

SUMMARY OF POVERTY REDUCTION AND SOCIAL DEVELOPMENT STRATEGY

A. Contribution of the Project to Reduce Poverty

1. Chhattisgarh is one India's poorest state. Studies show that about 45% of the state's population of 21 million is poor, living below the official poverty line, compared with about 35% of India's population as a whole.

2. The Project involves improvement of about 1,700 km of priority state roads. The subprojects will be selected during implementation according to criteria agreed between the Government of Chhattisgarh (GOC) and the Asian Development Bank (ADB). Because of the sector approach taken for the Project, a sample subproject was selected as representative of the remaining subprojects. The sample subproject runs from Chhindgarh to Konta, a distance of 100.3 km.

3. The Project is classified as *poverty intervention*, and will directly reduce poverty by lowering transport costs for the poor traveling to labor markets, farmers' markets, and health and education centers.

4. Rehabilitating the representative sample subproject in Dantewada district will have a large effect on reducing poverty, directly benefiting 237,000 people in a 30-km zone of influence. Of these, an estimated 117,000 poor people will be direct beneficiaries, or about 50% of the total direct beneficiaries. These estimates of beneficiaries include only those who will benefit in the long run from the lowered transport costs and induced economic and social development. This headcount approach gives an estimate of poor beneficiaries that is higher than the poverty incidence in Chhattisgarh. The poverty line used to define the "poor" is the nationally recognized maximum estimated expenditure of Rs.311/ person per month.

5. Benefits to the poor from lower transport costs will become evident through higher profit margins for agricultural product profit margins for poor farmers, as well as lower costs and more timely access to schools, medical clinics and employment centers. Furthermore, the lower transport costs will increase mobility among the poor, especially poor women, to reach social centers and become more politically active, thus increasing the social and political activities of the poor.

6. To obtain information on use of the Project road, passengers, drivers, freight shippers, and local residents in its zone of influence were surveyed. The surveys, completed in May 2003, showed that 95% of the population in the zone of influence use the project road. The surveys also showed that half the passengers and households within the impact zone are poor, and a fourth very poor, based on the official national poverty line.

7. Survey results for the remaining project roads were based on direct field observations of a carefully selected representative sample of 10 road links in the state road system that the Project may improve. The road samples selected for the survey represent about 30% of the 1,700 km of state roads that the Project should improve.

8. The survey of passengers showed that the poor are heavy users of the roads. Average per-capita passenger income is estimated at Rs384 per month; the nation's

official poverty level is Rs311 per month. Classifying those whose per-capita incomes is less than or equal to Rs311 per month as very poor, 35 to 40% of Chhattisgarh's state roads are very poor. Using Rs400 per month as the line to define poor, about 55 to 60% of the passengers are poor.

9. The surveys showed that farmers comprise 90%—and subsistence farmers, 78%—of those in the zone of influence for the sample subproject. The survey also show that of the remaining 22% of farmers who sell agricultural produce, high transport costs force all poor and very poor to sell their products only in markets that are nearby; they cannot access more distant markets where prices are higher. The surveys also showed that non-poor farmers use these roads to ship their products to more distant markets, despite bad road conditions. Better road conditions will improve access for the poor to these more distant and larger markets. The improved roads will also reduce spoilage of agricultural produce benefiting both poor and non-poor farmers. The surveys and focus groups showed that the degree of competition in the transport services market, including passenger and freight services, varies depending on the road condition. Competition is greater on roads in better condition, but traffic is low and competition is weak on roads in very worn condition, traffic is low and competition is weak on roads in very worn condition. That competition will become much stronger as the roads are improved through the Project. With the poor being such heavy road users, and competition hindered by poor roads, the Project will catalyze competition and service frequency, thus reducing freight rates. That will cause even more intense use of the Project roads by the poor. This finding substantiates estimates of the Project's effects on the poor.

10. A poverty impact ratio (PIR) was calculated for the sample subproject for both of the improvement options: Option 1 which improves the project road to an intermediate standard of 5.5 m, and Option 2, which improves the project road to a two-lane standard of 7.0 m. The PIR calculated for Option 1 is 1.07 for Option 2, 1.17. These results assume the prevailing level of competition in the passenger and freight transport markets. Descriptions of the distribution analysis and the resulting PIR calculation are in Appendix 8 and Supplementary Appendix J. Because of the level of uncertainty in changes to key variables in the PIR computation, (e.g., the level of competition in the transport market etc.), both a sensitivity analysis and a risk analysis were also undertaken. The sensitivity analysis is described in Appendix 8 and Supplementary Appendix J. The risk analysis is described in more detail in Supplementary Appendix K, Project Risk Analysis.

B. Participatory Process

11. Community consultations and the social assessment showed unanimous support for improving state highways, major district roads and rural roads. According to the residents, poor road conditions increase the costs of access by the poor to health clinics, schools, labor markets, and farmers' markets. By improving the Project roads, the poor residents see that costs will decline and they will have easier access to key institutions that determine their quality of life. In the focus groups, improved access ranked among the top three critical needs that participants identified. Other top needs included improving the water management system, increasing the electricity supply, and lowering the costs of education. The consultations also showed that the poor, especially poor women, are concerned about road safety, and the lack of bus stops in villages and hamlets. Residents are aware that bad road conditions and lack of access increases the

costs of farm inputs and delivery of farm products to markets and the resulting high transport costs cuts their farm incomes.

12. Improved access ranked among the top three critical needs that participants identified. Other top needs include improving the water management system, increasing the supply of electricity, and lowering the cost of education. The consultations also showed that the poor, especially poor women are concerned about road safety, and the lack of bus stops in the villages and hamlets. Residents are aware that the low-quality road conditions and lack of access increases the cost of retrieving farm inputs, delivering farm products to market, and that these high transport costs cut their farm incomes.

13. Based on findings and recommendations from the community consultations, the Project design will incorporate improvements to shoulders to improve safety for pedestrians and non-motorized traffic; covered bus stops with seating; wayside amenities; and truck stops, to reduce road congestion where necessary. The improvements will be made if they do not entail land acquisition or resettlement. To address concerns about road safety, the design will include information signs and speed breaks near schools, hospitals, and areas with heavy pedestrians traffic, such as towns and markets. Also, the Project will adopt a community road safety program designed for rural roads in Chhattisgarh for implementation on state roads, especially on accident-prone zones near urban and large settlement areas.

C. Gender Issues

14. Research elsewhere in Madhya Pradesh and in South Asia has shown that when access is difficult, men participate more actively in society than women. When access improves, as it will through the Project, women become more mobile and more socially active; they are better able to reach centers of political activity, and gain political empowerment. Thus, the Project will thus increase women's empowerment.

15. The public consultations showed that men receive substantially higher wage than women who provide the same labor. The Project will encourage employment targets for women to participate in road construction, and require contractors to pay the same wages to men and women for work of equal value. Targeting and providing a quota for women in road rehabilitation will provide employment where such opportunities are scarce, and allow women to increase family incomes. During the rehabilitation phase the contractors will be required to provide service stations that will improve working conditions for women who take on road works jobs. A gender strategy is not required as a project component.

D. Resettlement

16. The subproject selection criteria and technical design include recommendations for road improvements that will not entail land acquisition. Involuntary resettlement will be limited to the dismantling of a small number of encroachments³ at a few spots. Following ADB's policy requirements for involuntary resettlement under sector lending, and to mitigate adverse impacts on affected people, The Chhattisgarh Public Works Department (PWDGOC) prepared a resettlement plan and a resettlement policy

³ Less than 200 persons affected with insignificant impacts for all subprojects including the core Project road.

framework for implementation in the sample subproject. GOC will prepare and submit resettlement plans for each subproject to ADB for approval civil works contracts are awarded.

17. An institutional assessment on PWDGOC's capacity to undertake resettlement responsibilities showed that a need to strengthen such capacity. The Project will contribute, through consulting services for institutional improvement, to strengthen the capacity to manage the resettlement by conducting workshops and seminars to create social awareness and strengthen coordination among the government and civil societies concerned in addressing resettlement problems, particularly those related to road improvements.

18. To support the sector development initiative, a social and environment management unit will be established within the Agency for Road Development's (ARD) PIU for the Project, following the example of the National Highway Authority of India. The unit will be responsible for social impact assessment, including (i) monitoring of the implementation of resettlement plans and social mitigating measures for projects, (ii) implementation of measures to mitigate social and resettlement impacts, (iii) implementation of resettlement plans approved by ADB, and (iv) capacity building for ARD and the Dedicated Road Authority (DRA) for undertaking those responsibilities. Supplementary Appendix D provides the Resettlement Policy Framework and Supplementary Appendix M provides the Summary Resettlement Action Plan for the sample subproject.

E. Indigenous People

19. About 44% of Chhattisgarh's population is tribal and scheduled castes.⁴ The Project is confined to existing road alignment, so such groups with its influence area will not be affected. The improved road network will improve their access to services and economic opportunities for tribal and scheduled castes, and for all segments of the population. But because the high percentage of tribal and scheduled caste population in the Project influence areas, a detailed analysis of the status of indigenous people, and a review of GOC's current policies for their development were conducted under the Project preparatory technical assistance (Supplementary Appendix C). The purpose is to enhance distribution of project benefits and recommend practical measures to promote indigenous people development. A Framework Indigenous People Development Plan (IPDP) was also prepared (Supplementary Appendix N).

F. HIV/AIDS and Human Trafficking

20. According to the statistics of the National AIDS Control Organization (NACO), more than 4.5 million people in India were infected by HIV/AIDS⁵ by late 2002. That is a 15% increase over 2001. Only 55 cases of HIV/AIDS were reported in Chhattisgarh in 2002, in a population of about 21 million. The low incident rates could be partly related to Chhattisgarh's isolation, but it might also partly be explained by the absence, until

⁴ "Scheduled Tribe" is one of the weaker sections of Indian population. Article 342 of India Fundamental Rights, which are enshrined in the Constitution that Scheduled Tribe is defined as specific tribes or tribal communities or parts of or groups within tribes or tribal communities. "Scheduled Caste" is defined as the lowest caste in the Hindu caste system.

⁵ human immunodeficiency virus/ acquired immunodeficiency syndrome

recently, of HIV/AIDS testing and surveillance facilities in Chhattisgarh. In July 2003, the Chhattisgarh State AIDS Control Society (CACS) established nine centers for HIV/AIDS testing and counseling through GOC's programs on HIV/AIDS prevention. After the centers' first full year of operation, more accurate data on HIV/AIDS is expected. Meanwhile, CACS, in an interim report, identified 428 sites at risk of HIV/AIDS, including location frequented by truck drivers, brothels and floating facilities for commercial sex workers. Given the current status of HIV/AIDS in Chhattisgarh, and CACS' established and ongoing activities, the Project will make best use of the existing resources to support HIV/AIDS prevention. Project activities will include (i) conducting awareness campaign among targeted risk groups and the general public, and (ii) linking and coordinating with CACS and its ongoing HIV/AIDS programs.

21. Some non-government agencies (NGOs) are working through CACS projects to conduct awareness campaigns for high-risk groups, so the Project will focus on the HIV/AIDS issue during the construction period. The contractors will be required to provide awareness training on HIV/AIDS for construction workers. The training materials and programs should be designed and conducted in accordance with the CACS campaigns and awareness programs. This requirement will be stipulated in all civil works contracts. Consultants for construction supervision will be responsible for the monitoring the contractors' implementation of the programs. Findings and recommendations of the monitoring should be reflected in the project progress reports prepared by the construction supervision consultants and submitted to the ADB for review.

22. At the PWDGOC level, the consultants or CACS or NGO staff will train staff of the social and environmental unit in HIV/AIDS prevention by for implementation of the institutional improvement, and to coordinate with CACS and other concerned state agencies.

23. Regarding human trafficking, there is no official evidence of human trafficking cases in Chhattisgarh as of today. Neither there is any study undertaken by donors to confirm official data on human trafficking. The issue of human trafficking will remain to be studied through continuing policy dialogue with the GOC, field surveys and social works, surveillance and monitoring by various state agencies and NGOs concerned to identify areas of problems and measure the magnitude of impacts for development of mitigating measures in future projects.

G. Labor Issues

24. The Project will ensure that the civil works contractors comply with all applicable labor laws and will not employ children for construction or maintenance jobs. Contractors will be required to provide appropriate facilities for child dependants in construction campsites.

H. Other Social Risks and Vulnerabilities

25. The primary risks to project implementation are: (i) executing agencies and other stakeholders may lack the capacity to address social and poverty issues; (ii) the absorptive capacity of PWDGOC may be lower than initially assessed and thus, require institutional strengthening beyond that proposed for the Project; (iii) a lack of competition in the bus transport services market may arrests the flow of benefits to the poor; and (iv)

additional regulation of the freight services market may set freight rates so high that benefits are not passed to the poor.

26. The project design incorporates countermeasures to mitigate these risks. To mitigate the remaining risks, the Project will:

- (i) design and implement a strong project monitoring system to provide feedback for timely remedies,
- (ii) provide institutional support to PWDGOC during implementation,
- (iii) provide a long-term institutional specialist to help implement the restructuring of PWDGOC;
- (iv) provide consulting services for institutional strengthening to the Chhattisgarh Transport Department to assist in deregulation, and
- (v) involve ADB in close project supervision to correct flaws in design or implementation.

27. A specific risk is that the poor may not be enabled to realize the expected benefits. To ensure that the poor are able to share these benefits, the design consultant will develop a program based on strong public participation in a number of workshops that will educate:

- (i) poor farmers on how to use commercial inputs,
- (ii) poor farmers on how to best market their surplus products,
- (iii) poor passengers on how to negotiate lower fares to reflect the cost savings going to the bus and taxi drivers,
- (iv) poor shippers of products on how to negotiate lower freight charges reflecting the improved road conditions, and
- (v) poor women on increasing their political and social involvement in the community.

28. The design consultant, together with the Executing Agency and ADB, will develop and implement the project performance management system. The system will provide feedback on a number of indicators to show that the benefits are being passed to the road users, particularly poor users, as well as residents in the zone of influence. Some illustrative indicators that show the benefits being passed to the poor will include

- (i) use of improved construction materials by residents, and poor residents, for dwellings in the zone of influence;
- (ii) increased commercial sales of specific farm products, including rice, wheat, gram, and sorghum from the zone of influence;
- (iii) lower passenger fares on improved roads; and
- (iv) lower freight rates on improved roads.