

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Nepal	Project Title:	Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities
Lending/Financing Modality:	Project	Department/Division:	South Asia Department Nepal Resident Mission

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: targeted intervention—geographic

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

Nepal was struck by a magnitude 7.8 earthquake on 25 April 2015, followed by numerous aftershocks including the two powerful aftershocks (magnitude 6.9 on 26 April and magnitude 7.3 on 12 May). On 20 May 2015, the government launched a Post Disaster Needs Assessment (PDNA) that assessed the damages and losses and proposed a recovery and reconstruction strategy.<sup>a</sup> On 25 June 2015, the PDNA Secretariat reported the damages included 8,790 deaths, over 22,300 injured, more than 500,000 houses destroyed, and 269,000 houses damaged. Damages to public and private properties are massive, including nearly 30,000 public and private classrooms completely destroyed or significantly damaged. The \$15 million grant from the Japan Fund for Poverty Reduction will focus on (i) model disaster-resilient schools, (ii) microcredit for livelihood restoration, and (iii) disaster risk management capacity building. Disaster and emergency assistance is an integral part of ADB's operations, and ADB's country partnership strategy, 2013–2017 for Nepal identified disaster risk reduction as a key strategic area to promote social protection.<sup>b</sup>

#### B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

1. **Key poverty and social issues.** Among the 31 affected districts, 14 in the central and western regions, with a total population of 5.4 million, have been most severely affected.<sup>c</sup> According to the National Population and Housing Census 2011 (footnote c), the socioeconomic conditions in these 14 districts were generally better than the national average: (i) the average poverty rate was 22.4%, compared to the country poverty rate of 25.2%; and (ii) there were 7,826 schools and 5,829 community schools, which represent 23% of all schools and 20% of all community schools in Nepal. Due to damages from the earthquake, it is estimated that an additional 700,000–982,000 people will fall below the poverty line, and about 236,000 people need immediate humanitarian assistances. Microfinance institutions are the major source of finance in rural Nepal, and it is estimated that over 30% of the 1.5 million microfinance borrowers have been affected.<sup>d</sup>

2. **Beneficiaries.** The potential beneficiaries are community members in the affected districts.

3. **Impact channels.** The project will target selected rural communities affected by the earthquake. The disaster survivors, including poor and vulnerable groups, will benefit from the project. Families will gain confidence to allow schoolchildren to resume their education with the safe and earthquake-resilient schools that can also serve as disaster risk management learning facilities for local communities. The provision of microcredit for livelihood restoration to approximately 12,500 households with mostly women members in small farmer cooperatives (SFCs) will provide immediate financial assistance to restore livelihoods and address food shortages. The capacity development and training activities to strengthen the disaster risk management capacity of rural communities will improve affected households' skills to cope with future disasters, which will reduce their vulnerability and improve their social and economic well-being in the long term.

4. **Other social and poverty issues.** The devastation caused by the earthquake has resulted in a multitude of social and poverty issues, including (i) damage to houses and key public infrastructure such as schools and health facilities, and (ii) disruption to livelihoods that were already vulnerable prior to the earthquake. The project will provide immediate to medium-term rehabilitation assistance to the affected vulnerable households by restoring education through rebuilding model schools, re-establishing livelihoods through support to concessional microcredit, and developing capacity on disaster risk management at the community level.

5. **Design features.** The project components include earthquake-resilient model schools that address the needs of school children and disadvantaged groups (DAGs) in site selection. The project will also train teachers and school staff in emergency response. The project will provide microcredit for livelihood restoration of affected communities, including women, the poor, and socially disadvantaged groups; as well as disaster risk management capacity development of affected communities.

<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>			
<p>1. <b>Participatory approaches and project activities.</b> The project will provide support to SFCs. As local farmers' savings and credit cooperatives, SFCs hold regular group meetings that the project will use as a platform to discuss social, economic, or project-related issues with beneficiaries.</p> <p>2. <b>Civil society organizations.</b> Consultations and focus group discussions will be organized to ensure equitable representation and participation of women and DAGs. The public, affected households, local governments, and beneficiaries will be consulted and their opinions solicited.</p> <p>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):  <input checked="" type="checkbox"/> Information gathering and sharing (H) <input checked="" type="checkbox"/> Consultation (H) <input type="checkbox"/> Collaboration (M) <input type="checkbox"/> Partnership (M)</p> <p>4. <b>Participation plan.</b>  <input checked="" type="checkbox"/> Yes. (to be developed during the implementation) <input type="checkbox"/> No</p>			
<b>III. GENDER AND DEVELOPMENT</b>			
Gender mainstreaming category: effective gender mainstreaming.			
<b>A. Key issues.</b>			
<p>Women, men, girls, and boys experience disaster impacts differently. The United Nations' flash appeal reported, of the approximately 3.2 million women affected by the disaster, 525,000 are of reproductive age, 126,000 are pregnant, and around 40,000 are at immediate risk of gender-based violence.<sup>9</sup> Key gender issues include displacement, overcrowded centers for the internally displaced, lack of privacy, lack of lighting, limited and unsegregated toilet and washing facilities at the evacuation centers, lack of physical mobility, and an increased incidence of sexual violence against women and girls. Due to lack or loss of legal documentation, many women are unable to access humanitarian assistance and support.</p>			
<b>B. Key actions.</b>			
<input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure			
<p>The following measures will be undertaken: (i) rebuilding schools as model earthquake-resilient schools addressing gender equity and social inclusion (GESI) concerns; (ii) building the capacity of women teachers and staff on emergency response; (iii) providing concessional microcredit to affected households through the networks of SFCs with at least 60% women borrowers; (iv) recording and reporting sex, caste, and ethnicity disaggregated data of borrowers in progress reports; (v) building capacity of affected communities on disaster risk management; and (vi) undertaking extensive community awareness-raising campaigns with at least 50% participation from women among the selected participants.</p>			
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>			
<b>A. Involuntary Resettlement</b>			
<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI			
<p>1. <b>Key impacts.</b> No impact.</p> <p>2. <b>Strategy to address the impacts.</b> Not applicable.</p> <p>3. Plan or other Actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Resettlement plan  <input type="checkbox"/> Resettlement framework  <input type="checkbox"/> Environmental and social management system arrangement  <input checked="" type="checkbox"/> No action           </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Social impact matrix           </td> </tr> </table>		<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
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<b>B. Indigenous Peoples</b>			
<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI			
<p>1. <b>Key impacts.</b> No impact.          Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. <b>Strategy to address the impacts.</b> Not applicable.</p> <p>3. Plan or other actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Indigenous peoples plan  <input type="checkbox"/> Indigenous peoples planning framework  <input type="checkbox"/> Environmental and social management system arrangement  <input type="checkbox"/> Social impact matrix  <input checked="" type="checkbox"/> No action           </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary           </td> </tr> </table>		<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
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<b>V. ADDRESSING OTHER SOCIAL RISKS</b>
<p><b>A. Risks in the Labor Market</b></p> <p>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"/> unemployment (L) <input checked="" type="checkbox"/> underemployment (L) <input type="checkbox"/> retrenchment (L) <input checked="" type="checkbox"/> core labor standards (L)</p> <p>2. <b>Labor market impact.</b> The project will help generate employment opportunities for local communities through microcredit and, to some extent, in construction work. With more than 3 million Nepalese nationals currently working abroad, there is a shortage of semi-skilled workers. The executing and implementing agencies will promote compliance with local labor laws, including equal pay for work of equal value and no child labor.</p>
<p><b>B. Affordability</b></p> <p>The project will not have any direct impact on affordability, as it will target the rehabilitation and reconstruction of schools and the microcredit provision of livelihood support to affected communities. However, due to high demand for construction materials and a shortage of labor, construction costs might escalate. In addition, liquidity shortages of microfinance institutions might worsen due to microfinance institutions' asset damages and large withdrawals of deposits.</p>
<p><b>C. Communicable Diseases and Other Social Risks</b></p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):  <input type="checkbox"/> Communicable diseases (NA)    <input type="checkbox"/> Human trafficking (NA)  <input type="checkbox"/> Others (please specify) _____</p> <p>2. <b>Risks to people in project area.</b>            No other major social risks are expected.</p>
<b>VI. MONITORING AND EVALUATION</b>
<p>1. <b>Targets and indicators.</b> GESI-related indicators and targets are set at output levels that are further expanded in the GESI action plan of the Project.<sup>f</sup> The key targets include (i) emergency coping capacity of 100% women teachers and staff involved strengthened; (ii) at least 60% women microcredit borrowers among all the borrowers under the project; and (iii) at least 50% women training participants among all the participants. Collection and analysis of sex, caste, and ethnicity disaggregated data and information at the central and district levels will be conducted and reflected in quarterly progress reports.</p> <p>2. <b>Required human resources.</b> The project will be aligned with ADB's Earthquake Emergency Assistance Project, and a special purpose vehicle will be the executing agency.<sup>g</sup> The two national consultants recruited for approximately 50 person-months will be responsible for the overall project implementation, including monitoring of GESI-related activities of the GESI action plan.</p> <p>3. <b>Information in the project administration manual.</b> The project administration manual includes details of the monitoring mechanism. To measure progress and results, there will be quarterly monitoring of output and outcome indicators presented through quarterly progress reports, with GESI action plan update implementation matrices attached. Review missions will monitor the timely and effective implementation of the project-specific GESI action plan.</p> <p>4. <b>Monitoring tools.</b> Monitoring and evaluation systems at the central and district levels will be established, and data will be collected at least quarterly. Consultations with SFCs will validate the data.</p>

<sup>a</sup> The PDNA comprises 23 sector and thematic groups.

<sup>b</sup> ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017*. Manila.

<sup>c</sup> Government of Nepal, Central Bureau of Statistics. 2011. *National Population and Housing Census 2011*. Kathmandu.

<sup>d</sup> Microfinance institutions in Nepal mainly include microfinance nongovernment organizations and savings and credit cooperatives.

<sup>e</sup> On 29 April 2015, the United Nations Office for the Coordination of Humanitarian Affairs issued a flash appeal for \$422 million to provide life-saving assistance to the people affected by the earthquake. United Nations Office for the Coordination of Humanitarian Affairs. 2015. *Nepal Earthquake Flash Appeal Revision*. Kathmandu.

<sup>f</sup> Gender Equality and Social Inclusion Action Plan (accessible from the list of linked documents in Appendix 2).

<sup>g</sup> ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant for the Earthquake Emergency Assistance Project in Nepal*. Manila.

Source: Asian Development Bank.