



Monitoring, Evaluation and Learning (MEL), Rural Access Programme 3 (RAP-3)

# Review of the RAP-3 Theory of Change

June 2016



## RAP Theory of Change Review

### Introduction

The purpose of the review of the Rural Access Programme 3 (RAP-3) Theory of Change was to provide an opportunity for stakeholders to reflect and critically review the programme from a holistic perspective. Over the last three years a number of changes have been made to the programme and several reviews and studies commissioned. It was generally recognised that the original ToC was not wholly 'owned' or sufficiently recognised by core stakeholders. In light of the significant learnings and the three-year extension of the RAP-3 programme to 2019, the review comes at a key time.

This document brings together critical insights and thoughts from each of the core RAP-3 components and DFID to provide a revised Theory of Change (ToC). This new version has been considered to provide cohesiveness for the *whole* programme and one that better articulate linkages and the interconnected of relevant key issues. The review is a result of several MEL-facilitated workshop meetings involving key staff from RAP, KEPTA and DFID, on how the Theory of Change for the whole programme could be improved from the previous versions.

To recap, RAP-3 consists of 3 core components that forms the overarching DFID funded RAP-3 programme. This includes the IMC Worldwide managed core RAP-3 component; the OPM managed technical assistance (TA) to the Government of Nepal Karnali Employment Programme (KEP), or the KEPTA component; and the Itad managed independent Monitoring, Evaluation and Learning (MEL) component. A fourth component will be added to RAP-3 in late 2016: the Humla-Mugu Link Road component. For the purposes of this review, it is assumed that issues concerning this component can be considered together with the core RAP-3 component given the similar objectives and modalities.

### Outline

The review is mindful that some key issues, as of June 2016, have yet to be decided on – such as the future shape of the KEPTA programme, the focus and priorities of increased DFID financial aid to KEP. The previous social and economic development (SED) sub-component of RAP is now called CONNECT and approved for implementation since 1 June 2016. Whilst these discussions are ongoing the review has made some assumptions in order to trace through the logic. These can be amended in due course if incorrect. The previous version of this document posed several observations and questions to help shape the second session discussions. Most of these have now been discussed and this version uses those inputs and clarifications to shape the narrative and flow diagram set out below. Finally, the team drew on data from the MEL baseline report of 2014. The midline report is due in a few months and whilst this will be too late for informing this round of discussions, the updated HH data available from the midline should be useful for checking change and progress to date and informing the assumptions.

Whilst the document has increased in length, **please note that the document content should be read as a whole**. The content included is felt to be important so as to include a meaningful assessment of the context in order to place the programme, set out the core logic of programme interventions, and consider assumptions as a whole.

The structure is as follows:

1. **The context of the nine Mid and Far West districts** which the programme works on which informs the programme Theory of Change.<sup>1</sup> This section assesses the current realities of poverty and vulnerability in this region of the country in order to help place the programme in perspective. This section also notes some other actors' current work and contributions for the coming five years (GoN, aid agencies, and the private sector where possible/appropriate)
2. **The programme Theory of Change narrative**
3. **The programme Theory of Change flow diagram**
4. **Assumptions Underpinning the Context and Theory of Change:** these have been further developed and prioritised in terms of importance
5. **Annexes.** The main relevant headlines from these are within the main document but it is important to capture more detail within the annexes as they underpin and inform the rationale of the ToC, and it is useful to have these within one document
  - a) The programme scale, direct beneficiary calculations and the nature of support to households
  - b) What is known about public works in the Mid and Far West
  - c) A note on "graduation" out of poverty

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<sup>1</sup> Both RAP and KEP work in Humla; Mugu; Jumla; Kalikot, plus Bajura. RAP also works in Dailekh; Doti and Achham. KEP also works in Dolpa.

## **1. The Context Informing the Theory of Change**

### **1.1 A note on Poverty and Vulnerability**

Before going into the broader context and the implications for the programme, the oft-used terms of “poverty” and “vulnerability” deserve some discussion. As noted in DFID’s ‘Regional Dimensions of Poverty and Vulnerability in Nepal’ (2013) it is important to link food security to poverty and vulnerability. Food availability is a big problem in the Mid and Far West of Nepal and this should factor into our understanding of poverty and vulnerability.

Poverty and vulnerability are related but do not necessarily correspond to the same thing. To begin with poverty can be broken down into chronic poverty and poverty. *“Put briefly, to define poverty as chronic is to highlight the intensity or severity of poverty experienced over a prolonged period of time and often across generations; and manifested in multiple as opposed to single deprivations. However even when speaking of chronic poverty, it is important to remember that this is neither a homogenous nor a static category.”* (Mascie-Taylor, 2013). Vulnerability is a multidimensional phenomenon which refers to risks or exposure to risks to individuals or groups that threaten one or more aspects of well-being. Related to vulnerability is the concept of resilience which relates to ‘coping strategies’ which people use to protect themselves against risks to well-being and livelihoods. Social protection is directly linked to tackling vulnerability. Both chronic poverty and vulnerability are high in the Mid and Far West of Nepal.

### **1.2 The mid and far west hill districts are amongst the poorest in the country and some districts have been getting poorer**

The mid and far west hills of Nepal is a complex region in terms of incidence of poverty, limited understanding of livelihood sources and options, diverse culture and topography, unequal gender relations and roles and entrenched caste based discrimination. Absence of year-round connectivity within and outside the region and the low level of government and private sector investment has further exacerbated the complex socio-economic situation of the majority of people. It has remained the largest large scale poverty cluster in the country. Whilst the overall poverty rate for the country has decreased in the last one and half decades, six RAP-3 working districts recorded an increase in the percentage of people living below poverty between 2005 and 2011. Bajura, Humla and Jumla were markedly worse off (see below). Dailekh was the only RAP-3 district that recorded more than 15 percent decrease in the poverty rate. A small area poverty estimate conducted by Central Bureau of Statistics (CBS) is presented below along with estimated number of households (HHs) below poverty in 2011.

District	% below poverty		Population (2011)	Number of poor (2011)	% change in poverty rate from 2005 to 2011
	2005	2011			
Bajura	47.3	64.1	134,192	86,017	16.8
Kailkot	56.8	57.9	105,850	61,287	1.1
Humla	41.5	56	50,858	28,480	14.5
Jumla	34.4	49	108,928	53,375	14.6
Doti	46.4	48.9	207,066	101,255	2.5
Accham	51.5	47.2	257,477	121,529	-4.3
Mugu	51	47.1	55,286	26,040	-3.9
Dailekh	51.6	35.8	261,700	93,689	-15.8
Dolpa	39.7	42.8	36,700	15,708	3.1
			1,218,057	587,380	

- Note: % poverty based on CBS (2013), “A Summary of Small Area Poverty Estimate” in Nepali
- Population is based on Census 2011

Though rich in agro-biodiversity, the region has persistently faced food insecurity due to the difficult terrain, the impact of climate change, scarcity of water for household consumption and agricultural purposes (primarily due to low level of investment in the sector), high cost of imported agriculture inputs and displacement of traditional seeds and staple crops. The displacement of traditional seeds and staple crops has substantially altered household food baskets and meant dependence on imports from outside. Looking ahead, there is a lack of enthusiasm amongst the youth to pursue agriculture, fragmented regional and local markets and poor infrastructure on which to build a better economic base. As a result, mass seasonal out-migration to India and other parts of Nepal has remained a key livelihood coping strategy for many HHs.

### 1.3 What does a typical Mid and Far West Household profile look like?

At the household level, the average profile of a typical poor household that the programme targets for waged labour is<sup>2</sup>:

- 5-6 members (and relatively better off families tend to have a “lower dependency ratio” (less dependents such as children and elderly to working age adults)
- In some areas (highest in the southern districts, very low in Humla) around 1.6 members that have migrated at least once in the last year. The vast majority are male adults that go to India. There is a strong correlation between better levels of connectivity in its broadest sense (transport access, being physically closer to India, mobile phone ownership and phone network connectivity) and higher levels of migration
- Ownership of around 0.5 hectares of land
- Multiple livelihoods activities / income sources – and at times some surprising findings on higher levels of income in very remote places than would have been expected
- Large proportion of HHs continue to engage in agriculture, primarily for household consumption rather than sales
- Public works (HHs in these districts could draw on several PWP operating) are the most important source of wage income, although overall, they account for a relatively small proportion of average incomes<sup>1</sup>. It was noted that better-off households tend to receive more income from public works programmes (suggests that targeting of the poorest is not successful)
- 50% of households are beneath the national poverty line (just under 20,000 NPR / year)

<sup>2</sup> Data drawn from the MEL baseline report 2014

- Access to services and markets is poor overall for those outside district and sub-district centres, with significant differences between the more remote / access poor districts of Humla / Mugu / Kalikot / Bajura and the relatively better connected districts of Doti / Achham / Dailekh (and maybe to a lesser extent - Jumla)
- The vast majority carry significant debts, often double annual income
- Lower caste households still tend to have less land, assets and income
- For female individuals within the household, still challenges in them exercising their right to decision-making, having an independent income

#### 1.4 Remoteness and poverty

One of the key drivers of poverty and lack of inclusion in the Mid and Far West of Nepal is due to the lack of road connectivity. The Western region of Nepal has lowest densities of road with only a third of the national average. This compounds economic development as mentioned above but also means that access to basic services is severely limited. Whilst funding for the rural road sector has increased in nominal terms over the last decade in recognition of addressing the issue of basic connectivity, there are still major deficiencies. The management and allocation of funding is ad hoc and the decision to allocate resources is often politically motivated. In addition, maintenance is largely absent resulting in almost half of rural roads being unusable, further limiting accessibility. Hence improving access to remote rural areas is undermined and means the Mid and Far West regions fall further behind. Addressing connectivity issues vis-à-vis rural roads requires proper planning and prioritisation. Without this remote regions remain remote and poor.

#### 1.5 The Mid and Far West in the next decade

The region is changing due to a number of factors, mostly due to significant central government investment focused on improving infrastructure and connectivity within and outside the region, and improving governance. Over time this will open up the region to the outside world in a way never experienced before. Initiatives such as the Karnali Corridor Road which aims to connect Humla with other parts of Karnali and outside will present the region with both opportunities and challenges.

The concept of North-South Corridor Roads – establishing all weather connectivity between the Tibet border in the north with transit points in the southern plains will have a major impact on the lives and livelihoods of the people in the region. There are a number of ongoing road/bridge projects which will significantly improve intra-regional connectivity and support market development and urbanization in certain locations. One example of this is the bridge over the Karnali River on Rakam Bazaar in Dailekh that links Dailekh and Achham and reduces the travel distances for vehicles by more hundreds of kilometres. The development of Jumla Bazaar as a regional trading hub, likely seeing increased small-medium scale economic activities, could be a recurring feature in certain key areas. The urbanisation and development of such local centres will make it more feasible for HHs to engage in a number of on and off farm activities targeted at local markets.

Opening of commercial bank branches in these markets, incentivized through DFID Nepal's Sakchyam Programme, should see improved access to financial services, increase in local fixed assets investment and value chain financing activities. A less publicized policy decision by the Nepal Rastra Bank, (the

central bank of Nepal), in last year's monetary policy, will also expand the credit growth in the region albeit in a slower pace in the next few years<sup>3</sup>. This involved instructing banks to accept any land across the country as collateral for lending up to NPRs 1 million for agriculture purposes. This could provide opportunities for leveraging local value chain investment activities that RAP-3 CONNECT aims for.

A near universal ownership of cell-phones (or access to a cell phone) could be anticipated in the coming decade. Currently ownership is around 78% as found in the baseline survey, and this is a major growth area in Nepal. This provides a unique opportunity for the service providers, private business, development partners and social enterprises to address "last mile connectivity" issues for improving services and products ranging from financial services, tele-medicine, market information, awareness raising, educational and entertainment products.

In terms of basic services, access to primary health care and education are lower than other parts of the region and feature amongst the worst nationally. Improved connectivity, plus community and government investment in the education sector is likely to be increased, as is private sector investment in health care services aimed at the emerging middle class. The poorest will continue to rely on government run health and education services despite their sub-standard quality.

The region's abundant water resources (and potential natural gas exploration in Dailekh) has attracted a number of large foreign and domestic investment in energy technology, particularly the development of hydropower. The Upper Karnali Hydropower project in Dailekh and Accham, and the West Seti Hydropower Project in Dadeldhura, Doti and Accham each have over a US billion of foreign investment. Along with creating sizeable assets, these will generate short-term employment opportunities (and some longer term), help stimulate the local economy, and increase access to electrification.

Another overlooked aspect is the impact of having two separate federating units in the RAP-3 working areas as per the new Constitution. The Karnali has been broadly neglected in the distribution of central investment but it could get a better deal as a result of this through gradual improvements in governance and local control. A recent GoN decision to set-up 7 new industrial zones in each of the seven federating units, includes one in Jumla, with an area of 1,000 ropani of land (approximately 50 hectares) for agricultural processing.

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## **1.6 Stakeholders' views on possible changes in the context over the coming five years**

In order to try to understand the broader context and likely changes, the stakeholders discussed briefly what they would reasonably expect to see in the coming period (five years being a good period to consider). These relate to assumptions presented in the final section. Thoughts included:

- Increased blacktopped road network on the main highways and possibly key district networks (plus some upgrading from dirt to gravelled roads)
- A new Karnali route – Kalikot – Humla road plus the proposed Mugu – Humla road opened up...or under construction?
- Other investments such as the proposed small airstrip near Manma, Kalikot

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<sup>3</sup> Until recently BFIs loaned against secured collateral in the form of land and fixed assets only within urban areas.

- Completion of RAP roads under current programme
- Overall better maintained and more reliable road networks
- Commodity prices falling, and access to services (eg health and education, markets) improving due to the above – possibly most noticeable where new roads networks are established, although it is acknowledged that these changes would need time to be realised. The falling price of commodities in Jumla in recent years following the road improvements was mentioned
- Migration within districts will continue and possibly increase in certain areas: beyond normal seasonal patterns one specific expectation is gravitation towards new road networks, with associated development of sub-district market and service centres. Anecdotally we know from previous RAP experience that land prices near planned new roads starts to rise as soon as confirmation of the project is announced, and that entrepreneurial individuals move existing businesses such as shops and tea shops to the new locations
- Out-migration: see assumptions. It is possible that some HHs may benefit from others leaving by acquiring increased land holdings
- The area has potential for increased tourism (given the terrain and facilities this would more likely be adventure tourism?). Logically, gradually over time improved connectivity would enable investment, growth, and job creation
- Growth in the agricultural sector would most likely lie in exploiting demand for specific products rather than seeking to increase yield quantities. A few products such as Jumla apples are often mentioned as potential growth sectors and appear to be under-exploited mainly due to current transport and marketing constraints
- None of the above would be truly effective and maximising potential if governance is not improved, and there is a need for associated cultural and behavioural change (communities taking genuine ownership and control, breaking established pattern of elite control) was noted. There are multiple programmes (including the DFID funded CDP and LGCDP) working at district and sub-district levels targeting this and often coupling this with small scale resilient infrastructure investments. There appears some optimism that gradually positive change will occur in this

A number of ongoing Government of Nepal and donors funded programmes have adopted and mainstreamed targeted approaches for poverty reduction and provision of a safety net for the poorest HHs, with social protection through public works wage programmes being the established method. The Karnali Employment Programme (KEP), social transfer programmes such as free education and educational stipend supports, transfer through food and transportation subsidies, Local Government and Community Development Programmes (LGCDP) and Poverty Alleviation Fund (PAF) are the major social protection/cash transfer programmes in the region administered by the GoN.

The challenges to these programmes are significant. A number of factors have hindered progress. These include the low levels of literacy and rights awareness; working in spatially dispersed settlements; the lack of overall policy coherence and coordination; capacity deficits for implementation; corruption; and control of local elites over such programmes has hindered progress. Effective pro-poorest targeting of such initiatives has also been problematic: the RAP MEL baseline has highlighted that relatively better off households benefit most from public works earnings compared to poorer HHs.



## 2 The Programme Theory of Change

The diagram that follows illustrates the programme's Theory of Change to complement this narrative. It does *not* contain an exhaustive list of possibilities, but focuses on the main ones. This is much broader than the level of detail expected in a logframe (and other documents sources). Many of these are not stated objectives of RAP but are logical areas where broader impact can be expected. The following narrative does not seek to explain in detail each of the flows but provides a framework to the broader change expected as a result of programme activities through a causal flow, highlighting interconnectedness and dependencies. As stated in the next section, there are a number of **assumptions** that underpin the Theory of Change that need to be referenced to.

The diagram combines all 3 project components of the overall RAP-3 programme. It is recognised that RAP and KEPTA projects could be viewed as two entirely projects with differing modalities and degrees of control or influence along the results chain. In addition MEL plays a supportive role to both projects. Hence each project component could have its own detailed Theory of Change.

However, the overall RAP-3 programme can and should be viewed as a whole in order re-emphasise the overarching interconnectedness and consistency of themes. This provides much needed coherency and enables stakeholders to view the programme as one that promotes pro-poor labour intensive approaches to infrastructure works in the Mid and Far West of Nepal for short term vulnerability reduction through social protection (or 'socially protecting') initiatives and longer-term economic growth led poverty reduction. Each of the 'steps' in the results chain do not necessarily need to correspond to statements in the Logframe given the specific expected results of each project, but in the Theory of Change it is useful to consider grouping outputs where they share the same agenda and tracing through the multiple pathways.

The overall RAP-3 programme outputs can be grouped into 5 major or distinct Output groupings: 1) CONNECT (market development), 2) Rural and Rural Road Infrastructure, 3) Pro-poor labour intensive approach, 4) Government of Nepal capacity and ownership, and 5) monitoring, evaluation and learning. There are multiple pathways of change that are mutually reinforcing. The narrative below describes the 'horizontal' layers of the diagram; it does not seek to explain the granularity of activities (this can be gleaned from the diagram) but seeks to strengthen the understanding of the why and how of what we expect of the programme:

**1) CONNECT:** The rationale for CONNECT is grounded in the theory that roads and access alone cannot stimulate economic growth in isolated rural areas. Improved access via roads (addressed in the section below) requires an associated stimulation to 'kick-start' market development activity. Conversely, roads can also be seen as a prerequisite to any market development. There is high degree of interconnectedness between basic connectivity and market development.

CONNECT will contribute and test this theory by focusing on piloting approaches to market development in selected production areas of the Mid and Far West to successfully demonstrate the feasibility of models for private sector investment. The longer-term outcomes will lead to a multiplier effect of third party investment and scaled up markets. The will result in a stimulation of market activities that contributes to economic-growth.

- 2) Rural and Rural Road Infrastructure:** The recognition that isolation, remoteness and lack of access contributes to structural drivers of poverty and is a barrier to economic growth is a key motivation for investing in rural roads infrastructure in the Mid and Far West hills of Nepal. Primarily (although not exclusively for KEP) concerned with roads, investments in new construction and maintenance of roads in the DRCN (the minimum length of rural roads that connects every VDC to the DDC) will improve access through new or improved connectivity. Specifically for RAP the investment in rural roads will improve the reliability of roads for transport and decrease the length of road closure time as a short term outcome. New roads connects previously unconnected areas providing new access routes that were not previously available. For KEP, although a number of rural infrastructure projects are identified, the majority of funds go toward village roads to improve the connections between the wards (or sub-village) level to VDCs.

For both RAP and KEP, the improvement and continued management of rural assets partially removes a key barrier to economic growth – the lack of access to markets and services, without which hinders poverty reducing efforts. It is recognised that changes, specifically at the longer term outcome areas, will occur over time. Such changes include increased demand and reliability of transport services, a reduction in transport costs and a reduction in the cost of basic goods that reach local markets. Improved mobility will lead to changes in how services (e.g. health) and markets are accessed. These access-led changes provide the enabling environment for the expansion of market activity and the provision of public goods which contributes to economic growth. Roads are a public good which are useable to all, so the impact of new and improved access enables all to benefit.

Related to the above commentary on intended improvements in areas such as access, please note that figures used in this document focus largely on direct beneficiaries – those HHs that gain clear, direct benefits from the programme. This risks neglecting sufficient analysis on indirect beneficiaries – for example HHs not taking part in wage labour opportunities but gradually over time experiencing improved services and livelihood opportunities, reduced transport costs and so on, from the improvements in access and the stimulation of essential conditions for economic growth in their home areas. It is difficult to speculate about actual numbers of such HHs that could be expected to benefit over time (one would question the wisdom of attempting to do this, and by nature these changes would be expected to need years to come to fruition). However, the contributions of the programme towards such longer term benefits for a wider population are within the longer term and impact statements – as roads are also a public good. Testing of this theory and set of assumptions is a critical aspect of the comprehensive HH data collection exercise in the MEL baseline – midline – endline exercises from which it is hoped that such longer term outcomes can be properly assessed.<sup>4</sup> In addition it is important to recognise that being connected is also an issue of governance (see 4) and the feeling of ‘being included’ and recognised. Road works (building in particular) can contribute to the feeling of being included by government.

- 3) Pro-poor Labour Intensive Approaches:** In increasingly monetised local and regional economies the lack of employment or income generating opportunities contributes to poverty and vulnerability in the Mid and Far West of Nepal. The impetus to build rural infrastructure to address structural drivers of poverty (as addressed above) supports the opportunity to adopt a targeted

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<sup>4</sup> As a reminder – the HH panel surveys are modelled on the NLSS and go into considerable depth on a range of access indicators; the basics on education and health; food security; HH income sources, assets, land and productive assets ownership and enterprises; waged labour; migration patterns and earnings...

pro-poor labour intensive approach to asset management that *also* addresses income poverty by providing short-term waged 'cash for works' within both RAP and KEP. As RAP and KEP work is physically demanding, the direct beneficiaries are able-bodied and within the working age.

For RAP, members of RBG and RMGs typically earn in the range of 50-60,000 rupees per annum, a significantly high income for the region, supplementing household income. As long as members are employed in these groups they will earn this additional stable income over approximately 3 or 4 years. As a short-term job, members acquire new skills enhancing their productive potential and enable an increase in individual propensity and capacity to save and invest according to each's need. In the long term the additional income and savings enables households to invest in assets (productive or non-productive) and food security. For KEP, the permutation of 'x' wages and 'y' days of employment results in an additional, albeit lower than RAP, waged income per annum for eligible households.

KEP offers seasonal short-term employment and acts as a safety net – an income floor that smooths income and consumption in lean periods and increase the ability to cope with shocks. KEP provides social protection resulting in reduction in vulnerability for the poor. RAP's cash for works also provides a 'socially protecting' function over the duration of the project period and results in short-term income poverty reduction. The long-term impact of sustained vulnerability reduction is partially dependent and connected to the adoption of a sustainable Government-led pro-poor approach to rural road asset management policy, which is also connected to a commitment by the Government to sustainably finance social protection through pro-poor public works.

It is noted here that both RAP and KEP support the inclusion of women in their works. For RAP, there is a mandatory 33% quota for women in all RBG and RMG groups (to the extent that this is possible). The provision of a quota guarantees the inclusion of women where they may otherwise be excluded from conventionally male-dominated work and may provide income earning opportunities for some women for the first time.

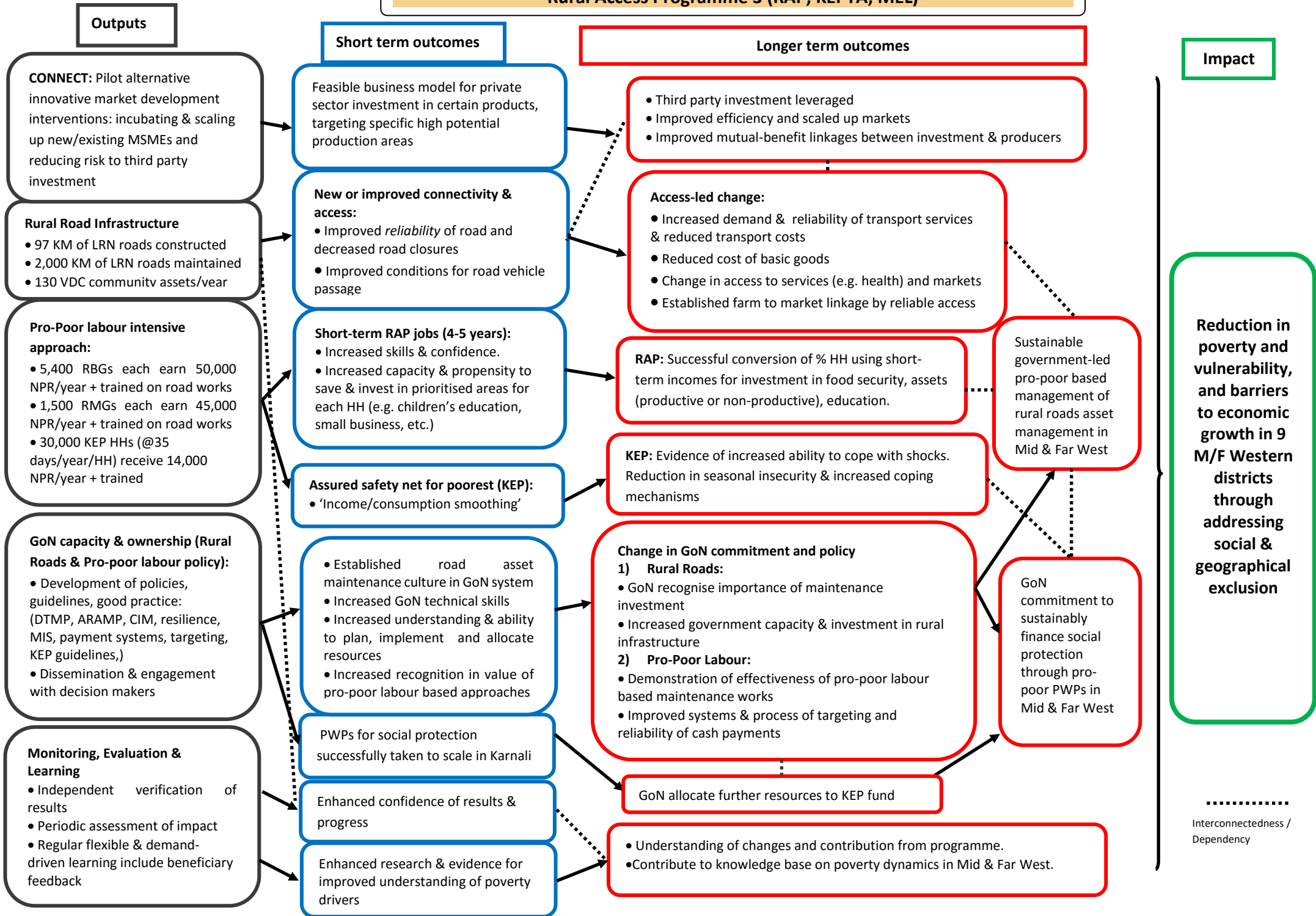
- 4) Government of Nepal Capacity and Ownership:** The lack of resources, skills and capacity of DoLIDAR and MoFALD is an institutional governance deficit that inhibits the development and sustainable implementation of both rural road asset management and pro-poor labour policies. Both RAP and KEPTA develop policies, guidelines and tools (e.g. ARAMP) and engage with decision makers that increase Government's technical skills, understanding and ability to plan, implement and allocate resources as a short-term outcome. The longer term outcomes leads to a recognition of the importance of maintaining rural road assets, the establishment of a 'maintenance culture' within government and an increased commitment to sustainably finance this. For KEP, there is no provision of multi-year entitlements to cash for work and this is also an important part of government influencing as will be improved health and safety standards. In addition, the future financial aid (FA) to KEP will enhance MoFALD's capacity to monitor this aid and bring 'fiscal breathing' space and allow it to implement KEP better.

For RAP and KEPTA there is an interconnected longer term outcome of getting Government recognition of the importance of pro-poor labour policy with concomitant allocation of further resources to simultaneously achieve two agendas: the sustainable management of rural road assets and a social protection policy through pro-poor public works. These two issues could be seen as one as the same; in the much longer term this may well be the case. However, as RAP and

KETPA have distinctly different primary rationales for pro-poor labour intensive approaches (for RAP – a means for road maintenance works, for KEPTA – social protection) these two long-term outcomes are kept separate for the time being until stakeholders see that rural road asset management through pro-poor targeting and social protection through public works need not be seen as mutually exclusive. The impact is expected over a long term but is recognised to contribute to a national poverty reduction strategy that explicitly addresses reducing vulnerability, poverty and barriers to economic growth in the Western hills of Nepal.

**5) Monitoring, Evaluation and Learning:** Despite being one of the poorest regions of the country, the Mid and Far West is still an understudied and under-researched region of Nepal. Through the publication of research and evidence, stakeholders have an improved evidence base of poverty in the region. In addition, MEL ensures confidence in results and progress through verification in order to understand and fairly assess the contribution of RAP to longer term impacts. The longer term outcome of MEL's work is an evidence base that drives understanding of poverty and vulnerability in the context of exclusion and access in the western hills of Nepal. Over the longer term it becomes increasingly difficult to attribute impact on various dimensions of poverty and exclusion solely to RAP interventions given the multitude of development policies, programmes and initiatives in the Mid and Far West. The impact assessment enhances stakeholders' understanding of the *contribution* from the programme and its extent to poverty reduction. The impact will lead to better future policy and programme initiatives to address these challenges through an evidence based approach.

# Rural Access Programme 3 (RAP, KEPTA, MEL)



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Interconnectedness / Dependency

### 3 Assumptions Underpinning the Context and Theory of Change

The following assumptions are noted. Note that even if an endline evaluation took place a year after the programme finished (after 2019) some of the assumed broader changes would be difficult to measure. The longer term benefits that these investments intend to contribute to should ideally be placed within a holistic projection for the region that looks up to ten years ahead rather than confined to the coming three years.

#### a) The potential benefits will not be realised without firm sustainability commitments

- Building 97km of fair weather earthen rural roads as opposed to 'x' km (where 'x' is a considerably higher number) at the same cost elsewhere in Nepal is based on several assumptions. (1) It is equitable due to the severity of poverty and needs in this region, (2) That improved basic connectivity in geographically isolated rural areas requires adopting cheaper options of earthen roads first before any consideration of upgrading or jumping straight to gravel or black-topped roads based on global evidence of cost-effectiveness, (3) That the construction of 97km of new rural roads should not be viewed in isolation and that we recognise the limitations on impact of access-led change. Hence the understanding is that 97km of new roads will prove to have an impact as it is strategically linked to the wider road network as well as reinforcing other development programmes and policies in the same region. This assumption can also be phrased as RAP's activities contribute to economic growth and reinforce and strengthen longer term poverty reduction objectives when seen in parallel with other development initiatives in the region.
- Change will only be sustainable – and at scale – in the long term through working with others. The momentum built up on investing in maintenance of these assets, and increased GoN commitments and resourcing, is encouraging. A key assumption is that this will continue beyond the lifespan of the programme: without this the sustainability of the assets and the projected contribution of the programme to longer term benefits will be jeopardised. Related to this is the assumption that longer term commitments by other actors (GoN and others) will be achieved so that risks of unconnected “roads to nowhere” are reduced.
- The costs of a labour-based approach to rural road construction activities is higher than machine-based because of the costs of targeting and creating new jobs. The longer duration of a labour-based approach also adds to the cost. There are value for money considerations built into the design of the programme that takes account of the various options for rural road works, and a labour-based is assumed to have the widest poverty-reducing impacts as the 'costs' (wages) of the programme can also be seen as 'benefits'. This is also an equity decision.

#### b) Relative stability in the region is a prerequisite

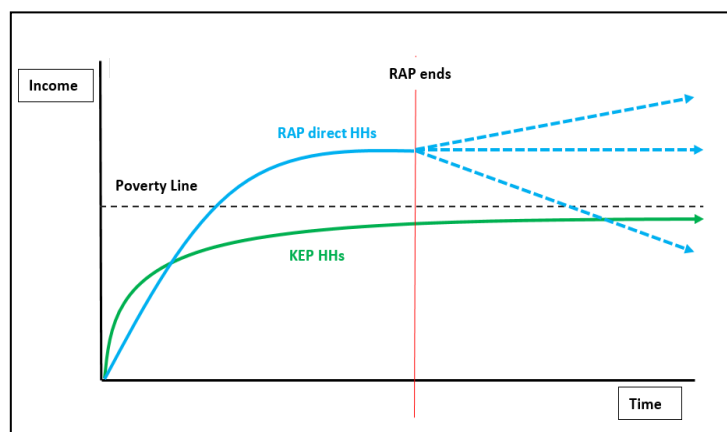
- The targeted Mid and Far West districts have been amongst some of the most economically marginal and politically neglected districts in the country, and some districts suffered particularly during the conflict. Positive short and longer term change will only be realised if the region remains relatively stable politically, and is not affected by external threats such as the recent Indian border blockade
- It is assumed that there will be no significant disasters such as an earthquake in the region. Such an event would seriously damage infrastructure investments and jeopardise and delay projected gains

#### c) Waged labour benefits will be largely short term

- It is recognised that the programme is **not** explicitly concerned nor equipped to deal with 'graduation' for direct beneficiaries of RAP and KEP receiving cash for works. **See annex 3 for further commentary on graduation.** Income through wage labour will in most cases likely only result in short term (but valuable) gains for these households that translate to improvements such

as household food and income security, acquisition of assets (both productive and non-productive), ability to withstand shocks.

- However, there is an assumption that would be interesting to test against any discernible change: that some of these households may be able to use this income to invest in securing improved longer term income security through purchase of assets, setting up small businesses, investing in education (children's education was found to be a major priority and investment area from the RCA study)
- The RAP beneficiary HHs are more likely to be able to do this than the KEP HHs simply due to the higher wage days/income available to participating HHs. This assumes that the earnings are of sufficient amounts and over a sufficiently long period (four years) of reliable income to enable investment beyond normal consumption needs. There may be / should be some conversion from RBG to RMG works for households after construction.
- There is also an assumption that beneficiaries of RAP (and to a lesser extent KEP) will use the additional wage income to offset the need to migrate to India. It is now better understood that people do not necessarily migrate 'out of distress' and there are a host of other socio-economic and historical cultural factors at play. It may be possible that some beneficiaries use the additional income in order to facilitate *leaving* their homes in order to migrate permanently out of the Mid and Far West districts.



- The above diagram is only intended to illustrate the wage or income effects for RAP and KEP direct beneficiaries and is also not intended to accurately capture income effects. Rather it is intended to help think through the level of support provided by RAP and KEP in terms of cash income and duration of support as well as the primary function of each project. The assumption is that when RAP ends direct beneficiaries will be better off due to the support during the project period. However it is recognised that 'better off' does not necessarily translate to poverty or vulnerability reduction in the long term. Without further support or linkages to other forms of support that can aid in sustaining gains (or even graduation) then in absence of further evidence, it should be assumed that gains will be eroded when RAP finishes.
- It is assumed that the benefits to most KEP HHs would be limited to short term income boosts but insufficient to enable investment to help the HH make a "step change". However, arguably KEP HHs could benefit for a longer period if the KEP is indeed seen as a long term safety net for chronically poor HHs that will be maintained for many years to come

**d) Contribution to longer term change and broader benefits**

- It is assumed that infrastructure investments are a pre-requisite for broader change by creating improved access
- Significant longer changes for households will likely be in improved conditions in time savings, cost savings, and access to services and markets

- Increased amount of spending power coupled with improved access opening up will help stimulate the wider economy within the intervention areas, providing opportunities for trade that have not existed to such an extent before
- HHs living in / close to the road “corridor” will stand to benefit most from the improved access and local economic stimulation. HHs living within say around 1.5 hours walk from the road or newly constructed asset (and not benefiting from public works) could be considered “indirect beneficiaries”. For instance, a decrease in walking time to get to a road / markets / services from 5 to 1.5 hours makes it possible to do this trip well within a day rather than having to stay overnight. Logically, the further away from the corridor (and other roads), the less benefits one would expect to be able to see

**e) Assumptions on other key factors**

- Sufficient pools of poor HH workers will be available to take part in the works – and individual HHs that would qualify for inclusion would have labour capacity that could be assigned to the works. This could be hampered by out-migration of adult members (mainly males), higher dependency ratios within a HH
- Labour intensive approaches to construction (“Green Roads”) prioritises labour intensive, environmentally sound techniques over use of machinery. The assumption is that the benefits of this model will continue to outweigh the drawbacks such as the long timescale necessary for new construction

**f) Migration patterns, and the programme’s influence on these, are very difficult to predict**

- Changes in migration is a difficult area to predict or base assumptions on. One would tentatively assume that if the current situation, opportunities, and levels of investment in the region remain on the current trajectory with slow incremental gains in areas such as infrastructure and access, that migration patterns to India for those districts most connected to this activity would remain largely as they are now, at least within the coming 3 years. The rationale for this assumption is that this option is so established, and bringing both income and non-income related benefits, that it would take considerable localised opportunity to break this pattern. The HHs that would most benefit most may be those that have labour capacity to take advantage of public works on offer and have a HH member migrate for work
- If a large shock occurred such as a major earthquake affecting the region, this would have a major impact. Statistics from the 2015 earthquake aftermath include the national remittance growth rate falling over a five month period and a 39% drop in departing migrant numbers (for overseas destinations, not India) over a nine month period. This is attributed to reluctance to leave home post-earthquake, plus the greater availability of work due to relief and reconstruction works<sup>5</sup>. Migration within the district/to neighbouring districts did understandably rise due to relocation due to landslide risks, HHs seeking assistance and so on) and it is unclear the extent to which these movements of people from their home areas are permanent or temporary. If a major disaster did strike the mid and far western areas it is likely that similar patterns would emerge

Finally, research on rural infrastructure investments in several different countries points to benefits (often inter-related) over time which would appear useful to note here. Note that often the more substantial benefits beyond initial short term employment benefits (eg lower transport costs) takes 3-5 years to become a reality after completion of the roads. These include:

- Increased transport volumes

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<sup>5</sup> Kathmandu Post 18<sup>th</sup> May 2016 “Remittance growth rate falls for 5 mths straight” citing Nepal Rastra Bank data, and 18<sup>th</sup> April 2016 “Fewer Nepalis keen to take up overseas jobs” citing Dept Foreign Employment data



- Changes in reliability of transport services
- Changes in transport costs, fares & tariffs
- Changes in agricultural activities & productivity
- Changes in non-agricultural activities
- Changes in HH income, expenditure, assets and livelihoods
- Changes in access to services, markets

## Annex 1: The programme scale, direct beneficiary calculations and the nature of support to households

This was carried out to give a sense of the scale and reach of the programme as accurately as possible. It also helped draw out the facts around the different interventions (eg earnings for a RAP or KEP household) which became important as outcomes were considered. This is what is understood to be the direct beneficiary reach as discussions stand now. Whilst RAP figures are quite set, two options are under discussion and both are noted.

Intervention	HH direct beneficiaries	Total population at 5.9/HH	Numbers days waged work	Day rate NPR	Total HH earnings per year
RAP RMG	500	2,950	100	550	55,000
RAP RBG	6,500	38,350	120	550	66,000
KEP option 1	30,000	177,000	35	400	14,000
KEP option 2*	???	???	50	500	25,000
Total Option 1	37,000	218,300			
Total Option 2*	???	???			

\* Awaiting figure estimates from KEPTA

If the figures are accurate the days of employment provided by the programme would be 1,880,000 under option one or \*\*\*\*\* under option two per year:

- KEP 35 days at 30,000 HHs: 1,050,000, or,
- KEP 50 days at \*\*\* HHs: \*\*\*\*\*
- RAP RBG 120 days at 6,500 HHs: 780,000
- RAP RMG 100 days at 500 HHs: 50,000

There are considerable differences between RAP and KEP in days of wage labour provided and the potential length of time that HHs would be engaged. RAP RBG members benefit from around 4 years of a reliable, guaranteed job for the household. RMG members in theory should benefit from an even longer period if commitment and resourcing are continued and increasingly taken on by GoN. For KEP, if one assumes increased funding is channelled to taking to programme to greater scale / coverage, this would be a considerably smaller number of days earnings but deliberately targeted at short intense works in a lean period / off-season time of the year. This is more of a temporary seasonal job, but in theory with a long term commitment and a widespread safety net reaching the vast majority of below poverty line HHs.

The reason for trying to tease out these facts is due to the “So what?” question after tracing through the income made available to direct beneficiary HHs in the programme – particularly for RAP, given the short term duration of the programme. To what extent are there expectations of “graduation” or are these initiatives confined to safety nets?

**Note that the figures for the KEP programme is for the whole GoN programme, and certainly is not meant to imply direct results of KEPTA** (although increased financial aid would give DFID a strong stake in the whole programme results), but it felt useful to look at the full-programme size at this

point. Next steps would include attempting to articulate KEPTA's exact contributory role in this overall programme. At the time of writing the future focus of KEPTA is being discussed.

## Annex 2: What is known about Public Works commitments in the Karnali<sup>6</sup> - based on research in Jumla and Kalikot

The major Public Work Programmes (PWPs) in the Karnali region are: RAP 3; the Rural Community Infrastructure Programme (RCIW) of WFP; the Decentralised Rural Infrastructure and Livelihood Improvement Project (ADB and Swiss supported); the Community Irrigation Programme (CIP) managed by DoLIDAR; the Poverty Alleviation Fund (PAF), and DDC grant-based projects. Other programmes such as LGCDP and the Community Development Programme of Rural Reconstruction Nepal have a major focus on improving local governance but also often include infrastructure initiatives and some degree of waged works for targeted communities.

There is a significant overlap between the programmes in the Jumla and Kalikot. These PWPs, excluding KEP, overlap in nine Village Development Committees (VDCs) in Jumla and two in Kalikot. There is considerable potential to spread out the PWPs in a manner so that no two PWPs operate in the same ward covering the same target population, and indeed to address some of the inconsistencies of practice as noted below.

The key features of the PWPs in Karnali include:

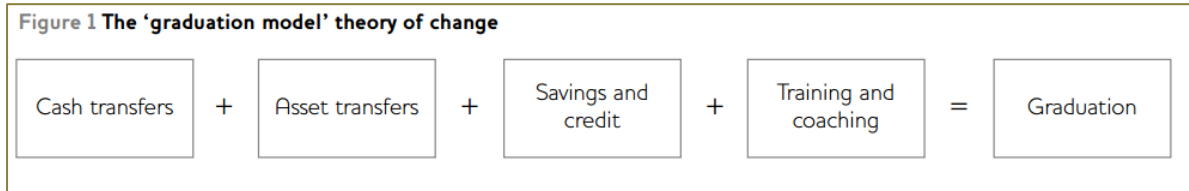
- **Employment days** vary widely depending on the project
- **Planning processes:** the programmes broadly rely on the local and decentralized planning processes involving the VDCs and DDCs. The KEP currently follows this while DRILP and RAP 3 follow the District Transportation Master Plan (DTMP) based on a participatory planning approach. CIP and CDP have more flexibility in planning where it can access projects outside the VDC and DDC planning processes
- **Infrastructure types:** this varies quite widely and includes school, community building and health post construction, small scale disaster mitigation works and water and irrigation schemes. However, access improvement through rural roads (new and maintenance), foot trails and bridges is common across the PWPs. Roads and foot trails are highly labour intensive, though rural road construction is distorted by use of heavy equipment in Jumla
- **Payment levels:** except for RCIW, all the consulted PWPs are providing wages to workers following the district wage rate. RCIW is using a payment system in both cash and goods while the cash rate is 80% of the district rate. There is broader convergence of wages across the district rates
- **Timing of works:** again this varies. RAP provide multiple months of works, almost full time employment, whereas KEP targets an intensive two-three months off-season period
- **Payments and frequency:** payments are made in cash and in person except by RCIW, which uses a branchless banking system to deposit payments in the accounts of the workers. The payment intervals vary widely, with KEPTA piloting a 15-day interval while RCIW has found a similar period impractical. Other PWPs have varying periods
- **User committees and other mechanisms:** most of the consulted PWPs in Jumla and Kalikot work through a User Committee (UC), Water Users Association (WUA) and Road Users Committee (RUC) which are made up of beneficiaries and these are the major institutions to implement programmes at the grassroots level. For the larger schemes with some heavy construction and procurement, such as DRILP, RAP3, and CIP, contractors are engaged. KEPTA and RAP 3 are adopting necessary safety measures including insurance of workers. RCIW is practising a branchless banking system to pay workers' wages

<sup>6</sup> "Assessment of Public Works Programmes in Karnali Region" KEPTA July 2014

- **TA and monitoring:** RCIW, RAP3, and CIP have a technical assistance (TA) partner for implementing and monitoring the schemes. Projects implemented under the KEP and DDC are monitored by the District Integrated Monitoring Committee.
- **Multi-year complementarity:** was found to be in practice in DRILP and RAP3 in a new rural road track from Urthu to Lasi in Jumla, resulting two important achievements, a) continuous employment opportunity for the same community, which was employed on the same road during the track opening, and b) sustainable development of community assets. Other projects do not make a multi-year commitment but rotate beneficiary groups to try to increase coverage. Several practices in sector-based complementarity were noted. For instance, the KEP and Alternative Energy Promotion Centre (AEPCC) worked on a single micro-hydro project divided into public work and skilled work. Similarly, the KEP and PAF divide resources in apple orchard projects. KEP engages in digging the holes for planting and PAF manages plant and other procurements

### Annex 3: Notes on “graduation”

Graduation out of poverty <sup>7</sup> is an increasingly used but frequently misunderstood term. Broadly it entails the movement of poor people out of poverty through project or government assistance. It can be seen as social assistance or a promotive form of social protection where the objective is to provide a package of support to poor people to move them permanently out of poverty. As noted below, both RAP and KEP are not driven by graduation objectives or equipped to do so either because of other primary objectives (i.e. connectivity for RAP) or limitations in levels of support.



**Figure 1 Taken from Devereux, S. and Sabates-Wheeler, R. (2015), *Graduating from Social Protection? Editorial Introduction***

The above diagram shows a simple graduation model. Both RAP and KEP provide cash transfers in the form of cash for works, with variance in total amounts and level of time the support is provided. However, there are no asset transfers and little significant support in savings and credit as well as training and coaching beyond the immediate road works (in graduation models, training and coaching refer to general training and use of assets, financial planning and management for best returns from support provided).

<sup>7</sup> <http://bulletin.ids.ac.uk/idsbo/issue/view/13> for further analysis