

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division : SANS

TA No., Country and Name: TA4759-NEP: Reaching the Most Disadvantaged Groups in Mainstream Rural Development		Amount Approved: \$685,000.00		
		Revised Amount: \$685,000.00		
Executing Agency: Department of Women Development; Ministry of Women, Children and Social Welfare		Source of Funding: Poverty Reduction Cooperation Fund	Amount Undisbursed: \$91,624.25	Amount Utilized: \$593,375.75
TA Approval Date: 22 Dec 2005	TA Signing Date: 16 Feb 2006	Fielding of First Consultant: 7 June 2007	TA Completion Date Original: 31 Jan 2008 Actual: 30 June 2008	
			Account Closing Date Original: 31 Jan 2008 Actual: 31 Dec 2008	

Description

Poverty in Nepal remains concentrated among the rural poor, women and various disadvantaged ethnic and caste-based groups. The Nepalese society is multiethnic, with complex variations in caste, language, and religion. Impact assessments of most of the rural development programs show that the most disadvantaged groups, the poor from low caste and ethnic minority groups, have not benefited of these projects, even when specifically targeted. Conventional delivery mechanisms have not always been sufficient to reach the most disadvantaged households, although they represent more than 1/3 of the rural population and are confronted with the challenges of (i) ensuring the food subsistence and basic needs of the family, and (ii) improving their labor productivity. These basic needs prevent the participation of the most disadvantaged in development programs that do not have special features to target them. A mechanism to effectively include the most disadvantaged groups is needed, to (i) avoid inequitable distribution of benefits of development programs, and (ii) to ensure that change of behavior of the most disadvantaged is translated into positive socio-economic development during mainstream development projects. The Project therefore included as innovative mechanism to effectively reach the most disadvantaged groups of the society the Household Development Grant (HDG) a small in kind and cash transfer to the most disadvantaged households of a community, conditional on them attending community activities and development skills training programs. The conditional cash transfer (CCT) is to be used both to meet urgent needs of households (livelihood protection) and to build lasting assets for additional income (livelihood promotion).

Expected Impact, Outcome and Outputs

The expected impact of the TA was to reduce extreme poverty and discrimination among 1,000 most socially and economically disadvantaged households in 4 districts of rural Nepal, Bajhang, Jumla, Mahottari, and Rahuthahat, through increased effective participation of women, including ethnic and low castes women, to the activities of mainstream development projects and, in particular, of the ADB-funded Loan No. 2143-NEP: Gender Equality and Empowerment of Women (GEEOW) Project. The main expected outputs of the TA were (i) improved socioeconomic status of the most disadvantaged households; (ii) improved sociocultural environment for these households, which allows them to participate in community decision-making processes and development programs; and (iii) strengthened capacity of local governments to (a) identify the most disadvantaged households and implement programs for their livelihood, (b) monitor the impact of interventions on them, and (c) to include the most vulnerable groups, through the implementation of a HDG. The activities of this TA were to allow the most disadvantaged groups to graduate from extreme poor to poor and therefore to participate in mainstream development programs.

Delivery of Inputs and Conduct of Activities

The TA objective was relevant to the need of the Government of Nepal and in line with its new 5-year development plan, which includes social inclusion of the most disadvantaged groups into mainstream economy. The Department of Women Development (DWD), the executing agency (EA), assigned a DWD director as TA coordinator and a full-time section officer. The TA included the engagement of (i) Institute for Integrated Development Studies (IIDS), a national non-governmental organization (NGO), recruited through the single source selection procedure, for external monitoring and evaluation, capacity building of the women development officers, social mapping, and reporting on lessons learned, and (ii) local NGOs as social intermediaries, in addition to the DWD social intermediaries.

The TA design and the Terms of Reference (TOR) were in general adequate. However, due to the delay in the TA start-up by 2 months and the closure of the Poverty Reduction Fund (PRF) in June 2008, the actual implementation period for the HDG was reduced to 12 months instead of the planned 24 months. This put some pressure on the implementation of the TA as the two-step approach to poverty reduction, involving livelihood protection and promotion over 24 months had to be compressed into 12 months. Furthermore, the implementation of TA activities was slowed down, if not stopped, in the Terai districts, because of the political unrest and the floods.

Approval, start up and implementation of the TA were seriously delayed due to the political and security situation in the country

¹ In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

and ADB's cautious approach to proceed with operations in Nepal at that time. The original implementation schedule was for 24 months starting from January 2006. The TA start-up was delayed by a 2-month late signing of the TA letter and the consultants were mobilized with 10-month delay as the EA requested ADB to engage them directly. Because of this, the completion date had to be extended twice for a total cumulative extension of 5 months, to allow the implementation of the TA activities in the Terai, and the EA to claim eligible expenses. The last extension required also a contract variation to allow the consultants to claim the final eligible expenses.

Once the selection of IAs was finalized, project activities of social mobilization and community mapping were carried out simultaneously by the DWD and the local NGOs. This practice proved effective as it resulted in strengthened capacity of local bodies in mapping and including the most vulnerable households in development programs.

Four ADB review missions (inception, mid-term, and review missions) were carried out, jointly with the missions of the GEEOWP. This was considered adequate and complemented by regular contacts with the team leader.

Evaluation of Outputs and Achievement of Outcome

While the Household Development Plan (HDP) Preparation and Grant Mobilization Guidelines were finalized timely at the start up of the TA, the EA slowed down the TA implementation in the second quarter of year 1 because of the (i) selection of the local NGOs as implementing agencies (IA), and (ii) the preparation of the individual households' development plans. The EA did not have systems in place for the selection of local IAs and therefore they had to develop first the 'Guidelines for Appointing and Mobilizing Partner NGOs and Community-based Organizations (CBOs)'. Although this delayed the start up of the field activities, it helped the EA developing processes and skills for the outsourcing of project activities. This will benefit the implementation of the GEEOW Project.

The TA consultants submitted Inception, Interim and final reports and 2 Action Learning Monitoring Reports. The closure of the PFR did not allow the dissemination of the lessons learned. Also the assessment of social and institutional changes and the replication strategy to be done by the consultants had to be rushed. Nevertheless, the performance of the consultants was overall satisfactory.

The uniqueness of this Project was that it provided support not only for the livelihood promotion but also for the basic needs of the most disadvantaged. Furthermore, the project passed on the grant directly to the targeted households. The TA activities managed to reach the targeted 1,000 poorest of the poor households, providing them 350\$ HDG each, in the most remote areas of the country. This not only improved their economic conditions (through participation in livelihood promotion activities) but also reduced their social exclusion (through the attendance in community activities and development skills training programs). The long term sustainability of this one-time CCT will have to be ensured through the involvement of these highly vulnerable groups in other mainstream development programs.

Overall Assessment and Rating

The TA was generally successful as it achieved the expected outcomes as per its TOR. This provided a solid basis for the Government to implement efficient CCTs programs. In fact, with the guidelines developed under the TA and based on the impact assessed in the field, DWD was able to replicate the approach of the CCTs developed in this TA in 15 additional districts. MOF allocated funds from the national budget as the CCT program was seen as a sustainable approach to reach the most disadvantaged groups and graduate them from extreme poor to poor.

Major Lessons

ADB financed the DWD officer in charge of the TA to go to the Third International Conference on CCT, organized by the World Bank and held in Istanbul in June 2006, for him to get familiar with worldwide best practices on CCT programs and facilitate the implementation of the TA. The international exposure and the content of the conference were very useful to build the confidence and knowledge of the officer. Unfortunately, few months after attending the conference, the officer was replaced without any prior notice to ADB and his knowledge was lost from the TA team. Commitment from the EA should be sought for post-attendance continued role in the project.

The fixed amount of HDG (US\$ 350) for both the Hill and Terai districts, irrespective of the distance and remoteness, made the scheme somehow less flexible. Furthermore, the fixed amount was known to the communities in US dollar (USD), instead of in the local currency. However, with a floating exchange rate and a devaluing USD, the Project was short of funds for the HDG but had still to provide the households with the promised amount.

Targeting the poorest of the poor that have been excluded for decades from mainstream society is time consuming as the implementers can't jump to the distribution of the CCT without having built the capacity of the beneficiaries and the community. Duration should be longer for this type of targeted projects and implementation arrangements should be flexible. Furthermore, the implementation of such projects should be avoided in areas with political unrest until the sense of community is rebuilt, unless the timeframe and the design allow it.

Recommendations and Follow-Up Actions

An impact assessment is recommended to help developing a strategy to replicate the grant mechanism on a larger scale and in donor-funded projects so that the most disadvantaged groups are benefited by development programs. Other donors in Nepal were interested in such impact assessment, also in the context of social inclusion.