

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

A. Linkages to the Country Poverty Analysis

Sector identified as a national priority in country poverty analysis? Yes	Sector identified as a national priority in country poverty partnership agreement? Yes
<p>Contribution of the sector/subsector to reduce poverty in Nepal:</p> <p>The country poverty analysis describes the provision of basic services for the poor, including water-related needs, as being fundamental to poverty elimination. Under the Project, benefits will impact principally on the health and quality of life, with full benefits being realized in the longer term. The Project will enhance household economies in the poorest regions of the country. Anticipated benefits include stronger, more sustainable livelihoods; increased family incomes through improved crop production; improved livestock management; improved cottage industries; fewer days lost through sickness; reduced medical expenditures; and improved attendance of children, especially girls, at school.</p> <p>Economic analysis for RWSS projects in Nepal indicates that time and energy savings contribute to economic internal rates of return of around 24% for gravity schemes and 14% for tube wells.¹ These analyses are understood to significantly understate benefits since they measure only time savings and ignore significant quality-of-life benefits.</p> <p>Fetching water is mainly the responsibility of women and girls. Social structures and current levels of education and awareness inhibit gender equality. In the hills, time taken to fetch water, including waiting time at the source, is about 4.5 hours per household per day. A shorter time to collect water normally results in increased consumption of water, which will result in improved hygiene (more frequent personal bathing and washing of clothes and utensils) and better livestock maintenance. Health benefits cited by beneficiaries normally include improved quality of life due to better physical health, reduced mental stress (as result of less drudgery), and an improved household economy. Improving in the quality of life by providing basic water and sanitation services will have a profound bearing on poverty levels in the poorest areas of Nepal.</p>	

B. Poverty Analysis

Proposed Classification

Under the Project, low-income families are identified on the basis of annual income. Households with an annual income of less than NRs34,000 (\$436) (on the basis of 5.45 members per household) are regarded as poor. The per capita poverty line is therefore NRs6,238 (\$80). "Better-off" incomes are taken to be those greater than NRs12,844 (\$165). Socioeconomic analysis of five accessible communities (therefore likely to be relatively well-off) showed that around 38% are poor, 43% medium, and 19% better-off.²

The short-term direct impact of the Project on poverty will be employment generation targeted at poor and disadvantaged groups in communities, especially women. Paid posts include health motivators, maintenance caretakers, and water and sanitation technicians. Wages for men and women will be the same. Low-income families will receive payments for 50% of the time they spend working on the Project,³ and receive concessionary loans and subsidies to support latrine construction. The Project will also benefit the poor through direct support for environmental improvements and improved potential for income generation. The integrated assistance package will have a major impact on the quality of life, confidence, and capabilities of community members.

The long-term benefits of the Project will arise principally from productive uses of time saved, fewer days lost to sickness, and reduced in expenditure on medical treatment. Sector studies show that 30-38% of time saved is generally used for economically productive activities such as farming, livestock rearing and maintenance, household maintenance, vegetable gardening, and cottage industries. Improved nutrition, child care, and opportunities to rest are other important benefits normally cited by beneficiaries

Reliable data from which to gauge full health benefits are lacking and would almost certainly prove inconclusive. However, indirect evidence suggests that improved water supply, sanitation, and hygiene practices directly translate into lower morbidity and mortality from waterborne diseases. Studies⁴ have found positive relationships between consumption levels of water and personal hygiene, especially in rural areas. Households consuming less than 15 liters per capita per day tend to have unsatisfactory hygiene practices compared with those that consume more. Further, there is a correlation between the level of literacy and awareness of personal hygiene. The community education and awareness program will promote improved personal hygiene.

¹ World Bank. 1996. Nepal Water Sector Review.

² Summary Report, Socioeconomic Survey, PPTA, Nepal Water for Health (NEWAH), 2003, p. 58.

³ In accordance with recent policy changes related to community contribution for RWSS projects.

⁴ ADB. 1995. Economic Appraisal of Water Supply Schemes.

Given the circumstantial evidence, it is reasonable to suggest that long-term benefits from improvements in health may well exceed the more measurable time and energy benefits in project areas and will have a significant impact on poverty levels in beneficiary communities.

Specific benefits to the poor follow:

- No exclusion of poor communities on the basis of scheme costs. Subsidies will be provided.
- Full benefits of improved water supply and sanitation services with reduced cost inputs and provision of subsidies/loans for the latrine construction component
- 50% payment of the standard daily labor rate for all unskilled labor
- Priority for paid positions during implementation and management of scheme

C. Participation Process

Stakeholder analysis? Yes

Participation strategy? Yes

D. Gender and Development

Gender-sensitive processes are central to all community mobilization and scheme implementation plans. Core elements are GCE training for all NGOs, DDCs, and WUSCs; gender balanced WUSC formation; priority recruitment of women for paid positions; gender-related monitoring of project impact.

Benefits accruing to women follow:

- Significant time and energy savings through provision of water points within a few minutes of households
- Secondary benefits for child care, increased equity in division of household responsibilities
- Decision-making authority for women on the location and design of water points and latrines so as to meet the full practical needs of women
- Priority for paid positions such as health motivators, sanitation masons, and maintenance caretakers
- 50% representation on WUSC
- Improved community awareness on GCE through training of WUSC members
- Participation of men as well as women in hygiene promotion sessions. Recruitment of male as well as female hygiene promoters.
- Access to hygiene promotion activities of all girls and boys, both in-school and out-of-school

Gender plan prepared? Yes

E. Social Safeguards and other Social Risks^a

	Significant/ Nonsignificant/ None ^b	Strategy to Address Issues	Plan Required ^c
Resettlement ^d	Nonsignificant	No land acquisition required. Communities agree on location of RWSS structures as precondition to project agreement.	Short
Indigenous Peoples	Significant	Nepal has over 100 distinctive ethnic groups and 90 languages. The Project's GCE strategy will sensitize DDCs, NGOs, and WUSCs to power relations around caste and develop appropriate working procedures to minimize discrimination and ensure equitable distribution of benefits including economic opportunities. Strategies are outlined in the GCE and community mobilization strategy.	
Labor	Nonsignificant	Implementation depends on community commitment to provide voluntary unskilled labor and on adequate technical skills available in local markets.	No
Affordability	Non significant	Project design is in keeping with established, proven practice on cost recovery in the sector, with additional safeguards in place to protect the poorest. Procedures for subsidy and loans are described in implementation steps.	No

	Significant/ Nonsignificant/ None ^b	Strategy to Address Issues	Plan Required ^c
Other risks/vulnerabilities: occupational castes	Significant	The Project's GCE strategy is designed to ensure that lower caste households are not excluded from the Project and its benefits. These householders will share the full scheme, have proportional representation on WUSCs and a clear voice in decision making, and receive priority consideration for paid positions.	Yes

DDC = district development committee; GCE = gender, caste, and ethnicity; NGO = nongovernment organization; RWSS = rural water supply and sanitation; WUSC = water user and sanitation committee.

^a Initial poverty and social analysis and/or summary poverty reduction and social strategy criteria for assessing the significance of social issues are available in the ADB *Handbook for Poverty and Social Analysis*, version available at http://adb.org/Documents/Handbooks/Poverty_Social/default.asp.

^b If not known, a contingency should be included in the technical assistance budget to predict the need for a plan.

^c A plan will be required at design stage if any potential issues are found significant.

^d Significant involuntary resettlement requires a full resettlement plan; nonsignificant requires a short resettlement plan.