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Executive Board  
Second Regular Session

Rome, 17 - 19 May 2000

## PROJECTS FOR EXECUTIVE BOARD APPROVAL

### Agenda item 6

***For approval***

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Distribution: GENERAL  
**WFP/EB.2/2000/6-A/1**

14 April 2000

ORIGINAL: ENGLISH

## DEVELOPMENT PROJECT— NEPAL 5572.01

### Rural Community Infrastructure Works (RCIW)

Number of beneficiaries	Up to 453,000 a year
Duration	Two years (January 2001 to December 2002)

#### Cost (United States dollars) \*

Total cost to WFP	16,111,519
Total food cost	10,875,000
Total cost to Government and communities	9,322,713
Partners' technical assistance contributions	2,749,667

\*One United States dollar equalled 68.4 Nepalese rupees (NRs) in October 1999.

## ABSTRACT

Nepal is a least developed (LDC) and low-income, food-deficit (LIFDC) country of 22 million people; in 1998 it had a per capita income of US\$210. A 1995 Government survey estimated that 42 percent (up from 31 percent in 1977) of the population live below a poverty line of US\$65 per capita per year; 70 percent earn less than US\$1 a day. The 1999 UNDP Human Development Report calculates Nepal's Human Development Index (HDI) at 0.463, with an under-5 mortality rate of 118 per 1,000. Systematic gender discrimination pervades women's existence; it cuts across the boundaries of class, caste and ethnicity and results in a concentrated impact of poverty on women in every social and economic sector. According to the 1997/98 food balance sheet, only 5 percent of the country's cereal requirements are met through imports, yet 47 percent of the population suffered from an inadequate calorie intake. WFP's vulnerability analysis of Nepal identified five geographical clusters consisting of 23 districts where the project will focus in future. These are the most severely food-deficit regions, the most vulnerable to natural disasters and the ones where malnutrition is most prevalent.

In accordance with decision 1999/EB.A/2 of the Executive Board, this project will address three of WFP's strategic objectives: 1) make it possible for poor families to gain and preserve assets; 2) mitigate the effects of natural disasters in areas vulnerable to recurring crises of this kind; and 3) enable households which depend on degraded natural resources for their food security to make a shift to more sustainable livelihoods.

Within the Government's framework for poverty alleviation, and building on decentralized structures of local government, the project aims to enable poor people to improve their food security status on a sustainable basis by mobilizing their self-help capacity to create productive assets. These will include socially and environmentally friendly "green" roads and trails, flood and soil erosion control structures, small-scale irrigation facilities and food security micro-initiatives.

In the Terai (lowland) districts, WFP's target groups are the families living on riverbanks that are severely threatened by floods. In the hills WFP assists people whose livelihoods are not sustainable without shifts into more productive, environmentally sound agricultural practices. Finally, in the remote mountain areas, where nearly everyone falls into the category of the hungry poor, WFP will support pockets of opportunity, where food assistance can enable families to make positive and sustainable changes to their farming systems.

The current proposal builds on the existing Rural Community Infrastructure Works (RCIW) project, which since its inception has been a joint programme of WFP, the Ministry of Local Development (MLD) and the German Agency for Technical Cooperation (GTZ). In this joint programme, and in the proposed project, MLD assumes overall implementation responsibility, while technical assistance is sought from the Ministry of Water Resources and the Ministry of Forest and Soil Conservation, as well as from the private sector, the donor community and NGO technical and social service providers. The Government currently receives substantial technical assistance from GTZ for RCIW; this collaboration is expected to continue.

Following the experience of the current project, which received a positive evaluation by a joint WFP/German Government mission in 1997, this expansion is intended to:

- continue the successful community- and self-help-based approach to planning, implementation and monitoring;
- adopt, on a pilot basis, a food-for-portering approach to move food into the extremely remote and food-insecure districts where it is most needed;
- extend work with beneficiary families for an entire three-year cycle, rather than just one year;
- support and further strengthen the empowerment of women within the context of the project, implying not only increased participation by women as workers, but also their enhanced involvement in decision-making; and
- refine the food-for-work strategy to integrate community infrastructure with food security micro-initiatives targeted to households.

**NOTE TO THE EXECUTIVE BOARD****This document is submitted for approval by the Executive Board.**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff focal point(s) indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 066513-2645).



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## ACRONYMS USED IN THE DOCUMENT

APP	Agriculture Perspective Plan
CCA	Common Country Assessment
CECI	Canadian Centre for International Studies
DDC	District Development Committee
DFID	British Department for International Development
DPSU	District Project Support Unit
EDP	Extended delivery point
GTZ	German Agency for Technical Cooperation
ITSH	Internal transport, storage and handling
LTSH	Landside transport, storage and handling
LWF	Lutheran World Federation
MLD	Ministry of Local Development
RCIW	Rural Community Infrastructure Works
SDC	Swiss Agency for Development Cooperation
SNV	Netherlands Development Agency
UC	Users' Committee
UG	Users' Group
UMN	United Missions to Nepal
UNDAF	United Nations Development Assistance Framework
VAM	Vulnerability Analysis and Mapping
VDC	Village Development Committee



## PROBLEM ANALYSIS

1. Nepal is one of the world's poorest and least developed countries. Its proportion of population below the Government-defined poverty line is estimated to be 42 percent, or 9.24 million poor people. Fully 70 percent of Nepal's 22 million people survive on less than US\$1 per day. UNDP's Human Development Report for 1999 ranks Nepal near the bottom, 144 out of 174 countries.
2. Women are particularly affected by poverty. Recent studies have documented that they work three to four hours a day longer than men, but lack control of the income to which they contribute. Women's political participation and access to positions of power are restricted by cultural norms, limited access to education, mobility constraints and household responsibilities. In Nepal, unlike the norm, women have a lower life expectancy than men.
3. As a result of poor agricultural performance over the past decades, Nepal is now coping with a growing food insecurity problem. Most landholdings are small and fragmented. The use of improved agricultural inputs is limited by poor rural road access. Despite abundant water resources, irrigation is inadequate. Added to this, population growth has exceeded increases in food production. At the beginning of the 1990s Nepal produced 198.2 kg of food grain per capita. By 1997, the last year for which data were available, food availability per person had shrunk by 6.3 percent.
4. WFP's vulnerability analysis of Nepal identified areas where households experience food insecurity because of insufficient food availability overall (as in remote hill and mountain districts) and/or because of lack of access to sufficient food (as in the Terai). It is evident that chronic problems of inadequate food consumption occur even in districts producing overall food surpluses. During 2001–2002 WFP proposes to phase out of districts or areas within districts where food consumption is adequate; refine targeting to food-insecure and marginalized groups living within food-surplus districts; and expand activities into remote hilly and mountainous districts. It is expected that RCIW targeting will be increasingly refined during this project period, as a result of extensive food security analysis work begun in January 2000. Assisted by the German Technical Assistance Facility, this work aims to provide in-depth information about the causes of food insecurity in RCIW districts and appropriate means of addressing it.
5. WFP's vulnerability analysis of Nepal concluded that isolation and lack of rural access in western hill and mountainous districts, with consequent poor access to markets, high food prices, sporadic government services and few economic opportunities, led to a high concentration of poverty in those areas. The hungry poor may live as far as 18 days' walk from the nearest road accessible to vehicles.
6. In the hills WFP works with households averaging six members: a father, mother, 3 or 4 children and an elderly grandparent. The families typically live in small houses on a hillside, surrounded by less than a hectare of farmland suitable only for maize or barley. Agriculture supports them for just two to three months a year. To cope, the father or an older son often migrates to India as a farm worker from November to June. Frequently these families get caught in a hunger trap. Remittances are ploughed back into repaying credits that have sustained the family during the migration. Little or no capital is left over to invest in more productive food security assets; hence, the cycle of insufficiency continues.



7. In remote mountain areas targeting is easier: in these vast, sparsely populated districts almost everyone is poor. Amidst a harsh climate, steep slopes and degraded land, these communities have traditionally used their location astride the Tibet trade route to engage in commerce. This livelihood effectively ended a generation ago when cross-border trade was officially suspended. Today families depend on subsistence agriculture and migration to other parts of Nepal and India to survive. But pockets of opportunities do exist. Microclimates within this area are ideal for horticulture and the harvest of non-timber forest products such as medicinal herbs.
8. Although many Terai districts produce a food surplus, internal distribution problems caused by high transportation costs, coupled with much easier and cheaper access to the enormous Indian market, affect WFP's target group in two ways: first, market forces discourage Nepalese rice from reaching severely food-deficit hill districts; second, even on the Terai, the hungry poor have less access to food because of high levels of landlessness, limited employment opportunities and low purchasing power. During the agricultural season, they might find seasonal wage labour on landlords' farms but unemployment returns during the dry season.
9. WFP works primarily with the near-landless, tribal and caste minorities and women in the Terai districts. These currently constitute the most densely populated ecological belt in Nepal, with up to 254 persons per square kilometre as compared to 28 in the mountain belt and 137 in the hill belt. In addition, the Terai remains a "migrant magnet", attracting new settlers from hill communities where economic prospects are worse, and where population density per hectare of farmland is 50 to 100 percent higher than elsewhere. While this movement of people illustrates an important coping strategy, it has put pressure on scarce Terai forest or marginal land. WFP's target group settles on marginal land that no one else wants, they live on flood plains close to rivers, or encroach upon protected forests.

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## PREVIOUS WFP ASSISTANCE

10. In 1998 total Official Development Assistance to Nepal was US\$469.2 million. WFP development assistance in the same year was valued at nearly US\$5 million, comprising 12,230 tons of food aid. Additional assistance valued at US\$5.4 million was provided for delivering 19,198 tons of food to 94,500 Bhutanese refugees in eastern Nepal. Of the 36,237 tons of food aid Nepal received in 1998, WFP supplied 87 percent. Canada and France provided the remaining food assistance (4,808 tons) bilaterally under programme food aid schemes.
11. WFP food for work began in the mid-1970s and continued through 1992 as one of the Government's main instruments to fund public works. Schemes were executed centrally, with a focus on rural roads and trails, but had limited impact. WFP learned two main lessons from this experience. First, in order to promote the building of relevant and sustainable assets, these must be identified and managed—indeed, "owned"—by the beneficiaries themselves; organizational, financial and technical assistance must above all aim at strengthening such ownership. Second, technical assistance is a prerequisite for the creation of lasting assets. These lessons became the core principles of project 5572.00, which began in late 1995.
12. This approach was successful. A joint German Government/WFP mid-term evaluation in October 1997 (WFP/EB.2/98/3/2) concluded that *"a major positive factor has been the close partnership between the Government, WFP and the German Technical Cooperation (GTZ) early on and throughout the implementation of the project, particularly when*



*considering that previous WFP assistance to the road sector has suffered from the lack of complementary inputs, including support to management.”* Technical assistance, including support for community mobilization, has proven to be the decisive ingredient necessary to prepare communities, train and supervise in the creation of assets, and provide support to groups after the asset construction to ensure they can take maximum advantage of it.

## PROJECT OBJECTIVES AND EXPECTED OUTPUTS

### Long-term Objective

13. Within the Government's framework for poverty alleviation and building on decentralized structures of local government, the project aims to enable poor people to improve in a sustainable way their food security by creating productive assets based on their own self-help capacity.

### Immediate Objectives

14. RCIW's immediate objectives aim to help poor families to:
  - a) gain and preserve assets;
  - b) mitigate the effects of natural disasters in vulnerable areas; and
  - c) shift to more sustainable livelihoods.
15. In the districts where RCIW will work, WFP food will enable the target groups to:
  - a) invest time in creating productive assets leading to food security;
  - b) improve rural access, agricultural production and natural resource management techniques; and
  - c) enhance capacity-building at the local level, particularly for women.
16. These three objectives are interlinked. Food provided by WFP will reduce the gap in food access regularly experienced by target households and serve as a “safety cushion”, freeing recipients to make investments in productive assets which promote food security. Since targeted communities will be involved at all stages in the creation of these assets, WFP expects that their capacity-building will be enhanced, especially among women. Target groups will increasingly identify their needs by themselves, and plan, implement, monitor and evaluate any future development schemes that they consider relevant. In this regard, the WFP-GTZ mid-term review found that *“food aid has been useful as a resource to mobilize the participatory capacity of the rural poor in building infrastructure”*.
17. Assets created during the project period will result in significant benefits for target groups' food security in the longer term; RCIW evaluations show that improvements in rural transportation networks, in particular, correspondingly improve rural people's access to social services, such as health care and education facilities, and to markets.

### Expected Outputs

18. To achieve these objectives, three related project outputs are expected:
  - a) Up to 453,000 people fed with basic food rations during the agricultural lean seasons over a period of three years;



- b) Four main categories of community assets planned, constructed and maintained:
- 335 km of green roads and trails constructed, linking 250 villages to the main road or trail network
  - 390 ha of land protected through flood mitigation measures
  - 300 ha of land covered under small-scale irrigation
  - 577 ha of land shifted to a more productive and sustainable use through micro-initiatives such as agroforestry, cash crops, fishponds, non-timber forest products or skills training

These assets will be created through food-for-work employment, as shown in the table below.

ASSETS TO BE CREATED THROUGH FOOD FOR WORK		
Asset type	Days of employment (million)	Proportion of food-for-work activities (percent)
Green roads and trails	3.9	50
Flood mitigation	1.17	15
Small-scale irrigation	1.14	15
Micro-initiatives	1.57	20

- c) Members of approximately 350 Village Development Committees (VDCs), and local government personnel, assisted with capacity-building measures including:
- Members of 1,200 community Users' Groups (UGs) trained in labour-intensive, environmentally sound construction techniques. This will contribute to UGs' increased ability and confidence in organizing and managing the development of their own community assets.
  - Approximately 3,500 Users' Committee (UC) members trained in transparent project management techniques. Some 1,750 women UC members receive particular assistance to strengthen their decision-making role within RCIW.
  - Approximately 260 local government support personnel (engineers, overseers) trained in labour-intensive and environmentally sound construction technologies, social mobilization, gender-responsive participatory planning, and RCIW project oversight. An additional 200 government programme personnel gain experience in these areas.

## ROLE AND MODALITIES OF FOOD AID

### Functions

19. Food has a comparative advantage over cash in the hilly areas of Nepal, as the commercial food grain markets there are weak. The hungry poor people in targeted districts spend a large proportion of time in casual employment, earning wages in kind or



cash that is used to procure food from distant markets. Thus, food wages, also have the effect of freeing time to invest in more productive activities.

20. Food aid in RCIW districts (see map provided in Annex IV) supplements the food available to poor households, allowing them to participate in development activities. By cushioning them against lean-season shortages, food aid improves food security among beneficiary households during the project's duration as they participate in project activities.
21. Labour-based activities in RCIW are timed to occur during the agricultural slack season that runs from November/December to April/May. This is also the time of year when food is most scarce. In some areas, people have regularly chosen to work on RCIW projects during the agricultural slack season rather than migrate to India in search of seasonal employment.
22. In the Terai food has other advantages. There may be food in markets, but WFP beneficiaries have few resources to purchase it. Using food in the Terai has an important targeting function, as only the hungry poor will work for this payment.
23. The food consumption problem in the RCIW districts is well known. Nepal's Family Health Survey (1996) reports an incidence of stunting, as a result of childhood malnutrition, of between 55 and 66 percent in RCIW areas. Household food insecurity is an important cause of this, which, combined with widespread health problems, places families at high nutritional risk.

### Food Inputs and Commodity Justification

24. Coarse rice has been selected as the single food commodity for four reasons:
  - a) rice is a primary staple food in most RCIW districts where the project works, thus it is well accepted and valued by the beneficiaries targeted;
  - b) a surplus of coarse rice is produced in the Terai, making local procurement of this commodity possible;
  - c) coarse rice is considered nutritionally superior to fine *mansoli* rice, the commodity used in the first phase of RCIW; and
  - d) the joint mid-term evaluation mission recommended the switch to coarse rice because of its self-targeting benefits, as fine *mansoli* rice has a higher market value.
25. In more remote and higher-altitude districts rice is not common. As RCIW gradually expands into these areas alternatives to rice, such as locally procured wheat, buckwheat, millet or maize, will be explored on a small-scale pilot basis.
26. A standard wage rate of 4 kg of coarse rice per workday (based on Government work norms), in addition to a nominal cash wage provided by the local government, is proposed for this expansion. The total wage is valued at 77 percent of a typical agricultural wage rate in the hills, and slightly higher in mountain regions. Food for work in these areas is not expected to compete with what agricultural labour market exists, since demand for agricultural services is limited in a subsistence farming economy, and because project activities will take place during the agricultural slack season.





## PROJECT STRATEGY

27. This two-year expansion of RCIW is intended as a bridging phase between the end of the current phase (31 December 2000) and the start of the Nepal Country Programme early in 2002. Two years is proposed to allow sufficient lead-time for resourcing and delivery, given the seasonal nature of this project, which does not follow calendar-year cycles. During this expansion eight new districts will be phased in.

### Implementation Strategy

28. This expansion will pursue the same institutional partnership strategy as RCIW has followed to date. Currently the project is implemented in a partnership with three main agencies: WFP, the Ministry of Local Development (MLD) and GTZ. WFP provides resources; MLD provides an implementation structure both at the central level in Kathmandu and in project districts, while GTZ provides technical assistance and overall management support. The Government gives a high profile to the RCIW project and strategy, as evidenced by an unusually significant resource commitment; all efforts have been made to ensure that staffing and other resources assigned to the scheme are in line with need.
29. Implementation management at the district level will be through District Project Support Units (DPSUs). These consist of both MLD and technical assistance (GTZ) staff including engineers, site technicians (overseers), social workers and locally hired motivators.
30. Several other partners are also crucial to the project's success. Village Development Committees (VDCs) provide cash to workers and undertake maintenance of VDC-level public infrastructure. District Development Committees (DDCs) make a similar pledge for district-level infrastructure, and support the planning and supervision of schemes with district-based technicians. UGs contribute voluntary labour for schemes that benefit individual households. UGs assume important site-level responsibility for scheme management (including wage distribution and records maintenance) and some food logistics. Finally, local and international NGOs, as well as national consulting firms, have been recruited to support UGs and DDCs with organization, training and technical services.
31. In target areas, project stakeholders identify a "backbone asset" to be created or developed. A backbone asset is community infrastructure such as a road or river control system along which various productive activities will be supported. In hill or mountain districts, the backbone will be an environmentally low-impact (termed "green") road. In Terai districts, this backbone will be a system of green river control infrastructure supported by technical assistance provided by the Ministry of Water Resources and, upstream, by the Ministry of Forest and Soil Conservation. These assets become the focus of DDC commitment in the form of their contributions to the operation and maintenance fund. The green engineering technology used for such roads and river control systems requires three years to complete. Projects initiated in the current 1999/2000 work season will thus be completed during the 2001-2002 expansion period.
32. Along these backbones, food security micro-initiatives involving the same beneficiaries will be identified and supported. These micro-initiatives will enable households that depend on degraded natural resources for their food security to make a shift to more sustainable livelihoods.



33. WFP will support families for three years (RCIW entered the first year of this cycle in its current phase, in December 1999). There are various reasons for the programme's shift to a three-year commitment to communities. First, one observation of the GTZ Impact Assessment evaluators was that *"a social and gender-differentiated approach aiming at attitudinal change needs a longer (participation) process"*. It recommended that RCIW adopt a longer participation period with the same UGs. Second, three years' continuity will facilitate training investments and allow partners to develop complementary micro-initiatives with a stable beneficiary cohort group. Third, longer-term support to UGs is seen as intensifying local ownership of projects and asset maintenance. RCIW has successfully piloted "three-year action plans" in several districts as a way of coordinating other actors and projects.
34. As stated earlier, technical assistance is a prerequisite for this strategy to work. WFP has a stable partnership with GTZ and is also exploring opportunities for partnerships with other agencies with experience in providing technical assistance, including critical social mobilization services. Before WFP assistance begins, these partners will organize communities and prepare them for the creation of assets. During the three years of food-assisted development work, partners will help the Government to ensure the technical quality of work carried out, and that RCIW principles and procedures are followed. Discussions are progressing in regard to establishing such partnerships with various agencies involved in rural development in Nepal, including the Swiss Agency for Development Cooperation (SDC), the Netherlands Development Agency (SNV), the Canadian Centre for International Studies and Cooperation (CECI), the Lutheran World Federation (LWF), CARE Nepal and United Missions to Nepal (UMN).

### Food Logistics and Commodity Management

35. Food will be either purchased locally or imported by WFP. Local procurement will be undertaken on a cost-competitive basis. In case of a scarcity of WFP cash resources, up to 40 percent of the total commodity requirement could be imported into Nepal as in-kind contributions. Imported commodities would be shipped only to the Terai districts. In hill and mountain districts only local procurement can ensure timely delivery of rice, considering the more complex logistics of delivery there.
36. Delivery up to the extended delivery point (EDP) in each district will be WFP's responsibility, and will be paid for as a component of its supplier agreements. Storage and handling at the EDPs will be the Government's responsibility.
37. UCs are mandated through the project's well-established guidelines to make payments on a monthly basis. Based on measurements of work accomplished, they make final distribution of rice to the participants. Men and women are paid equal wages according to Government work norms.
38. Due to the remoteness of many hill and mountain districts in Nepal's interior, this expansion will require an innovative approach to transporting food. On a pilot basis, WFP is designing a food-for-portering approach, for use where mechanized transport is impossible and where commercial transport is prohibitively expensive. This approach will be followed in remote VDCs of the Cluster I districts where WFP is operational, and in all the VDCs of Clusters II and III districts where RCIW is targeted (see map in Annex IV).
39. Food for portering is important to WFP programme goals for two reasons. First, the project participants (the porters) who are typically among the most destitute poor, and/or landless, and/or untouchables, will have the opportunity to participate substantially in RCIW projects. The approach makes it possible for WFP to ensure that priority is given to



some of the most severely disadvantaged members of WFP target communities, who otherwise would not commonly have first access to project assets and assistance. Second, only this approach makes an expansion into these severely food-deficit areas possible, under present logistics and cost conditions. In the remote areas targeted by WFP, using food aid where food consumption poses the greatest problem requires such an innovative approach.

40. It is estimated that 6,380 tons of rice, or 17 percent of the total rice requirement for 2001–2002, will be needed as food for portering. As rural access improves into these districts over the next three years, as a result of RCIW and Government works, less food for portering will be required.
41. Transport of food will be the responsibility of the UGs themselves. Part of the individual scheme budgets will be used to compensate the beneficiaries for carrying food to the work site. But as food only supports some transport costs, and not storage and handling, the Government will still be asked to contribute its portion of landside transport, storage and handling (LTSH) for the total tonnage on a reimbursable basis.

### Institutional Arrangements

42. The Government's Ninth Five-Year Plan has a major focus on poverty alleviation. This expansion of RCIW is supportive of the Government's policy to invest more heavily in the far western regions of the country where poverty is greater. RCIW also supports and complements the Government's Agriculture Perspective Plan (APP) whose main recommendations are to improve farm-to-market access, and to invest particularly in cash crops as an indirect food security enhancement strategy, paying particular attention to high-potential areas such as the Terai. RCIW aims to support each of these central components of the APP through its rural access focus, support to micro-schemes and its continuing investments in the Terai through flood disaster mitigation efforts.
43. Crucial to the success of RCIW is improved institutional capacity at the district and local level. The project is fully consistent with the Government's efforts in this area; in fact, the Government considers RCIW to be a model of decentralized planning and implementation. RCIW provides the resources to articulate the district-level planning processes (supported by UNDP and, in the Cluster III area, SNV).
44. RCIW complements the efforts of other donors in the rural community infrastructure sector. Multilateral development banks as well as bilateral donors such as the British Department for International Development (DFID) and SDC have also identified lack of rural access as a key development constraint in Nepal.
45. WFP/Nepal's long-term vision is for all its efforts to gradually focus and overlap in the same districts, thus creating synergies between the rural infrastructure sector and other supplementary feeding activities it supports, including the ongoing primary school feeding project. WFP's policy in this regard will be its contributions to Nepal's United Nations Development Assistance Framework (UNDAF), which will be formulated during 2000. Nepal's Common Country Assessment (CCA, October 1999) is reflected in the preceding problem analysis.

### Phasing Out

46. RCIW plans to phase out of up to ten districts during this expansion phase (see map in Annex IV). Food aid will be phased out in districts, or regions within districts, as target communities develop capacities to provide for their own food security, either through



improved production or through higher incomes that allow them to purchase food. In the mid-hills and mountain districts, potential for this improved capacity is severely constrained by the areas' remoteness. Until transport networks develop, commercial food distribution will be slow. Here WFP food assistance may need to be continued for a longer period.

## Beneficiaries and Benefits

47. Considering the daily wage rate of 4 kg of rice and the average 70 days of employment per season per worker the project will generate each year, up to 71,429 participants a year will receive food. A minimum of 30 percent of these will be women. Assuming an average household size of 6.3 persons in Nepal, up to 453,000 people will benefit from the project; 33,000 of these participants who live in remote areas will gain, on average, 48 days of additional employment through the food-for-portering pilot initiative.

## Targeting

48. A three-stage approach to targeting is used by WFP/Nepal:

**Stage 1: District Selection.** The Vulnerability Analysis and Mapping (VAM) Unit has produced composite indicators of food security (availability, access and consumption), women's status, vulnerability to natural disasters and natural resource endowments. Based on this, five "district clusters" have been selected.

DISTRICT SELECTION				
Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5
Hill districts <i>Continuation and intensification</i>	Remote hills <i>Expansion</i>	Mountain districts <i>Expansion</i>	Hill districts <i>New partners</i>	Hill and Terai <i>New partners</i>
Dadeldhura**	Bajhang*	Humla*	Kavre	Mackwanpur
Baitadi**	Bajura*	Jumla*	Sindupalchok	Udayaphur
Doti**	Kalikot*	Mugu*	Dolaka	Danusha
Achham*	Jajarkot*	Dolpa*	Ramechhap	Siraha
Darchula*				Saptari
Dailekh**				

\* Remote districts. Food for portering will apply in all working areas.

\*\* Food for portering is required only to most isolated scheme sites.

**Stage 2: Sub-district targeting.** A wide variation of poverty and deprivation occurs within districts. Natural resource endowments (soil, rainfall, water, forests and vegetation, microclimates, aspect, terrace slope, etc.) are critical to food security. Accessibility to markets is another important consideration, as is the existence of potential partners for WFP to work with. Analysis of these factors will allow WFP to more precisely target the food-insecure populations within the five district clusters selected.



**Stage 3: Beneficiary targeting.** Once VDCs are selected, and a partner to conduct social mobilization is in place, potential beneficiaries are oriented to the project's guidelines and are helped through a process of bottom-up needs assessment to identify potential productive assets and participants for the project. Over the course of RCIW's first phase, GTZ has developed a clear methodology for this process. Extensive management and skills training follows the group formation stage, to put in place a sustainable decision-making and problem-solving process.

### Anticipated Effects of the Project on Women

49. Several targets for increasing the involvement of women in the project have been set based on WFP's Commitments to Women. These are:
  - a) at least 30 percent of direct project participants will be women;
  - b) implementation guidelines require that at least one women-only project be established in each supported district, and provide for additional women-only projects to be supported in assisted VDCs;
  - c) 50 percent of UC members will be women;
  - d) at least 50 percent of training opportunities within the project will be available to women; and
  - e) one gender specialist will be assigned to each district, and locally hired women motivators will be involved in each scheme.
50. An important lesson learned in the first phase of the scheme was that a "critical mass" of women is required for them to have a resonant decision-making voice. Thus, women's representation in scheme selection and planning, as well as on the UCs themselves, will be increased.
51. With this higher level of participation, it is expected that women will have greater control over decisions that affect them directly. Women's participation in scheme-supported structures like UCs is expected to increase their self-confidence and active participation in other civil society institutions, like local NGOs, community-based organizations or VDCs. As a result of their more active role in the community, their influence over domestic decision-making and control over resources within the household are likely to improve. By including gender as a "cross-cutting issue" in every training and orientation, it is expected that the understanding of women's and men's role in rural society will improve, and that the attitude towards women's empowerment will change positively.
52. Assets created will also benefit women. Improved community roads and trails will ease women's work burden, as women are the primary collectors of fuelwood and drinking water in Nepal. Improved rural access will make it easier for girls to attend school and for women to seek medical attention. Homestead food security micro-schemes promoted by the project, such as vegetable gardening, agro-forestry, fish farming or cash crop production, should raise household incomes generally and, as these activities are usually undertaken by women, give them a broader base of resources to draw on.



## PROJECT SUPPORT

### Landside Transport, Storage and Handling (LTSH)

53. An LTSH review study was carried out during mid-1999, resulting in considerable streamlining of logistics and food management costs. The number of EDPs has been redefined, which has minimized transportation costs. In some remote districts, transshipment costs and food transport beyond EDPs have further reduced LTSH costs as a result of the food-for-portering concept. UGs will provide portering services at rates below commercial rates, implying considerable cost-sharing (a contribution in kind of about US\$812,540).
54. The total internal transport, storage and handling (ITSH) cost (to be shared equally between WFP and the Government) is estimated to be US\$60 per ton and landside transport (100 percent WFP) is estimated at US\$14 per ton. The total LTSH cost to WFP, therefore, is US\$44 per ton.

### Non-food Items

55. Staff, levels of partnership and other expected resources from each of RCIW's implementing partners are in line with their capacity, although several direct operational costs are proposed to support the activities of beneficiaries, local elected authorities (DDCs and VDCs), and other technical assistance agencies.
56. **Technical Support Services.** The critical success factor of adequate technical support cannot be over-emphasised. GTZ has been the project's primary technical assistance service provider. Its support is expected to continue in 15 districts at approximately the same resource levels. Additional technical assistance will be required for new districts and US\$200,000 has been budgeted in order for WFP to cost-share with new partners.
57. **Training.** A major component of technical assistance is training. Local government staff in DPSUs require training support to properly assess, implement and manage these low-cost and environmentally appropriate productive assets. The knowledge of local government staff is limited concerning gender, social mobilization, planning methods, labour-based implementation management and administration. In the first phase of the scheme over 500 Nepalese staff were trained in this manner on a cost-sharing basis with GTZ; this level of support is expected to continue.
58. **Equipment.** DPSUs or implementing partners require basic office equipment, extension materials and work tools in order to provide proper facilitation to UGs. In Terai and accessible hill districts, motorbikes will allow partners to more efficiently supervise and monitor activities.

### Monitoring and Evaluation (M&E)

59. RCIW's current monitoring system will be used in this expansion. Data management is computerized and based on a logical framework approach. Most important for RCIW are the positive short and long-term outcomes or benefits achieved by target populations to ensure their food security and improve their self-help capacity. Precise indicators have been defined for each intended impact.
60. Major sources of information for project monitoring and evaluation are:
- a) reports and findings routinely produced by the RCIW monitoring system;



- b) self-assessments and evaluations carried out by the target groups and RCIW stakeholders themselves. Among the most innovative of these is the annual “Participatory Experience Sharing Exercise” that encourages cross-fertilization of ideas among participants from different districts, while gathering a broad range of qualitative data;
- c) observations and conclusions by external independent evaluators who use case studies to document longer-term project impacts; and
- d) the much-imitated “public audit” approach that brings together all community members to review project expenditures and budgets.

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## PROJECT FEASIBILITY AND SUSTAINABILITY

### Technical Feasibility

- 61. RCIW is a proven, ongoing project whose technical components are reviewed regularly by WFP, GTZ and the Government.
- 62. At an implementation level, several recent evaluations have confirmed its technical feasibility. These include the Joint Mid-term Evaluation in October 1997, and the multi-sector Impact Assessment conducted by GTZ in June 1999 whose gender experts were funded through WFP's Gender Action Fund.
- 63. The Green Roads Study, funded jointly by GTZ and SDC and conducted in January 1999, positively assessed this technology. The green road approach to building low-density mountain roads has also been adopted by several other donors including SDC, DFID, the Asian Development Bank and the World Bank.
- 64. Flood mitigation efforts in the Terai districts also fit within an existing technical framework. RCIW expects that the Ministry of Water Resources will provide technical assistance at the system design level.
- 65. Twenty percent of resources will be invested in pilot micro-initiatives aimed at further strengthening the food security impact. RCIW has had experience with some of these, such as fishponds and forestry plantations. Other types of micro-initiatives will be considered on a pilot basis, and then only if a competent partner can provide the required technical assistance and community mobilization support services.

### Economic Feasibility

- 66. The RCIW impact assessment (June 1999) also assessed economic feasibility. Each scheme type was considered separately, and the study concluded that small-scale irrigation schemes show the highest internal rate of return, while fish ponds demonstrate less due to limited aquaculture technical assistance and low levels of inputs invested by groups in pond management. An arrangement with the Department of Fisheries has been proposed to overcome some of these constraints.
- 67. With regard to rural roads and trails, the impact assessment found that the completed infrastructure has “*already begun to provide benefits to a larger number of people.*”
- 68. Maintenance of community assets such as roads, trails or embankments will be entrusted to DDCs and VDCs. Which level is responsible will depend on several factors, including



the scale of the asset, and whether it crosses the boundary between one village and another. Users themselves will serve as the workforce on these maintenance projects.

69. Resources for recurrent maintenance of public assets will be generated in several ways:
- a) green roads will levy a users' fee or toll on vehicles using them;
  - b) prior to construction, DDCs indicate their commitment to the project by depositing a contribution into a maintenance fund account; and
  - c) major assets constructed by the scheme will be a part of a district's development master plan. The central government allocates a block grant to DDCs; a part of this grant will be used for the maintenance of existing assets.
70. The maintenance of assets that benefit individuals, or a clearly defined group of users, will be their responsibility. If individual households will benefit directly from an asset (such as a small-scale irrigation system), they must commit 20 percent of the labour costs as a contribution in kind and develop an operation and maintenance plan. Experience to date has been that strong DDC, UG and individual sense of ownership of the project process leads to acceptance of responsibility for maintaining the assets created.

### Social Feasibility

71. Self-help and local skills development are promoted through social mobilization support and local capacity-building.
72. RCIW's strategy of developing infrastructure backbones in districts also contributes to the project's social feasibility. While communities as a whole benefit from roads or flood control systems, the priority beneficiaries of micro-initiatives are the hungry poor. The 1999 impact study concurred. In the case of roads, the study found that the better-off benefited through improved marketing of their surplus and escalating land values. There were, however, important benefits to the poor in the form of lower or more stable food prices and indirect employment opportunities through general economic growth. It is the combination of the backbone asset strategy with micro-initiatives targeted to the poor that improves the social viability of the intervention.
73. Assessing RCIW's impact from a gender perspective, the conclusion of the 1999 impact study was that RCIW has *“begun to make a positive contribution to women's involvement in the form of employment and participation in decision-making bodies such as Users' Committees.”*

### Environment

74. Due to the extreme fragility of the mountain environment and the heavy monsoon rainfall pattern, washouts and failures caused by erosion and landslides are common in Nepal. If proper preventative technology and precautions are not applied, unmanageable environmental problems occur at a later stage that have to be dealt with at much higher costs. It was with this perspective that environmentally green approaches have been developed to build rural mountain infrastructure.
75. Flood mitigation structures can also have serious environmental consequences. To avoid such consequences, an integrated planning approach will be adopted in the RCIW Terai districts. Watershed management and soil conservation measures are adopted in the foothills, with flood control embankments and spurs established where rivers reach the plains. Technical direction will be sought from the Ministry of Water Resources, the Ministry of Forest and Soil Conservation and the GTZ Churia Forest Project.





## RISKS

76. Three significant risks to the project would significantly disrupt its activities, but their likelihood is low to medium, and their effects can be mitigated.

**Natural disasters.** Nepal is extremely active seismically. A major earthquake in an RCIW district is likely to cause considerable damage to infrastructure such as roads or small-scale irrigation structures. Floods and consequent land slippage are another major hazard. However, green engineering promoted by the project would reduce those hazards with appropriate attention paid to slope stabilization measures and careful alignment selection.

**Internal security problems.** Several districts of Nepal have experienced disruptions due to a political movement that has turned violent. Over the last four years, this has resulted in over a thousand deaths and has affected several RCIW working districts. Given the direct benefits which RCIW offers to the poor and landless, relatively fewer problems are anticipated.

**Crucial importance of technical assistance.** In the first phase this was provided by GTZ. While their support is expected to continue, it is not assured. In addition, as the project expands, new partners are required to supplement GTZ. This support is expected from new partners such as SNV, SDC and technical ministries. If support were not forthcoming, the project would have to scale back its activities.

## DISINCENTIVES, DISPLACEMENT AND DEPENDENCY

77. Most of the food WFP expects to procure for this expansion will be purchased locally, either in Nepal or the sub-region. Therefore, WFP will actually have a supportive effect on the local market and no disincentives should be observed. Even if WFP were to import food, it would be only for the Terai districts. The food economy in the Terai is well integrated with India because of their open border. Given the small quantity of food this would involve, there would be no local market disruptions.

## Project Costs

78. Comprehensive breakdowns of the project's costs are given in Annexes I and II. The total cost to WFP amounts to US\$16.1 million, with a food cost of US\$10.9 million (external transport and LTSH accounts for another US\$1.65 million). Other direct operational costs, which include technical assistance, training, the provision of hand-tools, surveying equipment, office equipment to support monitoring and evaluation and motorcycles to facilitate site supervision by local officials, amount to US\$642,000. Direct support costs total US\$800,000. This includes provisions for needs assessments and baseline studies in new districts, district audits and an external evaluation, as well as resources for public information and advocacy.
79. Government contributions to RCIW will continue to be substantial given RCIW's status as one of the Government's 12 local development sector "special priority projects". Its contribution is estimated at US\$9.32 million. The Government will cover 50 percent of LTSH costs, administrative and staffing costs to maintain one central Project Support Unit and district DPSUs, district contributions to operation and maintenance, village contributions to cash wages, UC contributions in the form of voluntary labour, and local transport.



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## RECOMMENDATION OF THE EXECUTIVE DIRECTOR

80. The project is recommended for approval by the Executive Board.



## ANNEX I

## PROJECT COST BREAKDOWN

	Quantity (tons)	Average cost per ton (dollars)	Value (dollars)
<b>WFP COSTS</b>			
<b>A. Direct operational costs</b>			
Commodities <sup>1</sup>			
- Rice	37 500	290	10 875 000
<b>Total Commodities</b>	<b>37 500</b>		<b>10 875 000</b>
Superintendence Costs			
External Transport	15 000	59	885 000
Landside Transport		14	525 000
ITSH		30	1 125 000
<b>Total LTSH</b>		<b>44</b>	<b>1 650 000</b>
Other Direct Operational Costs		17.12	642 000
<b>Total Direct Operational Costs (DOC)</b>			<b>14 145 750</b>
<b>B. Direct support costs (DSC) (see Annex II for details)</b>			<b>800 000</b>
<b>C. Indirect support costs (ISC) (7.8 percent of total direct costs)</b>			<b>1 165 769</b>
<b>TOTAL WFP COSTS</b>			<b>16 111 519</b>

<sup>1</sup>This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.



**ANNEX II****DIRECT SUPPORT COSTS (*dollars*)****Staff**

International	226 000
UN Volunteers	90 000
National Professional Officers	38 000
Local Staff and Temporaries	162 000
Overtime (in USD only)	3 000

**Subtotal** **519 000**

**Technical Support Services and Training**

Project Preparation	15 000
Technical Advisory Services	10 000
Project Monitoring and Evaluation	50 000
Training	25 000

**Subtotal** **100 000**

**Travel and DSA**

Blanket Travel	10 000
In-country Travel	40 000

**Subtotal** **50 000**

**Office expenses**

Rental of Facility	6 000
Utilities	6 000
Communications	12 000
Office Supplies	8 000
Equipment Repair and Maintenance	6 000

**Subtotal** **38 000**

**Vehicle operations**

Vehicle Fuel and Maintenance	10 000
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**Subtotal** **10 000**

**Equipment**

Vehicles	30 000
Communication Equipment	15 000
Computer Equipment	8 000
Furniture and Equipment	5 000

**Subtotal** **58 000**

**Other**

Public information	15 000
Miscellaneous/Contingencies	10 000

**Subtotal** **25 000**

**TOTAL DIRECT SUPPORT COSTS** **800 000**



## ANNEX III

## SHARED COST DISTRIBUTION ANALYSIS

	Total (US\$)	Share (%)
<b>World Food Programme</b>	<b>16 111 519</b>	<b>57</b>
<b>Government and local communities</b>	<b>9 322 713</b>	<b>33</b>
1. Ministry of Local Development (MLD)	5 676 755	
2. District Development Committees (DDCs)	132 798	
3. Village Development Committees (VDCs)	548 246	
4. Users' Committees (UCs)	2 964 914	
<b>German Technical Cooperation (GTZ) <sup>1</sup></b>	<b>2 000 000</b>	<b>7</b>
<b>Other technical assistance <sup>2</sup></b>	<b>749 667</b>	<b>3</b>
<b>Total</b>	<b>28 183 899</b>	

Government and local communities	Construction materials and voluntary labour	Administration, staffing or personnel costs	ITSH	Local transport	Total (US\$)
Ministry of Local Development (MLD)	3 791 521	760 234	1 125 000		5 676 755
District Development Committees (DDCs) <sup>3</sup>		132 798			132 798
Village Development Committees (VDCs) <sup>4</sup>		548 246			548 246
Users Committees (UCs) <sup>5</sup>	2 152 374			812 540	2 964 914
					<b>9 322 713</b>

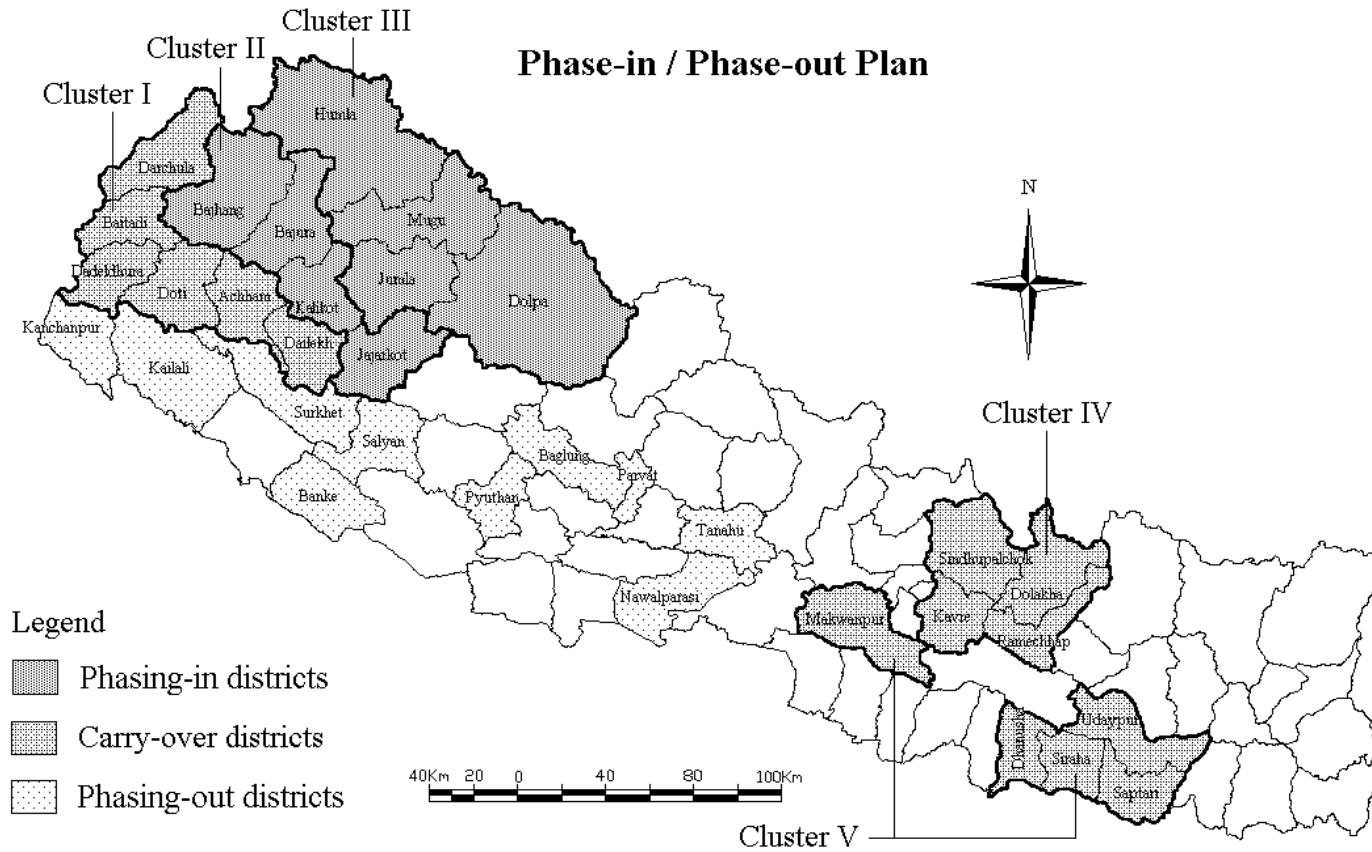
- 1) The GTZ/Rural Community Infrastructure Food for Work scheme is currently funded to December 2000. A scheme appraisal resulting in a phase II proposal will be prepared in early 2000.
- 2) Advanced discussions have occurred with the SDC (District Road Development Scheme), SNV (District Partners Project) and the Ministry of Water Resources to provide technical assistance in districts where GTZ will phase out. In addition, several international NGOs have expressed interest in the project, including CARE-Nepal, LWF and CECI. A limited WFP budget has been assigned to support technical assistance of this kind.
- 3) DDCs will contribute cash resources to support operation and maintenance costs, as well as additional incentives required to attract technical staff.
- 4) VDCs support a cash wage supplement to workers drawn from their Village Self-help Grants (each VDC receives NRs 500,000 a year from the central government).
- 5) 20% labour contribution is deducted for productive schemes that benefit individual households. In addition, UCs involved in the pilot "food-for-portering" initiative will subsidize this cost with voluntary labour.



## ANNEX IV



# Rural Community Infrastructure Works Project 5572.01 Map



VAM Unit, WFP, Nepal, October 1999

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries