

## Learning Note - Re-examining RAP in Nepal's Development Context

### 1. Introduction

The objective of the Rural Access Programme 3 (RAP3) is to reduce poverty in Western Nepal. The programme aims to deliver economic benefits to the poor through rural road access and increased connectivity. The RAP theory of change is that sustainable access to markets will stimulate the local economy along the road network whilst direct employment of poor and vulnerable groups in road construction and maintenance will also reduce poverty. Evidence from previous phases of RAP and other labour-based infrastructure projects highlight positive impacts on poverty reduction.

This summary note takes stock of these achievements but also posits this against a wider framework by contextualising RAP within a more expansive set of objectives in the development context of Nepal. This underpins broader Value for Money (VfM) considerations of the design of the programme, and asks if RAP is doing what it does well and if so, how this aligns with the wider and more complex picture of development policy in Nepal.

### 2. Poverty in Nepal and the case for RAP

The incidence of poverty in Nepal is high, and whilst there is significant variation across the country by different development regions, the highest incidence of poverty is located in the Mid and Far West regions of the country (DFID 2013). MEL's baseline study shows that the overall poverty rate across the core project districts is 53% with significant caste and ethnic variation. A key factor to this is the remoteness of these districts which limits access to markets and other basic needs. *"There is strong evidence that providing basic road connectivity to rural villages can generate significant social and economic benefits"* (Hine and Starkey 2014). Remoteness is highly correlated with poverty. Within this context of isolation-induced poverty and lack of livelihoods opportunities (a factor in traditionally high seasonal outward migration) there is a strong case for national policies, with support from donors, to improve connectivity for isolated and poor areas of the country as part of a poverty reduction strategy.

Logic would dictate that the quickest way to enhance connectivity to isolated areas is to employ a mechanised approach to road construction and maintenance with machines and equipment. This approach whilst (mostly) suitable for larger national highways (particularly within the Strategic Road Network in Nepal) has largely been substituted in favour of labour-based approaches to road construction and maintenance when considering rural road connectivity. Whilst results are generally slower, a labour-based approach has the advantage of generating employment which can be targeted to the poor where 'costs' of labour can equally be seen as a 'benefit' through direct wage transfers. This has a strong equity rationale and is favoured amongst most stakeholders in Nepal. Such projects are commonly termed employment-led infrastructure projects or public works programmes (PWPs)<sup>1</sup> and provide a dual benefit of addressing access and market based challenges through asset creation and maintenance as well as providing much needed employment opportunities to seasonally underemployed poor and vulnerable groups in the form of 'cash for works', contributing to a poverty reduction agenda.

### 3. The RAP approach

RAP1 and RAP2 demonstrated the effectiveness of labour-based works programmes in reaching the poor. In these phases, RAP engaged in road construction works by employing and providing wages to the poorest households living along road corridors through the formation of Road Building Groups

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<sup>1</sup> For a typology of PWPs and employment-led and employment-intensive infrastructure projects, refer to Harris, McCord and Sony (2013) *'Politics of national employment guarantee scheme in Nepal: an initial assessment of feasibility'*

(RBGs). It targeted those living below the poverty line and also ensured direct targeting of women and establishing quotas to ensure that they benefitted disproportionately (DFID Business Case 2013). Evidence generated by RAP highlights employment is effective in reducing short-term poverty through increase in income, reducing household debt levels, increasing investment in income generating activities and imparting productive skills. RAP2's Project Completion Report (2013) states that over 14,000 poor and disadvantaged families doubled their income during the project period whilst DFID's RAP2 Completion Review (2013) states 12,000 people were directly lifted out of poverty through waged employment on the project. This is in addition to wider impact along the road network. Pilots from RAP2 developed a feasible approach to sustaining long term funding for maintenance through a Government of Nepal and multi-donor approved Sector Wide Approach (SWAp).

RAP3 has built on its predecessor's achievements. RAP's focus has shifted from road construction to road maintenance. RAP's implementation of its Local Road Network (LRN) component has a sound engineering design and is executed with strong technical oversight, as examined by MEL's LRN Review. It maintains good working relationships with DDCs through technical assistance embedded in DDC offices in the SWAp pilot districts to build local government capacity. Road Maintenance Groups (RMGs) – poor and vulnerable people formed in groups for maintenance works – piloted in previous phases are now a critical feature of the project. The RBG and RMG approach is well received by local and national stakeholders including direct beneficiaries involved in the works. RAP's socio-economic development (SED) component complements the LRN component by seeking to ensure rural infrastructure investments stimulate local economic activity. RAP is attempting to directly facilitate poor people to take advantage of economic opportunities of better road access.

#### 4. Placing RAP in the wider development context of Nepal

RAP's labour-based approach provides space to employ poor people within the scope of the programme. Arguably this has helped keep a pro-poor labour based policy orientation to rural infrastructure works on the national agenda. When contextualising RAP's contribution within the wider development framework in Nepal, it is clear that PWP are attractive to the Government of Nepal because of their ability to boost economic development through the creation and preservation of infrastructural assets as well as providing employment opportunities and income benefits to poor groups in the country. PWPs *“represent a hybrid form of instrument, which is part social protection and part labour market policy”* (Slater and McCord 2009).

One of the policy results articulated by DFID in its Business Case is that RAP's experience feeds into the design of a national rural employment guarantee scheme (and hence why further Technical Assistance by DFID is on-going to the Kernali Employment Programme). This *“will increase the effectiveness of RAP by increasing the impact beyond RAP implementation...and the development of Nepal's wider social protection framework.”* (DFID Business Case 2013). RAP therefore sits at the nexus of poverty and vulnerability reduction via economic development and social protection in its support to Nepal's development context.

Yet poverty definitions in Nepal are only broadly defined (using income metrics) and a key concern is that the definition of *chronic* or *extreme* poverty, as well as vulnerability, in Nepal is less well understood. *“There are serious gaps in our understanding of chronic poverty in Nepal...”* (DFID 2013). This manifests itself in RAP's simple articulation of its primary objective: to reduce poverty in the Mid and Far West region of Nepal. This is despite it being a region that suffers *more* acutely from *chronic* poverty. In the wider context of PWPs stimulating economic growth and also providing social protection benefits to the poor, it is imperative to have a *clearer* understanding of differentiated poverty dynamics. *“The more important pro-poor studies disaggregate the benefits of economic growth for different groups, clarifying whether poor people are benefiting from the investment*

*interventions and/or the resulting economic growth.*" (Hine and Starkey 2014). This requires both a clearer articulation of how RAP systems and approaches feed into a social protection policy framework but also how this framework guarantees reduction in poverty and vulnerability for the very poorest groups.

## 5. Where could RAP improve?

Despite the lack of differentiation between poverty in general and *chronic* poverty, RAP's objective of poverty reduction (in the broadest sense) has three thrusts: (i) the wage transfers for direct beneficiaries engaged in RBGs and RMGs; (ii) SED support for households living within the RAP road corridors; and (iii) through economic growth stimulated by road access. The DFID Business Case (2013) for RAP3 states that wages lifted 12,000 people directly out of poverty in the last phase of RAP, yet there is little analysis on how far beneath the poverty line (i.e. the poverty gap) these beneficiaries were before the project (i.e. the nature of their poverty) and there is scant post-project evidence on the sustainability of these gains. Road building or maintenance group members gain temporary income and skills, and an assumption is made that this income can help some of them gain more permanent benefit from investment in setting up businesses. In addition RAP concede that the SED approach did not work well in the Western districts under RAP2; however it has pursued a strategy of scaling up SED in the same districts under RAP3 (RAP3 presentation 2015). MEL research has highlighted a number of fundamental aspects of the SED strategy that require review, including targeting, the sustainability of impact on household incomes, inadequate attention paid to the social aspects of inclusion, and the appropriateness of SED support for the poorest households and those located in areas of weak market development. This brings into question the long-term viability of the SED component in terms of its impact on increasing food security and incomes of direct beneficiaries.

Whilst the short-term poverty reducing benefits of road works for direct beneficiaries is not in question (as well as the longer-term *transformative potential* for these beneficiaries), what is in question is the articulation of a process or theory of change of *how* direct transfers are used by beneficiaries to 'graduate' out of (chronic) poverty, substantially reduce vulnerability and the longer term sustainability of these effects. *"It is often anticipated that skills development and capital or material accumulation resulting from wage inputs will complement the asset creating function of the PWP to promote livelihoods and 'graduation'"* (Slater and McCord, 2009). In addition to the immediate wage income that labour-based programmes transfer to participants, a programme's success should also articulate the extent of the benefits of training and skills received by participants (Devereux and Solomon 2006). The time-frame of RAP and the length of time RBG and RMG members are involved permits thinking of a 'graduation' pathway whereby household wages, reduction in debts, savings, reinvestment (in agriculture or other productive areas) and skills together lead to sustained graduation out of (chronic) poverty or from the programme (where beneficiaries no longer require support and there is strong evidence that they have skills and resources required for higher productive forms of employment or income generating activity).

Other related areas of consideration include closer examination of gender-disaggregated impacts of employment and the average number of days employed per worker per year. Both can play a role in enhancing results measurement to feed into a more comprehensive assessment of poverty reduction via pro-poor public works. Gender is not adequately mainstreamed into the programme beyond a strict mandate of representative quotas for women. Yet the average number of days of employment per year is less for women than for men in the majority of RAP working districts. A possible reason is that women generally do 'lighter' tasks of which fewer days are required. More significantly this could inadvertently reinforce detrimental and undesirable gender norms, particularly as *"...gender equality objectives have mostly only been incorporated into public works programmes as secondary goals, despite the evidence on the gendered nature of rural poverty and vulnerability."* (Holmes and Jones

2011). Further research is needed to understand gendered issues of poverty and public works programmes.

The programme places emphasis on the number of employment days generated through its activities but it may be more helpful to think about the average (gender disaggregated) number of employment days generated per beneficiary per year. The project could then track the proportion of beneficiaries above an acceptable ‘threshold’ of average days’ employment per year over the project period. This could be a better measure of performance toward poverty reduction through employment as well as help understand the minimum number of employment days that ensures ‘income or consumption smoothing’. This learning could then also feed into discussions on the formulation of a national rural employment guarantee policy. Articulating ‘sequencing’ or ‘layering’ of activities (Slater, McCord and Mathers 2014) could assist thinking on ‘graduation’ which would put direct poverty reduction squarely back at the heart of the programme.

## 6. Re-locating RAP in Nepal’s development context

RAP’s evolution over three rounds of implementation demonstrates that important learnings have been fed back into the design of each new phase of the project. Yet there is still a wealth of research questions for RAP, DFID and the Government of Nepal to further investigate and improve understanding of different dimensions of poverty in Western Nepal, and the role that social protection and rural access programmes can play in tackling poverty. RAP has put in place strong systems, processes and procedures on engineering aspects of road building and maintenance as well as helping strengthen district government systems and capacity. However it could be argued the project leans too heavily on technocratic matters without equal consideration on other processes and factors (i.e. the social angle) that are important for programmes where the *primary* concern is poverty reduction. Whilst it is important to articulate the VfM drivers of the programme across the 3E’s of economy, efficiency and effectiveness, RAP’s *relevance* in the *broader development and policy context* in Nepal is critical to VfM realisation. The case in point is articulated in the VfM section of the DFID RAP3 Business Case (2013) where RAP’s impact should go *beyond* implementation, by influencing the design of the Government of Nepal’s Rural Employment Guarantee Scheme.

The World Bank notes that for PWP’s to be successful, it is important to: a) have clear objectives; b) select projects that can create valuable public goods; and c) ensure predictable funding (Del Nino et al 2009). However creating a clearer objective in terms of the linkage between economic development and social protection is not as cohesive as it could be. There are synergies between social protection and economic development (Slater, McCord and Mathers, 2014) that have not yet been fully exploited by RAP. One constraint to this is that the social protection framework in Nepal is itself under-developed and lacks policy cohesiveness across the many ministerial departments. However coherence between RAP and its sister component KEPTA deserves further examination.

Market and infrastructure development, poverty reduction and social protection policies are not mutually exclusive; RAP demonstrates the potential possibility of rationalising its approach by instituting the best aspects (e.g. quality of road assets constructed and maintained) within a broader social protection strategy. Re-locating RAP in the overall development context of Nepal is essential for a more holistic understanding of complex poverty dynamics in the country and formulating policy responses to this.

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