

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Nepal Resident Mission

TA No., Country and Name:		Original Amount: \$350,000	
TA 4760-NEP: Enhancing Poverty Reduction Impact of Road Projects		Revised Amount: 350,000	
Executing Agency: Department of Roads		Source of Funding: Poverty Reduction Cooperation Fund	Amount Undisbursed: \$59,641.23
			Amount Utilized: \$290,358.77
TA Approval Date: 3 January 2006	TA Signing Date: 21 March 2006	Fielding of First Consultant: 2 May 2006	TA Completion Date Original: 31 August 2007    Actual: 31 December 2007
			Account Closing Date Original: 31 August 2007    Actual: 31 March 2008

### **Description**

The Tenth Plan of the Government of Nepal (the Government) highlighted the need to address chronic poverty and social exclusion. In line with the Tenth Plan, ADB's Country Strategy and Program 2005-2009 (CSP) aimed to foster broad-based economic growth and inclusive social development in order to achieve sustained poverty reduction. ADB's support for a more inclusive development was expected to assist the Government to improve access of the poor to basic services, enhance their opportunities for economic advancement, boost their participation in the development process, and address disadvantaged groups' needs more directly and effectively. A major focus of the Tenth Plan and ADB's CSP in the transport sector was to increase connectivity to foster broad-based and inclusive growth.

Nevertheless, the poverty focus and intervention concept was still new to the transport sector agencies, especially the Department of Roads (DOR), which is the key government agency responsible for construction and maintenance of the country's strategic road network. It lacked clear guidelines, systems, and staff with skills necessary to address poverty issues in its operations. In the absence of adequate poverty intervention support, the majority of poor people in the vicinity of road project sites were less likely to benefit from road construction and upgrading. The Government and ADB designed an advisory TA to address these weaknesses. The TA was consistent with ADB's CSP and the Tenth Plan, which emphasized the importance of capacity building.

### **Expected Impact, Outcome and Outputs**

The TA aimed to help the Government implement a pilot project and develop DOR's capacity for enhanced poverty reduction impacts from its road projects. The TA objectives were: (i) enhanced skills and income generation capacity among wage laborers and poor households; (ii) institutional strengthening of local non-government organizations (NGOs) to serve the poor; and (iii) increased DOR capacity to enhance poverty reduction impacts of road projects. The planned outputs included: (i) wage laborers and poor households organized under a pilot scheme; (ii) poor households receiving skills training and income generation support; (iii) local NGOs receiving institutional development support; and (iv) interim guidelines prepared for DOR.

### **Delivery of Inputs and Conduct of Activities**

A total of 98 person months of consulting services including 1.5 person months of an international expert, 31.5 person months of domestic experts, and 65 person months of NGO staff were provided. The TA was implemented over a 22 month period, compared to the original schedule of 18 months. An extension of the TA completion date was required due to delays in mobilization of consultants, and frequent strikes and closures (*bandhs*) in the project districts. The TA consultants and NGOs effectively organized the TA activities delivering the targeted outputs and their overall performance was satisfactory. The DOR's Interim Guidelines for Enhancing Poverty Reduction Impact of Road Projects (the Guidelines), prepared under the TA, were approved by the Government on 7 September 2007. The TA outputs fully met the targets and were achieved in a cost effective manner with about 17% saving in the TA budget. A working committee comprising officials from DOR coordinated TA activities. DOR's existing Geo-Environmental Unit was expanded during the TA period to incorporate the social aspects of road development projects and was renamed as Geo-Environmental and Social Unit (GESU). The DOR officials participated in training programs to disseminate the lessons from the project as well as the provisions in the Guidelines. Both the training of trainers and orientation training programs were well received by the participants. DOR provided adequate office accommodation, logistical support, and counterpart staff for the project. Overall, the performance of DOR was satisfactory. ADB closely supervised the TA activities and outputs through regular review missions, mostly together

with Loan 1876-NEP: Road Network Development Project (RNDP), to assess TA progress and resolve implementation issues. ADB staff actively facilitated TA activities, coordinated consultants' field visits, monitored their outputs and provided guidance in the preparation of TA reports. ADB staff also followed-up with the Ministry of Physical Planning and Works (MPPW) for approval of the Guidelines prepared under the project. The DOR and MPPW have appreciated ADB's role in facilitating and guiding TA activities. The overall performance of ADB was satisfactory.

#### **Evaluation of Outputs and Achievement of Outcome**

The reports prepared under the TA have been well received by the Government. The Guidelines prepared under the TA are based on regional and international best practices and will help mainstream poverty reduction activities in road construction and maintenance in Nepal. The training programs helped increase awareness of DOR officials about poverty reduction approaches and provisions in the Guidelines. The expansion of the "Geo-environmental Unit" into the GESU will enable DOR to better handle relevant issues within the department. In order to sustain the impacts of the TA, DOR needs to further strengthen the GESU by effectively enforcing and monitoring implementation of the provisions in the Guidelines.

Against the target of 500 households (HH), 730 HH were organized under the pilot scheme. Members from 705 HH were provided with skills training and income generation support. Of these, 658 HH received micro-finance assistance and 356 HH started income generation activities. The pilot project was well received by the targeted beneficiaries, over 80 percent of whom were women. Four local NGOs received financial and institutional assistance under the project and they have successfully delivered the targeted outputs.

In summary, the TA outputs were effective and are likely to be converted into the expected outcomes. With the Government approval of the Guidelines and training of DOR staff on the Guidelines, DOR is now capable of integrating poverty reduction aspects in to its road projects. The four NGOs, which are affiliated with the Rural Microfinance Development Center (RMDC), have developed their capacity and are expected to continue their micro-finance services in the project areas even after the project completion. The households that have enhanced their skills and income generation capacity by participating in the pilot activities are expected to further benefit from the improved access to markets after construction of RNDP roads.

#### **Overall Assessment and Rating**

The TA objective, design, and implementation arrangements were relevant to the country context, the Government's priorities and ADB's CSP for Nepal. The TA improved the capacity of DOR to enhance poverty reduction impacts of its road construction and maintenance by implementation of a pilot project, preparation of the Guidelines and training programs. The Government's approval of the Guidelines was an important achievement for the sustainability of the TA achievements. OED's recent special evaluation study of ADB's poverty reduction trust funds has rated the TA as "highly relevant", "highly effective", "highly efficient", and "highly sustainable".<sup>1</sup> Overall, the TA is rated as highly successful.

#### **Major Lessons**

The Government's timely approval of the Guidelines (key TA output) was possible due to the fact that the EA had strong ownership of the TA and there was continuous follow-up by ADB staff. It confirms that the EA's ownership should be emphasized while designing and implementing the TA. On the other hand, the initial delays in recruitment of consultants and NGOs and unfavorable local security situation during implementation resulted in overall delays in TA completion by four months. A lesson learned is that the consultant/NGO selection process should be further simplified and that adequate time allocated for TAs involving field-level activities, particularly those implemented in difficult security situations.

#### **Recommendations and Follow-Up Actions**

While significant progress has been achieved in awareness raising and adoption of the Guidelines on enhancing poverty reduction impact of road projects, some follow up actions are needed to ensure that the impacts of the TA are sustainable. In particular, the DOR needs to (i) strengthen the GESU for further information dissemination and awareness raising on the Guidelines; (ii) continue training programs on the Guidelines in the DOR's annual training schedule; and (iii) monitor implementation of the Guidelines. ADB needs to follow up with DOR on implementation of the aforementioned measures. It is recommended that this is also revisited during processing of new ADB projects in the road sector.

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<sup>1</sup> ADB. 2008. *Special Evaluation Study of ADB's Poverty Reduction Technical Assistance Trust Funds: Poverty Reduction Cooperation Fund (PRF) and Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies (NPRS)*. Manila.