/> None
Indigenous peoples	Limited	Extensive consultations were made with ethnic groups and their organizations to understand their views on the project. It is to be noted that along the project roads, some ethnic groups as identified by the government were found. Key among them are SHERPA, NEWAR, MAGAR, and TAMANG, and social impact assessments confirmed that they will not be affected more than the rest of the population and will benefit equally from the socioeconomic opportunities created by the project. A combined indigenous peoples plan and resettlement plan was prepared for three subprojects, which includes adequate compensation provisions.	<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples framework <input type="checkbox"/> Combined indigenous peoples plan and resettlement plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input checked="" type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Indigenous peoples plan elements integrated in project design with a summary <input type="checkbox"/> Environment and social management system arrangement <input type="checkbox"/> Environment and social impact matrix <input type="checkbox"/> None
Labor <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	Limited	Project implementation is expected to generate employment opportunities for local communities during the construction phase. Men and women will be paid equally for equal work. The Ministry of Physical Planning and Works, the executing agency, will ensure that all civil works will comply with all applicable labor laws and do not employ child labor.	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
Affordability	Limited	Communities will benefit from better market prices, economic diversity, and market accessibility, and lower freight charges for goods.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No action
Other risks and/or vulnerabilities <input checked="" type="checkbox"/> HIV/AIDS <input checked="" type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	Limited	Human trafficking and HIV/AIDS may increase once cross-border access has improved. An HIV/AIDS and human-trafficking prevention program will be carried out in the project areas.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other action <input type="checkbox"/> No action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

^a ADB. 2009. *Country Partnership Strategy: Nepal, 2010–2012*. Manila.

^b ADB. 2006. *Regional Cooperation Strategy and Programs, 2006–2008*. Manila..