

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Nepal	Project Title:	Electricity Transmission Expansion and Supply Improvement Project
Lending/Financing Modality:	Project	Department/ Division:	Energy Department South Asia Division

I. POVERTY ANALYSIS AND STRATEGY

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

The Asian Development Bank's (ADB's) Nepal country partnership strategy (CPS)^a for 2010–2012 is built on four pillars of development: (i) broad-based and inclusive economic growth, (ii) inclusive social development, (iii) governance and capacity building, and (iv) climate change adaptation and environmental sustainability. The overarching goal of the Tenth Plan, Nepal's Poverty Reduction Strategy Paper, is to reduce poverty and enhance the social and human well-being of people. The power sector is guided by a long-term vision (1997–2017), which emphasizes pro-poor development by expanding power generation and distribution in rural areas. The Tenth Plan highlights the importance of social inclusion and equity, recognizing that development cannot be fully achieved or mainstreamed unless all people have fair access and equal opportunity to reap the benefits.

Frequent power cuts and fuel shortages have emerged as critical bottlenecks to Nepal's economic growth, social inclusive development, and poverty reduction and alleviation. Lack of transmission connectivity and capacity has hindered the development of hydropower generation across the country. The project aims to improve the efficiency of supply and access to electricity services and resources. It will remove constraints within the transmission system, improve reliability, reduce electricity imports from India, and reduce private diesel consumption. Improved energy security and efficiency will result, owing to the reduction of system overloading and load shedding.

Additionally, to support rural communities that are in the vicinity of new transmission lines and may be affected either directly or indirectly by the development of new lines, the Nepal Electricity Authority (NEA) has a policy of providing rural electrification to households along the new line corridors. The policy will allow for the electrification of about 100 kilometers (km) of 11/33 kilovolt (kV) lines across villages located 2.5 km each side of the Khimti–Kathmandu line. The project will contribute to an estimated 9,000 village and household level connections through direct technical or financial assistance, normally applied where technically and economically feasible.

The project impact, outcome, and outputs are consistent with the ADB CPS and Nepal's Tenth Plan for poverty reduction. Project interventions are designed to benefit the poor through increased economic opportunity, knowledge, and rights. Furthermore, the project has been designed to meet effective gender mainstreaming.

B. Poverty Analysis

Targeting Classification: General Intervention

Key issues:

The project is classified GI because of the indirect and unquantifiable contribution it will have on poverty reduction and alleviation. Nepal's poverty ranking is 144 out of 173 countries and the human development index, according to the United Nations Development Programme, of 0.47 is lower than the weighted average for South Asia (0.57). With average per capita gross domestic product of \$260 (2004), Nepal is the poorest country in South Asia and ranks as the 12th poorest country in the world. Since 2001, the country has made considerable progress in reducing poverty. Poverty rates have declined across all of Nepal's development regions and ecological belts, but the decline in poverty has been accompanied by an increase in inequality—the Gini coefficient^b increased from 34.2 in 2001 to 41.1 in 2010. A comparison of the human development index values across the development regions in Nepal highlights significant differences in human capabilities. More than 80% of the country's population lives in rural areas, where poverty is more prevalent and severe than in urban areas. Overall, people who tend to remain poor are households of agricultural wage earners, those who are landless or have small land holdings, those with illiterate household heads, and those living in large households (with seven or more members).

Design features. The project will directly support Nepal's power sector and poverty sector strategy. Sector achievements include grid and non-grid expansion, improvement, efficiency, and reliability. Poverty reduction objectives include increasing rural development and electrification, social inclusion, and gender mainstreaming. This will be achieved through small but localized and targeted activities designed to empower and increase people's role and participation in economic and community-based development, including livelihoods and other benefit sharing schemes. Design features target women to the extent possible.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

Key issues. In socioeconomic terms, areas traversed by the project are primarily rural, prone to higher than average poverty and inequality levels. Social inequality and marginalization continue to be common because of the prevalence of old traditions practiced in family units and the community. Social and gender analysis of the project areas indicate average or higher than average illiteracy

across age bands and sex, high unemployment, social marginalization, and inequality across castes and ethnic groups. Infrastructure and social services are poor and large proportions of the population earn wages in the agriculture industry and as day laborers. Household electrification as well as access to markets and social services (such as health posts, schools, and other community-based infrastructure) is limited and often difficult to access.

B. Consultation and Participation

1. Provide a summary of the consultation and participation (C&P) process during project preparation.

The project includes three project components. C&P will be carried out for environmental and social safeguards, and community and gender-based activities. Each activity will require a different approach to achieve the specified objective. C&P will be managed independently at each project location or targeted area, in coordination with local level partner organizations and contractors (as and where relevant). All consultative and participatory processes must be socially and gender inclusive; ensure timely disclosure of information; be factually accurate; and provide a platform for open, fair, and transparent dialogue and communication. Implementation of consultation and participatory approaches will be the responsibility of the executing agency and the project implementation and monitoring unit. Results from the consultation and participation process will inform project development and will be monitored on a periodic basis and reported back to ADB as and when required.

2. What level of C&P is envisaged during the project implementation and monitoring?

☐ Information sharing ☒ Consultation ☒ Collaborative decision making ☒ Empowerment

3. Was a C&P plan prepared for project implementation? ☐ Yes ☒ No

C. Gender and Development

Gender Mainstreaming Category: Effective Gender Mainstreaming (EGM)

1. **Key issues.** Based on findings from field observations, consultations, and initial assessments carried out across different project locations, women (particularly in rural areas of project districts) have lower social and economic status compared with their male counterparts. Low levels of literacy, high unemployment, and the tradition of early marriage, low mobility, and women's extensive involvement in household activities are socially prescribed roles of women in the study areas. The findings also reveal that women's role in decision making related to financial and social matters is limited. Most women spend their time working on household activities such as cleaning and cooking. Women use fire wood for cooking but use a cleaner source of energy for lighting (electricity or renewable sources).

2. **Key actions.**

The proposed loan will target gender equity through (i) broad-based and inclusive economic growth and opportunity (direct and indirect), (ii) inclusive social development, and (iii) targeted interventions. EGM interventions are outlined in the project Gender Action Plan and the design and monitoring framework. The project will ensure gender-responsive core labor standards to promote female employment, equal pay for work of equal value, and targets for hiring local laborers. EGM interventions will be funded by the loan and attached technical assistance, and complemented by activities funded by the Improving Gender Inclusive Access to Clean and Renewable Energy in Bhutan, Nepal and Sri Lanka grant assistance.

☒ Gender action 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 Impact A full resettlement plan has been prepared for the project. Resettlement impacts include the acquisition of a total of 15 hectares of land for the construction of new substations (Laipur, Kohalpur, Moolpani, and Bharabise). This will result in the economic displacement of about 195 peoples (39 households), all existing landowners, estimated to lose 10% or less of their productive assets. Minor and temporary impacts will affect an undetermined number of people owning or using land inside the 250 km New Khimti–Kathmandu 220/400 kV transmission line. Minor impacts, if any, are expected during the stringing of the second	A full resettlement plan will guide the land acquisition and consultation process, and will determine people's eligibility for fair and legitimate entitlements, compensation, and other assistance, depending on the severity and nature of impacts. The resettlement plan includes a process for addressing grievances, monitoring activities, and allocating budgets and costs for carrying out relevant activities.	<input checked="" type="checkbox"/> Resettlement plan

	line proposed for the existing Kohalpur–Mahendranagar 132 kV transmission line.		
Indigenous Peoples	The project will not adversely impact indigenous peoples groups or create barriers for these to enjoy the benefits of the project if they so desire. No special provisions are required to protect these groups against vulnerability.	If impacts to sensitive indigenous peoples occur, the executing agency will develop an indigenous peoples plan to ensure that they are fairly compensated and rehabilitated, in alignment with host country laws and regulations, ADB's Policy on Indigenous Peoples (1998) and Safeguard Policy Statement (2009) requirements.	<input checked="" type="checkbox"/> No action
Labor <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	The project will provide short- and long-term employment opportunities to peoples directly and indirectly affected by the project. Contractors will be asked to give preference to employing local laborers and women as much as possible. All attempts will be made to develop the project in a socially inclusive and gender equitable manner.	Equal opportunities and wages will be given to men and women, with priority to those affected by land acquisition and other vulnerable groups (female heads of households and disadvantaged ethnic groups and castes). The project will seek compliance with core labor standards by, among other things, prohibiting forced or compulsory labor and the use of children at project sites and its activities, ensuring gender equality and no tolerance for discrimination, implementing occupational health and safety standards, and providing awareness against HIV prevention.	<input checked="" type="checkbox"/> Other action
Affordability	Not applicable as the project will not be funding household or community level connections.		<input checked="" type="checkbox"/> No action
Other Risks and/or Vulnerabilities <input checked="" type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.) {please specify}	In Nepal, HIV infection is spread throughout the country. It is concentrated in districts with high mobility and migration.	Programs raising awareness about HIV/AIDS and “dos and don'ts” (safety risks) in the transmission line right-of-way have been included in the resettlement plan. The project will ensure reasonable and acceptable occupational health and safety standards and other codes of conduct as necessary.	<input checked="" type="checkbox"/> Other action

IV. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? ☒ Yes ☐

Gender and Social Inclusion Action Plan provides activities and targets for participation and development of women and poor in the Project.

^a ADB. 2009. *Nepal Country Partnership Strategy (2010-2012)*. Manila

^a The Gini coefficient of inequality is the most commonly used measure of inequality. The coefficient varies between 0, which reflects complete equality, and 1, which indicates complete inequality on the Lorenz curve of income distribution. Source: Asian Development Bank