

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Nepal	Project Title:	Rural Connectivity Improvement Project
Lending/Financing Modality:	Project Loan	Department/ Division:	South Asia Department/ Environment, Natural Resources and Agriculture Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: ☒ General intervention

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

Nepal's poverty reduction strategy aims for broad-based economic growth, inclusive social development, and good governance implemented through targeted programs and infrastructure development. The agriculture sector's contributions of 65%–70% of employment and 35% of gross domestic product are vital, especially to Nepalis who live and find sustenance in rural areas where poverty is widespread. According to the government's Agricultural Development Strategy, there is an urgent need to construct all-weather roads to serve the agriculture sector and the rural population, enabling access to markets, business opportunities, and benefits, especially along agricultural value chains which is key to poverty reduction in rural areas.

Road access in many high-potential production areas is limited to basic tracks or undeveloped roads, resulting in high transport costs and losses of quality and quantity. Only 17% of the rural population in Nepal has access to all-weather roads, compared with 60% in India and 37% in Bangladesh. The Agricultural Development Strategy emphasizes the urgent need for rural road access to productive agricultural areas, and targets the upgrading or construction of 50 kilometers of rural roads per district during the first 5 years of the strategy period (2015–2020).

The Rural Connectivity Improvement Project aims at improving priority rural roads (selected based on robust criteria). It is consistent with the strategic objective set out in the government's Priority Investment Plan (2007–2016) to expand the strategic road network capacity to increase connectivity, provide greater access to social services and markets, and promote the agriculture sector. The project is also in line with the Asian Development Bank (ADB) country partnership strategy for Nepal (2013–2017) and the country operations business plan for Nepal (2018–2020).^a

B. Results from the poverty and social analysis

1. Key poverty and social issues. According to the Nepal Living Standards Survey 2010/11, the headcount index for the national poverty line is 25.2% (15.7% in urban areas and 27.4% in rural areas). Regarding wages, the poverty headcount rate is the highest among agricultural wage workers (47%). For income distribution, the bottom 80% of the population earns about 44% of total income while the top 20% earns the other 56%. The poorest 10% of the total population accounts for less than 2% of total income, whereas the richest 10% of the population accounts for 40%. The Nepal Living Standards Survey 2010/11 data show that poverty incidence of household heads varies widely by social groups. Since 2000, people's access to socio-economic infrastructure such as motorable roads, transport, schools, and health centers has increased markedly. The decline in poverty incidence and improvement in human development indicators is attributed to this improved access. The project aims at poverty reduction through improved rural connectivity. This will result in increased access to goods, services, facilities, and employment opportunities leading to increased household incomes and access to development opportunities, and reduced vulnerability, social exclusion, and ultimately poverty. The project supports Sustainable Development Goals 1, 8, and 11.

2. Beneficiaries. As most of the project roads are in hilly areas, the primary beneficiaries will be those in the zone of influence of about 1.5 kilometers walking distance on both sides of the new or upgraded road subprojects. Secondary beneficiaries will be those living in communities within 3 hours round-trip walking distance of a project road, who will benefit through increased access, lower travel cost, and shorter travel time to important service centers.

3. Design features. All the roads have been selected through robust road selection criteria taking into consideration the population size, district agricultural potential, agricultural farms and commercial establishments, economic potential, and access to education facilities. The project will provide livelihood enhancement skills training to 100% of project-affected vulnerable households comprising 33% women, and including *Dalit* (13%), *Janajati* (37%), and Other Backward Class (10%), and 200 vulnerable households living in the project areas.

C. Finding of social analysis and project output

Access to rural transport infrastructure differs widely by ethnicity, caste, economic status, and gender. Geographic remoteness and topography is one dimension of exclusion in the rural road subsector. Others include lack of attention to the needs of women, the poor, and the socially excluded in the selection of the location of the infrastructure. Poor subsistence farmers and vulnerable groups are least able to afford transport services and are unable to benefit from employment through rural road construction as they depend on daily wages to meet their survival needs. Although representation of different social groups remains largely at the community level, their presence within higher-level coordination structures is minimal.

The project roads are located in 16 districts that have 7,547,946 people (28.49% of the country's population). All-weather roads constitute 35.42% of the total road network in these districts compared to the national average of 67.04%. Household surveys carried out in the project area reveal that households below the poverty line comprise around 14.0%, which is below the national

average of 20%. The major sources of income are agricultural produce (20%), trade and business (12%), and services (10%). The results of household surveys and focus group discussions, conducted as part of the poverty and social assessment, indicate that the project will increase economic and employment opportunities. The project will generate an estimated 3.8 million person-days of employment over the construction and maintenance periods.

The project will deliver two outputs: Output 1: Rural road conditions between the selected rural communities, productive agricultural areas, and socioeconomic centers improved. Road conditions of about 388 kilometers of rural roads will be improved to all-weather standards with safety features^b between the selected rural communities, productive agricultural areas, and socioeconomic centers, and be maintained for 3 years.^c Output 2: Capacity of rural infrastructure agency and road users in project areas enhanced. The capacity development will involve (i) trainings on safeguards, road safety awareness, road asset management, contract management, and rural road design and construction; (ii) development of vision, policy, business plan, and institutional structure frameworks for a state-of-the-art rural road agency; (iii) development of pavement design, quality control, and road safety guidelines; and (iv) development of detailed design for the future pipeline.

II. PARTICIPATION AND EMPOWERING THE POOR

Consultations were carried out to build consensus among different stakeholders. Senior officials from the Department of Local Infrastructure Development and Agricultural Roads (DOLIDAR) and the Ministry of Federal Affairs Local Development were consulted. Experts from other development partners and line agencies were also consulted in the development of the project. During project preparation, workshops were held at the central level with stakeholders. Intensive consultations also took place during the transect walk survey as part of community participation plan preparation in the districts, which involved conducting participatory rapid assessment and focus group discussions with village development committees, beneficiaries, civil society members, nongovernment organizations, local development officers, district technical officers, and other stakeholders.

The project will promote a participatory approach in project planning, design, and implementation. Consultation meetings will increase participation of the socially excluded and poor in decision making, and build their capacity and confidence to voice their concerns and influence collective decision making. Social mobilizers will organize separate meetings with women, and poor and marginalized people. The project will promote economic growth, gender equality, and social inclusion by ensuring representation of the marginalized and disadvantaged population in all aspects of project planning and implementation.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

A. Key issues. Women from all caste and ethnic groups are constrained by a gendered allocation of responsibilities and practices and women's household roles, which affect women's mobility and use of transport. Women have less access and control over resources and fewer opportunities than men to use transport technologies that could alleviate their heavy domestic and productive burdens. Women and girls seldom have time to build capacities and assets to reduce their vulnerability. Labor works involved in rural infrastructure development typically involve a heavy manual component that places women and people with disabilities at a disadvantage, as they have different physical capacities and are less able to participate in such work because of access, time, and output compatibility. Although women's participation and representation at community level has increased, with a consequent increase in their voice and mobility, their meaningful participation in influencing decisions taken is still minimal.

B. Key actions ☒ Gender action plan ☐ Other actions or measures ☐ No action or measure

Summary of key design features of gender action plan: The poverty and social analysis included a gender assessment based on the socio-economic characteristics of 6,742 women and consultations with 584 women. A gender equality and social inclusion (GESI) action plan has been prepared for the project to address gender inequality and social exclusion issues. The project will build the social and financial capital of women by carrying activities such as (i) target at least 33% of women participants in project orientation, planning, and public and social auditing of project roads; (ii) conduct HIV, and human anti-trafficking awareness to 4,000 people and secondary school children; (iii) implement core labor standards with gender-inclusive provisions and women-friendly work environments; (iv) conduct a road safety awareness program to target 4,000 people with 40% women and 27 schools along the project roads; (v) develop and deliver special livelihood enhancement skills training to all project-affected vulnerable households, and to 200 poor families living in the project areas, with 33% women targeted; (vi) conduct technical training to DOLIDAR staff including women staff; (vii) conduct gender and social inclusion sensitization and training focusing on the project's GESI action plan to the project implementation unit, rural municipality, grievance redress committee members; (viii) assign a dedicated sociologist at DOLIDAR and a GESI expert in the project consultant team; and (ix) establish a project monitoring system with gender, caste, ethnicity, and minority group disaggregated data. GESI experts and field staff will be hired to ensure the effective implementation of the GESI action plan.

IV. ADDRESSING SOCIAL SAFEGUARDS ISSUES

A. Involuntary Resettlement Safeguard Category: A ☐ B ☐ C ☒ FI ☐

1. Key impacts. The construction will be carried out mostly within the existing road corridor and/or rights-of-way, with widening and minor realignments in some cases, which will require narrow strips of land to be made available. In such cases, eminent domain will not be used but instead a voluntary land donation system will be used in accordance with ADB's requirements.

2. Strategy to address the impacts. Specific procedural requirements involving comprehensive consultations with the communities are provided in the community participation framework prepared for the project, which was disclosed on the ADB

website in October 2017. The framework also includes a mitigation measures matrix which details the types of support provided for all types of losses, including special assistance for vulnerable households.

3. Plan or other actions.

- ☐ Resettlement plan ☐ Resettlement framework ☐ Environmental and social management system arrangement
☐ Combined resettlement and indigenous peoples plan ☐ Combined resettlement framework and indigenous peoples planning framework ☐ Social impact matrix ☒ No action

B. Indigenous Peoples Safeguard Category: A ☐ B ☐ C ☒ FI ☐

1. Key impacts. The project will not generate any impact on indigenous peoples as the project will improve existing roads. The social assessment identified presence of indigenous peoples (*janajati*) in all the project roads. However, these groups are largely assimilated into the local population. The project roads will not have any differential impact on indigenous peoples; they will receive similar benefits from the project as those received by non-indigenous peoples households, and the impact on tribal and cultural identity will not be significant.

2. Plan or other actions.

- ☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☐ Environmental and social management system arrangements ☐ Social impact matrix ☐ No action ☐ Combined resettlement plan and indigenous peoples plan ☐ Combined resettlement framework and indigenous peoples planning framework ☐ Indigenous peoples plan elements integrated in project with a summary: ☐ Yes ☒ No

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

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).
☒ unemployment (L) ☒ underemployment (L) ☒ retrenchment (L) ☒ core labor standards (M)
2. Labor market impact. The project will involve large construction works that will require unskilled construction workers, and will also generate demand for contractor workers. Therefore, it will generate temporary work opportunities as well as business opportunities during construction period. There will be no unemployment risks, underemployment risks, retrenchment risks, and lack of adherence to the core labor standards. The government regulation and requirement on labor standard, and health and safety standard will be strictly enforced.

B. Affordability

Not applicable.

C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):

- ☒ Communicable diseases (M) ☒ Human trafficking (L)
☐ Others (please specify) _____

2. Risks to people in project area.

The social assessments undertaken identified no significant social risks such as HIV/AIDS or human trafficking. The executing agency will ensure that civil works contractors disseminate information at worksites on the risks of sexually transmitted diseases. All contracts will include clauses on these undertakings, and the government will strictly monitor compliance during implementation.

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** Aside from indicator described in the Design Monitoring Framework, relevant performance targets and indicators, and data source to monitor the social aspects of the project will be developed by the social development specialist/consultant that will be recruited under construction supervision consultant.
2. **Required human resources.** The project coordination unit will have a social development focal point. The construction supervision consultant teams will have social development and gender specialists, and social mobilizers in its team. A social development specialist from the South Asia Department will oversee the implementation.
3. **Information in the project administration manual.** The frequency of project reviews, monitoring, and timing of completion reports is included.
4. **Monitoring tools.** The construction supervision consultant will undertake day-to-day monitoring. The project coordination unit's environmental and social development specialists will undertake field monitoring at least on quarterly basis.

^a ADB. 2017. *Country Operations Business Plan: Nepal, 2018–2020*. Manila.

^b Road safety measures such as cautionary and informatory signs, guard posts, speed breakers, and object markers.

^c Performance-based maintenance will be undertaken for 3 years after construction.

Source: Asian Development Bank.