

Validation Report
April 2022

Nepal: Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities

Reference Number: PVR-883
Project Number: 49202-001
Grant Number: 9180



Raising development impact through evaluation

ABBREVIATIONS

ADB	– Asian Development Bank
CLPIU	– central-level project implementation unit
DMF	– design and monitoring framework
DRM	– disaster risk management
EEAP	– Earthquake Emergency Assistance Project
FSMD	– Financial Sector Management Division
FY	– fiscal year
GESI	– gender equality and social inclusion
ICT	– information and communication technology
JFPR	- Japan Fund for Poverty Reduction
MOEST	- Ministry of Education, Science and Technology
MOF	- Ministry of Finance
MTR	- midterm review
NRA	- National Reconstruction Authority
PCR	- project completion report
PDNA	- post-disaster needs assessment
SFC	- small farmer cooperative
SFDB	- Small Farmers Development Bank
SMC	- school management committees
SSDP	- School Sector Development Plan
TA	- technical assistance

NOTE

In this report, “\$” refers to United States dollars and NRs as Nepal Rupees.

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PROJECT BASIC DATA

Project number	49202-001	PCR circulation date	17 Dec 2021	
Grant number	9180	PCR validation date	Apr 2022	
Project name	Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities			
Sector and subsector	Education	Education sector development		
Strategic agenda	Environmentally sustainable growth Inclusive economic growth			
Safeguard categories	Environment		C ^a	
	Involuntary resettlement		C	
	Indigenous peoples		C	
Country	Nepal		Approved (\$ million)	Actual (\$ million)
ADB financing (\$ million)	ADF: 0.00	Total project costs	17.80	16.46
	OCR: 0.00	Loan	0.00	0.00
		Borrower	1.30	1.15
		Beneficiaries	0.00	0.00
		Others: Small Farmers Development Bank	1.50	1.49
Cofinancier	Japan Fund for Poverty Reduction	Total cofinancing	15.00	13.81
Approval date	7 Oct 2015	Effectiveness date	7 Mar 2016	8 Jan 2016
Signing date	8 Dec 2015	Grant closing date Financial closing date	31 Mar 2019 –	30 Nov 2019 18 May 2020
Project officers ^b	N. Giri M. Ozaki	Location Nepal Resident Mission ADB headquarters	From Jan 2016 Jan 2016	To Nov 2019 Nov 2019
IED review Director Team leader	N. Subramaniam, IESP F. De Guzman, IESP ^c			

ADB = Asian Development Bank, ADF = Asian Development Fund, IED = Independent Evaluation Department, IESP = Sector and Project Division, OCR = ordinary capital resources, PCR = project completion report.

^a Based on PCR (para. 32), the screening of subprojects confirmed the classification for environment as category C.

^b Data provided by the PCR team. It was noted that the above were the project officers from project effectiveness to closure.

^c Team members: G. Kilroy (quality reviewer), F. De Guzman (Senior Evaluation Officer), C. Dingcong (consultant).

I. PROJECT DESCRIPTION

A. Rationale

1. On 25 April 2015, a major earthquake struck Nepal followed by a strong aftershock on 12 May 2015. These affected 31 of the 75 districts in Nepal which caused 8,790 deaths and over 22,300 injuries.¹ The most severely affected areas were the 14 districts in the central and western regions with a total population of 5.4 million.² The post-disaster needs assessment (PDNA)³ launched by the government on 22 May 2015 estimated the total damage at Nepal Rupees (NRs) 706 billion, of which 73% represented the value of physical assets destroyed, and 27% reflected higher costs of and losses in the production of goods and services arising from the calamity.

¹ ADB. 2015. *Proposed Administration of Grant for Nepal: Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities Project*. Manila.

² The districts were Bhaktapur, Dhading, Dolakha, Gorkha, Kabhrepalanchok (Kavre), Kathmandu, Lalitpur, Makwanpur, Nuwakot, Okhaldunga, Ramenchhap, Rasuwa, Sindhuli, and Sindhupalchowk.

³ National Planning Commission. 2015. *Nepal Earthquake 2015 Post Disaster Needs Assessment*. Kathmandu.

2. The 14 severely affected districts were essentially rural, agriculture-based areas, which accounted for about 13.6% of the total number of people living below poverty line across Nepal. Livelihoods in these areas were affected by damage to livestock, crops, and agro-based cottage industries. Due to the income shock caused by the disaster, it was estimated that at least 700,000 people would likely fall into poverty in 2015. The affected rural districts comprised 20% of Nepal's total road networks and 23% of total schools. Rural households' access to essential physical infrastructure, social services, and education was severely disrupted in these areas. Affected households needed immediate access to financial services to help them recover their livelihoods and income-generating activities.

3. In response to the disaster and in line with the PDNA, Asian Development Bank (ADB) proposed to administer a Japan Fund for Poverty Reduction (JFPR) grant of \$15.0 million for the Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities in Nepal (the project).⁴ The project's rationale was hinged on the need for transitional assistance to rebuild or retrofit schools damaged by the earthquake, restore the livelihoods of affected households and communities through quick transfer of resources, and enhance disaster resilience through awareness building and training.

4. The reconstruction and retrofitting of schools were envisaged to help normalize education services and maintain enrollment attendance, and provide better learning space and a safer environment. The provision of concessional microcredit was envisioned to restore the livelihoods of affected households as commercial funding sources were prohibitive. Awareness building and training on disaster-resilient construction were necessary to enhance the communities' resilience to future disasters. The project was to complement ADB's Earthquake Emergency Assistance Project (EEAP),⁵ which aimed at supporting the reconstruction and retrofitting of schools in the 14 severely affected districts and strengthening awareness and capacities for disaster risk management at schools.⁶

B. Expected Impact, Outcome, and Outputs

5. The envisaged project's impact was improved equity and enhanced social inclusion and enhanced disaster preparedness and resilience of earthquake-affected communities. The envisioned outcome was restored livelihood and schooling in poorer and more severely affected communities with better disaster resilience. The project had three expected outputs: schools in poorer and severely affected districts constructed or rebuilt as model disaster-resilient schools; microcredit facility for livelihood restoration provided to members of small farmers' cooperatives (SFC); and disaster risk management capacity of affected communities strengthened.

C. Provision of Inputs

6. In October 2015, ADB approved a JFPR grant of \$15.0 million for the project and became effective in January 2016. The project was expected to be completed by September 2018, with

⁴ ADB. 2021. *Completion Report: Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities Project in Nepal*. Manila.

⁵ There were three phases of ADB's earthquake response: Asia Pacific Disaster Response Fund grant of \$3 million for Nepal Earthquake Disaster Response Humanitarian Assistance approved on 27 May 2015; a loan of \$200 million for the EEAP approved on 24 June 2015, and the grant from the JFPR of \$15 million for the project (footnote 1, para. 15).

⁶ ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to Nepal for the Earthquake and Emergency Assistance Project (Loan 3260)*. Manila.

the grant's closure by March 2019. The closing date was extended for eight months (November 2019) due to delays in the implementation of output 1 (i.e., the construction and rebuilding of model disaster-resilient schools) mainly because of the late completion of the school selection process and of the finalization of design guidelines, and the subsequent construction delays.

7. At appraisal, the project cost was estimated at \$17.8 million. The actual cost at completion (\$16.46 million) was lower by 7%. The cost of civil works in output 1 increased from \$7.0 million to \$8.1 million due to the high unit cost per model school. This was offset by the significant reduction in the cost of consulting services under output 1 and the cancellation of the disaster risk management (DRM) training for schools under output 3. The grant proceeds were reallocated and approved on 2 November 2018 through a minor change in scope.⁷

8. The procurement plan was adopted for the selection of consulting services, civil works, and equipment supply, except for the engagement of specialized national private sector service providers for the training programs, which used the shopping procedure following ADB's approval (Project Completion Report [PCR], para. 26). Consulting services for the implementation of output 1 was substantially reduced from 103 person-months to 9 person-months. Of the seven originally planned individual consulting positions, only the international engineering advisor was engaged. Four national consultants (i.e., project management, coordination, procurement and financial management, and architecture and building design) were not engaged because of the support provided by the design and supervision consultant engaged under the EEAP. The planned consultancy for the development of DRM-related, school-based training was not engaged as the training was undertaken through a technical assistance (TA 8910) attached at the EEAP.⁸ The services of an information and communication technology (ICT) specialist was deemed unnecessary. In 2016, the services of an architect and structural engineer were engaged by the central-level project implementation unit (CLPIU) to assist with the rapid assessment of the scope of works and cost for the selected model schools. For outputs 2 and 3, the services of two national consultants were increased in view of the project implementation extension. The services of the microfinance cooperative specialist were increased from 18 person-months to 14 person-months and that of the project coordinator (rural financial specialist) from 14 person-months to 26 person-months. The PCR found the performance of the consultants satisfactory.

9. The PCR assessed the performance of contractors less than satisfactory. None of the four contractors completed their contracts within the stipulated 15 months for reasons within and beyond their control.⁹ In the case of suppliers and service providers, the PCR noted their satisfactory performance. ICT and laboratory equipment for 14 model schools were procured through four supply contracts using ADB's shopping procurement procedures. To expedite and expand the training programs, four service providers were engaged using the shopping procurement method.

⁷ ADB (South Asia Department). 2018. *Request for Approval of Minor Change in Scope, Extension of the Grant Closing Date and Reallocation of Grant Proceeds. NEP: Disaster Risk Reduction and Livelihood Restoration for Earthquake Affected Communities Project. Memorandum*. 2 November (internal).

⁸ ADB. 2015. *Support for Project Implementation of the Nepal Earthquake Rehabilitation and Reconstruction Program (TA 8910)*. Manila.

⁹ Factors contributing to the delays on the side of the contractors included: poor contract management; deployment of inexperienced personnel; insufficient and/or late mobilization of the work force; and subcontracting part of the works to small local contractors. Factors beyond the contractors' control were: delays in setting out the location of buildings; additional works due to site conditions not foreseen during the design; and disruptions due to legislative, provincial assembly, and local elections.

10. At appraisal, the project was classified category B for environment.¹⁰ Subproject selection criteria were formulated to avoid significant adverse environmental impacts for outputs 1 and 3, and to exclude output 2 subprojects with environmental impacts. The project was classified category C for involuntary resettlement and category C for indigenous peoples. Subproject selection criteria were also formulated to avoid land acquisition, involuntary resettlement impacts, and social risks.

11. The project was classified as effective gender mainstreaming, and a gender equity and social inclusion (GESI) plan was prepared. The plan addressed the post-disaster needs of women and vulnerable groups and their equal access to project benefits. Output 1 addressed the GESI concerns by rebuilding model disaster resilient schools aimed at meeting universal design accessibility standards for girl students. Output 2 supported microcredit access to women for livelihood restoration. Output 3 sought to improve knowledge of earthquake-resistant construction and raise disaster risk reduction awareness among women in affected communities.

D. Implementation Arrangements

12. As envisaged in the design, the National Reconstruction Authority (NRA), which was established in December 2015 prior to the grant effectiveness, was the project's executing agency.¹¹ The Department of Education under the Ministry of Education, Science and Technology (MOEST) was initially the implementing agency for output 1 and the associated activities under output 3. The PCR indicated that following the establishment of the NRA and the firming up of the overall reconstruction program in February 2016, the MOEST assumed the role of implementing agency for output 1 and the associated activities under output 3. In April 2018, NRA assumed MOEST's role as implementing agency to align administrative reporting arrangements with operational reporting arrangements. The Financial Sector Management Division (FSMD) under the Ministry of Finance (MOF) was the implementing agency for output 2 and other output 3 activities. The Small Farmers Development Bank (SFDB) was the partner financial intermediary under output 2.

13. As conceived in the design for output 1, the implementation arrangement under the EEAP was adopted. There was one CLPIU and 14 district-level project implementation units (DLPIUs) serving both the project and EEAP. The CLPIU was responsible for overall implementation while the DLPIUs were responsible for coordination with district-level authorities, school management committees (SMCs) and construction supervision. For output 2, the implementation arrangement under the Rural Finance Sector Development Cluster Program (cluster 2)¹² was adopted, with SFDB channeling the funds to SFCs for onlending to its members. For output 3, the FSMD, in consultation with SFDB, engaged four specialized service providers to deliver training on disaster-resilient construction and community-based disaster risk management to SFCs. A steering arrangement for the overall reconstruction program was established consistent with the NRA Act, rather than a project-specific arrangement. The implementation arrangements were adequate for delivering the expected outputs.

14. Of the 46 covenants, 43 were complied with, 2 partially complied with, and 1 not complied with. A partially complied covenant pertained to the establishment of a formal grievance redress

¹⁰ The screening assessment for subprojects confirmed that the classification for environment was category C (PCR, para. 32)

¹¹ In the interim, the MOF was the executing agency while the establishment of NRA was still in process.

¹² ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Technical Assistance Grant Nepal: Rural Finance Sector Development Cluster Program (Subprogram 2)*. Manila.

mechanism as the NRA's CLPIU failed to establish such mechanism.¹³ The other partially complied with covenant concerned the insufficient attention given to the JFPR Communication and Visibility Guidelines during project implementation. The covenant that was not complied with pertained to the use of single source selection for the engagement of the international engineering advisor. Instead, an individual consultant selection method was adopted.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

15. The PCR rated the project relevant. It indicated that the project was a response to the government's request for emergency assistance. The PCR noted that the project was aligned with the Country Partnership Strategy for Nepal 2012–2017,¹⁴ which promoted social protection through disaster risk management, skills development, and knowledge partnership. The project was aligned with the government's Fourteenth Period Plan fiscal year (FY) 2017–2019,¹⁵ which prioritized reconstruction, recovery, and self-sufficiency, among other things; and also the Disaster Risk Reduction National Strategic Plan of Action, 2018–2030, which highlighted a comprehensive approach to risk reduction in disaster management.¹⁶

16. The PCR indicated that the emergency grant assistance was appropriate, given the need to provide immediate and short-term assistance (i.e., quick support for priority recovery and reconstruction) to facilitate the transition from relief efforts to normal development through quick support for priority recovery and reconstruction. It noted that the minor design changes, including changes in the design and monitoring framework (DMF), were appropriate following the medium-term review (MTR) and completed with the requisite minor change in scope (footnote 7). It also noted that the eight project model schools, together with those established under the EEAP, were the first model schools constructed in line with the design concept of the new initiatives under the School Sector Development Plan (SSDP).¹⁷

17. This validation assesses that the project was well in line with the country's and ADB's strategic thrusts and priorities. The choice of modality was suitable since it allowed for a quick response and helped facilitate recovery and reconstruction. A few observed minor design weaknesses at project preparation, such as insufficient initial assessment on the scope of works, was due to the project's emergency nature.¹⁸ This precluded the conduct of a more thorough site assessment. For instance, the PCR noted that one of the six schools identified during the appraisal phase but was proposed to be added to the EEAP later on could not be rebuilt due to design issues, since the location was part of a heritage site.

¹³ The PCR indicated that grievances related to output 1 were reported through the project management information system developed under TA 8910 and were addressed.

¹⁴ ADB. 2013. *Country Partnership Strategy. Nepal, 2013–2017*. Manila.

¹⁵ The Government of Nepal, National Planning Commission. *14th Periodic Plan (FY2017–FY2019)*. Kathmandu.

¹⁶ The Government of Nepal. Ministry of Home Affairs. 2018. *Disaster Risk Reduction National Strategic Plan of Action 2019-2030*. Kathmandu.

¹⁷ SSDP is a national program supported by ADB and eight other development partners through sector-wide approach; ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Result-Based Loan and Technical Assistance Grant for Supporting the School Sector Development Plan*. Manila; The model schools under the SSDP were to establish a prototype for possible replication in other areas. These schools were equipped with disaster-resilient structural standards, improved learning space, science laboratories, better amenities, and ICT equipment.

¹⁸ For instance, the output and outcome targets for school construction/rebuilding that were based on preliminary unit cost estimates turned out to be significantly lower than the unit costs. During MTR, the unit cost was found to be significantly higher than the estimates at appraisal.

18. However, the DMF could have been revisited during the early stages of implementation so as to better articulate the outcome indicators since some of these deficiencies were already identified before the MTR (PCR, para. 7). Specifically, the indicators were not appropriately laid down. Hence, the targets could not be readily attributed to the project's expected results and outcome. The DMF included the restoration of school enrollment rates to pre-earthquake levels for primary and secondary schools as an outcome target associated with output 1, without clarifying whether it applies to the project's model schools only or to district-level enrollment rates in general (PCR, para. 7).

19. The PCR indicated that the development of the initial model schools concept was supported by ADB through the TA 7935-NEP: Capacity Development for School Sector Program,¹⁹ which was approved in November 2011 and closed on 28 Jun 2016 (5 months after the effectiveness of the project). Given this TA's thrust, the project could have anticipated the move toward "model schools".

20. Nonetheless, efforts were exerted to address most of these minor concerns in project design during the MTR. For instance, the number of targeted model schools was reduced to 8 (from 14) while the other 6 schools originally targeted for inclusion were built under EEAP, thereby preserving the original target of 14 model schools and allowing the project to remain within the grant financing. The approved changes in DMF were generally appropriate, timely, and aligned with the realities under which the project operated. The changes did not materially affect the project's scope and outcome and helped maintain the project's relevance at completion. Thus, this validation assesses the project relevant.

B. Effectiveness in Achieving Project Outcome and Outputs

21. The PCR rated the project effective. It indicated that of the three outcome targets in the revised DMF, two targets were exceeded or achieved, and one was not achieved. The PCR also indicated that of the four output targets after the MTR, one target was achieved while the others exceeded the targets.

22. In terms of outcome targets, the PCR indicated that the overall enrollment rate of the eight model schools in school year 2018/2019 increased by 18% from the pre-earthquake levels, although it noted that the outcome indicator was not well-defined. This validation notes that the breakdown of the increase in enrollment rates between primary and secondary schools could not be ascertained since the project covered only higher secondary schools. This reporting issue could have been readily rectified if this aspect was not omitted during the changes made in the DMF (para. 18).

23. On the second outcome target, the average real annual household income of the affected communities in 2018 was NRs273,000, which exceeded the pre-disaster level of NRs125,000. The second target was therefore exceeded. However, the third outcome target was not achieved. The trained SFCs did not prepare risk management plans since the training of SFCs did not cover DRM plans. The PCR indicated that the preparation of DRM plans could not be included as the authority to prepare these plans depended on the local government units, based on the state restructuring implementation in 2017.

¹⁹ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based grant and Technical Assistance Grant to the Government of Nepal for the School Sector Program (Grant 0272-NEP, TA7935)*. Manila.

24. In terms of outputs, of the original five indicators included in the DMF, the targets for four were achieved or exceeded, while one target was dropped after the change in scope following the MTR. Output 1—schools in poorer and severely affected districts constructed or rebuilt as model disaster resilient schools—was achieved. As targeted in the revised DMF, 8 model schools with disaster resilient features were rebuilt in 2019. These schools were provided with improved learning space, science laboratories, separate toilet facilities for boys and girls and for the disabled, and ICT and laboratory equipment. Output 2—microcredit facility for livelihood restoration provided to members of SFCs—was delivered. Livelihood restoration microcredit was provided to 16,324 affected borrowers in the first cycle of loans²⁰ in 2017, including 77% women, which exceeded the target of at least 12,500 affected borrowers including 60% women. Output 3—disaster risk management capacity of affected communities strengthened—was delivered. By 2018, community-based disaster risk management training was conducted in 42 SFCs with 81% women participants, exceeding the target of at least 30 SFCs with women comprising 50% of participants. Community-based disaster-resilient construction training was conducted in 132 SFCs in 2019, exceeding the target of at least 90 SFCs. However, the DRM training for school communities was dropped, since this type of training was to be undertaken under TA 8910. This was to ensure a uniform approach for DRM training across the schools under the project and those under the EEAP.

25. This validation notes that safeguard measures were compliant with ADB and country policies. The project's environmental assessment and review framework was aligned with that of the EEAP. No significant environmental safeguards were encountered during implementation. There was no impact on resettlement as land acquisition was not required since all new buildings were constructed within existing school premises. There was no adverse impact on indigenous peoples.

26. The four activities of the GESI Action Plan were completed, and the two combined quantitative gender-related targets were achieved. The target of at least 60% women borrowers of SFC-financed loans was achieved. Likewise, the target of at least 50% women participants in disaster resilience and risk management training was achieved. Access to microcredit helped women revive their livelihoods after the disaster. Given the achievements of the outcome and output targets, this validation assesses the project effective.

C. Efficiency of Resource Use

27. The PCR assessed the project efficient, based on process efficiency. Being an emergency project, an overall economic analysis was not undertaken at appraisal and completion. The PCR attributed the efficient rating to several factors. The microcredit line was disbursed within 15 months. The delay in project implementation particularly in the construction of model schools was offset by the quick disbursement of microcredit and timely completion of training programs. The approval of the minor change in scope was timely. The disbursement of grant proceeds was efficient resulting in 92% of proceeds disbursed. The reconstruction of schools contributed to the development of a cost-effective approach for upscaling the concept of model schools.

28. This validation notes that the only delay was in rebuilding model schools (output 1). Other outputs were completed within schedule. The extension of 8 months was suitable given the circumstances underlying the reconstruction processes in a post-disaster situation. Activities were completed within the approved extended period. Notwithstanding the delay, the resources were used efficiently to deliver the needed model schools, microcredit for livelihood restoration, and

²⁰ In the second cycle, microcredit provision benefitted 18,167 affected households.

capacity building for disaster risk management. In addition, the microcredit facility was recycled twice during implementation using repayments from the first cycle, indicating efficient use of credit funds. This validation assesses the project efficient.

D. Preliminary Assessment of Sustainability

29. The PCR rated the project likely sustainable. It indicated that the model schools were being maintained under the SSDP and that budgets were being allocated by MOEST for the improvement of school governance, teaching, and learning. Through a memorandum of understanding, the municipalities committed to maintaining the schools upon turnover to the SMCs. Since project completion, three SMCs had already allocated budgets for improvements, such as in water supply and playground development. Several buildings that were not severely damaged and therefore not rebuilt under the project were being retrofitted under the ADB supported Disaster Resilience of Schools Project approved in 2018.²¹ As regards microcredit, the PCR noted that the credit line restored and enhanced the viability of 16,324 beneficiaries as repayments were nearing 100%. In terms of training, disaster risk reduction capacity was enhanced through 82 training events on community-based DRM and 132 training events for masons on earthquake-resilient house construction. Masons who were trained continued to use their skills in the construction of private homes. After each training, SFCs integrated DRM issues into their business plans.

30. This validation notes the strong ownership of the government of the project. This was demonstrated by the post-project completion works that SMCs' undertook and the commitment to allocate budget for maintenance and improvements. The model schools built under the project are disaster resilient and, as designed, are appropriate for their intended purpose. The facilities and structures built are less likely prone to rapid wear and tear. The credit lines under the microcredit facility were utilized mainly for livestock rearing and the recovery and establishment of small enterprises.²² The high repayment rate of nearly 100% reflect the viability of the facility and enterprises that were financed. In terms of the DRM, the training activities conducted enhanced the capacity of SFC members for constructing earthquake-resilient houses, and the knowledge and skills acquired can be used in building future homes. Knowledge and skills in community-based DRM are likely to be sustained as the training-of-trainers produced certified community trainers, and the SFCs have incorporated DRM in their business plans. In view of the government's ownership of the project and its commitment to maintaining the model schools, the good repayment performance of the microcredit facility, the knowledge and skills developed for future use, and the structural quality of the model schools, this validation assess the project likely sustainable.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

31. The PCR rated the development impact of the project satisfactory. It contributed to the envisaged impact of improved equity and enhanced social inclusion and enhanced disaster preparedness and resilience. It improved equity by gender mainstreaming. Girls' overall enrollment increased by 24% in school year 2018–2019, compared to pre-earthquake level, comprising 44% of total number of students. In terms of the microcredit facility, more than 75%

²¹ ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for the Disaster Resilience of Schools Project*. Manila.

²² PCR, Appendix 3.

were female borrowers and more than 50% were from ethnic minority groups, demonstrating the inclusiveness of the project. Further, the trainings on disaster-resilient construction provided additional skills to SFC members, which they could use to generate income. In the trainings on community-based DRM, 81% of the participants were women and 55% were from ethnic minority groups. The training also helped SFCs include aspects of DRM in their business plans.

32. In addition, this validation notes that the model schools provided safe and improved learning environment for 12,755 students, which is a tangible benefit for the communities going forward. The model school concept was a new initiative under the SSDP, and as such has a distinct country-wide development impact. This validation assesses the development impact satisfactory.

B. Performance of the Borrower and Executing Agency

33. The PCR rated the performance of the borrower satisfactory. The government led by the NRA was committed to the country's reconstruction program and showed strongly this commitment throughout the project implementation. The MOF provided the needed budget for the project's implementation through the annual budget process. FSMD provided the necessary guidance for SFDB in implementing the planned activities and supervised the consultants under output 3. The performance of SFDB as a partner financial intermediary was satisfactory. It closely coordinated with the SFCs and appropriate local bodies. It provided cofinancing for the credit line, developed loan products, organized training programs, and initiated a second microcredit loan cycle using repayments from the first cycle. In addition, this validation notes that the MOF and the NRA, as well as the implementing agencies, complied with the reporting requirements of the project. This validation assesses the performance of the borrower and the executing agency satisfactory.

C. Performance of the Asian Development Bank and Cofinanciers

34. The PCR rated the performance of ADB satisfactory. It was responsive to the request of government for emergency assistance, as per the findings of the PDNA. The overall administration of the JFPR grant was delegated to the Nepal Resident Mission. However, the administration of outputs 2 and 3 was undertaken by the Public Management, Financial Sector, and Trade Division in view of its specific knowledge. ADB provided timely actions to matters concerning the procurement of goods, services, and works; time extension; and variations of civil work contracts. ADB fielded 19 missions, including a mid-term review mission. These missions were effective in monitoring and resolving implementation issues, including construction delays. This validation assesses the performance of ADB satisfactory.

D. Others

35. There were no governance and fiduciary issues encountered during project implementation.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

36. The PCR rated the project successful. This validation assesses the project relevant, efficient, effective, and likely sustainable. The project's strategic importance was well-established. The choice of modality was appropriate under the circumstances. A few minor changes in project design helped maintain its relevance at completion. It was effective since most of the outcome and output targets were achieved. The project was efficient since resources were carefully utilized to deliver the needed model schools; activities were completed within the extended period; and the microcredit funds were recycled twice during implementation. The project is likely sustainable on account of the government's ownership of the project, commitment to maintain the model schools, structural quality of model schools, good repayment performance of the microcredit facility, and the knowledge and skills developed that can be used into the future. This validation assesses the project successful.

Overall Ratings

Validation criteria	PCR	IED review	Reason for disagreement and/or comments
Relevance	Relevant	Relevant	
Effectiveness	Effective	Effective	
Efficiency	Efficient	Efficient	
Sustainability	Likely sustainable	Likely sustainable	
Overall Assessment	Successful	Successful	
Preliminary assessment of impact	Satisfactory	Satisfactory	
Borrower and executing agency	Satisfactory	Satisfactory	
Performance of ADB	Satisfactory	Satisfactory	
Quality of PCR		Satisfactory	Para. 43.

ADB = Asian Development Bank, IED = Independent Evaluation Department, PCR = project completion report.

Source: ADB (IED).

B. Lessons

37. The PCR identified two lessons. First, guidelines on the implementation of a new concept needs to be firmed up before embarking on the project design. Second, subsidized microcredit is highly effective for restoring the livelihoods of disaster affected communities, provided there are well-functioning microfinance institutions with proven track record in the affected areas.

38. This validation adds the following lessons at the project level. First, design flexibility is essential in the smooth implementation of an emergency response project. It allows the executing agency and project teams to make necessary changes in the project scope and helps in the alignment of project activities with the realities on the ground. The preparation of technical design and approval processes for an emergency assistance project needs to be developed on time to meet the immediate needs of households and communities for recovery. During design stage, it is difficult to exactly anticipate the precise scope of the project and the developments that could affect the implementation. Under these conditions, flexibility to changes in scope due to unexpected factors facilitates the delivery of outputs and the achievement of envisaged outcome.

39. Second, rebuilding model schools provides opportunities to demonstrate their usefulness to the larger school program and to communities particularly in building disaster-resilient schools,

and to develop knowledge and skills in disaster risk management. It also provides a space for greater social inclusion and increased ownership as local authorities and communities are mobilized for rebuilding and reconstruction.

40. Third, subsidized credit when sourced from a grant may be used as an immediate and emergency response to the financing needs of those severely affected by disaster. However, it is not sustainable over time when grant funds are no longer available. It is basically a stop gap measure in an emergency. There are costs to the delivery of financial services that need to be considered in product pricing to help financial institutions sustain their operations and continue serving targeted households. These institutions need to price their loan products to allow for full cost recovery. Other than microcredit, developing the livelihood skills of affected households and providing them with access to business development services are as important in helping them recover and sustain their livelihoods in the long term.

C. Recommendations for Follow-Up

41. The recommendations of the PCR are appropriate. A phased approach to upscaling the model school concept may be appropriate given the high investment cost following the Design Guidelines for Developing Model Schools adopted in 2016. Structural assessments of pre-earthquake buildings considered as safe during the design phase should be carried out, and rehabilitation should be undertaken for buildings that are evaluated insufficiently safe. In coordination with MOEST, municipalities should conduct inspections starting 2022 to ensure that the rehabilitated school infrastructure is regularly maintained.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Reporting

42. Monitoring of project implementation and targets specified in the DMF was adequate. The project management unit oversaw the day-to-day implementation and monitoring of the project. There were no major issues in reporting requirements.

B. Comments on Project Completion Report Quality

43. The quality of the PCR is satisfactory. The discussion was clear and coherent. The ratings were substantiated with evidence. The appendices were comprehensive and supported the discussions in the main text. The lessons drawn from the findings and were suitable.

C. Data Sources for Validation

44. The sources for this validation were the report and recommendation to the President, back-to-office reports, and the MTR mission report, and the PCR.

D. Recommendation for Independent Evaluation Department Follow-Up

45. None.