

## **Development in the Tarai/Madhes**

Remarks from the World Bank  
presented by Mr. Rajib Upadhya,  
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Conference Chair Dr. Raut,  
Chief Guest Hon'ble Minister Mr. Chaudhary,  
Your Excellencies,  
Distinguished scholars,  
Friends from the organizing committee,  
Colleagues, ladies and gentlemen:

The World Bank has been a development partner in Nepal for nearly five decades, providing financing, technical assistance and advice. Over the years, the World Bank's support has evolved in focus and form to meet the changing needs of Nepal. But this partnership has always remained loyal to one primary purpose: the reduction of poverty to improve the welfare of the Nepali people.

The Tarai/Madhes has always been integral to the World Bank's development strategies and programs of assistance to Nepal.

An Economic Mission from the World Bank visited Nepal for the first time in November, 1963. The team spent two and a half weeks in Nepal, including in the Tarai towns of Biratnagar and Birgunj.

A year later, in 1964, the World Bank provided its first technical assistance grant to Nepal to finance and organize a transport survey. This survey subsequently contributed to the construction of the East West highway in the Tarai, among other transport infrastructure.

When the World Bank made its first financing package available, Nepal was starting its Fourth Five Year Development Plan

(1970-75). The total public expenditure for the entire fourth plan period was US\$ 257 million. In those days, Nepal's population was about 11 million. The size of the Nepali economy was less than US\$ 1 billion and per capita GDP was under US\$ 75.

Today, the new Three Year Plan envisages public expenditures of nearly US\$ 14 billion. Nepal's population has grown two and a half times in the meantime. The size of the Nepali economy is now about US\$ 16 billion. Per capita GDP has crossed US\$ 550.

The World Bank's first loan to Nepal was approved in 1969 for a telecommunications project centered in the Tarai town of Birgunj to help bridge communications between Nepal, India, and the wider world. This first project was followed by five more projects in the telecommunications sector in subsequent years. Today, nearly half of all Nepalis own a telephone.

Over the next decades, the Bank's assistance focused mainly on agriculture, irrigation and infrastructure development.

For example, Nepal's road network totaled about 2,700 kilometers until the early 1970s. Today the road network is growing at about five percent a year and spans over 17,000 kilometers. The World Bank has funded 11 road projects in Nepal since 1970. If you want one iconic representation of the World Bank's support to Nepal's transport sector, think of the Karnali bridge in the western Tarai. The Karnali bridge is not only a beautiful technical marvel to look at, it actually connected territories east and west of the river for the first time when it was completed in 1993.

Other key infrastructure projects financed by the World Bank and centered in the Tarai include the "Dry Port" in Birgunj and two smaller depots in Bhairahawa and Biratnagar. These have helped reduce costs associated with Nepal's overseas trade by up to a third. More recently, the World Bank Group is supporting Nepal's efforts at expanding cross border transmission links with India. This is in continuation of our support, since 1975, to help the people of Nepal have increased access to electricity.

Since 1973, the World Bank has financed 12 major irrigation projects in the Tarai. We recently approved our 13<sup>th</sup> project - modernization of the Rani Jamara Kulariya farmer managed irrigation scheme in the far western Tarai district of Kailali.

Over the years it become increasingly apparent that greater investments were needed in its human resources for Nepal to attain its full potential. For example, in 1951, there were only 10,000 children in primary and secondary schools. Now there are over 7 million students in more than 32,000 schools throughout Nepal. In the health sector too, Nepal has seen impressive progress. A child born today can expect to live 25 years longer than one born in 1970. The World Bank has been supporting national programs in education since 1978, and in health since 1994.

As the World Bank's partnership with Nepal moves into the fifth decade, we will continue to help Nepal develop the systems, institutions and skills required to ensure that the future Nepali State prospers and delivers the benefits of development to its citizens in an inclusive and accountable manner.

Consistent with Nepal's national priorities, the World Bank Group will continue to support efforts at overcoming constraints in productivity, connectivity and the delivery of public services. The World Bank will also continue to help disadvantaged Nepalis cope with economic and social vulnerabilities. In doing so, we will continue to bring resources and decisions closer to the beneficiaries, where they are likely to be most productively used.

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As you can see from the maps, of the 24 projects that the World Bank supports in Nepal today, the Tarai is very well represented with a high concentration of project activities comprising 50 percent of our portfolio. These are expected to grow further when projects currently in the planning phase also come under operation.

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In preparation of today's meeting, we carried out a quick survey among our office staff to try to identify the key opportunities and challenges facing development in the present day Tarai/Madhes.

None of the responses should surprise you. We offer these comments in the spirit of contributing to an honest, open debate on the important issue of development in the Tarai/Madhes. We look forward to your feedback.

#### In terms of **Opportunities:**

- We recognize that the political class in the Tarai/Madhes is highly amenable to working with other groups to better understand, and also re-defining, Nepali nationalism and statehood. This can only be good for nation-building;
- We feel that state policies on inclusion and representation, largely spearheaded by the Madhes Andolan, promise a positive operating environment for development activities. As a result, the Tarai/Madhes, in particular, promises to lead the way in achieving better development impact;

- We feel that the Tarai/Madhes, as a geographical entity, offers a strong locational advantage – it offers close proximity to large markets and one of the fastest growing economies of the world;
- We believe that the integration of markets could propel growth in the Tarai/Madhes to double digit to become the engine of Nepal's economic growth;
- We recognize that the cost, per unit, of road connectivity is lower in the Tarai. It is easier to build roads in the Tarai and stronger competition among bidders makes road construction more efficient.
- We believe the Tarai/Madhes could be the bread basket of the country, if agriculture is modernized and harnessed on a commercial scale.
- We recognize that the Tarai/Madhes is rich in cultural heritage (e.g., Mithila art and literature). These are important assets in Nepal's rich social fabric.

#### In terms of **Challenges:**

- We feel that poor public security remains a serious challenge in many parts of the Tarai/Madhes, manifesting in criminalization of politics and politicization of crime.
- Although e-bidding has helped reduce coercion and intimidation in procurement of goods and services, we have experienced that poor law and order continue to hamper implementation of development activities, especially in retaining qualified technical people on the ground (e.g., from DTO offices).
- We feel that intra-Madhes exclusion and social discrimination could still hold back the Tarai/Madhes from achieving its full potential. We believe the State and external development partners need to better understand

these issues, in order to target public service delivery and livelihood opportunities more efficiently.

- Like elsewhere in Nepal, we believe Civil Society Organizations (CSOs) in the Tarai/Madhes, too, must make clear that they are distinct in identity and goals from the political parties, and that they must project reasons to believe they represent a strong constituency for change. They must work with local government to hold them accountable.
- We recognized that natural disasters such as floods take a heavy toll resulting in losses of human lives, crops and infrastructure in the Tarai/Madhes. For example, we estimate that direct economic losses exceed US\$ 10 million each year. Our estimates show that more than 3,000 people have lost their lives to floods alone since 1971.

[WB supported the preparation of Nepal Hazard Risk Assessment in 2010. The study has mapped flood hazards (apart from other hazards) for seven rivers identified in consultation with the Department of Meteorology and Hydrology and DWIDP. The Tarai districts are the most vulnerable to floods.]

- We recognize that Tarai/Madhes lands are fertile and support relatively higher production. But we feel land degradation is a growing problem. We believe Environmental degradation and increasing human activity in the upstream Churia and Bhabhar regions adversely affect the downstream Tarai/Madhes plains.
- We believe lack of awareness, high levels of poverty, and relatively expensive technological options resulting from dense settlements, contribute to poor sanitation and hygiene in the Tarai/Madhes.

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- We recognize that some parts of the Tarai/Madhes face arsenic contamination in ground water, commonly used for human consumption.
- We recognize that industrial corridors in the Tarai face increasing pollution.
- We feel that corruption is perceived to be more prevalent in the Tarai/Madhes [for example, the question was asked, why are police and CDO postings in the Tarai more coveted?] We recognize that this may, of course, be an unfair perception.

In closing, we wish you a very productive meeting. We also look forward to the outcomes of your discussions in order to deepen our own understanding of the issues at hand so that we might design and implement appropriate development responses in the future. We wish to thank the organizers for the opportunity given to us to share our views. Thank you!