

Nepal: Rural Infrastructure/Food for Work

Ex-post evaluation

OECD sector	52010/Food aid/Food security programmes	
BMZ project ID	1998 65 866	
Project executing agency	Ministry of Local Development (MLD)	
Consultant	Not applicable	
Year of ex-post evaluation	2009 (sample 2009)	
	Project appraisal (planned)	Ex-post evaluation (actual)
Start of implementation (FC comp.)	Q 1 1999	Q 1 2000
Rural Infrastructure (RCIW) Phase I	Q 1 1996	Q 1 1996
Period of implementation (FC comp.)	24 months	32 months
RCIW Phase I	60 months	68 months
Investment costs (RCIW Phase 1)	EUR 29.0 million	Approx. EUR 29.7 million*
Counterpart contribution (RCIW Phase 1)	Approx. EUR 8.7 million	Approx. EUR 9.7 million*
Financing, of which Financial Cooperation (FC) funds	EUR 1.02 million (FC)	Nepal Gov. EUR 7.5 mill. Dist./Vill. EUR 2.2 mill. WFP EUR 15.4 mill. GTZ EUR 3.2 mill. Other TC EUR 0.6 mill. FC EUR 0.8 mill.
Other institutions/donors involved	WFP, GTZ	Initially WFP and GTZ, as of 2001 also DFID, DANIDA, SNV and SDC
Performance rating	2	
• Relevance	2	
• Effectiveness	2	
• Efficiency	2	
• Overarching developmental impacts	2	
• Sustainability	3	

* Many contributions were provided in kind and valued at estimated market prices.

Brief description, overall objective and project objectives with indicators

The programme objective was to enable the target group in 20 predefined poor districts of the country to identify, plan, carry out, and operate appropriate self-help village infrastructure measures. For the ex-post evaluation, this programme objective was redefined as an overall objective and enlarged to include the improvement of living conditions of the poor population in the districts. As the new programme objective, the use of the infrastructure which was installed under the close participation of the target groups, was chosen. The measure was implemented as part of a sectoral cooperation

programme with GTZ. The FC measures largely comprised finance for building materials and equipment as well as smaller construction and engineering services for the proper implementation of the first phase of the Nepalese Rural Community Infrastructure Works Programme (RCIW I). The physical measures under RCIW were mainly concerned with the improvement or construction of rural transport links and measures for river bank reinforcement, irrigation, slope protection, and the installation of fish ponds. At appraisal, no indicators were defined for measuring the achievement of the programme objective. For the ex-post evaluation, the indicator for measuring the overall objective has been specified as increased income of the target group and the programme objective indicator as the number of infrastructure projects planned and used by user groups.

Project design/major deviations from original planning and main causes

The RCIW was carried out under the purview of the Ministry of Local Development (MLD) which is responsible for village development. First, in a bottom-up approach, user associations had to be formed and developed in the villages to identify projects (approx. 1,400 physical measures) for implementation under RCIW, set priorities and prepare these for implementation. They were supported by village development committees. After budget allocation, the approved measures were carried out with intensive labour input under the responsibility of the user associations and with advice from the municipal authority. With funds from the World Food Programme (WFP), the workers were paid 3 kg of rice per capita and day (as well as small amounts of money).

At the beginning of RCIW, it was anticipated that the measures could be carried out solely with labour input from the target group and the available technical resources. Yet, over time it became apparent that infrastructure which was supposed to be usable for a longer-term period called for more sophisticated technical solutions than what was feasible with basic manual labour. This work and the procurement of local materials could not be financed with the available RCIW funds. Applications were then made for FC funds which were granted subsequently. They thus filled an important gap to ensure the implementation of the programme and the quality of the planned measures. The sectoral FC programme was therefore an appropriate response to the conceptual change in the RCIW. The programme was implemented as planned, except that FC funds were not made available until 2000 instead of 1999.

Key results of impact analysis and performance rating

a) Relevance: Poverty, primarily rural, with months-long phases of undernourishment, has long been one of Nepal's main problems. Poverty reduction is the overarching goal of development cooperation with the country and high growth and reducing regional disparities are imperative for its achievement. The RCIW has addressed this by creating income opportunities for the poor through a labour-intensive infrastructure programme in poverty zones as well as by creating and securing agricultural production potential and reducing transport costs through thoroughfares and roads for passengers and goods. The results chain envisaged short-term income generation to help alleviate poverty in poor regions through extensive food-for-work measures, and to raise local production potential and improve transport facilities. This was intended to lessen regional disparities and increase growth. Crucial to the plausibility of the results chain is the sustainable use of the infrastructure installed. The objectives of the programme addressed the needs of the target groups, foremost for food, income and improved infrastructure and were aligned with Nepalese policy. Within the programme, close consultation took place between FC and TC as well as a good coordination with the other donors involved. Altogether, the relevance of the programme is assessed as good (Subrating 2).

b) Effectiveness: Under RCIW, approx. 1,400 projects (some very small) were undertaken until August 2001 (at average costs of around EUR 20,000 per initiated measure), of which over 1,000 were completed according to the executing

agency. This includes about 600 roadworks measures in the highlands and lowlands (Terai) totalling 2,700 km and an additional 330 pathways measuring 1,536 km in total. Seventy (253 km) irrigation canals were built, 252 measures for river bank reinforcement (over 148 km) carried out, 106 fishponds built, 1,032 hectares laid out for agroforestry in 41 measures and 530 hectares protected from erosion in over 80 measures. This required a roughly equivalent number of user groups, also in charge of maintenance and operation. This mobilisation effect and the physical output are considerable. The materials procured or the companies paid from FC funds were deployed for the construction of 11 rural roads totalling 306 km in length (6 of which totalling 144 km have been completed and are trafficable for small lorries) as well as 30 measures in river bank reinforcement. A report by DFID on its engagement in Phase II of RCIW estimates that only approximately one-third of the larger, technically more advanced measures were completed in RCIW I and comply with appropriate technical standards, a third is acceptable with quite large deficits and a third was not completed or is unusable in the long term. Nevertheless, an extensive package of programme measures was completed under RCIW and can be used for a longer term. The user groups learnt what is possible through mobilising their joint labour power with moderate external support. Additional joint projects have built up on this experience. Many savings and lending associations have emerged from the user groups as well as producers' associations for agricultural/agroforestry products and participatory learning and action seminars were held as well, particularly with women. Altogether, the effectiveness of the programme is rated as good (Subrating 2).

c) Efficiency: Approx. 900 km of trafficable roads and about 1,500 km of paths are estimated to have cost EUR 15 million (including TC measures of EUR 2 million), of which the basic pathways will have cost around EUR 2 million. This means that the 900 trafficable roadway kilometres have cost approximately EUR 11 million (without TC), which comes to about EUR 12,500 per km. In a detailed cost assessment, DFID calculated costs for the construction of a fully trafficable rural road in the mountains of about EUR 45,000 per km. Considering that the World Bank, for example, puts the costs for spot improvement measures in rainy mountainous regions at EUR 4,000 - 15,000 per km and EUR 8,000 - 40,000 per km for construction, the figures for the programme are rather high, although both climate and topography in Nepal make durable construction costly. For the Nepalese, a road connection is available if someone can reach a road within 2.5 hours. So 900 km of roadway makes for a corridor of roughly 9,000 km² even in the difficult terrain of many parts of Nepal (an average of 5 km on each side). With a population density of 50 persons/km² in this corridor (at a conservative estimate), approximately 450,000 inhabitants have gained improved access to public facilities and markets. The costs for the 'road connection' therefore amount to about EUR 25 per capita, which appears to be rather small.

The measures in the agriculturally productive area were supposed to produce surpluses of about 5,000 tons of grain a year (1 kg of fish = 10 kg grain) as compared with the situation without the programme. At a price of EUR 200 per ton, this amounts to EUR 1 million; added to this are fruit and vegetables, whose volume and value have not been estimated by the programme executing agency. This must be set against about EUR 14.5 million of investment costs (including about EUR 2 million TC). These investments have thus yielded a real return on investment, albeit small. Taking the broader view that food would have had to be made available in any case to ensure the survival of the target group, the (additional) costs of the programme decline by about half. This assessment leaves aside the emancipatory effect of the programme on the target group - an important intangible result or even overall/programme objective. Programme efficiency is assessed as good (Subrating 2).

(d) Overarching developmental impacts: In the implementation phase of the programme, income was generated for the poor population in seasons when hardly any income could have been earned otherwise. Approx. 20 million working days were paid for with 3 kg of rice per capita and day - equivalent to a nutritional value of approx. 11,000 kilocalories - and about 5 EUR cents. Around 300,000 families, i.e. approx. 1.5 -

2 million people and 20% of the poor population in the country, therefore received sufficient food/income by national standards during one 'hunger season'. This makes for a substantial contribution to the short-term improvement in the living conditions of the target group. In the medium term, the programme is generating growth through securing and developing new (agricultural) production potential (5,000 hectares for 5,000 families at a rough estimate), lowering transport costs for freight and passengers and hence easing access to central public facilities (administration, schools, hospitals, markets), raising local export prices, and lowering prices for daily goods supplied by traders (salt, soap, sugar, oil etc. for approx. 500,000 people). Based on plausibility considerations, we can assume that the target group is better able to define its concerns and plan and implement projects in everyday life and thus improve their conditions of life, as evident from the numerous savings, lending and producers' associations. The final overarching developmental impacts can thus be rated as good (Subrating 2).

e) Sustainability: The approach entrusts the responsibility for the operation and maintenance of the local programme measures to the user groups. For simple measures based on manual work, from which the target group derives direct benefit in the form of (agricultural) yield, we can assume that a sustainable use is assured. With slight reservations, this ought to be the case for the pathways as well. For rural roads passing through several municipalities and needing substantial maintenance, the user groups are supported by village and district authorities. The user groups can collect levies and set up roadblocks in response to weather conditions to protect the infrastructure. Road maintenance is accorded a high policy priority in Nepal. The Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) under the purview of the executing ministry drafted a maintenance programme, which has been implemented as of 1999. Under this, the district authorities are provided with financial resources, since 2004 also via a Road Fund financed from fuel levies. Theoretically, then, there are good prospects for securing sustainable use, also of the technically more sophisticated roads. The full-scale implementation of technically appropriate, fully financed maintenance programmes, however, exceeds the organisational and financial capacity of this extremely poor, crisis-ridden country. This means that proper road maintenance depends on local technical and organisational competencies, priorities, and powers. We thus expect that large parts of the programme roads will not be adequately maintained. By far the largest part of the measures will lead to sustainable benefits, however. As for raising the organisational competency of the target group for the joint planning and implementation of measures to improve their living conditions, we anticipate not just a sustainable but growing impact. Altogether, the sustainability of the programme is rated as sufficient (Subrating 3).

Weighing up the individual evaluation criteria above, overall programme performance is assessed as good (Rating 2).

Notes on the methods used to evaluate project success (project rating)

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness (outcome), "overarching developmental impact" and efficiency. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

- 1 Very good rating that clearly exceeds expectations
- 2 Good rating fully in line with expectations and without any significant shortcomings
- 3 Satisfactory rating – project falls short of expectations but the positive results dominate

- 4 Unsatisfactory rating – significantly below expectations, with negative results dominating despite discernible positive results
- 5 Clearly inadequate rating – despite some positive partial results the negative results clearly dominate
- 6 The project has no positive results or the situation has actually deteriorated

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates a project which has no sufficiently positive results.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability)

The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability)

The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected.)

Sustainability level 3 (satisfactory sustainability)

The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability)

The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and an improvement is very unlikely. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. In using (with a project-specific weighting) the five key factors to form an overall rating, it should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).