

## PROJECT FRAMEWORK

Design Summary	Key Performance Indicators/Targets	Monitoring Mechanism	Assumptions And Risks
<b>Goal</b>			
Promote socio-economic growth and poverty reduction in the project areas.	<p>Gross domestic product (GDP) will increase per annum during 20010-2020 at 5% for Nepal and the project areas</p> <p>Per capita rural income will increase from ...in 2005 to ...in 2015.</p> <p>Poverty incidence in the Project areas reduces from 51% in 2005 to 40% in 2015</p>	<p>National statistics</p> <p>Collection of additional statistics of Nepal and project districts by DOR at inception, completion, and 3 years thereafter</p> <p>Project Performance Audit Report</p>	
<b>Purpose</b>			
<p>Improve transport efficiency and safety in the project area by:</p> <ul style="list-style-type: none"> <li>Investing in district road improvements</li> </ul>	<p>Travel time on project roads decreased by 10-20%.</p> <p>Travel costs on project roads decreased by 10-20%</p> <p>Reduced bus fares and freight rates by 10% by 2015 on project road. Vehicle operating costs for a car reduced from Rs 19.5 per vehicle-km without project to Rs 11.5 per vehicle-km with project in 2015.</p> <p>Reliability and frequency of bus services and introduction of new bus services.</p> <p>Project roads maintained in all weather condition</p> <p>EIRR of project roads maintained at between 13% and 18%.</p>	<p>Collection of actual traffic volume data on project roads by DOR</p> <p>Travel time survey for the expressway and local roads by SPCD</p> <p>Monitoring of fares and rates by DOTM/DOR</p> <p>Bus-related data will be monitored by DOTM/DOR</p> <p>Regular inspection of project roads by DOR</p> <p>PPMS surveys</p> <p>Re-evaluation of EIRR at Midterm Review Report and Project Completion Report by ADB and DOR</p>	<p>Improving security situation in project road areas</p> <p>Forecast economic growth rates materialize.</p> <p>Commercial vehicle operating cost savings passed onto road users.</p> <p>Reduced vehicle operating costs will lead to competition and thereby stimulate and improve bus service quality.</p>

Design Summary	Key Performance Indicators/Targets	Monitoring Mechanism	Assumptions And Risks
<ul style="list-style-type: none"> <li>improving road safety</li> </ul> <p>Strengthening national road institutions to perform strategic management and planning of the road network</p> <p>Improve access for the poor rural population in the project areas</p> <p>Promote local economic development during road construction</p> <p>Promote local participation</p> <p>Promote minority development</p> <p>Safeguard negatively affected people and prevent negative impacts</p>	<p>The serious accidents and fatalities for the existing project roads to be reduced by 20% by 2015.</p> <p>Improved road planning, programming, contract management and maintenance by DOR or its successor.</p> <p>% of village with road access to project roads</p> <p>Bus frequency on project roads</p> <p>Use local labor for 75% of un-skilled work</p> <p>Number of consultation sessions</p> <p>Number of agency/people consulted</p> <p>Implementation of the EMDP</p> <p>Environmental protection measures implemented</p> <p>Income changes of resettlement population</p> <p>Contractors staff and affected villagers educated on dangers of HIV-AIDs</p>	<p>Accident statistics from public security bureau and hospitals</p> <p>Published road development strategies</p> <p>District statistics</p> <p>Social impact monitoring reports</p> <p>Social impact monitoring and contractors' reports, local statistics</p> <p>Progress reports</p> <p>Social, resettlement and environmental impact monitoring</p> <p>Social impact monitoring and progress reports</p> <p>Environment impact, resettlement monitoring reports</p> <p>Progress and monitoring reports.</p>	
<b>Outputs</b>			
<p>Construction/upgrading of 490 km district roads</p> <p>Road Safety Audits and awareness campaign</p>	<p>Completion by end of 2012</p>	<p>Progress reports, monitoring reports, PCR</p>	<p>Timely approval of the project.</p> <p>Timely availability of ADB loan and counterpart funds</p>

Design Summary	Key Performance Indicators/Targets	Monitoring Mechanism	Assumptions And Risks
			Counterpart funding and staff and timely completion of consultant/contractor activities
Strengthening capacity of road sector institutions. HIV-AIDS Awareness	Completion of institutional reform plan by 2016. Program complete for all roads by 2009	Review missions.	Aid funding and coordination by PIU.
<b>Inputs</b>			
Project road civil works	Initial civil works contracts awarded by June 2007 and completed by December 2012. \$ 60 million	Progress reports. Annual audited and Project accounts. PAMs Project completion review mission.	Implementation capacity of contractors, and strict construction supervision and quality control.
Resettlement	Resettlement completed by June 2007. \$ 0.5 million		
Consulting and training services	Consultants recruited by August 2006 and completed by December 2012. \$ 6.6 million	Progress Reports	Engagement of consultants is timely
Physical contingencies	\$ 5.9 million		
Price contingency	\$ 5.3 million		
Interest and other charges during construction	\$ 1.6 million		
HIV-AIDs Awareness Program	\$ 0.5 million grant aid.	Progress Reports	Grant aid available
Institutional Strengthening TA	\$ 0.3 million TA	Progress Reports	TA Approved

## EXTERNAL ASSISTANCE TO ROAD AND MULTIMODAL TRANSPORT SECTOR

Donor	Project	Loan/ Grant	Length km	Completion Date	Currency	Funding Million
ADB	Hetauda-Narayanghar Road (Upgrade)	Loan	78	1981	USD	15.9
ADB	Feeder Roads	Loan	116	1995	USD	17.5
ADB	Road Improvement	Loan	198	1995	USD	30
ADB	Second Road Improvement Project (SRIP)	Loan	686	1997	USD	50
ADB	Third Road Improvement (TRIP)	Loan	269	2001	USD	40
ADB	Road Network Development Project (RNDP)*	Loan	410	2007	USD	46
ADB	Sub-Regional Transport Facilitation	Loan		2011	USD	20
PRC	Naubise-Pokhara	Grant	174	1974		NA
PRC	Narayanghat-Mugling-Gorkha	Grant	61	1982		NA
PRC	Pokhara-Baglung	Grant	71	1994		NA
PRC	Kathmandu Ring Road	Grant	27	1974		NA
PRC	Syaphrubesi-Rasuwegadhi	Grant	16	2006		NA
GTZ	Malekhu-Dhading	Grant	17	2001		
GTZ	Bhianse-Hetauda	Grant	11	1998		
India	Bhainse-Hetauda	Grant	114	1956		NA
India	Kathmandu-Trishuli	Grant	68	1963		NA
India	Sunauli-Pokhara	Grant	181	1972		NA
India	Kakarbhitta-Dhalkebar	Grant	258	1974		NA
India	Butwal-Kohalpur	Grant	236	1985		NA
India	Kohalpur-Mahakali	Grant	204	1993	IC	600
Japan	Banepa-Sindhuli-Bardibas	Grant	158	2009	NRs	11,000
SDC	Lamosangu-Jiri	Grant	110	1984		
SDC	Arniko Highway Maintenance Project	Grant	96	2001		
SDC	Road Resealing	Grant	26	2005		
SDC	Road Maintenance and Rehabilitation Project (RMRP)	Grant	1 111	1999		
UK	Dharan-Dhankuta	Grant	55	1984		NA
UK	Damak-Belbari (Rehabilitation)	Grant	23	1997		NA
UK	Jogbani-Dhankuta (Rehabilitation)	Grant	100	1997		NA
UK	Kakarbita-Damak (Rehabilitation)	Grant	49	2001		NA
UK	Hile-Bhojpur	Grant	94	2007		
UK	Basantapur-Terhathum	Grant	27	2007		
UK	Bhalubang-Pyuthan	Grant	69	2007		
UK	Butwal-Narayanghat	Grant	115	1975		
UNDP	Bardibas-Jaleswor	Grant	42	2001		
UNDP	Janakpur-Dhanushadham	Grant	16	2001		
USA	Hetauda-Narayanghat	Grant	78	1967		

## Appendix b

Donor	Project	Loan/ Grant	Length km	Completion Date	Currency	Funding Million
USA	Raxaul-Bhainse (upgrade)	Grant	71	1967		
USA	Dhangadhi-Dandeldhura	Grant	135	1979		
USA	Rapti Integrated Road Project	Grant	201	1986		
USSR	Pathlaiya-Dhalkebar	Grant	109	1972		
WB	Multi-modal Transit and Trade Facilitation Project	Loan		2003		
WB	Road Maintenance and Rehabilitation Project	Loan	1,083	2004		
SDC	Strengthened Maintenance Divisions Program (SMDP)	Grant				
WB	Highway Project	Loan				
WB	Second Highway Project	Loan				
WB	Third Highway Project	Loan				
WB	Road Maintenance and Rehabilitation Project (RMRP)	Loan			SDR	40.1
WB	Road Maintenance and Development Project (RMDP)**	Loan		2006	US\$	64.4

ADB = Asian Development Bank, PRC= People's Republic of China, GTZ= Deutsche Gesellschaft für Technische Zusammenarbeit, SDC= Swiss Agency for Development and Cooperation, UK = United Kingdom, UNDP = United Nations Development Program, USA = United States of America, WB = World Bank., NA= Not Available  
Source: Ministry of Physical Planning and Works, HMGN.

\*Co-funding: DFID 7.064 Million Sterling Pounds

\*\*Co-funding: IDA - 54.5 Million US Dollars, HMGN – 9.9 Million US Dollars

## Project Performance Management System

Goal and purpose	Issues	Indicators	Baseline	Frequency
<u>Goal:</u>				
1. Promote socio-economic growth and poverty reduction in Nepal and the project areas	<ul style="list-style-type: none"> <li>• economic development</li> <li>• social development</li> <li>• economic efficiency</li> <li>• poverty reduction</li> </ul>	For each district containing project roads: <ul style="list-style-type: none"> <li>• rural income per capita</li> <li>• poverty incidence</li> <li>• annual production of main cash crops</li> <li>• % villages with telephone connections</li> <li>• % villages with bus services</li> <li>• vehicle ownership by type</li> <li>• primary school dropout rate (selected poor villages)</li> <li>• middle school attendance rate (selected poor villages)</li> <li>• home deliveries (unattended birth)</li> <li>• Annual number of tourists</li> </ul>	To be established at start of construction	At start of construction At project completion Yearly intervals for 3-5 years after completion
<u>Purpose</u>				
1: Improve transport connectivity and road safety in the project area	<ul style="list-style-type: none"> <li>• traffic</li> <li>• safety</li> <li>• bus services</li> <li>• transport costs</li> <li>• asset management</li> </ul>	<ul style="list-style-type: none"> <li>• Road roughness</li> <li>• traffic volume average annual daily traffic (AADT) by vehicle type on the project roads</li> <li>• Vehicle ownership by type in the project districts</li> <li>• Number of accidents on project roads categorized by injury and death</li> <li>• Bus frequency on project roads</li> <li>• Freight rates on project roads</li> </ul> Travel time between towns	To be established at start of construction and opening of each road	At start of construction At project completion Annually, during three years after completion
2. Improve access for the poor rural population in the project areas	<ul style="list-style-type: none"> <li>• all-weather access roads to villages</li> <li>• availability and costs of transport services for the poor</li> <li>• affordability</li> <li>• access to other social services</li> </ul>	<ul style="list-style-type: none"> <li>• number of villages without all-weather access roads in each project district</li> <li>• Number of villages with bus services</li> <li>• passenger fares on project roads</li> <li>• cost of selected goods in poor villages</li> <li>• portion of transport costs to overall expenditures</li> </ul>	To be established at start of construction	Annually, starting one year after start of construction until three years after project completion
3. Promote corporate governance and capacity building in the road sector	<ul style="list-style-type: none"> <li>• Road Fund performance</li> <li>• capacity of DOR</li> <li>• non-government financing</li> <li>• enhancing road safety</li> <li>• other road policies</li> </ul>	<ul style="list-style-type: none"> <li>• Fund revenue increase</li> <li>• training of DOR staff</li> <li>• capacity building action plan</li> <li>• Road safety program</li> <li>• continued private investment in Nepal road sector including BOT</li> </ul>	Established during TA	At project start At project completion and three years after.
4. Promote local economic development during project road construction	<ul style="list-style-type: none"> <li>• local employment</li> </ul>	<ul style="list-style-type: none"> <li>• number of unskilled/poor workers employed in construction and maintenance of roads</li> <li>• agricultural extension advice on crop selection and production</li> </ul>	To be established	At project start At project completion and three years after.

## Appendix c

Goal and purpose	Issues	Indicators	Baseline	Frequency
5. Promote local participation	<ul style="list-style-type: none"> <li>• participation in design and implementation</li> </ul>	<ul style="list-style-type: none"> <li>• number of consultation sessions</li> <li>• number of agency/people consulted</li> </ul>		<p>At project start</p> <p>At project completion</p>
6. Promote minority development	<ul style="list-style-type: none"> <li>• Implementation of the EMDP</li> </ul>	<p>A set of social and economic indicators (to be defined in the monitoring plan) including:</p> <ul style="list-style-type: none"> <li>• income</li> <li>• mobility</li> <li>• availability of social services</li> </ul>	To be established	<p>At project start</p> <p>Annually, during three years after completion</p>
7. Safeguard negatively affected people and prevent negative impacts	<ul style="list-style-type: none"> <li>• environmental protection</li> <li>• vulnerable groups</li> <li>• income recovery of resettlement population</li> </ul>	<ul style="list-style-type: none"> <li>• EIA/IEE</li> <li>• percentage of women in total labor force</li> <li>• Implementation of HIV/AIDS plan</li> <li>• a set of indicators for the resettlement population</li> </ul>	Environment social, resettlement HIV-AIDS monitoring reports	<p>At project start</p> <p>Annually, during three years after completion</p>

Note: Successful resettlement and restructuring of income will be monitored as per the resettlement plan monitoring system. Details of environmental monitoring are contained in the environmental management plan in the EIA/IEEs. Details of HIV-AIDS monitoring are contained in the HIV-AIDS Framework

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY (SPRSS)

### A. Linkages to the Country Poverty Analysis

<b>Is the sector identified as a national priority in country poverty analysis?</b>	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No	<b>Is the sector identified as a national priority in country poverty partnership agreement?</b>	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
<b>Contribution of the sector or sub-sector to reduce poverty in Nepal:</b>			
<p>Lack of access to the market centers, government services like education, health, and economic/employment opportunities due to poor condition or lack of road is considered one of the main reasons for the persistence of poverty. The physical exclusion created by such lack of access is also responsible for social exclusion of the poor people and other residents living in remote areas. In this background, the Transport Connectivity Sector Project is primarily aimed at improving the existing roads in order to improve the movement of people, goods and services and to link various important trade/tourist/production centers and places so that economic activities increase and people, especially of the excluded and poverty-stricken places, get access to market and other essential services. The project is expected to: (i) improve access of primary producers, such as farmers, to the market centers where they can get higher prices for their high value perishable products; (ii) improve the mobility of people so that they can have access to employment opportunities outside the community; (iii) improve access to social services such as education and health; and, (iv) anticipated reduction in travel cost time. In other words, the Project by removing physical barriers through road networks, and improvement of the policy and institutional capacity will improve the overall performance of the road sector thereby leading to reduction in poverty. The proposed roads under the project pass through poverty-stricken areas and link trade, production and marketing centers and other locations of economic activities and socio-economic services. Therefore, this project will contribute towards poverty reduction.</p>			

### B. Poverty Analysis - Poverty Classification : General intervention

<b>What type of poverty analysis is needed?</b>
<p>The proposed project covers 20 out of the 75 districts of the country. The project districts are located mostly in mid western hills, central hills, western Tarai, and eastern hill regions. The districts covered by the project are considered to be the poor districts in the country except for some roads which are included because they lead to the north-south connection of trade routes and linkage to district head quarters, in turn also contributing to poverty reduction.</p> <p>According to the Nepal Living Standard Survey (II) conducted by World Bank and Nepal Government in 2003-04, these are the regions where poverty incidence is still high – ranging from 37.4 % to 42.9 %, as against the 30.8 % of the country as a whole. Most of these districts are also considered as food insecure districts where food is supplied from food surplus areas. As transportation has been difficult because of the poor quality of roads and in some cases lack of roads at all, it has been difficult to supply food in time of need and in increased transportation costs. On the other hand, the people living in these regions have not been able to sell the agricultural surpluses to the neighboring markets.</p> <p>A socio-economic survey was also conducted in three core roads (covering 7 districts) with 466 households selected randomly in the roads' direct impact zone. Considering the national poverty line defined by Nepal Living Standard Survey (Rs 7695.7 per capita income per year or US \$ 110), 49.4 % of the sampled households were under the poverty line. Nepal Living Standard Survey (NLSS) also specified poverty line for different regions, and according to which the three roads belong to 'rural eastern hills' where poverty line has been fixed at Rs 8,069.6 (US \$ 115). Considering this regional poverty line 51.3 % of the sample households were found to be below poverty line. This study shows slightly higher poverty incidence in the districts covered by the project as compared to the result (42.9 % below poverty) of Nepal Living Standard Survey II for this region. This shows that within eastern rural hills, districts covered by the project are poorer than the regional average.</p> <p>During the survey, the majority of the primary stakeholders acknowledged the positive impacts of the various elements of the project especially; with improved roads and better connectivity, farmers will be able to sell agricultural products to the neighboring markets thus to grow larger marketable surpluses. A larger marketable surplus will provide for more agricultural wage employment, particularly benefiting the poor. The Project will also create employment opportunities for skilled and unskilled labor during its implementation. Unskilled labor will be employed directly in road construction, rehabilitation and maintenance and indirectly in providing materials and services for contractors. The Project will enable reliable access to social services, particularly health care services, education facilities, and supply of drinking water. The direct (access to services and market) and indirect benefits (employment) of the Project will help to reduce the poverty and improve quality of life of people in these poverty-stricken districts. The poverty Impact ratio (the proportions of net benefits likely to be accrued by the poor) of the core roads is estimated at 23 percent and substantial benefits expected to go to the poor.</p>

### C. Participation Process

Is there a stakeholder analysis?  Yes  No  
 Is there a participation strategy?  Yes  No

During the project preparation, stakeholders meetings were held both at the institutional level in Kathmandu and with the community and related agencies in the districts and communities. The meeting and group discussions were held and their concerns and suggestions were taken into account. The meetings ensured participation of representatives from all socio-economic groups in the community who expressed their views and concerns on the Project. In addition, small meetings & focused group discussions were also held exclusively with vulnerable groups comprising of women, disadvantaged and indigenous people.

The project was developed based on the consultation with possible stakeholders such as government agencies, the private sector, chamber of commerce, civil society, the contractor's association, transport associations, communities, indigenous people and their associations and women and their associations. The participation of stakeholders in the implementation of the project has been further emphasized. The possibility of including the community, particularly the poor, women and indigenous people, in the construction/improvement of the road has been incorporated. Communities were also consulted to reduce the adverse impacts of the Project in terms of resettlement impact.

To understand the concerns of the people and various stakeholders in the three core roads, participatory discussions and studies (various PRA methods like focus group discussions, social mapping, and key informant survey) were held in seven districts. Project affected communities, local leaders, women and indigenous people, traders, transport companies and laborers, porters, NGO and civil society members, and government agencies were consulted in order to understand how they feel about the advantages and disadvantages of the road, how are they going to be negatively affected, how can that be reduced or mitigated, and also how local people, especially the poor, women and indigenous people, can participate in the project. The project beneficiaries unanimously expressed the need for the Project primarily because of the socio-economic benefits the project will bring in. In addition, they also made some suggestion with regard to their participation in the project, especially in getting employment in the project. This creation of work through the road and their employment will reduce the need to out-migrate for cash income.

### D. Gender And Development

The Project will have no negative gender impacts. The Project will benefit both men and women by providing them with direct construction employment opportunity, easier access to markets, better delivery of services, improved access to better quality health care facilities and higher education. Focus group discussions with women and communities revealed that majority of the respondents wanted the construction of the Project. The Project will have the civil work contracts to include legally mandated provisions for health, sanitation, and appropriate working conditions, including accommodation, where appropriate, for construction workers at campsites during the construction period. The Project will ensure that civil works contractors comply with all applicable labor laws, including elimination of gender-differentiated wages, and persons (men and women) directly affected by the Project will be given priority to be employed by the Project. Contractors must not vary the wages of men and women employed for work of equal value. A specific clause will be included in bidding documents, and compliance will be strictly monitored during Project implementation. There are potential risks of HIV/AIDS and women/children trafficking threats that may be aggravated by the increased connectivity of the project areas, to address this, a separate HIV/AIDS awareness program and anti-trafficking program will be undertaken in the Project areas.

Has an output been prepared?  Yes  No

### E. Social Safeguards and other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
<b>Resettlement</b>	<input checked="" type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	<p>The construction of the three core subproject roads will largely follow the alignment within the existing right-of-way (ROW). The roads pass mostly through the rural areas and markets where settlements lying along the road are thinly populated rural dwellings. An estimated 265 households and 1325 persons will be affected by the three core road subprojects. A total of 205 structures will be affected, comprising of 91 residential structures, 31 commercial, 70 residential-cum-commercial, 13 structures residential and commercial being occupied by tenants. In addition, a total of seven households will be affected by loss of agricultural land. Other impacts will include loss of community structure comprising of a total of 32 community taps and loss of incomes and livelihoods of tenants and employees. One full resettlement plan and two short resettlement plans (RPs) for three core subprojects have been prepared in order to mitigate the various impacts.</p> <p>A resettlement framework (Supplementary Appendix XX) has been prepared for remaining non-core subprojects. In accordance to resettlement framework, a resettlement plan for each non core subproject will be prepared by DoR and submitted to ADB for approval.</p>	<input checked="" type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input checked="" type="checkbox"/> RF prepared
<b>Affordability</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	<p>The development of the roads will reduce transport costs and increase the mobility of the local population in the project areas.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Labor</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	<p>No job losses will occur. The project is expected to generate employment opportunities for local communities during the construction and maintenance phase. DoR will ensure that the contracts for civil works require contractors: (i) not to employ or use children for labor; (ii) to follow and implement legally mandated provisions on labor (including equal pay for equal work), health, safety, sanitation, and working conditions.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Indigenous Peoples</b>	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	<p>Consultations were made with ethnic groups and their organizations in order to understand their views on the Project. It is to be noted that in the proposed three core roads, some ethnic groups identified by government were found. Among them the key ethnic groups present are Danuwar (locally known as Kala Rai), and Majhi. However, the initial assessment as well as interactions with these groups revealed that they will not be impacted differentially from the rest of the mainstream population and will benefit equally from the socio-economic opportunities created by the Project. Adequate provisions have been made in the RPs to provide assistance to such households and specific provisions have been included.</p> <p>In addition, a IPDP framework for the project has been prepared which will be used as a guideline for the preparation of an IPDP for non-core roads, if indigenous people are significantly affected.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Specific Actions)

<b>Other Risks and/or Vulnerabilities</b>	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	<p>The project is likely to bring in some risks related to HIV/AIDS and human trafficking primarily as a result of improved mobility of the people as well as influx of labor at the time of the construction. But as local people will be given priority for employment, there will be lesser chance of outsiders coming in and the local people going out for work which will significantly help in reducing the risks. Nevertheless some action is considered important to make people (especially the vulnerable groups like women and children from poorer families) aware of these risks. Towards this aim, an action plan has been prepared with the objective of increasing promotional/awareness activities (through local NGOs and other agencies) related to HIV/AIDS and human trafficking.</p> <p>With improvement in roads through the project, it was also felt that safety risks will increase, especially for the children, old persons and women thereby making it imperative to disseminate proper safety education and awareness in the subprojects. Road safety measures like proper traffic signals and markings at intersections and built up areas therefore needs to be integrated into the project design.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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## **ENVIRONMENTAL ASSESSMENT**

### **A. Scope Of Environmental Assessment**

1. The Project was reconfirmed as Category A Project in accordance with the ADB's environmental guidelines (2003) due to the core road Galchhi-Trisuli–Syaphrubesi being partly within the Langtang National Park. An Environmental Impact Assessment was therefore prepared including detailed ecological surveys. Initial Environmental Examinations were undertaken for two other core roads (Phidim-Taplejung and Tamakoshi-Manthali-Khurkot).
2. The environmental impacts in all three sub-projects are typical of other prioritized road sections and are representative of the Sector sub-packages identified so far and also of the Sector as a whole. The roads traverse mainly hilly terrain in the rural districts. The ADB sector loan will support the government's program over the length of eleven roads, commencing with the three core feeder roads in Bagmati and Janakpur (Central) and Mechi (Eastern). Therefore the environmental assessments have covered these three development zones in detail.

### **B. Description Of The Project And Environment**

3. The roads comprise about 545km and will compliment other road development projects and help to link over 100 district centers in all regions. The sub-project roads pass through village and market areas with significant human habitation and close to water resources and through open scrublands, forest areas and several landslide areas. Critically sensitive areas will be protected by containing the improvement measures mostly within the RoW.
4. Environmental impacts in the construction phase will result from (i) widening the existing road within the ROW; (ii) improving drainage in village and at other key areas; (iii) constructing causeways across several streams and rehabilitating numerous culverts; (iv) realignment and constructing geotechnical landslip stabilization works; (v) constructing bus and truck stopping areas; (vi) improving road alignment, bioengineering, landscape and accessories; and (vii) consumption of local resources, nuisances and impacts from the work force and at work camps.
5. The whole length of the roads will be resurfaced and typically about 25%-30% of the road lengths will also have other drainage and improvement measures installed. The improvement of alignment is expected to reduce social, economic and environmental impacts as well as travel times and vehicular emissions.
6. The three roads start near the rivers in valleys and runs towards more mountainous areas. The roads currently consist of 3m to 4m fair weather earth surface road for most of their lengths. There are short sealed sections and side drainage in some places. The roads pass mostly through forests, cultivated land in the alluvial river valleys. Agriculture (Bagmati, Janakpur) and tea production (Mechi) are the economic bases of the villages in the districts. Forestry, fisheries and other craft based cottage industries are the next most common sources of employment in these areas. As the roads ascend there are open areas of scrubland and hilly cultivated areas and more forest.
7. Through the Langtang National Park the areas either side of the road are cultivated or forest. The road is very dusty in most places. There are about 40 main settlements where significant potential environmental and social impacts may occur. In addition the ecological resources of the LNP are a concern. However ecological surveys have shown that the areas either side of the road are grazed by cattle and degraded in comparison to the park hinterland. The traffic in future will not be excessive and overall the impacts can be

managed with acceptable and minor residual effects.

### **C. Environmental Impacts And Mitigation**

8. Mitigation measures are spelled out in the EMP which was prepared taking into account the capacity of the DoR Geo-environmental unit. As of April 2005, DoR had two fulltime environmental staff members under its GeoEnvironmental Unit.

#### **Physical Environment**

9. To minimize impacts associated with the extraction of raw materials selection criteria have been recommended with preference being given to target areas which will require less rehabilitation and contractors must present their plans in advance. Top soil will be stripped and set aside for rehabilitation. Borrow sites will be rehabilitated, including replacing the topsoil and planting cover vegetation.
10. Earthwork and rock crushing activities will increase dust, and pavement works will generate gasses from hot-mix plant. Although the existing air quality of the project area is good except for TSP and PM10, mitigation measures are needed. Aggregate plant shall be located at least 500m from settlements and dust suppression shall be maintained by watering the construction areas. Spoil materials will be transported in covered trucks and storage sites and worker camps will be away from human settlements.
11. To minimize noise impacts local hand labor will be used as far as possible. No work shall be carried out at night time and contractors shall maintain all equipment to minimize noise. Equipment will be located to minimize nuisances and portable noise barriers will be used to limit noise at sensitive receivers such as schools and hospitals. For nearby schools, the contractor shall discuss with the school principals the agreed time for operating these machines and completely avoid machine use near schools during examination times.
12. No significant effect on groundwater is expected from construction or operation. However, construction works should not use the groundwater without prior permission from the local water authority. Where wells or standpipes fed from groundwater have to be disturbed or access to wells is blocked by construction activity, the contractor shall provide alternative or additional wells or standpipes with easy access.
13. To avoid contamination from fuel and lubricants, all vehicles and equipment used during construction will be properly maintained and refueled in dedicated areas. Refueling stations shall be bunded and used and maintained so as to prevent spillage of oil. Drip trays shall be used under equipment during maintenance. A waste management plan shall be compiled to control disposal of all waste including residues of lubricating oil.
14. Surface drainage and irrigation channels affected by causeway construction will be diverted to avoid disruption of water flows and maintain the irrigation pattern and Temporary diversions of irrigation channels must be constructed and approved before any construction of permanent culverts or other structures is commenced.

#### **Biological Environment**

15. Flora and Fauna. Whereas most trees can be avoided, clearing of some trees may be unavoidable particularly where there are trees in embankments or enveloped by landslide run-out. Trees should be replanted as soon as construction work allows along a particular section. Planting during the rainy season will favor establishment and new trees must be tended and watered until established.
16. In both the forests and in other areas, by keeping to the existing alignment removal

of trees is minimized and the least disturbance to trees is ensured, particularly with regards to good specimens and old and valuable trees. However, if required, compensatory tree planting shall be in areas designated by the DoF or LNP warden.

17. To minimize impacts on fauna and flora, the following mitigation measures will be adopted. No temporary worker camps will be allowed within any forest area or the LNP. No workers will be allowed to enter the forest areas or the LNP other than for purposes of construction in the appropriate areas. Rare and protected species such as orchids and walnut trees adjacent to the alignment shall be protected and transplanted in line with a programmed as agreed by the LNP Warden. No asphalt plants, mixing plants, or rock crushers will be sited within forest areas or the LNP. Specimen or religious trees should not be removed. Where communities have requested that certain specimen or religious trees should not be removed, the road will be realigned.

### **Operational Impacts**

18. Environmental concerns related to the operation of the road involve noise, air pollution and water pollution. The improvement of the road will attract modest traffic. Traffic will increase but the width of the road will not be much greater than at present. Based on the traffic predictions, professional judgment the separation distance should provide sufficient distance for adequate dispersion of traffic fumes such that the accepted environmental standards for air quality can be met in fact ambient air quality should improve as the new surface will generate less dust.
19. Water pollution can be managed by controlling spill and leakage accidents. To minimize such pollution runoff should be channeled to a vegetative filter, such as a grassy area before going to the water bodies. Erosion protection works needs to be carried out regularly to ensure that they are functioning
20. Providing the LNP road remains within the current width, no long term ecological impact is expected from operation of the road. However if further road widening is planned at some later date the project and alternatives should be fully re-examined in an Environmental Impact Assessment Report. For the sub-projects as planned it is important to maintain trees planted along the roadside. Tree planting will compensate for the loss of trees and target areas should include degraded forest areas, such that long term there can be an increase in forest resources and habitat.
21. The inclusion of warning signage and reduced speeds in the LNP will contribute to a reducing animal disturbance. Where possible the culverts and bridges along the road in forest areas should be designed to facilitate passage of animals. Whereas vehicles should not generally be permitted to stop along the road near the LNP or forests, stopping facilities should only be provided outside forested areas. Nevertheless the provision of some off road stopping facilities for emergencies, and with the acceptance of the LNP Warden, would reduce the chances of collision or fire in the event of a breakdown. These passing places should be away from migratory pathways of animals.

### **Alternatives**

22. Alternative routes would involve much new construction and environmental disruption and new roads on such alignments would also not be so near the major centers of habitation they are designed to serve. Therefore in many cases bridges and additional roads would need to be constructed for travelers to those destinations. Thus new roads, although constructible, would not serve connectivity objectives as well as the current alignments and would also present much greater construction and operational impacts. The proposals for a modest scale of resurfacing and other supporting works should present a much more acceptable alternative without insurmountable impacts.

**Institutional Requirements**

23. Prior to implementation of the Project, DoR needs to comply with several environmental requirements, such as obtaining Ministry of Environment, Science and Technology clearance (approval under Environmental Protection Rules 1999). DoR will also need to confirm that contractors have complied with all statutory and contractual requirements.
24. The detailed environmental assessment review procedure for follow-up subprojects has been prepared. The follow-up projects may pass through or near some sensitive areas, a national park, a sanctuary (including wildlife sanctuaries), world heritage site or other designated environmentally sensitive areas an EIA will be carried out and submitted to ADB prior to implementation. An EIA/IEE will be prepared for all subprojects in line with ADB Guidelines. Only subprojects that meet all the HMGN environmental requirements and those which have been approved will be funded by the Project. All environmental assessment documents should be properly kept as part of the project documentation and made available for public scrutiny, if requested.
25. In the event that in the future sub-projects (yet to be defined) pass immediately adjacent to or through LNP or National Parks (NP) detailed environmental impact studies are recommended to assess more than one alternative route for such sub-projects in order to avoid an environmental impacts or to proposed appropriate mitigation measures and reduce residual impacts to acceptable levels.

**Public Consultation and Disclosure**

26. Public consultations were conducted in May 2005 through the official statutory procedures at the local level. There was general support for the packages and the details of the public consultations are given in the SEIA (Appendix 13).

**D. Conclusion**

27. Primary and secondary data were used to assess the environmental impacts. The potential environmental impacts were assessed in a comprehensive manner. The report provided a picture of all potential environmental impacts associated with the Project, and recommended suitable mitigation measures.
28. The improvement of the feeder roads is the best option from the environmental and socioeconomic points of view. Environmental impacts associated with the Project need to be mitigated, and the existing institutional arrangements are available. Additional human and financial resources will be required by DoR to complete any additional EIAs and incorporate the recommendations effectively and efficiently in the contract documents, linked to payment milestones. IEEs can probably be completed with the existing resources. The proposed mitigation and management plans are practicable.
29. As a part of the national network, the road will bring benefits in terms of reduced travel times, improved travel comfort and all sectors will benefit if the condition for the public transportation and trucking fleet improves.

## Summary Resettlement Plan For Three Core Roads

### A. Description of the Project

1. His Majesty's Government of Nepal (HMGN) has formulated a 20 Year Road Plan (RMP) with the main objective being the development of the Strategic Road Networks (SRN). The implementing strategies of the plan include all weather road connection to the district headquarters (DHQ) and provision of road linkages from the DHQ to the adjacent road network of the neighboring countries. The strategy adopted by the 20 Year Road Plan is aligned with the priorities set out in the Tenth Five Year Plan (2002-2007) as that plan also gives priority to constructing feeder roads and strategic roads connecting north to south using low cost and labor intensive technology.

2. The Transport Connectivity Sector Project (TCSP) aims to assist the HMGN in improvement to feeder road connectivity from the SRN to rural areas and to increase the capacity and efficiency of the road network in the country. Three resettlement plans have been prepared for the three core roads for the purpose of loan processing. Details of the three core roads in the project are given in **Table – 1**.

**Table A.1: Details of Core Roads under the Project**

Districts Covered	Subproject Name	Length (in kms)
Dhading, Nuwakot and Rasuwa	Galchhi- Trishuli- Syaprubesi	89.682
Dolakha and Ramechhap	Tamakoshi- Manthali- Khurkot	54.784
Phidim and Taplejung	Phidim – Taplejung	83.024
<b>TOTAL</b>		<b>227.490 kms</b>

*Source: Preliminary Technical Design - June, 2005*

### B. Project Area and Impacts

3. The roads pass mostly through the rural areas and markets. Except for district headquarters and some traditional market centers (especially in Trishuli - Syaprubesi road where urban and semi-urban markets and settlements are present), all other settlements lying along the road are less dense and are of rural dwellings.

4. According to the Census data, a total of 265 households and 1325 persons will be affected in the three subprojects. These are shown in **Table - 2**. The impacts of the Project include loss of land (agriculture, residential and commercial); structure (residential, commercial and community); income and livelihood (owners, tenants); and community common property. The CPR to be affected will be compensated and/or reestablished in consultation with the stakeholders.

**Table A. 2: Number of APs According to Type of Loss by sub-projects**

<b>A. Land</b>				
<b>Sub-project</b>	<b>Affected Families No.</b>	<b>Percentage of Total</b>	<b>No. of APs</b>	<b>Percentage of Total</b>
Galchhi-Trishuli-Syaprubesi	7		39	
Tamakoshi – Manthali- Khurkot	-		-	
Phidim-Taplejung	-		-	
<b>APs Affected due to Land</b>	<b>7</b>	<b>2.64</b>	<b>39</b>	<b>2.94</b>
<b>B. Residential Structures</b>				
Galchhi-Trishuli-Syaprubesi	58		323	
Tamakoshi – Manthali- Khurkot	14		60	
Phidim-Taplejung	19		90	
<b>APs Affected due to Residential Structures</b>	<b>91</b>	<b>34.34</b>	<b>473</b>	<b>35.70</b>
<b>C. Residential cum Commercial Structures</b>				
Galchhi-Trishuli-Syaprubesi	41		117	
Tamakoshi – Manthali- Khurkot	14		77	
Phidim-Taplejung	15		90	
<b>APs Affected due to Residential cum Commercial Structures</b>	<b>70</b>	<b>26.42</b>	<b>284</b>	<b>21.43</b>
<b>D. APs Affected Due to Temporary Commercial Structures</b>				
Galchhi-Trishuli-Syaprubesi	18		95	
Tamakoshi – Manthali- Khurkot	4		22	
Phidim-Taplejung	9		54	
<b>APs Affected due to Temporary Commercial Structures</b>	<b>31</b>	<b>11.70</b>	<b>171</b>	<b>12.90</b>
<b>E. Tenants of Residential Structures</b>				
Galchhi-Trishuli-Syaprubesi	1		5	
Tamakoshi – Manthali- Khurkot	-		-	
Phidim-Taplejung	6		36	
<b>APs Tenants Affected due to Residential Structures</b>	<b>7</b>	<b>2.64</b>	<b>41</b>	<b>3.09</b>
<b>F. Tenants of Residential cum Commercial Structures</b>				
Galchhi-Trishuli-Syaprubesi	1		5	
Tamakoshi – Manthali- Khurkot	4		22	
Phidim-Taplejung	1		6	
<b>APs Tenants Affected due to Residential Structures</b>	<b>6</b>	<b>2.26</b>	<b>33</b>	<b>2.49</b>
<b>G. Employees Working at Business Centers</b>				
Galchhi-Trishuli-Syaprubesi	39		207	
Tamakoshi – Manthali- Khurkot	14		77	
Phidim-Taplejung	-		-	
<b>APs Employees Affected due of Affect on Commercial Centers</b>	<b>53</b>	<b>20</b>	<b>284</b>	<b>21.43</b>
<b>Total Affected Families and APS</b>	<b>265</b>	<b>100</b>	<b>1325</b>	<b>100</b>

Source: Census, May-June 2005

5. Overall, an estimated 265 households and 1325 persons will be affected by the three core road subprojects. A total of 205 structures will be affected, comprising of 91 residential structures, 31 commercial, 70 residential-cum-commercial, 13 structures residential and commercial being occupied by tenants. In addition, a total of seven households will be affected by loss of agricultural land. Other impacts will include loss of community structure comprising of a total of 32 community taps and loss of incomes and livelihoods of tenants and employees. In the three core road sections, nearly 21 households losing residential structures and 3 households losing residential cum commercial structure will require relocation. All these affected households have opted for

self-relocation and land is adequately available within nearby area for them to re-built their residences and re-establish the commercial activities. Out of the affected temporary commercial structure (31) households, 17 were owners, 6 were tenants and 7 were squatters. The affected temporary commercial structures are scattered all along the alignment of the three road sections and operate from mobile temporary structures. Due to narrow strip acquisition they will be able to push back within the remaining land. Similarly, the squatters can also push back within existing ROW and might suffer from temporary business disruptions.

6. The RPs were prepared on the basis of enumeration of all affected structures and land to be acquired. The entitlement matrix provides for compensation and resettlement assistance to all affected persons and small businesses, including those without any formal titles in the project corridor of impact. In addition, provision has also been made for additional assistance to match replacement costs of lost assets, transaction costs, and other cash grants and resettlement assistance. Female headed households and other vulnerable households will also be eligible for further assistance.

7. Since the resettlement plans are based on preliminary technical design any changes in the alignments during detailed design will require updating of the project impact and preparation of final RPs for implementation purposes by the EA. The same will be submitted to ADB for approval prior to award of civil works contract.

### **C. Resettlement Principles and Policy Framework**

8. The resettlement principles adopted for this Project recognize the Land Acquisition Act, 2034 (1977) and comply with the requirements of the Asian Development Bank (ADB) policy on *Involuntary Resettlement (1995)*. In addition to the Land Acquisition Act 2034 (1977) there are also other relevant acts, like; Public Road Act 2031 (1974) and other guidelines, policies and plans related to land acquisition and resettlement for the road which were also reviewed while preparing this RPs.

9. The primary objective of the RP is to identify impacts and to plan measures to mitigate various losses of the subprojects. The RP is based on the general findings of the census/social survey, field visits, and meetings with various project-affected persons in the subproject areas. The principles adopted establish eligibility and provisions for all types of losses (land, crops, structures, business / employment, and work days wages). All affected persons will be compensated at full replacement costs based upon the HMGN norms and ADB guidelines. In addition to payments from the Chief District Officer (CDO), the APs will receive other cash grants and resettlement assistance such as shifting allowance, compensation, for loss of workdays / income due to dislocation and income restoration assistance. Female-headed households and other vulnerable groups will be eligible for additional assistance.

### **D. Stakeholders' Participation and Disclosure of RP**

10. Local level stakeholders were consulted at different sections of all three core roads while conducting initial social and poverty assessment and social impact assessment. Similarly, due consideration was also given for stakeholder consultations and their participation at different level in the process of preparing of the plans. In this process, interactions with the local people were carried out during field reconnaissance surveys and census in different sections of the three core subproject roads. Local

people's awareness about the project, perceptions, advantages and disadvantages of the project as perceived by them as well as their suggestions for successful implementation of the project were some of the major theme of discussion of the consultations undertaken. Likewise, consultations were also carried out within the affected households about the project's activities and likely resettlement impact during the course of the census summary.

11. The summary of Resettlement Plan (RP) has been translated into Nepali and will be made available to the affected people by Department of Roads (DoR) through respective District Development Committees (DDCs) prior to MRM for disclosure. The Implementing Agency (IA) will further conduct public consultation during the implementation of RPs throughout the project implementation period. The approved RPs will also be disclosed on the ADB website.

### **E. Implementation Framework and Budget**

12. Ministry of Physical Planning and Work (MPPW) will be the Executing Agency (EA) and Department of Roads (DoR) will be the Implementing Agency (IA) for this project. A Project Implementation Unit (PIU) headed by the Project Director (PD) will be established, which will be responsible for the overall execution of the Project. The PD will engage local NGO/s for implementation of resettlement plan and activities. The IA will depute an officer in the rank of Divisional Engineer as the Chief Resettlement Officer (CRO) in charge of the land acquisition and resettlement operations, who will report to the Project Director. He/she will work in close coordination with the respective Divisional Offices under DoR, District Project Support Unit (DPSU) / field-based offices and Project NGO/s on the day-to-day activities of the resettlement plan implementation. A Social Development/Resettlement Specialist from the Design Supervision Consultants (DSC) will support the CRO in further minimizing the resettlement impacts and updating the RPs based on detailed design and assist in supervision and coordination of all activities related to resettlement implementation.

13. The IA will establish Division Project Support Units (DPSU) / field offices for the three sub-projects headed by officers in the rank of Assistant Engineer. At the subproject level, Subproject Level Committees (SLCs) will also be established with representations from APs, political parties, vulnerable groups, business community and local NGOs. These SLCs will assist the DPSUs and NGOs in informing people about the likely resettlement impact and solicit views of the affected people regarding compensation and relocation options.

14. The CRO through the DPSUs / field offices, Subproject level committees, Chief District Officers of the respective districts and Project NGO will execute and monitor the progress of the work. He will ensure coordination between the relevant departments, NGO, the Grievance Redress Committee (GRC) and the Affected Persons (APs). The concerned staff at the headquarters and in the DPSUs / field offices related to the Project's resettlement activities, including CRO, Revenue Department officials and NGO staff will undergo a week-long orientation and training in resettlement policy and management prior to the implementation of resettlement activities.

15. The Grievance Redress Committee (GRC) will be constituted as per the legislative provision clause 11 and 13 under Land Acquisition Act of Nepal 2034 (1977). The act assign CDO as the solely responsible person to chair land acquisition activities

and to address the grievances related to the RP implementation activities. The other member of the committee are VDC Chairpersons, two representatives from APs (one man and one woman), local representatives, NGOs and representatives from DoR in the rank of Assistant Engineer. The CRO or his nominee, a field-based Assistant Engineer will be the member-secretary of the committee and shall act as the Project's Grievance Officer. Normally, all the efforts are made to address the grievances at the local level in close consultation with the APs.

16. The estimated resettlement budget for the implementation of the RPs is NRs. 19,613,888 (US\$ 276252). This includes all costs related to compensation for structures, land and other benefits as per the entitlement benefits, including RP administration costs, and trainings/capacity buildings.

### **E. Monitoring & Evaluation**

17. Department of Roads will establish a quarterly monitoring system and prepare progress reports on all aspects of land acquisition and resettlement activities. Quarterly reports of RP implementation will be submitted by DoR to ADB. The RP implementation activities will be monitored internally by DoR, and evaluated externally once in six months through an independently appointed agency, which will provide feedback on RP implementation to both EA/IA and to ADB. External monitors will be hired by the DoR with ADB concurrence within three months of loan effectiveness. . A set of monitoring indicators and terms of reference for the external evaluation agency has been developed and included in the RPs.

## RESETTLEMENT FRAMEWORK FOR NON-CORE SUBPROJECTS

### Definitions

1. The definitions of the key terminologies or concepts used in the RF are as follows:

- Land Acquisition means the process whereby land and properties are acquired for the purpose of the project construction;
- Compensation means payment in cash or in kind of the replacement value of the acquired property.;
- Grievances Resolution Committee means the committee established under each sub- project to resolve the local grievances;
- Project Affected Person (AP) the affected person includes any people including encroachers/ squatters, households, or firms who, on account of changes that result from the project will have their (i) standard of living adversely affected; and/or (ii) right, title, or interest in any house, land (including residential, commercial, agricultural, forest, and/or grazing land), water resources, or any other moveable or fixed assets acquired, possessed, restricted, or otherwise adverse affected, in full or in part, permanently or temporarily;
- Significantly Project Affected Person (SAP) means those APs who lose 10 percent or more of their total land or income;
- Replacement Cost means the method of valuing assets to replace the loss at market value before the project or dispossession, or its nearest equivalent, plus any transaction costs such as administrative charges, taxes, registration, and titling costs;
- Resettlement means all the measures taken to mitigate all or any adverse impacts of the project on the APs property and/or livelihoods including compensation, relocation (where relevant), and rehabilitation;
- Relocation means the physical relocation of APs from their pre-project place of residence;
- Rehabilitation means the measures provided under the resettlement plan other than payment of the compensation of acquired property;
- Baseline Surveys mean two types of surveys that are conducted early in the resettlement planning process: (a) a census of all affected persons and assets, and (b) a survey of the socio-economic conditions of the affected persons.

## **Resettlement Framework**

### **A. Introduction**

1. His Majesty's Government of Nepal (HMGN) has formulated a 20 Year Road Plan (RMP) with the main objective being the development of the Strategic Road Networks (SRN) by (i) strengthening administrative and political linkages; (ii) poverty alleviation; (iii) development and utilization of social, economic and cultural potential; (iv) minimization of total transportation cost, and (v) minimization of adverse effects on the environment.

2. The implementing strategies of the plan include all weather road connection to the district headquarters (DHQ) and provision of road linkages from the DHQ to the adjacent road network of the neighboring countries. The Transport Connectivity Sector Project (TCSP) will provide assistance to HMGN in improvement to feeder road connectivity from the SRN to rural areas and to increase the capacity and efficiency of the road network in the country. The Project envisages construction/upgrading of about 500 km of roads in all regions of Nepal. For preparing the road investment project for loan processing resettlement plans have been prepared for three core roads. For each subsequent subproject, DoR will be responsible for preparing a resettlement plan (RP). This resettlement framework (RF) is intended to guide the preparation of non-core subprojects having involuntary resettlement impacts. The RF was prepared following the ADB requirement for sector loan in accordance with the ADB's Policy on Involuntary Resettlement (1995).

3. The RF identifies the broad scope of the project and outlines the policy, procedures and institutional requirements for preparing resettlement plans for non-core sub-projects based on detailed design. It sets out the policies and procedures to be adopted by DoR in preparation of non-core subproject resettlement plans based on detailed design for submission to ADB for review and approval prior to award of civil works contract.

### **B. Resettlement Policy and Framework**

#### **Nepal Resettlement Policy**

4. The Land Acquisition Act, 2034 (1977) is the main legislation to guide the compulsory acquisition of the land in Nepal. In Article 3 of the Act, there is a provision to acquire land for any public purposes, subject to the award of compensation, such compensation to be paid in cash at current market value. The compensation rate is determined by a Committee formed under the chairmanship of Chief District Officer of the respective district where the project is located. The committee should also include other representative from other related district level government offices, including the Chief of Land Revenue Office, an Officer assigned by CDO, a representative from District Development Committee (DDC), the concerned Project Director and chairman of the concerned Municipality /VDC. In addition, it has become the practice to include representatives from the APs.

5. The Act also envisages the possibility of two separate rates of compensation, distinguishing between families who lose all land and those who lose only some part of land. In determining the compensation, the committee must consider the loss suffered by persons due to acquisition of land, shift of residence or place of business to another place. If the land has to be acquired for institutions other than the Panchayats (local committees) and institutions fully owned by the government, the Committee has to consider the following in fixing the compensation amount (i) price of land prevailing at the time of notification of land acquisition; (ii) price of standing crops and structures, and (iii) loss incurred by the AP by being compelled to shift his or her residence or place of business in consequence of the acquisition of land. The existing policy/legal provisions are inadequate to

meet the ADB's resettlement policy requirements. Hence, this RF outlines project-specific resettlement principles and entitlement policies to be adopted before submission of future RPs to ADB for review and approval.

### **ADB Resettlement Policy**

6. The essential guiding principle of ADB's Policy on Involuntary Resettlement (1995) is to ensure that affected people (AP) are at least as well off as they were without the project. In addition, the absence of legal title to land should not be a bar to compensation. Those below the poverty line, female-headed households, other vulnerable groups such as indigenous people (IP), the elderly and the disabled should receive special attention. The ADB's main policy guidelines are:

- Involuntary resettlement (IR) should be avoided or reduced as much as possible by reviewing alternative alignments for the project;
- Where IR is unavoidable, APs should be assisted to re-establish themselves and improve their quality of life;
- Gender equality and equity should be ensured and adhered to throughout the policy;
- APs should be fully involved in the selection of relocation sites, livelihood compensation and development options at the earliest opportunity. RPs should also be prepared in full consultation with APs, including disclosure of RP and project related information;
- Replacement land should be an option for compensation in the case of loss of land; in the absence of replacement land cash compensation should be an option for all APs;
- Compensation for loss of land, structures, other assets and income should be based on full replacement cost and should be paid promptly. This should include transaction costs;
- All compensation payments and related activities should be completed prior to the commencement of civil works;
- The RP should be planned and implemented with full participation of local authorities;
- To assist those affected to be economically and socially integrated into the host communities, participatory measures should be designed and implemented;
- Common property resources and community/public services should be provided to APs;
- Resettlement should be planned as a development activity for the APs;
- APs who do not have documented title to land should receive fair and just treatment;
- Vulnerable groups should be identified and given appropriate assistance to substantially improve their living standards.

### **C. Eligibility and Entitlement**

7. ADB's *Policy on Involuntary Resettlement (1995)* require compensation for the lost assets at replacement costs to both titled and non-titled holders and resettlement assistance for lost income and livelihoods. In this Project, the absence of formal titles will not constitute a bar to resettlement assistance and rehabilitation. Further, the principles adopted herein contain special measures and

assistance for vulnerable APs, such as female-headed households, disabled persons, ethnic groups and households living below the poverty line. Persons affected by land acquisition, and relocation and/or rehabilitation of structures/assets (businesses, houses, etc.) are entitled to a combination of compensation measures and resettlement assistance, depending on the nature of ownership rights of lost assets and scope of the impact, including social and economic vulnerability of the affected persons. Thus the affected persons in the Project will be entitled to various types of compensation and resettlement assistance that will help in the restoration of their livelihoods, at least, to the pre-Project standards. A detailed entitlement matrix is provided in Table 1.

#### **D. Relocation Strategy**

8. Consultation will be carried out with affected persons in terms of the choice of their relocation options. The affected households who would have to relocate their residential and commercial structure, the project would assist in identifying sites that minimizes the social disruption and have access to services and facilities similar to those available in the lands affected. The affected households can also opt for resettlement sites and the project would carry out necessary consultation with the affected households in site selection, consultation with host population, necessary environmental assessment and provide sufficient civic infrastructure prior to relocation.

#### **E. Procedure for RP Preparation**

9. DoR assisted by Social Development/Resettlement Specialist from the Design Supervision Consultant (DSC) will update RPs for the core subprojects and prepare RPs for non-core subprojects based on detailed design. A screening will be done through social assessments to determine the category of the likely resettlement impact. The sub-project categories will be as follows (i) roads with ‘significant’ resettlement impact<sup>1</sup> will be Category A and will require full resettlement plan (RP); (ii) roads with ‘insignificant’ resettlement impact will be Category B and require short RP; and (iii) roads with no resettlement effects will be Category C and will not require any resettlement plan. .

10. DOR will be responsible for carrying out social impact assessment surveys (100 percent census and 20 percent socio-economic survey of the households) based on detailed design. The date of the census will be the cut-off date for non-title holders and any claim after that date will not be compensated. The RP would include measures to ensure that socio-economic condition, needs, and priorities of women are identified, and that the process of land acquisition and resettlement will not disadvantage women. If there are new categories of affected persons and types of losses are identified, entitlements will be included in accordance with ADB’s Policy on Involuntary Resettlement. RPs will be prepared in close consultation with APs, along with active participation of secondary stakeholders, such as local or national government, policy makers, advocacy groups, elected officials and NGOs and the local VDC Chairperson and will be disclosed to the APs. All disclosure followed with consultation with APs will ensure that there is consensus between EA/IA and APs on various entitlements and any grievances can be addressed by EA/IA at this stage. RPs will be reviewed by the EA/IA and submitted to ADB for review and approval. No civil work contract will be awarded before the approval of RP by ADB. If any adverse impacts on the indigenous people are identified, they will be addressed adequately through an Indigenous Peoples Development Plan (IPDP) or specific actions.

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<sup>1</sup> ‘Significant’ impacts means 200 or more people (Not households) experience major impacts, which are defined as (i) physically displaced from housing, or (ii) losing 10% or more of their productive assets

## F. Institutional Responsibilities

11. Ministry of Physical Planning and Work (MPPW) will be the Executing Agency (EA) and Department of Roads (DoR) will be the Implementing Agency (IA) for this project. A Project Implementation Unit (PIU) headed by the Project Director (PD) will be established, which will be responsible for the overall execution of the Project. NGOs with adequate experience in resettlement, rehabilitation and livelihood restoration will be identified. The PD will engage such experienced local NGO/s for implementation of resettlement plan and activities. The IA will depute an officer in the rank of Divisional Engineer as the Chief Resettlement Officer (CRO) in charge of land acquisition and resettlement operations and indigenous people's issues, who will report to the Project Director. He/she will work in close coordination with the respective Divisional Offices under DoR, District Project Support Unit (DPSU) / field-based offices and Project NGO/s on the day-to-day activities of the resettlement plan implementation. A Social Development/Resettlement Specialist from the Design Supervision Consultants (DSC) will support the CRO updating the core subproject RPs based on detailed design. S/he will also provide support to CRO in preparation of the non-core subproject RPs based on detailed design and in supervision and coordination of all activities related to resettlement implementation for all the sub-projects.

11. The IA will establish Division Project Support Units (DPSU) / field offices for each of sub-projects headed by officers in the rank of Assistant Engineer. At the subproject level, Subproject Level Committees (SLCs) will also be established with representations from APs, political parties, vulnerable groups, business community and local NGOs. These SLCs will assist the DPSUs and NGOs in informing people about the likely resettlement impact and solicit views of the affected people regarding compensation and relocation options.

12. The CRO with support from the specialist through the DPSUs / field offices, Subproject level committees, Chief District Officers of the respective districts and Project NGO will execute and monitor the progress of the work. He will ensure coordination between the relevant departments, NGO, the Grievance Redress Committee (GRC) and the Affected Persons (APs). Close coordination will be ensured between District authorities and PIU on a day to day basis. If delays are experienced in land acquisition and compensation, DoR will engage special revenue officials for this purpose. Delays at District level will be minimized through close coordination and with the assistance of Chief District Officers. The concerned staff at the headquarters and in the DPSUs / field offices related to the Project's resettlement activities, including CRO, Revenue Department officials and NGO staff will undergo a week-long orientation and training in resettlement policy and management prior to the implementation of resettlement activities.

13. Each RP will be disclosed by EA/IA to the public before submitting them to ADB. ADB will post these documents on ADB's resettlement web site. The RF and RPs will also be publicly available at both central and district level project offices. Further, summary resettlement plans in Nepali language will be made available to the local level NGOs, public offices in the sub-project sites.

14. For grievance redress, a Grievance Redress Committee will be established in each sub-project road under the chairmanship of VDC Chairperson; other members of the committee will be two representatives of APs (one man and one woman), representative from DoR, Consultant/NGO representative, and representative from the Project. The APs may submit their concerns or grievances verbally or in writing to this Committee. All complaints/grievances will be documented properly by the Committee. The Committee shall make field-based assessment to verify/examine the grievances, if necessary. After proper examination/verification of the grievances the Committee shall facilitate the Project, DoR, APs and other concerned parties to agree on a time-bound action plan to resolve the grievance if found to be genuine. Attempts will be made to settle the issues at

the sub-project level through involvement of social and resettlement experts, NGOs, mediators and facilitators as required. All cost incurred in resolving the complaints will be borne by the project.

### **G. Implementation Schedule and Budget**

15. The resettlement plans for all sub-projects will be implemented from January 2006 to October 2008. All costs related to land acquisition and resettlement budgets would be borne by the Government. The EA will ensure that funds are delivered on time to the CDO and the implementing NGOs for timely RP implementation. Civil works contracts will not be awarded unless required compensation payment has been completed. However, income rehabilitation measures may continue and be completed even after civil works has begun.

### **H. Monitoring and Evaluation**

16. The DoR will establish a quarterly monitoring system and prepare progress reports on all aspects of land acquisition and resettlement activities. Quarterly reports of RP implementation will be submitted by DoR to ADB. The activities will be monitored internally by DoR, and evaluated externally through an independently appointed agency, to provide feedback to management on implementation and to identify problems and successes as early as possible. Within 3 months of loan effectiveness, external monitors will be hired by the DoR with ADB concurrence. A set of monitoring indicators and terms of reference for the external evaluation agency will be developed and included in the RP. Biannual independent monitoring will be carried out during implementation. The independent monitoring agency/monitoring expert will submit its report directly to ADB with a copy to EA.

**Table 1 Entitlement Matrix**

<b>Nature of Loss</b>	<b>Application</b>	<b>Definition of AP</b>	<b>Entitlements</b>	<b>Result of Action</b>	<b>Responsibility</b>
<b>A. Land Acquisition</b>					
Loss of agricultural /residential /commercial land by landowners	Land and other assets acquired for project roads and/or legally confirmed ownership rights on existing ROW/ Land acquired temporarily by contractors	Person(s) with land records verifying ownership	Cash compensation based on current market rate/ replacement value or Government rate which ever is higher. In case of replacement value as per the market rate is higher than the Government value assessed by the district CDO, the difference will be paid by DoR.	Compensation for lost assets.	DoR and CDO
Loss of agricultural / residential /commercial land by permanent tenants		Renter or share-cropper of land	Cash compensation to the share cropper/ tenants of the affected plots as per the prevailing laws	Compensation for lost of tenancy.	DoR and CDO
Loss of land temporarily for the use of contractors during construction		Person(s) with land records verifying ownership	Contractor to negotiate a contract agreement on the rental rate with the owner for temporary acquisition of land. Project and the contractor to ensure that persons other than the owner affected as a result of temporary acquisition are compensated for the temporary period. Land should be returned to the owner at the end of temporary acquisition period, restored to its original condition or improved as agreed with the AP.	Compensation for temporary loss of assets.	DoR and Contractor
<b>B. Loss of Income Generating Assets</b>					
Loss of agricultural crops, and fruit and wood trees by owner	Land purchased or reclaimed for road purposes	Owner of crops or trees  Includes crops /trees owned by encroachers/ squatters	Advance notice of 1 month to be provided to APs to harvest their crops. Cash compensation for loss of agricultural crops at current market value of mature crops, based on average production. Compensation for loss of fruit trees for average fruit production for next 15 years to be computed at current market value. Compensation for loss of wood-trees at current market value of wood (timber or firewood, as the case may be).	Cash income for lost crops/trees.	DoR and CDO
Loss of agricultural crops, and fruit and wood trees by share-cropper/ tenant	Land purchased or reclaimed for road purposes	Share cropper/ tenant	Advance notice of 1 month to be provided to APs to harvest their crops. Cash compensation for loss of agricultural crops at current market value of mature crops, based on average production. Compensation for loss of fruit trees for average fruit production for the next 15 years to be computed at the current market value.	Cash income for lost crops/trees	DoR, CDO and NGO
Loss of income by agricultural laborers / wage earners	Work opportunities reduced	Persons working the affected lands	One time financial assistance equivalent to 30 days wage to be computed on the basis of local wage for respective district for respective categories.	Short-term assistance/ compensation for loss of income.	DoR , CDO and NGO
Loss of income by structure owner / tenants for conducting business	Business adversely affected by road construction	Owner of business / business tenants	One-time lump sum grant; minimum one-month's income based on the nature of business and type of losses assessed on a case-to-case basis.	Short-term compensation for loss of income.	DoR , CDO and NGO

Loss of business premise by owners / renters	Structure on acquired land and/or legally confirmed ownership rights on ROW	Owner /renter of business	One-time cash assistance equivalent to 2-month rent for moving to alternative premise for re-establishing the businesses. Shifting allowance (transport plus loading/unloading charges) will be paid to affected businessmen (if applicable), on actual cost basis. The amount of deposit or advance payment paid by the business tenant to the landlord will be deducted from the payment of the landlord.	Removal /relocation assistance.	DoR , CDO and NGO
Loss of wages by employees	Income reduced during period of readjustment	Employees of business	One-time financial assistance to hired employees equivalent to 30 days wages to be computed on the basis of local wage rates as determined by CFC formed under CDOs for respective district for respective categories. APs who are eligible for semi-skilled and unskilled labor will be given priority in employment opportunities in the Project's implementation works.	Short-term compensation for loss of income.	DoR , CDO and NGO
Loss of income by mobile roadside vendors	Business affected temporarily during road construction.	Mobile business operators on footpaths/roadside	One-time cash assistance; minimum one-month's income based on the nature of business and type of losses assessed on a case-to-case basis as determined by CFC formed under CDOs . Shifting allowance will be paid to the affected (if applicable), on actual cost basis.	Short-term compensation for loss of income.	DoR , CDO and NGO
Additional assistance to vulnerable groups	Household income affected as a result of road construction	Women-headed households; disabled or elderly persons; ethnic/occupational caste people; APs who live under official poverty line	Special assistance of NRs. 2,000 <sup>1</sup> for a period of three months to the affected vulnerable persons for restoring their livelihoods. Skill development training per family for any productive activity at the rate of NRs 3,000.	Income restoration assistance.	DoR , CDO and NGO
Livelihood assistance and skill development training to the family having complete loss of property and income sources	Severely affected Families	Family having more than 10 percent loss of total land or income holding affected by the project; absentee landlords will not eligible for this provision	Skill development training per family for any productive activity at the rate of NRs 3,000. One-time economic rehabilitation grant of NRs 2,000 for a period of three months.	Income restoration assistance.	DoR , CDO and NGO
<b>C. Loss of Residential, Commercial, Community Property</b>					
Loss of residential structures and commercial structures by owners including squatters	Land on which property stands purchased or reclaimed for road purposes	Owners of the structure	Cash compensation for loss of structures at full replacement costs. Owners of affected structures will be allowed to take/reuse their salvageable materials for rebuilding/rehabilitation of structure without deducting any costs. In case of relocation, transfer allowance to cover cost of shifting (transport plus loading/unloading) the effects and materials will be paid on actual cost basis or on current market rates. Assistance from project to locate alternative plot for relocation; OR relocation to a resettlement site developed by the project if opted by AP.	Restoration of residence / shop.	DoR and CDO
Loss of residential structures and commercial structures by encroachers	Land on which property stands purchased or reclaimed for road purposes	Owners of the structure	Compensation for structure (but not for land) at replacement cost to the vulnerable person only. Encroachers will be notified a time in which to remove their assets to be affected. Encroachers who are vulnerable /below poverty line to be assisted case-by-case considering relevant facts on family income and existing assets.	Restoration of residence / shop.	DoR , CDO and NGO

Appendix g

Loss of residential / commercial structures by tenants (Renters)		Renters of house / commercial structure	One time cash assistance equivalent to 1 months rent moving to alternate premise. Transfer allowance to cover cost of shifting (transport plus loading/unloading) personal effects paid on actual cost basis or on current market rates.	Assistance to make alternative arrangements	DoR , CDO and NGO
Loss of cultural & community structures /facilities		Monastery/Temple/ Religious Tree/ Graveyard	Complete rehabilitation/restoration by the Project; or, Cash compensation for restoring affected cultural/community structures and installations, to the recognized patron/custodian.	Replacement /restoration of structure /facility	DoR , CDO and NGO
Unanticipated adverse impact due to project intervention or associated activity	The EA and project implementation authorities will deal with any unanticipated consequence of the project during and after project implementation in the light and spirit of the principle of the entitlement matrix.				

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## Framework for Indigenous Peoples Development Plan

### A. Introduction

1. The Transport Sector Connectivity Project (TSCP) aims at improvement of roads of about 500 km length in 20 districts of Nepal. The primary objective of TSCP's is to develop transport linkages between various production, trade, market, administrative and service centers so as to contribute towards the overall development of the economy as well as augmenting economic and social benefits to the poor. The proposed project covers districts, which are particularly poorer than the average condition of the country. In the three core roads, the project covers the districts which have a high concentration of indigenous population<sup>1</sup>. As compared to 37% of population belonging to indigenous groups in the country, about 50% of the population in the project districts was found to be from indigenous groups.

2. ADB has selected three core subproject roads covering seven districts for Project preparation. A significant presence of indigenous population was found in the core subproject districts. Taking into account the high proportion of IPs in the project area focused interactions were undertaken with them in order to ascertain their socio-cultural realities and impact of the project construction on them. Since the project is confined to upgradation & rehabilitation of existing road alignment, it is not expected to affect such groups' particularly with regard to land acquisition, within its area of influence. The improved road network is expected to augment access to services of these tribal communities along with other sections of the subproject population. The subproject construction will not have any adverse consequences on the socio-economic condition and would also not lead to any disruption in their community life or culture of these communities.

3. However, due to the presence of tribal populations in the Project areas, the Project preparation for non-core subprojects will require necessary assessment of the status of development of indigenous people to enhance distribution of project benefits and to recommend practical measures to promote their development as they might be vulnerable to changes introduced by mainstream development activities, and may not always benefit fully from such development, consequently requiring special attention or assistance.

4. As a result, this draft framework for Indigenous Peoples Development Plan (IPDP) is intended to guide the preparation of additional non-core subprojects under TCSP to ensure better distribution of the project benefits and promote development of the indigenous people in the project areas of influence. In cases where significant impacts on tribal people are identified, this framework would be applied during subproject preparation, as required, in accordance with requirements for sector loans and also ADB's Policy on *Indigenous People (1998)*.

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<sup>1</sup> ADB regards IPs as one of the largest vulnerable segments of society most often reflecting, as a whole, specific disadvantage in terms of social indicators, economic indicators and quality of life (ADB, 1999:1). While fully recognizing the sovereignty of the borrowing country, the Bank accepts that it has a responsibility for ensuring (i) equality of opportunity for national minorities and (ii) that its operations and assistance to developing member countries do not negatively affect the welfare and interests of national minorities (ADB, 1999:2). The ADB's (1999) defines IPs by two significant characteristics (p. 5) (i) descent from population groups present in a given area, most often before modern states or territories were created and before modern borders were defined and (ii) maintenance of cultural and social identities; and social, economic, cultural, and political institutions separate from mainstream or dominant societies and cultures. In new areas to which they are not indigenous, but have maintained a definite and separate social and cultural identity and related social institutions, the second identifying characteristic would carry greater weight (p. 5).

## B. Indigenous Population in Nepal

5. In Nepal, the indigenous population is popularly known as *Janajatis*, which is also recognized by the government and constitutes about 37.2 % (8.4 million) of Nepal's total population. Some of the key characteristics of these groups are defined as: distinct collective identity; own language (other than Nepali), religion, tradition, culture and civilization; own traditional egalitarian social structure (which is distinct from mainstream varna or caste system); traditional homeland and geographical area; written or oral history that traces their line of descent back to the occupants of the territories before their annexation to the present Nepali frontiers.

6. Based on these traits, government of Nepal has declared 61 (later reduced to 59) groups as Janajatis. Given the wide variation in the socio-economic and political standing of various Janajatis, a classification of Janajatis has also been done based on literacy rates, occupation, land ownership, and population, by the National Federation of Disadvantaged and Indigenous Nationalities (a list based on this classification is provided in attachment 1).

7. The constitution has shown commitment for the protection, preservation and promotion of language, religion and culture, affirmative action for IPs and vulnerable groups. It also makes the provision of education in mother tongue up to grade five. But all have not been realized as promised in the constitution.

8. The Tenth Plan (2002-2007) has framed various policies and programs for empowering indigenous people through affirmative action and revision of constitutional and legal provisions for inclusive political and bureaucratic structures. For the welfare of IPs, government has set up the National Committee for Development of Nationalities in 1997. The committee has recognized the existence of 61 IPs in Nepal. Realizing this fact, the Ninth Plan (1997-2002) explicitly made the policies and programs for the IPs. The parliament again passed a bill in 2002 for the formation of 'National Foundation for the Development of Indigenous Nationalities', which works for the welfare and empowerment of the indigenous communities, which came into existence in 2003 replacing the previous committee. This foundation has recognized the existence of 59 IPs, and has been working for the preservation of the languages, cultures and empowerment of the marginalized ethnic communities. For example in 2004-2005, it introduced the following programs: Near-extinct language protection program, 10 literacy programs in mother language, Training for 200 women trainers, Dictionary preparation in 5 ethnic languages, Scholarship for 500 students, NFDIN's responsibility of Praja Development Program, Publication of journals and bulletins for raising awareness and 15 vocational development programs focused on traditional skills. In 1999, Local Self-Governance Act was amended to give more power to the local political bodies including authority to promote, preserve and protect the IP's language, religion, culture and their welfare.

9. The tenth plan introduced four strategies for the upliftment of IPs: assist in creating an egalitarian society by providing opportunities for social, educational, economic and cultural development of IPs; promote and protect the language, scripts, culture/literature, art, history of IPs; protect and promote the traditional skills and knowledge of IPs; mainstreaming IPs in the overall development of the country. Marginalized IPs and women are particularly targeted through various programs. This plan aims to establish districts units of IP/Ethnic People Upliftment Academy in all 75 districts to monitor activities meant for IPs. The total outlay in the tenth plan (2002-2007) for IP development (in addition to regular programs which are also meant for IPs) is Rs 1600.00 million, of which Rs 500 million will come from Poverty Alleviation Fund of the government.

10. ADB uses the following characteristics to define indigenous people: (i) descent from population groups present in a given area before territories were defined; (ii) maintenance of cultural and social identities separate from dominant societies and cultures; (iii) self identification and identification by others as being part of a distinct cultural group; (iv) linguistic identity different from that of dominant society; (v) social, cultural, economic and political traditions and

institutions distinct from dominant culture; (vi) economic systems oriented more towards traditional production systems rather than mainstream; and (vii) unique ties and attachments to traditional habitats and ancestral territories. Essentially, indigenous people have a social and cultural identity distinct from the mainstream society that makes them vulnerable to being overlooked in development processes.

### C. IPDP Policy Framework

11. The need for a full IPDP will depend on the nature and magnitude of the project impacts and sensitivity of the IPDP issues and will be established on the basis of the following criteria set out in ADB's *Policy on Indigenous People* to determine if project impacts are significant: (i) adverse impacts on customary rights of use and access to land and natural resources; (ii) negative impacts on socio-economic and cultural identity; (iii) impacts on health, education, livelihood and social security status; (iv) any other impacts that may alter or undermine indigenous knowledge and customary institutions. If, the impacts are in-significant<sup>2</sup> or limited then specific actions in favour of the indigenous people will have to be integrated in the Resettlement Plan for the subprojects or a community / tribal development plan can be included. This would ensure appropriate mitigations and benefits for the indigenous people. If impacts are significant, a full IPDP is required. The Framework is based on the overall local and national development strategies and ADB's policy on Indigenous peoples. The principal objectives are mainly to:

- (i) Ensure that indigenous population affected by any projects benefit from the investment project;
- (ii) Ensure indigenous population's inclusion in the entire process of preparation, implementation and monitoring of project activities;
- (iii) Ensure that the benefits of the projects are available to indigenous population more than or at least at par with the rest of the affected groups; this may require preference to more vulnerable indigenous groups over others.
- (iv) Provide a basis for the indigenous groups in the homeland to receive adequate development attention.

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<sup>2</sup> The significance is decided by scrutinizing the type, location, scale, nature, and magnitude of a project's potential impacts on indigenous peoples. The impacts of ADB's projects on indigenous peoples will be considered 'significant' if they positively or negatively (i) affect their customary rights of use and access to land and natural resources; (ii) change their socioeconomic status; (iii) affect their cultural and communal integrity; (iv) affect their health, education, livelihood, and social security status; or (v) alter or undermine the recognition of indigenous knowledge. The categories are - Category A. Such projects are expected to have significant impacts that require IPDP and/or IPDF. Category B- Such projects are expected to have limited impacts. Specific action for indigenous peoples, specified in the report and recommendation of the President (RRP) and in related plans, is required to address the limited impacts.

## **D. Procedures for IPDP Preparation**

12. This framework seeks to ensure that indigenous people and tribal communities are informed, consulted and mobilized to participate in the Project. Their participation can either provide those benefits with more certainty, or protect them from any potential adverse impacts of the Project. The main features of the IPDP will be a preliminary screening process, then a social impact assessment to determine the degree and nature of impact of each work under the Project, and an action plan will be developed if necessary. Consultations with and participation of the tribal communities, their leaders and local government officials will be an integral part of the overall IPDP. The IPDPs will consist of the following sections:

- Preliminary screening
- Social impact assessment
- Mitigation measures
- Development assistance
- Project monitoring

### **Screening**

13. The Chief Resettlement Officer (CRO) supported by the Social Development/Resettlement Specialist from the Design Supervision Consultant (DSC) for the project preparation and implementation will visit all tribal settlements and villages near the subprojects or in likelihood of being affected and influenced by the Project. DOR and consultants will arrange public meetings in selected communities including village leaders to provide information about the project and take their views regarding the Project. At this visit, the specialist of the DSC and CRO will undertake a screening for ethnic minority population with the help of ethnic minority leaders and local authorities. The screening will look into the name(s) & details of tribal community group(s) in the village especially assessing the number and percentage of tribal community households along the zone of influence of the proposed project. If the results show that there are tribal community households in the zone of influence of the proposed Project, a social impact assessment (SIA) will be planned for those areas.

### **Social Impact Assessment**

14. The CRO and the specialist from DSC will be responsible for undertaking the social impact assessment (SIA) study. The SIA will gather relevant information on demographic data; social, cultural and economic situation; and social, cultural and economic impacts – positive and negative. Information will be gathered from separate group meetings within the tribal community, including tribal leaders; group of tribal men and women, especially those who live in the zone of influence of the proposed components under the project. Discussions will focus on the positive and negative impacts of Project as well as recommendations on the project design. The CRO and the consultants will be responsible for preparing the SIA and the development of an action plan with the tribal community leaders. If the SIA indicates that the potential impact of the proposed Project will be significantly adverse, threatening the cultural practices and their source of livelihood, the EA will consider other design options to minimize such adverse impacts and will prepare an IPDP. In case wherein the SIA identifies that the project will have significant differential impact compared to the mainstream population an IPDP will be prepared to enhance distribution of project benefits and promote the development of indigenous people.

### **Indigenous People Development Plan (IPDP)**

15. The IPDP will consist of a number of activities and will include mitigation measures of potential negative impacts through modification of project design and development assistance to enhance distribution of project benefits. Where there is land acquisition or structural losses in tribal communities, the Project will ensure that their rights will not be violated and that they be compensated for the use of any part of their land in a manner that is culturally acceptable to them. The compensation measures will follow the Resettlement Framework (RF) of the Project.

16. The IPDP will include (i) baseline data; (ii) land tenure information; (iii) local participation; (iv) technical identification of development or mitigation activities; (v) institutional arrangement; (vi) implementation schedule; (vii) monitoring and evaluation; and (viii) cost estimate and financing plan. The EA/IA will submit the IPDP to the ADB for review and approval prior to award of civil works contract. The IPDP policy and measures must comply with ADB's *Policy on Indigenous Peoples*.

## **E. Consultation, Disclosure and Institutional Framework**

17. Ministry of Physical Planning and Works (MPPW) will be the executing agency for this project and Department of Roads (DOR) will be the implementing agency. A project implementation unit (PIU) will be established for the project and DOR will engage a Chief Resettlement Officer (CRO) to co-ordinate activities related to resettlement and indigenous people's issues. For preparation of project IPDP, the Executing Agency (EA) will have overall coordination and financing responsibilities while the CRO with the support from Social Development / Resettlement Specialist under the Design Supervision Consultant (DSC) will prepare, implement and monitor the IPDP. Since indigenous issues are sensitive, the IA will hire a local NGO with experience of working amongst indigenous groups for assisting in the planning and implementation of the IPDP. The EA will ensure that the agency/NGO hired is familiar with ADB policy and requirement of IPDP.

18. The IPDP will be prepared in consultation with the affected indigenous groups. The mitigation measures and strategies will be presented to them in community level workshops for their inputs before being finalized. The IPDP will be translated into the local language(s) prior to implementation and will be disclosed.

19. The existing indigenous people's institutions (like *Janajati Mahasangh* or National Federation of Disadvantaged and Indigenous Nationalities or the specific organizations of the ethnic groups affected by the project) and organizations will be involved in the implementation of IPDP and in the resolution of any dispute arising out of the implementation process. The EA will further ensure that adequate budget will be available to implement IPDP.

## **F. Monitoring and Evaluation**

20. Both internal and external agencies will monitor the implementation of the IPDP. DOR will establish a bi-annual monitoring system involving project staff, implementing NGO, affected ethnic (indigenous) groups, and local organizations of the ethnic groups to ensure participatory monitoring arrangements. A set of monitoring indicators needs to be determined during IPDP implementation. Independent monitoring agency/expert to be hired by the EA/IA for monitoring resettlement implementation will also carry out external monitoring for IPDP. Appropriate monitoring formats will to be prepared for internal and external monitoring and reporting requirements.

## Attachment 1

## Classification of Janajatis

<b>Endangered Groups</b>	Bankariya, Kusunda, Kushbadia, Raute, Surel, Hayu, Raji, Kisan, Lepcha, Meche
<b>Highly Marginalized Groups</b>	Santhal, Jhangad, Chepang, Thami, Majhi, Bote, Dhanuk (Rajbansi), Lhomi (Singsawa), Thudamba, Siyar (Chumba), Baramu, Danuwar.
<b>Marginalized Groups</b>	Sunuwar, Tharu, Tamang, Bhujel, Kumal, Rajbansi (Koch), Gangai, Dhimal, Bhote, Darai, Tajpuria, Pahari, Dhokpya (Topkegola), Dolpo, Free, Magal, Larke (Nupriba), Lhopa, Dura, Walung
<b>Disadvantaged Groups</b>	Jirel, Tangbe (Tangbetani), Hyolmo, Limbu, Yakkha, Rai, Chhantyal, Magar, Chhaintan, Tingaunle Thakali, Bahragaunle, Byansi, Gurung, Marphali Thakali, Sherpa.
<b>Advanced Group</b>	Newar, Thakali
<p><i>According to this classification there are 10 'endangered groups', 12 'highly marginalized groups', 20 'marginalized groups', 15 'disadvantaged groups', and 2 'advanced groups'. Considering the diverse cultures, races, languages and customs, the Constitution of Nepal, 1990, has recognized the existence of 'tribes and indigenous people' in the country</i></p>	

## **DRAFT TERMS OF REFERENCE OF PERFORMANCE AUDITING OF PROJECT IMPLEMENTATION**

### **A. Introduction**

1. The Asian Development Bank (ADB) has lent about \$ 55 million to the Government for Transport Sector Connectivity Project (Project). It is proposed to assess, in detail, the implementation of the Project with respect to key implementation activities such as procurement, contract/project administration and quality assurance and prepare recommendations for improvements.

### **B. Objectives**

2. The main objectives of the consulting services are to undertake, in line with Nepali Public Works Directives 2002 (PWD), applicable ADB guidelines and loan and project agreements:
  - Assessment of the performance of Government in procurement of consulting services, goods and civil works for the selected projects;
  - Assessment of the performance of supervision services in contract management of construction contracts;
  - Assessment of the effectiveness of quality assurance under consulting services for construction supervision; and
  - Assessment of the quality of a sample of completed works.

### **C. Scope of Work**

#### **1. Assessment of Procurement**

3. Based on documentation for the Project, the consultant will review the procurement process including, but not limited to the following:
  - timeliness and efficiency in actions related to advertisement, short-listing, issuance of Request for Proposals (RFP), evaluation, negotiations and award of consulting services contracts;
  - timeliness and efficiency in mobilizing consultants team, changes in staffing, submission of reports, preparation of designs and bidding documents and assistance to the EA through the procurement of civil works process;
  - Timeliness and efficiency in advertisement for prequalification, pre submission meetings, issuance of addenda, evaluation, issuance of bidding documents;
  - Timeliness and efficiency in undertaking bid evaluation, clarification and award of civil works contracts;
  - Assess the appropriateness of Government internal procedures for review and approval of milestone events and organizational structure; and
  - Completeness and quality of RFPs for consulting services, prequalification and bidding documents for civil works and conformity with ADB guidelines.

#### **2. Assessment of Contract/Project Administration**

4. The consultants will review available documentation pertaining to the selected projects to assess the timeliness of decisions and general overall quality of contract

administration including, but not limited to the following:

- Delegation of Engineer's responsibilities to the supervision consultants in accordance with FIDIC provisions, and the level of authority retained by the Employer for:
  - issuing the order to commence works;
  - approving variation orders with financial implications;
  - approving significant variations in the quantities for major items of work;
  - approving subletting any part of the works; and
  - approving extensions of time.
- Issuance of notices to the contractors, as specified in the contract documents.
- Review and decisions with respect to contractor's requests for variations in quantities, costs and extensions of time.
- Carrying out contract administration functions such as:
  - approving contractor's work program, method statements, material sources, etc;
  - approving and/or issuing working drawings, setting out of the works, and issuing instructions to the contractor;
  - taking measurements, maintaining records, correspondence and diaries;
  - certifying progress and recommending interim certificates for progress payments;
  - maintaining consolidated project accounts and preparation of financial statements and withdrawal applications;
  - certifying completion of part or all of the works;
  - inspection of the works at appropriate intervals during the defects liability period and issuing the Defects Liability Certificate;
  - processing contractors claims;
  - monitoring and taking necessary action to ensure minimum disruption/damage to the environment and local settlements;
  - meeting reporting requirements, including monthly and quarterly progress report and the project completion report; and
  - reviewing and approving the contractors as-built drawings.
- Assess whether the implementation arrangements were in conformity with the loan documents and were such arrangements appropriate.
- Review the staffing levels for the EA and supervision consultants and assess whether such staffing levels were adequate.

### **3. Assessment of Quality Assurance**

5. Based on the records available for the selected projects, the consultant will review the quality control and quality assurance requirements under the contract and assess their effectiveness. Field and laboratory testing on a random basis will also be carried out to assess the quality of the completed works. The consultant will perform the following activities:

- review the suitability and adequacy of the quality control and material testing requirements under the contracts;

- review and assess the process followed in selection of materials sources for quarries, borrow areas, etc;
- investigate how diligently the material testing and quality assurance requirements;
- through non-destructive and core sample testing, verify the accuracy of test results during construction.

#### **4. Preparation of Guidelines and Manuals and Recommendations for Implementation Improvement.**

6. Based on the findings of the team, and review of manuals of National Vigilance Center of the Government (NVC), prepare guidelines and manuals for undertaking assessments of future infrastructure transport projects.
7. Prepare recommendations for improving project implementation performance.

#### **D. Consultant and Staffing**

8. The services to be carried out by a team of individual international and domestic consultants, engaged in accordance with ADB's Guidelines on the Use of Consultants. Staffing requirements are as follows:

<b>Staff</b>	<b>Person-months</b>
International: Procurement Specialist, (Team Leader)	1
Contracts Specialist	1
Local:	
Materials Engineer	2
NVC Counterpart staff	2

#### **E. Implementation Arrangements**

9. The Project Implementation Unit (PIU) will facilitate the Team's work and provide office space, transport and communication facilities for the Team. PIU will also assist in providing the records for the selected projects, arranging meetings, clearances for travel, approvals for field visits and undertaking testing. The services will be carried out over a 4-week period before the mid-term review of the Project Consultants should be in close cooperation with NVC, and report findings to NVC, PIU and ADB. Consultants should invite technical staff of NVC for joint work and train NVC staff particular with hands-on experiences.

#### **F. Reports**

10. The consultants will submit the following reports, in the numbers and at the times indicated below.

<b><u>Report</u></b>	<b><u>Timing</u></b>	<b><u>No. of Copies</u></b>
• Inception Report	after 1 weeks	2

- Draft Report            after 4 weeks            2
- Final Report            after ADB comments    4

## HIV/AIDS PREVENTION AND ANTI-TRAFFICKING COMPONENT TRANSPORT CONNECTIVITY SECTOR PROJECT

### A. Issues in HIV/AIDS

1. Roads have stimulated economic growth and social benefits. But the very nature of the transport sector- to increase access and personal mobility from rural to urban areas , rural to rural and between neighboring countries has the potential to facilitate the spread of HIV/AIDS and trafficking in women and children. While being mobile in and of itself is not a risk factor for HIV infection, it is the situations encountered and the behaviors engaged in during mobility or migration that increase vulnerability and risk to HIV/AIDS, and trafficking in women and children. Poverty, low levels of education, rural unemployment, erosion of traditional values, and gender inequality, compounded with the insurgency is increasing migration and population mobility, and correspondingly increasing the risk to both trafficking and HIV infection. Therefore, it is important that safeguard measures are put in place as new roads are developed.

2. Risk behaviors are widespread among mobile population (migrants, transportation workers, laborers staying away from the families) commercial sex workers, injecting drug users (IDU), and young people. Recent studies on highway routes highlight that transport workers, wageworkers, police and the military are the most frequent clients of commercial sex workers<sup>1</sup>, putting these groups at risk to HIV, with individuals having unprotected sex with returnees from Indian brothels running a higher risk of HIV infection.<sup>2</sup> Behavioral surveys among female sex workers (FSW) and their clients on the terai highway reveal that the sex industry is on an increasing trend and that a greater number of younger FSW are entering the business, necessitating the need for messages on safe sex and HIV/AIDS to reach this vulnerable group. Truckers and populations who are separated from their families for prolonged periods are exposed to unique pressures and constraints, and feeling anonymous are likely to engage in behaviors they would not otherwise do in their own communities, such as engagement in unsafe sexual behavior.

3. It is estimated that in 2003 there were 62,000 people living with HIV/AIDS in Nepal and 871 (624 male, 247 female) reported AIDS cases by the end of March 2005. Current estimated HIV infection rate is 0.5% in the economically productive age group of 20-49 with higher prevalence reported amongst those who migrated to India from remote rural areas of Nepal. The HIV epidemic has rapidly changed in the last three years and recent data<sup>3</sup> show a very low level of HIV awareness and risk perception, especially among women. Most risk areas include city centers, transport junctions, corridors along the highways, and the areas from where people regularly migrate for work. HIV infection has been noted in all regions of the country, although it is concentrated in urbanized areas and districts with high labor migration. Areas supplying more migrants such as the mid-west and far-west regions are more vulnerable.

### B. Issues in Trafficking in Women and Children

4. Nepal has recently been upgraded from Tier 2 to the Tier 1 category based on the level of progress made over the previous year.<sup>4</sup> However, Nepal continues to be a source country for children

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<sup>1</sup> New Era, 2003. Behavioral Surveillance Survey in Western to Far Western Sector of Mahendra Highway of Nepal. Family Health International, Kathmandu; FHI, 1999. STD and HIV prevalence survey among female sex workers and truckers on highway routes in the Tarai, Nepal, FHI. Kathmandu

<sup>2</sup> Women returning from Mumbai registered the highest HIV prevalence (50%), followed by those who worked in other areas of India (7.4%). Women who never worked in India had far lower prevalence (1.2%) than those who had worked in India.<sup>2</sup>

<sup>3</sup> UNICEF, 2002. Master Plan of Operation 2002-2006. Kathmandu.

<sup>4</sup> US State Department, 2005 Trafficking in Persons Report. Tier 1 refers to countries whose governments fully comply to the standards set by the Victims of Trafficking and Violence Protection Act of 2000.

and women trafficked to India for the purposes of commercial sexual exploitation, domestic servitude, forced labor and work in circuses. The duping and escort of girls to big cities in Nepal, with a job and other promises of a good life, and their eventual sale to brothels makes them vulnerable to HIV/AIDS and other forms of abuse. In the case of boys, they are trafficked for exploitative and hazardous labor such as in mining and quarrying, in factories and in agricultural farm work, among others. Trafficking and migration, both involve movement of persons, and while the physical sites of trafficking and migration may be the same, the difference lies in the element of choice. All acts of trafficking involve migration, and it is widely known that traffickers fish in the stream of migration<sup>5</sup>. Reports indicate that internal trafficking is on the rise due to the insurgency, as rural women and children leave their homes and seek employment and security in urban centers.

5. Accurate data on trafficking is difficult to obtain because of the clandestine nature of the crime, and reported statistics vary considerably. However, the 2001 census data highlight that the proportion of male and female absent from the household without a known reason is higher for women than for men indicating their possibility of being trafficked. The government has identified 26 high priority districts as source areas for trafficking and established anti-trafficking, "Vigilance Committees". Cities, markets, highway bus junctions or the areas to or from where migration takes place, areas with low literacy or areas prone to trafficking in women and children for labor and sex are high risk areas for trafficking. Records show Jhapa (east) at the top followed by Makwanpur, Nuwakot and Sindhupalchowk (central), and Morang, Sunsari (east) and Kathmandu (central). These are also the districts having the largest number of agents involved in trafficking. Girls and women of the age groups 11-25 years and boys of 6-12 years are most vulnerable to trafficking. An overwhelming majority of traffickers are men (82%) compared to women (18%) the majority of whom are over 25 years of age.

### **C. External Assistance to HIV/AIDS and Anti-Trafficking**

6. At present there are more than 50 NGO/INGOs working in the area of HIV/AIDS prevention, and 57 NGO/INGOs working in anti-trafficking activities, in addition to UN agencies and government efforts. The National Center for AIDS and STD Control (NCASC) under the Ministry of Health coordinates the activities of all stakeholders in fulfilling the commitments made in the National AIDS Strategy (2002-2006) which emphasizes prevention as the mainstay for an effective response. Anti-trafficking activities are coordinated by the Ministry of Women Children and Social Welfare. There already exists a large number of anti-trafficking IEC print materials developed through USAID support which may reproduced for use in TCSP areas.

7. The largest donor for both HIV/AIDS and anti-trafficking initiatives is USAID. Support is provided through INGOs such as Family Health International (FHI), Population Services International (PSI) and Asia Foundation which in turn implement activities through locally based and/or national level NGOs through the provision of technical and financial support, and capacity building for their partners. In terms of financial and human resources the international assistance has contributed significantly towards both HIV/AIDS and anti-trafficking (see Table 1). However, the interventions are spread all over the country, preventing an effective targeted response with high coverage. FHI's Safe Highway Initiative includes 24 districts along the east west highway (of which only Dhading coincides with TCSP), smaller connector roads to India, and some activities along the Ring Road in Kathmandu and Arniko highway. The National Center for AIDS and STD Control supported by the Global Fund works in the in far west in 6 districts (Doti, Accham, Chitawan, Rupendehi and Jhapa) of which only Rupendehi is a TCSP district. At present, most HIV/AIDS activities are focused along the east west highway only.

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<sup>5</sup> ADB,2003. Combating Trafficking of Women and Children in South Asia, Manila, Philippines.

**Table 1: External Agencies Working in Nepal in HIV/AIDS Sector**

<b>External Agencies</b>	<b>Activities</b>	<b>Funding</b>
<b>1. WHO</b>	Strengthen surveillance system and training	Integrated with other programs
<b>2. UNICEF</b>	Increase awareness and action on HIV/AIDS. Activities in districts with lowest HDI.	US\$360,000 pledged
<b>3. UNFPA</b>	Integrated HIV/AIDS issues in its reproductive health programs.	US\$600,000 pledged
<b>4. UNDP</b>	Integrate HIV/AIDS activities in Rural-Urban program. Working in 12 municipalities.	integrated with other programs
<b>5. ILO</b>	For coming three years, it will implement 'HIV/AIDS at work place project.	integrated with other programs-
<b>6. AusAID</b>	Supports a few NGOs and is a multi-donor program	AU\$ 3 million
<b>7. USAID</b>	Support is provided through NCASC and INGO/NGO sector including FHI. focused on 22 districts along the Mahendra high way and in other main cities.	US\$9-10 million per year
<b>DFID</b>	Support for National HIV/AIDS strategy	US\$20 million pledged.
<b>UN Theme Group on HIV/AIDS</b>	Support expanded national response, new partners, advocacy. Training kits.	US\$2.1 million/year

8. Awareness programs on anti-trafficking initiatives are reported to have reached 49 districts and there exists a rich resource of IEC materials on anti-trafficking which may reproduced by TCSP for use in TCSP road corridors. This far, the major focus has been on awareness raising, advocacy, networking and social mobilization, with most anti-trafficking work taking place in the terai districts with the hill districts receiving the least attention. All support is geared towards assisting the government implement its National Plan of Action against trafficking in children and women for sexual and labor exploitation. UNIFEM in coordination with the government conducts campaigns to target potential victims and deter traffickers by advertising 20-year punishment for trafficking. Such efforts are reported to have resulted in the interception and rescue of potential victims and in eroding stigma associated with being a trafficking victim. The Nepal Police has established women's cells in 17 districts, which have facilitated to control crime and improve investigation, protect women and children, and assist rescue efforts.

#### **D. Existing Situation of HIV/AIDS and Human Trafficking In the TCSP Districts**

9. Of the TCSP roads, roads in the far west and mid west regions, have been identified as being highly vulnerable to HIV/AIDS and human trafficking because of the high level of male out-migration to Mumbai, Bangalore and Madras in India (where HIV infection among the commercial sex workers is high) for seasonal employment. In the road corridors of TCSP, HIV/AIDS activities are limited to celebrating AIDS Day, and awareness classes to schoolteachers with limited funds of about US\$400 per year for HIV/AIDS activities. The PPTA findings of the social assessment conducted along the three TCSP road corridors in Nuwakot, Dhading, Rasuwa, Dolakha, Ramechhap, Panchthar and Taplejung report a very low level of HIV awareness and risk perception, especially among women. The community is aware that women and children are being trafficked, particularly from the Tamang ethnic group. The districts in the central region (Rasuwa, Nuwakot and Dhading) are trafficking-prone districts with children from poor families, both girls and boys, being sent to Kathmandu and to Indian cities to work as 'domestic help'. Though parents agree in sending their children to work in unknown places, it is learnt that from there on girls are either trafficked or are enticed to work as sex workers. The expansion in economic activities, trade, involvement of people in the construction phase, travel and night halts along the road will increase the opportunities for casual sex and the risk of HIV/AIDS and human trafficking.

## E. The Proposed HIV/AIDS and Anti-Trafficking Component for TCSP

### Objectives

10. The objective of this component is to reduce the vulnerability of population groups who are at risk to HIV/AIDS and trafficking, and increase access to HIV prevention services. Beneficiaries include, road construction workers, transport drivers, female sex workers, and migrants, populations living along the road corridors, locally based government employees, and DOR project staff. The specific component of the Project will comprise of the following:

- Increase the level of awareness about prevention of HIV/AIDS among the different communities and groups especially the vulnerable groups and high-risk groups; and
- Develop effective and viable procedures to mitigate and prevent AIDS and trafficking along the subprojects.

### Scope

#### HIV/AIDS Subcomponent

11. The methodology for HIV/AIDS awareness campaign would be developed by means of establishing linkages with NCASC, donors and suitable local NGOs for carrying out information campaigns, awareness, capacity building inputs and other measures to counter the spread of HIV/AIDS and other sexually transmitted infections in the subprojects. This sub-component will further entail the following key areas of activities:

- **Orientation and sensitization of Project personnel.** NGOs will orient and sensitize the project personnel on all relevant aspects of HIV/AIDS.
- **HIV/AIDS awareness raising for contractors and construction workers.** NGOs will provide awareness raising training to contractors and construction workers with the referral information and condom distribution. This will be carried out along with anti-trafficking awareness training.
- **Public awareness campaign and behavioral change of high-risk groups.** The awareness raising will be carried out at two levels:
  - (i) to general public through public media and information, education communication (IEC) materials, and
  - (ii) to high risk groups (e.g. truck drivers/helpers, FSWs, vulnerable caste-groups/ethnic groups, transport workers, migrant laborers, restaurant owners, road-side construction workers) at the key spots (local hotels, rest areas, hospitals and clinics) through door-to-door visits and behavioral change activities.
- **Condom promotion.** Condoms will be distributed by the NGOs at the critical points such as, local hotels, brothels, eating joints and during the awareness raising training.
- **Networking with Testing, Counseling and Treatment Services.** Information will be distributed by the NGOs regarding the nearest available services for testing, counseling and treatment.

### Anti-Trafficking Subcomponent

12. To address the risks and concerns of trafficking, sensitization shall be created in the subprojects against trafficking by means of the following activities:

- **Sensitization and capacity building of project personnel.** Capacity building and sensitization of the project personnel on the issue of trafficking to enhance effectiveness of program.
- **Public awareness raising.** The awareness raising will be carried out by the NGO amongst general public through public media and IEC materials, and also the target groups FSWs, caste-groups/ethnic groups, migrant women, working children, adolescents, women working in construction sites. Like the HIV/AIDS component, key hot spots will be targeted (rest areas, brothels, hospitals and clinics). The awareness generation will focus at a) conveying behavioral change message and (b) protecting potential victims from the risks of lucrative and promising job and marriage offer, provide safe migration tips, and equip them with information of hot lines, police numbers and other necessary resources.

#### F. Linkages with Existing Programs on HIV/AIDS and Anti-trafficking

13. The proposed activities along the TCSP road corridors is fully supported by relevant development partners including the United States Agency for Development (USAID), and United Nations Development program (UNAIDS), who are active in this field. ADB assistance will be carefully aligned with the resources of other donors to complement existing work in HIV/AIDS and anti-trafficking and will avoid duplication. The Government recognizes HIV/AIDS as a crosscutting development issue and the TCSP provides an opportunity to link the transport sector with already existing HIV/AIDS programs in support of the National AIDS Strategy and increase access to HIV/AIDS services and care. Hence, the introduction of grant financing provides new opportunities for ADB collaboration with a wide range of stakeholders and beneficiaries. TCSP will collaborate closely with other stakeholders on a district-by- district basis and harmonize HIV/AIDS and anti-trafficking interventions in TCSP districts, leading to enhanced results in project areas.

#### G. Cost and Financing

14. The HIV/AIDS and anti-trafficking component will be financed through the ADF IX grant funds and is estimated at \$150,000 equivalent, comprising only local currency. The HIV/AIDS and anti-trafficking component will be administered by ADB. The Government of Nepal will provide office accommodation, counterpart staff, and other miscellaneous expenditures.

#### H. Implementation Arrangements

15. The component will be executed for a period of 3 years. Ministry of Physical Planning and Works (MPPW) is the executing agency (EA) for the project and Department of Roads (DOR) is the implementing agency (IA). DOR will establish a Project Implementation Unit (PIU) at Katmandu headed by the Project Director (PD). A Domestic Social Development Specialist (SDS) with expertise in HIV/AIDS and anti-trafficking issues will be engaged under the grant financing for 36 person months spread over the project period. The consultant will be selected and engaged individually in accordance with ADB's *Guidelines on the Use of Consultants*, and other arrangements satisfactory to ADB for engaging domestic consultants.

16. SDS will provide support to DOR for overall implementation and monitoring of HIV/AIDS and anti-trafficking components. The SDS will also be responsible for identification of suitable NGOs (one each for

two to three road section) to be engaged for the implementation of the program at the DOR local field offices. S/he will be responsible for financial management and procurement of services from NGOs, civil society and private firms selected on the basis of competitive bidding. A separate account will be established and managed. The selection criteria of NGOs will include experience in HIV/AIDS, anti-trafficking initiatives, familiarity with TCSP sites/districts, and sensitivity to gender issues, among others. ADB will supervise procurement by closely monitoring the HIV/AIDS and anti-trafficking component implementation activities. All contracts will be procured in accordance with ADB's *Guidelines for Procurement*.

17. The SDS will also assist DOR in collaborating with the Expanded Theme Group for HIV/AIDS, and the International Agency Coordinating Group to Combat Trafficking (IACG), which are participated in by all stakeholders, government, bilateral and multilateral organizations active in the sectors. This will ensure complementarity in approach, and synchronize preventive measures. SDS will also ensure that HIV/AIDS and anti-trafficking initiatives synchronize with the overall project implementation schedule. The NGOs will also liaison with other agencies/government departments, donors when desired, including take necessary assistance from them in procurement of IEC material and for providing capacity building inputs amongst the stakeholders.

18. In the first phase, the components will be implemented in three road corridors. Based on lessons learned from the three road corridors, preventive activities for the HIV/AIDS and anti-trafficking activities will be identified for the remaining road sections.

#### **I. Reporting, Monitoring and Evaluation**

19. The SDS will be responsible preparing an inception report and thereafter quarterly progress reports to be submitted to ADB and DOR. SDS through the PD will liaise with the field offices of DOR for overall monitoring and supervision. In addition to regular supervision by ADB the HIV/AIDS and anti-trafficking component will be reviewed in detail during the Mid Term Review (MTR) of the TCSP to assess progress and to agree on any changes in scope or implementation arrangements. Two months prior to MTR, SDS will submit to ADB a detailed status report on implementation of the HIV/AIDS and anti-trafficking component.

## **DRAFT TOR FOR STRENGTHENING THE CAPACITY OF DOR IN UNDERTAKING ROAD FEASIBILITY STUDIES AND CONTRACT MANAGEMENT**

### **A. Background**

1. As part of the Transport Connectivity Sector Project (TCSP) three core roads are assessed in detail. The Feasibility Study for the remaining project roads are to be carried out by DOR either in house or by consultants by using the core roads assessments as a model. Whether DOR use consultants or in house staff it is essential that DOR staff have a full grounding in all aspects of feasibility study methodology, in particular those areas which are of particular concern to ADB. While DOR engineers have already acquired road design skills their capability in some areas of feasibility study work is weak, in particular in the social/resettlement fields, including preparation of IPSA and resettlement action plans, and in economic evaluation. It is noted that in response to a questionnaire survey given to DOR staff regarding capacity building a lack of knowledge and skills on these fields was noted.
2. As DOR take further control over road network planning and construction implementation using both local and international contractors there is a need for both DOR officers and local contractors to be more conversant in contract management and administration procedures. In particular a thorough knowledge of FIDIC conditions of contract and Quality Assurance Systems are required. There has been little support from external donors in these areas, particularly for local contractors. Although a domestic training institute provides construction management courses these are theoretical and do not include practical matters which arise in the administration of contracts, such as contractual disputes between the Employer and the Contractor, and the preparation of Quality Assurance Plans. The concept of QAS is relatively new for local contractors and DOR staff and domestic training courses do not cover this subject in any depth. There is also a need within the DOR to obtain knowledge of best practice overseas in the area of contract management and QAS.

### **B. Scope of Services**

#### **1. Strengthening Feasibility Study Methodology Capacity in DOR**

3. The main responsibility of the Consultants will be to review all existing guidelines associated with the feasibility study tasks and revise them where necessary to represent latest world practice suitable for Nepal conditions. In areas where no guidelines exist the Consultant will prepare them, especially in the fields of economic evaluation, environmental assessment, social (poverty) analysis and resettlement impact analysis such that they meet both ADB and HMG requirements.
4. Based on the revised or new guidelines, DOR staff will acquire knowledge and skills in (i) economic evaluation for a road project, (ii) executing environmental, social and resettlement surveys (iii) analyzing social survey data, and (iv) preparation of IEE or EIA, social development plan, and resettlement action plan to ADB standards.
5. The consultant will carry out training of nominated DOR staff through a series of lecture and workshops, and by working with DOR staff to carry out one case study, using a selected candidate project road, to demonstrate each aspect of the feasibility study work, leading to the preparation of documentation required by ADB and HMG. The training lectures/workshops will be carried out in selected regional areas as well as Kathmandu so as to introduce the methodologies to DOR staff both in head office and regional officers. It is anticipated that they would be held in two regional centers in addition to Kathmandu.
6. The consultants will do, but not be limited to the following:

### 1.1 Revision and Preparation of Feasibility Study Guidelines

- Review of present relevant guidelines;
- Revision of existing and preparation of new guidelines;

### 1.2. Strengthening Capacity in DOR through practical application

#### (1) Economic Evaluation

- Review and compare various economic evaluation models (e.g. HDM-4, RED) suitable for Nepal roads, building on work done by others;
- Methodology of economic evaluation (e.g. benefit & cost items, financial and economic costs, traffic demand forecasting, sensitivity analysis, benefit distribution and Poverty Index Ratio);
- Application to a case study;
- Documentation

#### (2) Environmental Study

- Assessment of capability of DOR staff in environmental assessment procedures, both ADB and Nepal;
- Training in preparation and execution of environmental surveys using the selected project road as case study;
- Documentation of IEE, EIA and EMP to ADB and HGN requirements;

#### (3) Social, Poverty and Gender Analysis

- Training in Social survey and Gender analysis requirements of ADB;
- Preparation and execution of social surveys for the selected project road;
- Analysis and preparation of poverty analysis and social assessment documentation

#### (4) Resettlement Study Component Training

- Resettlement impact assessment requirements and framework of ADB and HMG
- Preparation and execution of resettlement surveys for the selected project road;
- Preparation of resettlement action plans

#### (5) Indigenous People Analysis

- Training on Social assessment to analyze the status of indigenous persons
- Tools and techniques to study social, cultural aspects of indigenous people.
- Prepare a Indigenous people development plan if required for the selected project road as per ADB requirements.

## (6) HIV/AIDS and trafficking

- Sensitization of DOR on need for a comprehensive institutional approach on HIV/AIDS and trafficking.
- Develop institutional strategy of DOR to address and integrate the components of HIV/AIDS and trafficking in the road sector.

**2. Contract Management and Quality Assurance System component**

7. This component will enhance the knowledge and ability of both DOR officials and local contractor's senior staff in the application of FIDIC conditions of contract and in the development of an effective quality assurance system (QAS).
8. The main responsibility of the Consultants will carry out local training of nominated DOR staff and local contractors representatives through a series of lecture and workshops, and by working with DOR staff in the actual application and implementation of the procedures of contract management and QAS through one of the project road contracts.
9. The consultants will, working with counterparts, do, but not be limited to the following:

**2.1 FIDIC**

10. The training should include lectures and workshops which will include case studies and should cover;

- Types of construction contracts (e.g. lump sum, bills of quantities, etc)
- Procedure and documents of contract agreements (e.g. legal, financial and technical)
- Duties and responsibilities of relevant parties, comprising the Employer, Engineer & Contractor (e.g. variation order, time extension, payment, delegation of powers to Resident Engineer)
- Measurement of work (e.g. BQ, method of measurement)
- Payment to the Contractor (e.g. advance payment, performance bond, price adjustment, dayworks, liquidated damages, payment certificate, retention money)
- Extension of time (e.g. time extension criteria, procedure, arbitration)
- Cost claims (e.g. types of claim, unforeseeable conditions, variation and delay claims, arbitration)
- Default of Contractor

**2.2 QAS**

11. As this will be relatively new for trainees, the lectures should cover basic concepts of QAS and its importance in addition to introducing site inspection procedures, methods, checkpoints and documentation of the results. Preparation of a quality assurance plan for a project road should be carried out by the trainees. The work should cover:

- Supervision organization and Contractor's site organization (i.e. necessary numbers of specialists, typical organization chart)
- Concepts of Quality of control
  - Types of tasks(e.g. inspection, laboratory testing & geometric control,

- Quality assurance specifications (e.g. end-product and method specifications)
- Testing facilities
- Test method and frequency (e.g. AASHTO, ASTM, BS)
- Evaluation of test results (e.g. ranges of deviations, tolerance level)
- Countermeasures when a test result exceed the tolerance level
- Quality assurance plan and QAS audit (i.e. site organization, quality characteristics, quality design, and quality conformance)
- Procedures and documentation of inspection, laboratory testing and geometric control at site
- Reporting (e.g. types of report, contents of report by type)
- Consideration of socio-economic and environmental factors in QAS

### 2.3 Further training in Contract management

12. Selected participants, which shall be drawn from the locally trained counterparts by DOR on the recommendation of the consultant, will carry out further advanced training to be agreed with DOR.

13. It is anticipated that this further training will include:

- Appropriate supervision organization, staff allocation, documentation of records and communications with the Contractor;
- Examples of dispute cases between the Employer and the Contractor, particularly on cost claim and time extension claim;
- Actual QA plans and QAS audits;
- International practices of inspection, laboratory test and geometric control procedure, method and documentation of results

### **C. Staffing**

14. For the Feasibility Study Strengthening component, one international Transport Economic consultant will be required for 3 months and one Social/Resettlement consultant for 3 months and one domestic Environmental consultant for two months.

15. For the FIDIC/QAS training, one international contract management specialist will be required for 2 months and one international training specialist will be required for one month.

### **D. Implementation Arrangement**

16. The Executing Agency for the TA will be the Department of Roads (DOR), chaired by the Director DOR, who will establish a steering committee to review and comment on the feasibility study guidelines, select case study roads and regularly review progress of the project.

### **E. Reporting and Documentation Requirements**

17. The following reports will be submitted for the feasibility study and FIDIC/QAS capacity building component, 3 copies to ADB, and 5 copies to DOR, respectively.

Reports	Submission	Highlights
Inception	Within first month	Initial findings on existing guidelines and revised guidelines(FS). Review of existing contract ,management procedures (FIDIC/QAS). Define initial training Prepare a work and training plan. List the staff nominated by DOR to be trained. (Both) Report on selection of road agencies for road financing training and contract management overseas training
Draft Final	End of in country work	Provide review of work carried out, incorporate comments from ADB and DOR on Guidelines, case study analyses. DOR trainees to prepare case study documentation.
Final Report	One month after comments from DOR and ADB on DFR	The final report will incorporating comments provided by DOR and ADB, and will include an executive summary.
Progress	Monthly	To be provided to ADB by email indicating the administrative and technical accomplishments and any problems encountered during the month.

## F. Government Inputs

18. For the Feasibility Study and FIDIC/QAS components, the DOR shall nominated suitable counterpart staff to work full time on the project. Suitable domestic contractor representatives shall be nominated by DOR who will provide the consultant and counterparts with suitably furnished office accommodation and local telecommunications facility. All relevant Government data required to complete the work will be provided.

**G. Cost Estimates****Cost Estimates and Financing Plan**

(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing <sup>a</sup>			
Feasibility Study and FIDIC/QAS Strengthening			
a. International Consultants	178	0	178
ii. International and Local Travel	23	4	27
iii. Reports and Communications	0	5	5
b. Domestic Consultant	0	6	6
c. Training/workshops	0	10	30
d. Travel/per diem for regional training	0	10	10
e. Contingencies	58	4	62
<b>Subtotal (A)</b>	259	39	298
B. Government Financing			
1. Counterpart Staff	0	25	25
2. Office Accommodation	0	6	6
3. Communications	0	4	4
4. Others	0	6	6
<b>Subtotal (B)</b>	0	41	41
<b>Total</b>	259	80	339

<sup>a</sup> Financed on a grant basis.