

Independent Office
of Evaluation



Federal Democratic Republic of Nepal Western Uplands Poverty Alleviation Project

PROJECT PERFORMANCE EVALUATION



Independent Office
of Evaluation



Federal Democratic Republic of Nepal
Western Uplands Poverty Alleviation Project
Project performance evaluation

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Photos of activities supported by the Western Uplands Poverty Alleviation Project

Front cover: A Dalit woman, age 28, Chairperson of the Ratadab Small Irrigation Users' Group in Kalikot district. She stands in front of her house where she dries squash on the roof.

Back cover: A Dalit woman, age 27, works in her tailoring shop in Khalanga of Rukum district where she makes clothes and teaches other women the tailoring skills she learned through the project (right); Head of the Community Organization in Kalikot district, spinning goat's wool which he sells in the village (left).

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Preface

This report presents the findings of the project performance evaluation of the Western Uplands Poverty Alleviation Project (WUPAP), undertaken by the Independent Office of Evaluation of IFAD (IOE). The project was implemented between 2003 and 2016 and aimed to achieve "more resilient livelihoods and basic human dignity of the poor and socially disadvantaged people" in the uplands of the far- and mid-western regions of Nepal. The project was designed to strengthen the capacity of 115,000 households to: mobilize their own resources (human, natural, physical, financial and social); gain access to external resources; and "live their lives in dignity."

One of the main achievements of the project was effective targeting approaches appropriate to various country contexts. Given the widespread poverty and conflict at the time of project design, WUPAP's initial geographic targeting of almost all households in the selected districts was necessary to address their multiple issues. The targeting approach was especially strong in phase III, when wealth-ranking was used to identify the poorest community members. Through the community investment plan, virtually all IFAD investments reached these poorest beneficiaries and were spent according to their choice and needs. The adapted targeting strategy was part of an overall more focused approach in the re-design of phase III, which was better suited to the evolving country context. The innovative community investment plan were more strongly based on community needs and empowerment and changed the project from a supply- to a demand-driven approach. Thus, WUPAP was essential in covering the basic needs of a large group of very vulnerable people.

However, the original integrated rural development project design was too complex for the fragile political context and remote districts. The project was conceived and initially implemented during a challenging period, when Maoist insurgencies were at their peak in rural areas. Poor road networks and infrastructure further hampered WUPAP's achievements in the first two phases. In addition, the five components with multiple activities, which required technical service delivery from different district line agencies, contributed to WUPAP becoming a chronic problem project when it scaled out to additional districts in phase II. The complexity was exacerbated by frequent changes in the project management structures and key staff, as well as a lack of commitment on the part of the Government and IFAD.

This project performance evaluation was conducted by Chitra Deshpande, Senior Evaluation Officer, IOE, with contributions from Herma Majoor, IOE senior consultant, and Krishna Acharya, national consultant. Internal peer reviewers from IOE (Fabrizio Felloni, Deputy Director, Johanna Pennarz, Lead Evaluation Officer, and Hansdeep Khaira, Evaluation Officer) provided comments on the draft report. Laura Morgia, IOE Administrative Associate, provided administrative support throughout the evaluation process.

IOE is grateful to IFAD's Asia and the Pacific Division, the Government of Nepal, in particular the Ministry of Land Management, Cooperatives and Poverty Alleviation, and the in-country stakeholders and partners for their insightful inputs at various stages of the evaluation process, and the support they provided to the mission. I hope the results generated will be of use to help improve IFAD operations and activities in Nepal for enhanced development effectiveness.



Oscar A. Garcia
Director
Independent Office of Evaluation of IFAD

A member of the Small Farmers Agriculture Cooperative Ltd in Sankh of Rukum district. The project provided management training and subsidized the membership of Dalits and ethnic minorities. The cooperative provides savings and loans services and a collection point for vegetable production.

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Currency equivalent, weights and measures

Currency equivalent

Currency unit	=	Nepali Rupee (NPR)
US\$1	=	NPR 67 (at appraisal in June 2002) NPR 110 (at project completion in November 2016)

Weights and measures

1 kilogram	=	2.204 pounds
1,000 kilograms	=	1 metric tonne
1 kilometre	=	0.62 miles
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 hectare	=	2.47 acres

Abbreviations and acronyms

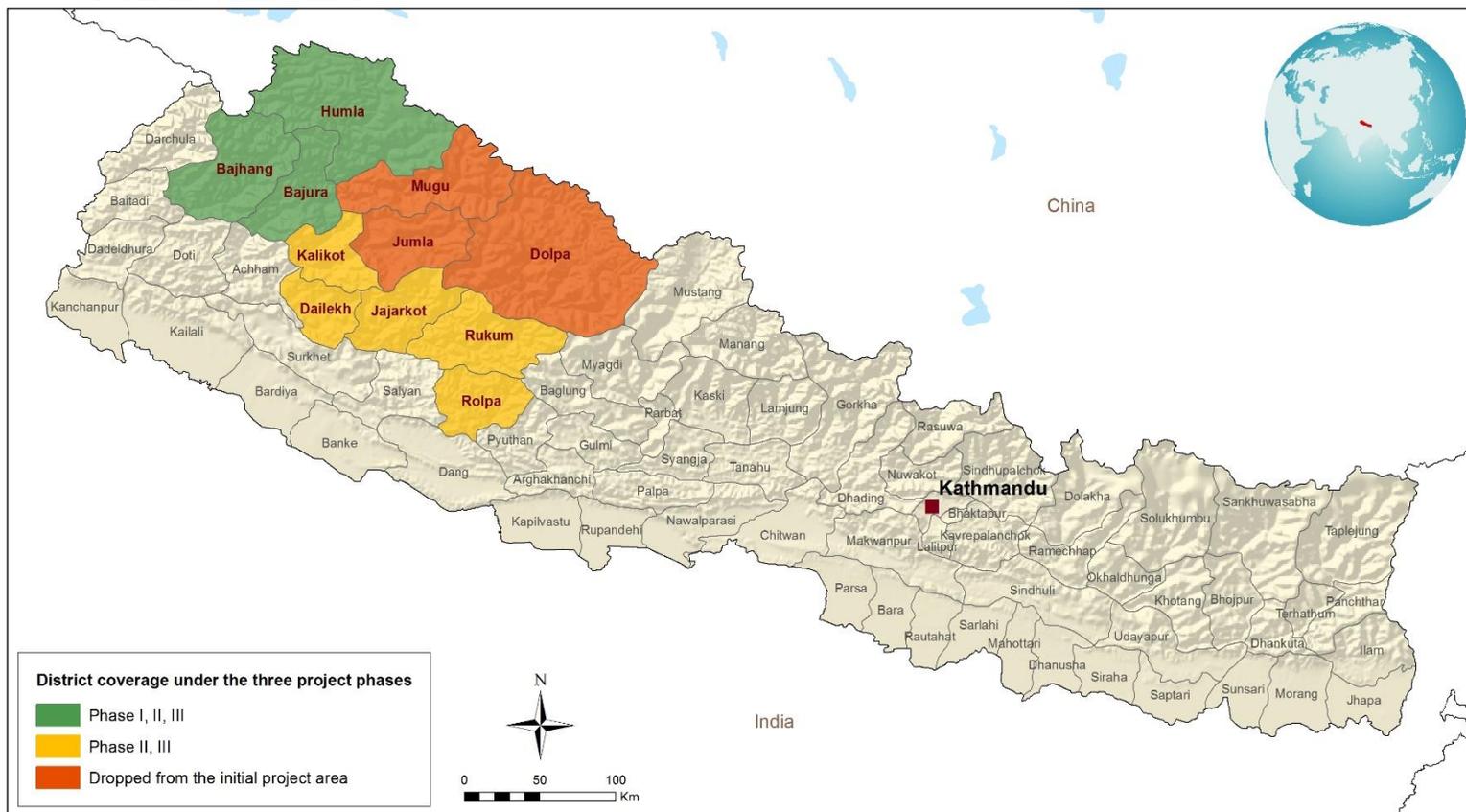
C-PCU	community project coordination unit
CIF	community investment fund
CIP	community investment plan
CO	community organization
COSOP	country strategy and opportunities programme
CPM	country programme manager
CSPE	country strategy and programme evaluation
DADO	district agriculture development office
DDC	district development committee
DFO	district forest office
DLSO	district livestock services office
D-PCU	district project coordination unit
FAO	Food and Agriculture Organization of the United Nations
FFS	farmer field school
FLM	Flexible Lending Mechanism
GDP	gross domestic product
HVAP	High Value Agriculture Project
IOE	Independent Office of Evaluation of IFAD
IPM	integrated pest management
LDFB	Local Development Fund Board
LFUG	leasehold forestry user groups
M&E	monitoring and evaluation
MoCPA	Ministry of Cooperatives and Poverty Alleviation
MoFALD	Ministry of Federal Affairs and Local Development
MoLMCPA	Ministry of Land Management, Cooperatives and Poverty Alleviation
MTR	mid-term review
NGO	non-governmental organization
NTFP	non-timber forest products
PAF	Poverty Alleviation Fund
PCR	project completion report
PCU	Project Coordination Unit
PPE	project performance evaluation
PSC	Project Steering Committee
RIMS	Results and Impact Management System (IFAD)
SFACL	Small Farmer Agro Cooperatives Limited
UNOPS	United Nations Office for Project Services
VDC	village development committee
WFP	World Food Programme
WUPAP	Western Uplands Poverty Alleviation Project

Map of the project area

Nepal

Western Uplands Poverty Alleviation Project (WUPAP)

Project performance evaluation



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 05-09-2019

Executive summary

Background

1. The Independent Office of Evaluation of IFAD undertook a project performance evaluation (PPE) of the Western Uplands Poverty Alleviation Project (WUPAP) in the Federal Democratic Republic of Nepal. The main objectives of the PPE were to: (i) assess the project results; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) provide project-level evidence for the planned Country Strategy Programme Evaluation. This PPE is based on a review of project-related documents and a mission to Nepal in November/December 2018, which visited the project areas and held interviews and discussions with various key stakeholders, including beneficiaries.

The project

2. The overall project goal was "to have more resilient livelihoods and basic human dignity of the poor and socially disadvantaged people," in the uplands of the far- and mid-western regions of Nepal. The project's specific objective was to strengthen the capacity of 115,000 households (632,500 beneficiaries) in 200 village development committees (VDCs) to: (a) mobilize their own resources (human, natural, physical, financial and social); (b) gain access to external resources; and (c) live their lives in dignity.¹ A secondary project objective was to create grassroots institutions that would ultimately be federated at VDC and district development committee levels.
3. Approved in 2001, WUPAP was implemented in three phases through IFAD's Flexible Lending Mechanism (FLM) starting in 2003 and completing in 2016: phase I (2003-2006), phase II (2007-2012) and phase III (2012-2016). The proposed project area was to cover 11 upland (hills/mountains) districts in the far- and mid-western development regions. These remote districts are characterized by harsh agro-climatic conditions, geographic isolation, small landholdings, high poverty rates, and food insecurity. WUPAP's first phase began operating in the four high hill districts of Bajhang, Bajura, Humla and Jumla. Phase II covered an additional seven districts: the four mid-hill districts of Dailekh, Jajarkot, Rolpa and Rukum and the three high hill districts of Dolpa, Kalikot and Mugu. However, Mugu was dropped in phase II and Jumla and Dolpa in phase III, resulting in only eight districts by project completion in 2016.
4. WUPAP was originally designed to include five components, as reflected in phases I and II: (i) labour-intensive community infrastructure development; (ii) leasehold forestry and non-timber forest products (NTFPs); (iii) crop and livestock production; (iv) microfinance and marketing; and (v) institutional support. In phase III, WUPAP was re-designed, going from five to three key components: (i) community empowerment, consisting of two subcomponents (social empowerment and economic empowerment); (ii) district service delivery improvement; and (iii) project management. The economic empowerment subcomponent of phase III was meant to consolidate and strengthen the first four components of phases I and II (infrastructure, leasehold forestry, crops and livestock, and microfinance and marketing). In turn, the social empowerment subcomponent, the district service delivery improvement component, and the project management of phase III were continuations of the institutional support component of the first two phases.
5. The total project cost at approval was US\$32.76 million, of which US\$20.36 million was to be funded by IFAD (US\$20 million loan, US\$0.36 million grant). The Government was to finance US\$5.9 million, the local government bodies

¹ The project aimed at addressing the deep-rooted causes of poverty, such as injustice and discrimination towards Dalits and women as well as rights violations, through increased awareness.

US\$2.2 million, and the World Food Programme (WFP) pledged US\$4 million for road construction. The remainder was to be contributed by beneficiaries (US\$0.078 million) and the private sector (US\$0.036 million). The actual cost at completion was US\$29.77 million, or 91 per cent of the approved project cost. Notably, the funding committed by WFP did not materialize.

Main findings

6. **Relevance.** WUPAP's objectives were well-aligned to the Government's and IFAD's development plans. Its targeting strategies were appropriate to the contexts of its different phases, and the FLM was a useful mechanism for a project in a fragile situation. While the initial integrated rural development project design was too complex to implement in the extremely remote districts during the conflict/post-conflict situation and proved untenable in phase II, the streamlined phase III design was more focused and suitable to the changed country context (political stability, improved infrastructure and access). Yet, additional time was needed to socially and economically empower the project's very poor and vulnerable target group.
7. **Effectiveness.** WUPAP had effectively targeted poor and vulnerable people at a rate of 79-85 per cent of plan and largely met or exceeded output targets related to livelihood activities, including livestock and crop production as well as NTFP. While fewer community organizations (COs) were formed than originally planned, which were partly grouped into cooperatives, and leasehold forestry user groups were no longer supported due to the change in design in phase III, all 153 planned community project coordination units (C-PCUs) were established to effectively implement the community investment plans (CIPs). Regarding improved management of the environment, the results of infrastructure subprojects and good agricultural practices were found to be good. As for the choice of services for the beneficiaries, very little improvement was achieved, although the introduction of farmer field schools was highly successful.
8. **Efficiency.** During phases I and II, efficiency was characterized by delays in implementation and weak financial management throughout. Although partly due to the remote locations of WUPAP districts and the conflict situation, these factors should have been mitigated by the multiple extensions. While WUPAP's project management cost ratio was reasonable and the cost-benefit analysis was positive, the project achieved its lowered targets in three more years than planned. This was primarily due to procedural and implementation delays, including a 13-month effectiveness delay, slow start-up at each phase, and delayed change in approach. During phase III, the CIP model improved the fund flow directly to the beneficiaries and consolidated the number of cost centres within the project management, which improved efficiency. Although a finance officer was eventually appointed in phase III, financial management remained an issue, causing WUPAP to return to problem project status in 2013.
9. **Rural poverty impact.** There is limited evidence to assess impact, and the results are mixed. Anecdotal evidence from the field mission demonstrated impact in terms of economic empowerment (increased incomes), better food consumption and increased assets (livestock, agricultural equipment, sewing machines, and savings). Better lending terms of COs and cooperatives also had a positive impact on beneficiaries' savings. Capacity-building through WUPAP, induced improvements in human and social capital, stemming from membership to CIPs, COs and cooperatives and training. Food security data in the Results and Impact Management System are mixed, although WUPAP reports increases in agricultural productivity as well as food availability and diversity. Regarding nutrition, it is difficult to attribute improvements to the project. Institution-level impact was also mixed – WUPAP managed to strengthen institutions at the community level, but not so much at the district level or in terms of policy changes.

10. **Sustainability of benefits.** While the sustainability of benefits controlled by beneficiaries was high, it is undermined by the lack of institutional support by local authorities or by other IFAD projects in the same districts. Although WUPAP completed two years prior to the evaluation, infrastructure was still standing and in most cases of good quality and continuously used. Committees for maintenance and operations established by WUPAP were still functioning and will contribute to sustainability. Capacity-building has also led to sustainable results, in particular at the level of beneficiaries and social mobilizers. Many farmers are still using their acquired skills in vegetable farming, and a number of tailors have started viable businesses or become trainers themselves. However, institutional sustainability was mixed. While some COs were operational and most cooperatives still existed, many were in need of additional support. While the CIP approach was highly valued, there was no strategy to shift support of CIPs to local authorities, who have demonstrated limited ownership up to now.
11. **Innovation.** WUPAP phase III introduced a number of innovations to the context of the mid-western districts, many of which were successful, such as wealth ranking, CIPs, and farmer field schools. IFAD was the first organization to bring wealth-ranking as a targeting method to Nepal. The community-led wealth ranking in phase III enabled communities to take full ownership and led to selecting the poorest among those already receiving WUPAP support. The CIPs allowed community members to select the most needed infrastructure projects and also ensured direct fund flow to the communities and beneficiaries. FFS and integrated pest management (IPM) had been introduced originally by Food and Agriculture Organization to Nepal; however, WUPAP was the first project to bring these concepts to the far- and mid-western districts, which helped farmers decrease their external inputs and increase vegetable production.
12. **Scaling up.** Envisioned partnerships for scaling up did not materialize due to a lack of concrete mechanisms. Whereas WUPAP was one of the first projects active in the target areas, many others had started their engagement at the time of the design of phase III. This was seen as an opportunity for linkages, although few linkages were established. The Government's issuance of "Below Poverty Line Cards" is a significant scaling up of the wealth-ranking methodology. Based on the success of WUPAP in achieving a sharp poverty focus, the Ministry of Cooperatives and Poverty Alleviation has decided to replicate this innovative targeting methodology and to further fine-tune the process by issuing "Below Poverty Line Cards" in 26 districts as a pilot which will be scaled up to 51 districts. Apart from this, there is no clear evidence of plans to engage the Government, other donors or communities to multiply the project's efforts and resources to achieve higher impact.
13. **Gender equality and women's empowerment.** Gender mainstreaming was not achieved throughout the project, although the proportion of women participating as beneficiaries in WUPAP was high at 49 per cent. Although WUPAP sought to have an equal or larger proportion of women beneficiaries than men, there was no underlying gender analysis or documented gender strategy that described how specific gender-related challenges and opportunities were to be addressed and used. WUPAP positively contributed to saving time for women. Related to reducing women's drudgery, 93 per cent had saved 2.3 hours per day on average in water collection, fodder-collection time had gone down to two to three hours per day, and support to improved water mills almost halved women's milling time.² However, while WUPAP sought gender balance among beneficiaries, it was not actively pursued among project staff. Almost all staff at the PCU and district levels as well as among the social mobilizers had been male. This was a missed opportunity for a

² Western Uplands Poverty Alleviation Project, project completion report.

project that actively wanted to address gender equality and women's empowerment.

14. **Environment and natural resources management.** Improved natural resources management was an identified outcome for WUPAP in its theory of change, which it largely achieved through its different activities, particularly IPM training and water infrastructure construction. The promotion and use of IPM contributed to better management of natural resources. The irrigation and water storage infrastructures were of good quality, which strengthened beneficiaries' water management capacities.
15. **Adaptation to climate change.** Adaptation to climate change was not a defined criterion at the time of WUPAP's design and was a combined criterion when it was re-designed. Nonetheless, the leasehold forestry activities in the first phases and the FFS training have enabled WUPAP communities to be more resilient to climate change.

Conclusions

16. **WUPAP's different targeting approaches in the first two phases versus phase III were appropriate and effective.** Given the widespread poverty at the time of project design, WUPAP's initial geographic targeting of almost all households in the selected districts was necessary to address their multiple issues. The targeting approach was especially good in phase III when virtually all IFAD investments ended up in the hands of poor beneficiaries and were spent according to their choices and needs. WUPAP was essential in covering the basic needs of a large group of very vulnerable people. Now that the situation is slowly improving, it is time to fill the gaps that WUPAP has left behind, such as access to markets and better targeting of women and youth. That said, the recruitment of young women and men from the districts as social mobilizers proved to be a successful model for providing stable and local support to very poor beneficiaries and remote communities as well as for assisting young rural people.
17. **The better-focused approach of the re-designed phase III was more appropriate to the evolving country context.** The main improvements found between phases II and III were in terms of better coordination at various levels (working through the local development officer, the district project coordination unit and the C-PCUs) and the approach that was more strongly based on community needs and empowerment (development and implementation of CIPs). The project thus moved from a supply-based to a demand-driven approach. However, it would have been better if the improvements had come earlier to allow for sufficient time to reach the newly targeted very poor and vulnerable.
18. **The original integrated rural development project design was too complex for the fragile political context and remote far- and mid-western hills and uplands.** The project was conceived and initially implemented at a very difficult point in time, when the Maoist insurgencies were at their peak in rural areas. Poor road networks and infrastructure further hampered WUPAP's achievements in the first two phases. In addition, the five components with multiple activities which required technical service delivery from different district line agencies contributed to WUPAP falling into problem project status when it scaled out to additional districts in phase II.
19. **The project faced difficulties because of frequent changes in the management structures and key staff, causing delays in project results.** WUPAP district staff struggled with coordinating and obtaining technical support for the beneficiaries from the district line agencies during the third phase, which contributed to delays in project results and subsequent effects on overall performance. The sustainability of the positive results achieved by the project on infrastructure, cooperatives, agriculture and livestock, income generation, and

women's empowerment was visible but may be still at risk without further support from relevant agencies.

20. **A lack of commitment on the part of the Government and IFAD was also evident in WUPAP falling into chronic problem project status.** Lack of engagement of senior staff (IFAD) and appropriate and sufficient staff (Government) at the right places and with a sufficiently long duration further aggravated the lack of progress. After the project was almost cancelled, the Government renewed its commitment, and actions were undertaken which led to strengthening project achievements (CIPs, simplification, payment methods).
21. **Although linkage to markets was a constraint faced by many beneficiaries, it was not sufficiently included in the design and activities, which negatively affected the potential impact of WUPAP.** Transport is expensive and the possibilities at local-level low because the harvest of certain products usually comes in one bulk. The community members themselves did not yet appear able to organize themselves to address this issue. Opportunities for project support were present, such as helping the communities to organize coordinated transport and to negotiate, either under WUPAP or through synergy with other interventions.

Recommendations

22. **Recommendation 1. Strengthen and replicate the model of social mobilizers from phase III and incorporate it into project designs as a means of building local technical support services and supporting youth employment in remote far- and mid-western districts of Nepal.** The successful model of using social mobilizers should be continued in other projects and strengthened by targeting women and youth for recruitment to social mobilizer positions. They must be provided with training to improve their service provision as well as support to develop their own career. The training of youth and the creation of local opportunities are especially important given the massive migration in Nepal.
23. **Recommendation 2. Further support to WUPAP cooperatives should be incorporated into existing or new IFAD interventions.** Former WUPAP beneficiaries and cooperatives that have proven sustainable and are in the same districts and villages as other existing and planned IFAD projects should be considered for inclusion, particularly ones linking smallholders to markets. For example, value chain projects in Dailekh and Kalikot districts could include WUPAP-trained farmers and cooperatives in their market access activities to increase the impact of their improved agricultural productivity and greater assets, while extending their outreach to poorer and more vulnerable groups.
24. **Recommendation 3. Government stakeholders at all levels, but especially local and state, should provide strong and continued engagement in IFAD projects in the mid-and uplands.** The full engagement of relevant line agencies and local authorities in providing services and supporting rural municipalities should be ensured from the start of projects. This can be done, for instance, by drawing up a performance agreement, specifying their engagement and including quality specifications and funding to support their involvement. Qualified government project staff should be deployed to project areas for longer periods, with their presence and involvement guaranteed. Government representatives should participate in supervision missions to ensure project ownership. Local authorities need to be involved in project implementation, particularly when projects are using participatory community development mechanisms such as the CIP for greater sustainability.

IFAD Management's response¹

1. Management welcomes the overall evaluation findings of the Western Uplands Poverty Alleviation Project (WUPAP) project performance evaluation (PPE) conducted by the Independent Office of Evaluation (IOE).
2. Management is pleased to note that the PPE assesses the overall performance of the project as moderately satisfactory (4) and recognizes that the project – operating in the complex environment characterized by ethnic and cultural diversity, a wide range of livelihood systems and competing pressures on natural resources in the remotest part of the country with no road connectivity and recognized as the hotspot of origin point of the armed struggle (1995-2006) followed by political transition until 2015 – achieved its expected objectives to improve the livelihoods and resilience of the upland dwellers. As the PPE rightly points out, WUPAP's targeting approach was indeed very effective at ensuring that the bulk of IFAD's investment benefited poor beneficiaries and responded to their needs.
3. Management concurs with the PPE assessment that the project paid appropriate attention to the environment and natural resource management and adaptation to climate change while implementing activities in the fragile Himalayan terrain by innovating various tools for rural development which are currently in use by the government agencies and other development partners in the country. Management is also satisfied with the finding that targeted communities and institutions have been empowered through the community-driven development approach of WUPAP, especially through the participatory process of Community Invest Plans in the absence of elected local government office bearers.
4. Management also recalls that WUPAP is one among the projects designed under the flexible lending mechanism (FLM) and remained as the same until its closure, although several other such projects were converted into ordinary ones. Management believes that the FLM mechanism was quite useful and appropriate in the fragile country situation of Nepal, considering the prolonged political transition (although, as noted by the PPE, more procedural clarity was needed).
5. Management agrees with the PPE recommendations and will ensure that they are considered as recommended for the country programme and future projects. In this regard Management would like to acknowledge the following:
 - (b) ***Recommendation 1. Strengthen and replicate the model of social mobilizers from phase III and incorporate it into project designs as a means of building local technical support services and supporting youth employment in far- and mid-western districts in Nepal.***

Agreed. Management agrees that youth must be provided with training to improve their capacity in providing technical support services to the rural communities and also to develop their own career. Management realizes that engaging youth and the creation of local opportunities are especially important given the massive migration in Nepal. The future project designs will adequately focus on youth – both women and men – including in projects' workforces.

- (c) ***Recommendation 2. Further support to WUPAP cooperatives should be incorporated into existing or new IFAD interventions.***

Agreed. Management shares the concerns expressed by the evaluation in linking the project beneficiaries and cooperatives that have proven sustainable and are in the same districts and villages as other existing and planned IFAD projects for inclusion, particularly ones linking smallholders to markets. Management will

¹ The Programme Management Department sent the final Management's response to the Independent Office of Evaluation of IFAD on 19 June 2019.

ensure that the rural institutional base created through WUPAP in the form of community organizations and cooperatives will be utilized by the ongoing projects, such as Agriculture Sector Development Programme, and other initiatives.

- (d) ***Recommendation 3. Government stakeholders at all levels, but especially local and state, should provide strong and continued engagement in IFAD projects in the mid- and uplands.***

Agreed. Management agrees that future IFAD initiatives need to be fully engaged, from the start, with the newly established public and private sector subnational structures created through the enactment of a decentralized governing system in the country. Management is committed to ensure the participation of government representatives in supervision missions to maximize project ownership. State and municipal-level governments will be entrusted with appropriate implementation responsibilities and their representation in the guiding and steering structures will be ensured through the project designs.

6. Management thanks IOE for the fruitful process and will ensure that lessons learned from this exercise are internalized to further improve the performance of IFAD-funded programmes and projects in Nepal and elsewhere.

A successful vegetable grower and entrepreneur, stands with her husband. This female-leader of the Community Project Coordination Unit in Chhinkeht, Banfikot 4 in Rukum district received training on growing vegetables which included an knowledge-exchange trip to Darjeeling, India through the project. The success of her vegetable growing business resulted in the return of her husband from his migrant work and her ability to send her children to university.

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Federal Democratic Republic of Nepal

Western Uplands Poverty Alleviation Project

Project Performance Evaluation

I. Evaluation objectives, methodology and process

1. **Background.** The Independent Office of Evaluation of IFAD (IOE) undertakes project performance evaluations (PPEs) for a select number of completed projects.¹ The Western Uplands Poverty Alleviation Project (WUPAP) in the Federal Democratic Republic of Nepal was selected based on a number of considerations, in particular to provide inputs for the Nepal country strategy and programme evaluation (CSPE) to be undertaken in 2019.
2. **Objectives.** The main objectives of the PPE were to: (i) assess the results of the project; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) provide project-level evidence to contribute to the CSPE. This PPE also focused on key issues that emerged from the desk review: project design, targeting strategy, institutional support, rural finance, sustainability of programme benefits, partnerships for scaling up, and project management.
3. **Methodology.** The PPE follows IFAD's Evaluation Policy,² the IFAD/IOE Evaluation Manual (second edition)³ in line with the 2017 agreement between IOE and IFAD Management on the harmonized definitions of evaluation criteria, and the Guidelines for Project Completion Validation and Project Performance Evaluation.⁴ It adopts a set of internationally recognized evaluation criteria (see annex II) and a six-point rating system in which 6 is the highest score (highly satisfactory) and 1 is the lowest (highly unsatisfactory). The evaluation was based on a desk review of available data and documents⁵ and a two-week country mission including field visits.
4. WUPAP was implemented in three phases through IFAD's Flexible Lending Mechanism (FLM) starting in 2003 and was completed in 2016. Given the long time-lapse after the completion of phase I (2003-2006) and phase II (2007-2012), the PPE field mission focused mainly on phase III (2012-2016). For phases I and II, more reliable data were drawn from the assessments at the end of each phase of the project and the Nepal Country Programme Evaluation (2013) conducted at the end of phase II.
5. The PPE has built on available quantitative (e.g. IFAD Results and Impact Management System [RIMS], project monitoring and evaluation [M&E], other secondary sources) and qualitative (e.g. mid-term reviews [MTRs], supervision reports, the project completion report [PCR]) data and information related to the project.
6. RIMS includes a menu of indicators used to measure and report on the performance of IFAD projects – at activity, output and impact levels – which were used for effectiveness and impact criteria. RIMS impact-level data were collected in 2007, at mid-term in 2011 and at completion. These data were compared with overall food security data in the districts as part of the assessment under the rural poverty impact criterion. Sex-disaggregated RIMS-plus data were collected at the

¹ The selection criteria for PPEs include: (i) synergies with forthcoming or ongoing IOE evaluations; (ii) novel approaches; (iii) major information gaps in PCRs; and (iv) geographic balance.

² <http://www.ifad.org/pub/policy/oe.pdf>.

³ http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf.

⁴ http://www.ifad.org/evaluation/process_methodology/doc/pr_completion.pdf. See annex IV for an extract from the guidelines "Methodological note on project performance assessments".

⁵ Including supervision mission reports, MTR report, PCR, baseline survey, and WUPAP database. See also annex XII for bibliography.

outcome and output levels with indicators based on phases I and II components between 2011 and 2016. Given the change in components in phase III, a proper mapping of indicators to the new components was undertaken and data discrepancies between the PCR and RIMS Excel files were checked. M&E data were also used to plan the mission visit to project areas, including data on the activities carried out in different districts by various community groups.

7. The PPE cross-checked findings from the PCR and triangulated data and information from different sources. Interviews were conducted from IFAD headquarters (in-person, telephone and videoconference) and in-country to obtain further information. During the field mission, additional primary and secondary data were collected to reach an independent assessment of performance and results. Data collection methods included qualitative techniques such as direct observation, interviews and focus group discussions with government representatives at national and local levels, project stakeholders, beneficiaries and other key informants and resource persons.
8. Finally, the achievement of project outcomes and contribution to the project goals were based on the theory of change⁶ which the PPE team reconstructed at the end of the mission (annex VI) and is further discussed in paragraph 30. The PPE used a theory of change approach for a systematic examination of assumed causal linkages and to check the extent of evidence to support these linkages.
9. **Process.** The PPE mission was undertaken from 26 November to 9 December 2018. At the start of the mission, meetings were held in Kathmandu with: the Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLMCPA); Ministry of Federal Affairs and General Administration; Ministry of Finance; Ministry of Agriculture and Livestock Development; Ministry of Forest and Environment; and former WUPAP project staff.
10. From 28 November to 6 December 2018, the PPE team undertook field visits to two of the final eight WUPAP districts included in phase III – Rukum and Kalikot. Rukum represents a district in the midwestern hills with the highest reported increase in average income of beneficiaries and second highest percentage of total project support (16 per cent). Kalikot represents a district in the uplands close to the far-western regions with the third highest percentage of total project support (15 per cent). The district was also included in the subsequent IFAD-supported High Value Agriculture Project (HVAP). Focus group discussions were held with members of cooperatives formed by WUPAP, groups trained in integrated pest management (IPM), and water user associations of irrigation canals and ponds. Several key informant interviews were held with deputy-district coordinators, social mobilizers, members of the community project coordination unit (C-PCU), and individuals who received skills training.
11. Upon returning to Kathmandu, the PPE team held additional meetings with former WUPAP project staff and the current country programme manager (CPM) and programme officer. A wrap-up meeting was held on 9 December 2018 at MoLMCPA, where the PPE team presented preliminary findings. A list of key people met is provided in annex V. Following the mission, further analysis of the data and findings was conducted to prepare the draft PPE report. The draft report was first peer-reviewed within IOE, after which it was shared with IFAD's Asia and the Pacific Division and the Government of Nepal for comments. The comments provided were taken into consideration when the report was being finalized.

⁶ A project's theory of change depicts the causal pathways from project outputs to project outcomes, i.e. through changes resulting from the use of those outputs made by target groups and other key stakeholders towards impact. The ToC further defines external factors that influence change along the major impact pathways. These external factors are assumptions when the project has no control over them, or drivers of impact when the project has a certain level of control.

12. **Data availability and limitations.** At the time of the mission, three uphill districts were not accessible due to inclement weather and poor road conditions. The accessible uphill district Kalikot and mid-hill district Rukum were selected for the field visit as both districts were scarcely covered by supervision missions. Rukum in particular had been rarely visited by supervision missions and hence little information was available; the low coverage was one of the reasons for selecting the district.
13. Some RIMS data were available to the evaluation, but the usefulness and quality were deemed limited and not all data had been collected. Moreover, the sample sizes were not scientifically derived and attribution potential is unclear.
14. Within the districts, the PPE has covered various project stakeholders – community organizations (COs), cooperatives, C-PCUs, leasehold forestry user groups (LFUGs), infrastructure user groups as well as former project staff. An informed decision on village development committees (VDCs) to be visited was taken based on the number of beneficiaries in the area (preference for areas with more) and the need to cover a diverse range of project activities (e.g. training of farmers, community infrastructure, microcredit). At the end of the mission, the national expert tried to contact all social mobilizers who had been engaged in WUPAP and interviewed them by telephone based on a concise questionnaire (annex XI). It was difficult to identify and engage the social mobilizers, in view of the time passed, but in the end 25⁷ out of 123 could be reached, providing additional information on districts not visited and the role of social mobilizers.
15. In accordance with the IFAD Evaluation Policy, the main project stakeholders were involved throughout the PPE process. This has ensured that the key concerns of the stakeholders were considered, that the evaluators could familiarize themselves with the context in which the project was implemented, and that opportunities and constraints faced by the implementing institutions were identified. Regular communication was established with the Asia and the Pacific Division of the Programme Management Department of IFAD and with the Government of Nepal. Formal and informal opportunities were explored during the process for discussing findings, lessons and recommendations. Given that the project management unit was disbanded after project completion, early planning with the assistance of the IFAD country programme officer was successfully undertaken to identify stakeholders and beneficiaries and to organize meetings.
16. This is an ex-post assessment of a project of almost 14 years' duration and a long time-lapse between the first two phases and this PPE. Therefore, it was difficult to access relevant Government staff as they had moved on, particularly since the change of Government in 2018.⁸ Moreover, the project locations were remote and scattered, so it was challenging to obtain strong coverage for focus group discussions and interviews. While time was limited by transportation, the choice of districts did not create bias as it was based on geographic diversity, relevant project activities, and types of beneficiaries. Finally, a single rating has been given for WUPAP's performance against the various criteria, although the evaluators acknowledge that performance differed between phases.

⁷ Four social mobilizers were interviewed during the field visit.

⁸ A former WUPAP consultant who served as Deputy District Coordinator in Rolpa and Humla was recruited for logistical support.

II. The project

A. Project context

17. **Country background.** The Federal Democratic Republic of Nepal is a mountainous and landlocked country situated in the Himalayas between China and India. It is a low-income country with a population of 29.3 million and a per capita gross domestic product (GDP) of US\$834 in 2017. The population is mainly concentrated in rural areas (80.6 per cent), and agriculture plays a fundamental role in the economy, accounting for about 27 per cent of GDP and employing 71 per cent of the working population. The inflow of remittances plays a key role in Nepal's economy and is estimated to be US\$6.9 billion, or 28.3 per cent of GDP in 2017,⁹ the fifth largest in the world. In addition, there is considerable internal migration for work, from rural areas in the hills and mountains to the major towns and from west to east.
18. At the time of WUPAP's design, Nepal was characterized by a high incidence of poverty¹⁰ and was the poorest country in South Asia, with a per capita income of US\$220.¹¹ By 2003, the poverty rate was 37.4 per cent in the rural western hills¹² where WUPAP operated. The inadequate infrastructure, one of the worst in the world,¹³ was a main attributing factor to the slow growth (2.1 per cent) of the agriculture sector. Seven project districts (Bajhang, Bajura, Dolpa, Humla, Kalikot, Jumla and Mugu) in the mountainous regions of Nepal and the four (Dailekh, Jajarkot, Rolpa and Rukum) in the hilly region were characterized by a high incidence of poverty and overall deprivation¹⁴ and food deficits. There were almost no road networks and people depended on mules and goats for transportation.
19. Nepal has undergone a political transformation from a kingdom to a federal republic state with the re-introduction of multi-party democracy in 1990. However, the state's failure to provide services and livelihoods provided the basis for an armed conflict in the mid-1990s led by the Communist Party of Nepal (Maoist), which mobilized the rural poor and marginalized caste/ethnic groups to form militias against the state's military. In November 2006, the armed conflict ended with the "Comprehensive Peace Accord", and elections for the Constituent Assembly took place on 10 April 2008. The new Constitution was finally ratified in September 2015, which confirmed the country as a secular democratic republic.¹⁵
20. WUPAP was designed and commenced when the Maoist insurgency was at its peak, and the continued political instability resulted in numerous new governments.¹⁶ Increasing security threats in the rural areas due to the Maoist insurgency had severely affected economic activities, peoples' movement and government services. Government officials were reluctant to be deployed in areas far from the urban centres because of Maoist security threats. This had subsequently prevented the people from getting technical and other assistance from government agencies.
21. During the 14 years between WUPAP's design and completion, Nepal achieved political stability and improved economic conditions. The road network increased, although slowly in the WUPAP districts due to geographic difficulties. The national poverty rate decreased from 31 per cent in 2003 to 25.2 per cent in 2010. The gross national income per capita increased to US\$592 in 2010 and US\$730 in

⁹ World Bank. 2018. *Personal remittances, received (percentage of GDP)*. Available at <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NP> (accessed 24/07/2018).

¹⁰ The poverty rate was 41.8 per cent in 1995/96 (*Nepal, a political Analysis (Magnus Hatlebakk)*; Norwegian Ministry of Foreign Affairs. 2017).

¹¹ World Bank. 2002 (30 January). *Nepal Development Forum, Economic Update 2002*.

¹² Op. cit. Nepal, A political Analysis.

¹³ Op. cit. Nepal Development Forum.

¹⁴ WUPAP appraisal report.

¹⁵ Nepal Law Constitution, Constitution of Nepal, Article 4, point 1. 2015.

¹⁶ Op. cit. Nepal Development Forum.

2016.¹⁷ Many development agencies have been working in the western region of Nepal, including the WUPAP project districts, to help people increase their agricultural activities and income. Nonetheless, out of three million people in Karnali region (state 6), where the majority of WUPAP districts are found, at least 210,000 people still remain without food for one day in a year.¹⁸

22. **Project rationale.** At design, the rationale for WUPAP was that the project area was underdeveloped due to its remoteness, difficult terrain and harsh environment. Food insecurity was a major problem as most people were landless or functionally landless due to a small land base and low agricultural productivity. Seasonal out-migration for jobs was also common among the youth. There was potential for enhancing the production of non-timber forest products (NTFPs)/medicinal and aromatic plants by organizing poor farmers and communities for marketing and through technology transfer and capital support. The project districts were at the heart of the Maoist insurgency due to the high level of poverty, and therefore the Government prioritized addressing poverty in these areas. As few investment projects operated in these areas, IFAD support was meant to complement the Government's efforts to address deprivation in these districts.
23. **Project goal and objectives.** The overall project goal was "to have more resilient livelihoods and basic human dignity of the poor and socially disadvantaged people" in the uplands of the far- and mid-western regions of Nepal. The project's specific objective was to strengthen the capacity of 115,000 households (632,500 beneficiaries) in 200 VDCs to: (a) mobilize their own resources (human, natural, physical, financial and social); (b) gain access to external resources; and (c) live their lives in dignity.¹⁹ A secondary project objective was to create grassroots institutions that would ultimately be federated at VDC and district development committee (DDC) levels.
24. **Project area.** The proposed project area was to cover 11 upland (hills/mountains) districts in the far- and mid-western development regions. These remote districts are characterized by harsh agro-climatic conditions, geographic isolation, small landholdings, high poverty rates, and food insecurity. Implemented in three phases under IFAD's FLM,²⁰ WUPAP's first phase was to begin operating in the four high hill districts of Bajhang, Bajura, Humla and Jumla and was completed in 2006. Phase II, which was completed in 2012, was to cover an additional seven districts – the four mid-hill districts of Dailekh, Jajarkot, Rolpa and Rukum and the three high hill districts of Dolpa, Kalikot and Mugu. However, Mugu was dropped in phase II and Jumla and Dolpa in phase III, resulting in only eight districts by project completion in 2016.
25. **Target group and targeting approach.** The project targeted a total of 115,000 households from among 226,000 households in the project area. It was assumed that the remaining households would be covered by the regular government programmes and/or other development projects. The project design used an "inclusive" approach for targeting, as over 95 per cent of households were food insecure, and categorized the households into three groups:
 - (a) *Very poor and most vulnerable households:* all households with very limited land base, insecure access to common resources and underemployed, all Dalits, female-headed households with young children, tenants, bonded labourers and forced labours due to indebtedness;

¹⁷ World Bank Group. 2018 (October). *Poverty and Equity Brief, South Asia, Nepal*. Available at <http://datbank.worldbank.org/data>.

¹⁸ Kantipur Daily. 31 December 2018. Nepal.

¹⁹ The project aimed to address the deep-rooted causes of poverty such as injustice and discrimination towards Dalits and women as well as rights violations through increased awareness.

²⁰ Financing under IFAD's FLM allowed for a longer project duration. It is no longer in use.

- (b) *Less vulnerable households*: subsistence small farmers with limited access to markets and other services and with small land holdings to support their families;
- (c) *Least vulnerable households*: small dry-land farmers living in areas close to markets and services in or close to valleys with higher population pressure and fast depletion of natural resources.

Although inclusive of all households in the project districts, the project was to prioritize reaching women, Dalits, youth and other minorities.

26. In phase III, a participatory wealth-ranking exercise was used in the 153 supported VDCs to improve the focus on the very poor and vulnerable people. Target communities were specifically defined as the poorest 25 per cent of households and all member households of active COs and previously supported LFUGs.

27. **Project components.** WUPAP was originally designed to include the following five components as reflected in phases I and II:

- (i) Labour-Intensive Community Infrastructure Development to develop and strengthen the communities' productive base. This would provide employment to the poorest households to mitigate seasonal malnutrition and generate savings to enable their participation in savings and credit-based cooperatives;
- (ii) Leasehold Forestry and NTFP targeting landless households to give them access to land resources, with priority to Dalits and women. The component was to seek to domesticate NTFP production with the support of the private sector, where the technology existed;
- (iii) Crop and Livestock Production to increase household food security, improve nutrition and provide income to the beneficiaries. The component was to finance demonstrations, adaptive research, development of nurseries and training to the village specialists, staff of the line ministries, and beneficiaries;
- (iv) Microfinance and Marketing to beneficiaries to undertake income-generating activities;
- (v) Institutional Support to strengthen capacity at the grassroots, develop viable organizations, and provide support to the coordination unit, special studies to address poverty, discrimination and other issues, and M&E.

28. In phase III, WUPAP was effectively re-designed to consolidate the achievements of the first two phases (infrastructure, leasehold forestry, crops and livestock, and microfinance and marketing) and address design complexity unsuitable for Nepal's fragile, post-conflict situation. Phase III became more focused, going from five to three key components. The design also took into account improved communications, connectivity and market penetration as well as new projects in the project areas. Key components under phase III were:

- (i) Community Empowerment, consisting of a multi-year participatory investment planning and management process through a community investment fund (CIF), to procure technical services or fund productive infrastructure selected by the communities. This was organized in two subcomponents:
 - a) Social empowerment subcomponent covering participatory planning, governance and investment management. A C-PCU was to be elected in each VDC by target households and would be responsible for the design, implementation and review of the community investment plan (CIP);
 - b) Economic empowerment subcomponent incorporating the CIF, which was the main instrument for investment in each VDC to finance the CIP. Eligible types of investment were farm improvement, market linkage

development and value addition, vocational training, productive and labour-saving community infrastructure and loan capital to COs for on-lending to members;

- (ii) District Service Delivery Improvement to support improvement in the quality, responsiveness and effectiveness of technical service delivery to villagers. This included giving communities full decision-making control on resource allocation for services and the creation of a Beneficiaries' Oversight Board, involvement of the Regional Directorates (livestock, forestry, agriculture) for strengthening technical supervision, quality and use of district government line agencies and non-line agency service providers (e.g. non-governmental organizations (NGOs), cooperatives, private businesses) to provide similar services in different VDCs in the same district;
 - (iii) Project Management covering all project management, coordination and reporting activities at district, regional and national levels.
29. The Economic Empowerment subcomponent of phase III was meant to consolidate and strengthen the first four components of phases I and II (Infrastructure, Leasehold Forestry, Crops and Livestock, and Microfinance and Marketing). In turn, the Social Empowerment subcomponent, the District Service Delivery Improvement component, and the Project Management of phase III were the continuation of the Institutional Support component of phase I.
30. **WUPAP theory of change.** In phase III, the impact pathway involved linkages between improved social and economic empowerment of the targeted poor communities and their members. Strengthened production and marketing were to be achieved through better service delivery, training and provision of micro-loans, channelled through the COs to support family agro-enterprises that were members. The COs were to be provided funds and receive contributions from members' savings. The COs would then be grouped into cooperatives to strengthen effectiveness and sustainability. The community-level CIPs were to enable community members to select the most useful services, training and infrastructure. Infrastructure investment was meant to lead to time and resource savings. The approach would provide beneficiaries with increased incomes and food security.

B. Project implementation

31. **Time frame.** IFAD financing for WUPAP was approved on 6 December 2001 and became effective on 1 January 2003, with an original completion date of 31 March 2014. As an FLM, specific triggers were set for each phase to move to the next phase. Phase I met its triggers and moved to phase II in 2006; phase II required a one-year extension to meet its triggers in 2012; and phase III was allowed one extra year for planning and three years for implementation. The project was completed on 2 December 2016 with a duration of almost 14 years versus the planned 11 years; the financing was closed on 31 March 2017.
32. **Project costs and financing.** The total project cost at approval was US\$32.76 million, of which US\$20.36 million was to be funded by IFAD (US\$20 million loan, US\$0.36 million grant). The Government was to finance US\$5.9 million, the local governments US\$2.2 million and the World Food Programme (WFP) pledged US\$4 million for road construction. The remainder was to be contributed by beneficiaries (US\$0.078 million) and the private sector (US\$0.036 million). The actual cost at completion was US\$29.77 million, or 91 per cent of the approved project cost. Notably, the funds committed by WFP for the construction of the "Green Road" linking Jumla and Humla did not materialize and the road was not constructed.
33. Table 1 presents the adjusted estimated and actual costs (without WFP financing) by phase and component as presented in the PCR. For phases I and II, the total estimated cost was US\$16.68 million, of which 98.9 per cent was disbursed. The

highest-funded components were institutional support and infrastructure, both of which exceeded their cost at design by 127 per cent and 114 per cent, respectively. The total estimated cost for phase III was US\$13.83 million, of which 95.9 per cent was disbursed. The actual expenditure for community empowerment in phase III had the highest expenditure for all the phases (US\$10.31 million) and disbursed 120 per cent of the estimated cost.

Table 1
Planned versus actual costs by component

<i>Component</i>	<i>Estimated amount (US\$ million)</i>	<i>Estimated amount (% of total)</i>	<i>Expenditure (US\$ million)</i>	<i>Expenditure (% of total)</i>	<i>Disbursement rate</i>
Phases I and II					
Infrastructure	4.37	14.3	4.99	16.8	114.3
Leasehold Forest and NTFP	3.24	10.6	2.58	8.7	79.5
Crops and Livestock	2.06	6.8	1.96	6.6	95.3
Microfinance and Marketing	1.96	6.4	0.58	2.0	29.6
Institutional Support	5.05	16.6	6.40	21.5	126.7
Total phases I and II	16.68	54.7	16.51	55.4	98.9
Phase III					
Community Empowerment	8.56	28.1	10.31	34.6	120.3
District Service Delivery Improvement	1.14	3.7	0.16	0.6	14.5
Project Management	4.13	13.5	2.80	9.4	67.7
Total phase III	13.83	45.3	13.27	44.6	95.9
Grand Total	30.51*	100.0	29.77	100.0	97.6

N.B. According to the PCR, the difference in the total estimated amount reported in table 1 is due to reallocation of surplus funds in phases II and III; unallocated amount of and US\$4.03 million of WFP are not included in components. Source: WUPAP PCR.

34. **Implementation arrangements.** In phases I and II, the then-Ministry of Local Development, later the Ministry of Federal Affairs and Local Development (MoFALD), had overall responsibility for project implementation. The Joint Secretary of Local Self Governance Division was the National Project Director and was to be supported by a Project Coordinator, and technical assistance teams at central and district levels. A Project Steering Committee (PSC) chaired by the Secretary of the Ministry of Local Development, comprising the National Project Director and representatives from Departments of the Ministry of Agriculture and Livestock, Ministry of Forestry and Soil Conservation, National Planning Commission and Ministry of Finance provided oversight and guidance to the project. At the district level, the Local Development Fund Board (LDFB) played the primary role of project coordination during phase I. In phase II, from 2008 a District Management Committee was set in each district under the chairmanship of a local development officer.
35. In phase III, overall responsibility for project implementation was transferred to the Ministry of Cooperatives and Poverty Alleviation (MoCPA). The secretaries of both MoFALD and MoCPA co-chaired the PSC meetings. Project implementation was consolidated through the creation of dedicated District Project Coordination Units (D-PCUs) in the eight project districts which were operated by deputy district project coordinators (former district project managers) and supervised the local development officer in the DDC. In each district, the D-PCU supported about 15 to

20 VDCs to implement their participatory three-year rolling CIP. A C-PCU was formed in each VDC from target households, supported by social mobilizers contracted by the D-PCU, and were made responsible for facilitating the overall process of social mobilization, participatory planning and review, and public auditing of the implementation of all activities under each CIP.

36. **Significant changes during project implementation.** During project implementation several design changes were incorporated:
- (i) Project management structure and related fund flow systems: During phase I, the DDC provided funds directly for implementation of infrastructure-related activities to the community groups, to the district forest office (DFO) for leasehold forestry activities, and LDFB for credit-related interventions. During phase II, the LDFB received funds only for credit and project management. During phase III, the LDFB was not involved in project implementation due to poor performance, and funds from the DDC moved directly to the bank accounts of the target groups.
 - (ii) Project implementation modalities and processes: During phases I and II, the project engaged national and local NGOs for social mobilization. In phase III, the project introduced implementation by C-PCUs, a unit at the VDC level comprising members elected by the community and supported by individually contracted social mobilizers and service providers. A "service delivery challenge fund" was also introduced to improve performance. The number of districts was reduced from 11 to 8, dropping Dolpa, Jumla and Mugu.
 - (iii) Project activities: Phase I project design had envisaged construction of 125 km of Green Road with cofinancing of US\$4.03 million from WFP, which did not materialize. Phase III focused on economic empowerment as the next level of social empowerment, coupled with reliance on C-PCUs to implement CIPs.
37. **Project implementation progression.** WUPAP faced delays from the onset until the end of phase II, hampered especially in the first phases by security issues. WUPAP made a slow start; after one and a half years, the project was seen to have made "a modest beginning".²¹ The security situation was reportedly deteriorating with increasing Maoist insurgency in the project area. Nonetheless, by mid-2005 WUPAP had picked up speed²² and by the end of phase I in 2006 WUPAP had reached the FLM triggers, in fact exceeding several of the modest targets for this start-up phase. In phase II there was a scale-up to 11 districts, but due to a number of challenges, including the lack of an appropriate management system, project progress stayed very much behind plan.
38. An MTR was conducted in 2010 to allow IFAD and the Government sufficient time to introduce any structural changes or adaptations potentially required for the last phase. At the time of the MTR, two and a half years into the second phase, it seemed unlikely that the project would meet all five triggers necessary to move to the third phase, which was planned to commence in mid-2011.
39. Although closure was contemplated, the project gained momentum after the 2010 MTR based on improvements to the design. A management adviser was contracted to prepare an accelerated plan of action. The Government showed a clear intention to find a solution and agreed to an action plan, which included: replacement of the project manager; acceptance of the management adviser's lead role in rescuing the project; reduction in the number of districts from eleven to eight; introduction of competitive salaries and recruitment procedures for the Project Coordination Unit (PCU) staff; and increased mobility to reach remote communities. In April 2012, all staff members except one were newly deployed. According to data collected by project staff and presented in April 2012, within less than a year the project had

²¹ IFAD, UNOPS. 30 June 2004. WUPAP, supervision report, 24-31 May 2004.

²² IFAD, UNOPS. April 2006. WUPAP, supervision report, 17-29 June 2005.

achieved a major turnaround, meeting all five triggers. This enabled the project to move forward to phase III.

40. **Project outputs.** Implementation of different activities during the three phases against the initial targets and a description of the related coverage have been included in annex XIII.

Key points

- In Nepal, over 80 per cent of the population lives in rural, often mountainous areas, and the economy is characterized by a large subsistence agrarian system.
- After the country's transformation into a federal republic state in 1990, the Communist Party of Nepal (Maoist) led an insurgency from the mid-1990s until 2006, and the situation continued to be fragile until a new Constitution was adopted in 2015.
- WUPAP was designed to have "more resilient livelihoods and basic human dignity of the poor and socially disadvantaged people" for 115,000 households in 11 districts in the uplands of the far- and mid-western regions of Nepal.
- WUPAP was designed as an FLM, with specific triggers to be met to move from one phase to the next. The duration was designed from 1 January 2003 to 31 March 2014, but it was finally extended until 2 December 2016.
- WUPAP consisted of three phases; after phase II, a considerable adaptation to the approach was introduced for a positive impetus to implementation and to consolidate the gains. Fund flow modalities changed, with a more direct flow to communities.
- The project targeted the three poorest sections of the population and was to prioritize reaching women, Dalits, youth and other minorities.
- The total project cost at approval was US\$32.76 million; US\$20.36 million was to be funded by IFAD (US\$20 million loan, US\$0.36 million grant). The Government was to finance US\$5.9 million, the local governments US\$2.2 million and WFP pledged US\$4 million for road construction, although the latter did not materialize.
- The expenditure and disbursement rates at the end of phase II were 98.99 per cent and 55.4 per cent, and at the end of phase III 100 and 97.6 per cent, respectively.
- In phases I and II, the MoFALD had overall responsibility for project implementation, which was transferred to MoCPA in phase III.

III. Main evaluation findings

A. Project performance and rural poverty impact

41. WUPAP was originally designed in 2001 as a complex integrated rural development project in three phases with five components to be implemented in 11 remote districts in a fragile political situation (i.e. Maoist insurgency). In 2012, a new approach was developed, recognizing the rapidly changing socio-economic context, but the original goals and objectives were retained. The number of components was reduced to three, and the design shifted from a supply-driven approach (services offered to communities by government district offices that received project funding directly) to a demand-driven approach through CIPs (communities receiving project funding directly to request services from district offices or the private sector). The evaluation therefore has described the assessment and results for phases I and II separately from phase III where possible, but the overall assessment is valid for the entire implementation period of WUPAP. The log frame of phase III is included in annex VIII, and the schematic representation of the linkage between phase I/II and phase III in annex IX.

Relevance

42. The assessment of relevance looks at the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives.
43. **WUPAP was consistent with and relevant to the long-term plans of Nepal.** The objectives were coherent with the country's Five-Year Plans,²³ which emphasized poverty alleviation. The agriculture policy under the Tenth Plan (2002-2007) aimed at reducing poverty by increasing production, productivity and incomes in the agriculture sector, thereby contributing to food and nutritional security. The forest and soil conservation policy was also oriented to support poverty alleviation by creating employment opportunities for the poor, women, Dalits and ethnic minorities through participatory development programmes.
44. **The Government's plan to strengthen local-level institutions through decentralization aligned particularly well with WUPAP's approach to community development at the village level.** At the onset of WUPAP, the Government was implementing the Participatory District Development Programme in all districts of Nepal to mobilize participation in savings and credit and other community development activities. The formation of COs in target districts for savings and credit activities complemented these efforts. The consolidation of these COs into cooperatives and the development of CIPs in phase III were a means of strengthening local-level institutions.
45. **Compared to WUPAP's initial phases, the third phase was more aligned with the Agriculture Policy in the Thirteenth Five-Year Plan (2013-2016), which was oriented to increase production and productivity of crops and livestock products and make these products competitive in markets.** It had also emphasized the development and dissemination of environmentally friendly technologies for crops and livestock production to minimize the adverse impacts of climate change. Some of the strategies under this plan included the use of ground and surface water through small and medium irrigation projects. It had also emphasized user groups and provision of repair and maintenance (which WUPAP had applied while providing its services to the farmers). The Social Development Sector under this plan also emphasized social inclusion and gender equality, which WUPAP had followed in its strategies and methodologies.

²³ The 9th Five-Year Plan of 1997-2002 and the 10th Five-Year Plan of 2002-2007.

46. **WUPAP's objectives were found to be aligned with the strategic objectives of the latest country strategy and opportunities programme (COSOP), especially in terms of income diversification and access to employment.** WUPAP's design was based on the 2000 COSOP and started well before the current COSOP. Still, it has remained very relevant to the 2013-2018 COSOP goals and approach. The overall goal of this country programme²⁴ was to promote inclusive and resilient growth in rural areas and contribute to continuing peace by pursuing three strategic objectives: (i) promote income diversification and stimulate employment; (ii) strengthen food security and resilience to climatic and other risks; and (iii) promote inclusive, accountable and sustainable rural institutions.
47. **WUPAP's focus on the target group was relevant as they were poor people in remote locations with low agricultural productivity who initially had no access to further external support.** WUPAP targeted highly remote uphill and mountainous areas in Western Nepal, which were difficult to reach due to poor infrastructure and harsh terrain. As a result, the districts were underdeveloped and, at the time of design, not covered by any other development actors. Agricultural productivity in the target locations was low and many people functionally landless. The knowledge of good agricultural practices was limited, and there was little access to agricultural equipment or irrigation. The potential for earning an income from agriculture was therefore low as well. Transfer of knowledge and technology and capital support for agriculture were therefore found highly relevant, combined with off-farm support. In phase III, other projects also slowly started to enter the WUPAP areas.
48. **In phase III, WUPAP targeted landless and other vulnerable households, and justifiably did not target households with sufficient land. Nonetheless, there was less emphasis on youth.** Under the latest COSOP (2013-2018), IFAD has two target groups: (i) vulnerable farm households with sufficient land to develop on-farm activities as their main source of livelihood; and (ii) land-poor households and young unemployed and underemployed men and women, including migration returnees, who cannot earn a living from agriculture. WUPAP has mainly focused on the second group, as it was meant to work with the poorest (households with sufficient land were beyond the target criteria).
49. **The focus on women and Dalits was fully justified in the local poverty context.** Many men would leave their village and the country to migrate for four to six months, often in difficult circumstances and for low wages, leaving behind women and other vulnerable groups in the villages. The focus on poor women and Dalits as the core target group was therefore equally relevant.
50. **In its first two phases, WUPAP was too complex in view of its geographical coverage and in terms of its multisectoral, but insufficiently connected, activities.** WUPAP envisaged implementing multisectoral interventions with multiple agencies responsible for the various technical areas. In the context of a geographical area such as far- and mid-western Nepal, the problem of complexity was magnified due to the limitations in implementation capacity, poor coordination and very difficult accessibility and communication.
51. The design complexity appeared unsuitable for the weak and fragile governance systems, and the remoteness of the area and ongoing conflict situation aggravated this.²⁵ The programme did not establish an implementation management framework with strong government ownership with the potential to reach out to WUPAP's very remote districts. Moreover, the appetite for government officials to work in such remote districts, far from their families and with few amenities, was low and there was a high turnover of local government staff.

²⁴ As per the most recent COSOP of 2013.

²⁵ IFAD. May 2013. Independent Office of Evaluation. Country Portfolio Evaluation, 2003-2013.

52. In the geographical areas where WUPAP was implemented, access remained difficult and capacity limited throughout the entire duration of the project. In phases I and II, there were even fewer roads than in phase III, and staff sometimes had to walk one to two days. Even if the situation had improved in phase III, traveling for one day or more to a target location was no exception at all, as also experienced by the evaluation team.
53. **The shift in phase III to transfer more responsibility and funding to the communities contributed to solving the initial complexity; however, it occurred only after a considerable part of the duration had passed.** Phase III was meant to improve the approach and build on what had been achieved under phases I and II. The implementation capacity on the ground was low, as the country had taken a long time to fully recover from the conflict situation. The new design of phase III addressed these points to a certain extent but should have occurred at midterm when the country context had already changed and the project had fallen into problem status. It simplified the structure from five to three components without losing the gains made in phases I and II. It also channelled the funds more directly to the community, thus avoiding the weak capacity of local authorities. However, phase III's design did not sufficiently address the need to gradually delegate implementation responsibility and establish a fully functioning government system reaching the remote districts.
54. In the design of phase III, regional directorates (livestock, forestry, agriculture) were engaged in strengthening the technical supervision, quality and use of district government line agencies and non-line agency service providers (such as NGOs, cooperatives or private businesses) to provide similar services in different VDCs in the same district. Nonetheless, the evaluation found limited feedback that such services were actually provided; most respondents highlighted services provided by service providers which were recruited under the project, and many respondents were not able to highlight any example of available government services.
55. **Some relevant activities that were included for their potential to create a conducive environment for increased production (e.g. line of credit, roads) were cancelled.** The inclusion of the line of credit, and particularly the ability to manage it, appeared questionable during implementation. The line of credit was reduced from US\$4.6 million to US\$1 million, and the average cost of an infrastructure scheme was raised by a third. The increased amount of funding for infrastructure was relevant, as community infrastructure was found to be highly aligned to the needs of the rural population in remote areas.
56. Moving from phase I to phase II, among others the Green Roads programme²⁶ was cancelled. The Green Roads programme would have been much needed to create a conducive environment for WUPAP to improve the very limited connectivity and mobility of the population, in order to link farmers to markets and to enable adequate project management. In fact, the absence of good-quality linkage roads is still a principle constraining factor in these areas.
57. **To conclude**, WUPAP's objectives were well-aligned to the Government's and IFAD's development plans; its targeting strategies were appropriate to the contexts of its different phases; and the FLM was a useful mechanism for a project in a fragile situation. The initial integrated rural development project design was too complex to implement in the extremely remote districts during the conflict/post-conflict situation and proved untenable in phase II. However, the streamlined phase III design was more focused and suitable to the changed country context (political stability, improved infrastructure and access). Due to large time loss during the initial phases, more time was needed to socially and economically

²⁶ For construction of 125 km to link Jumla to Humla, cancelled in 2007.

empower the very poor and vulnerable target group. Therefore, **relevance** is rated **moderately satisfactory (4)**.

Effectiveness

58. Effectiveness was assessed by examining to what extent the intended project objectives were achieved at the time of the evaluation. The evaluation has focused on the four immediate outcomes and achievements of phase III as outlined in the theory of change (annex VI) and follows this structure, but it takes into account the contribution of the earlier phases as well. Annex X provides a snapshot of WUPAP's third-level results indicators in 2007, 2011 and 2016. Annex XIII provides a summary of a number of achievements by the eight districts included in WUPAP until phase III prior to completion.

Outcome 1. Socially and economically empowered poor communities

59. Under the first two phases, WUPAP sought to socially and economically empower the geographically targeted poor communities by organizing them into COs which would provide savings and loan activities and supply-driven capacity development from district departmental agencies (agriculture, livestock and forestry). In phase III, CIPs were the main instrument for demand-driven capacity development and investments to meet the needs of the poorest and most vulnerable within the communities.
60. **WUPAP had effectively reached poor and vulnerable people at a rate of 79-85 per cent of planned targets, with further improvement in phase III.** WUPAP reached 97,400 households (632,500 beneficiaries, 85 per cent of target) of the 115,000 households planned, and 79 per cent of 122,693 households in the 153 targeted VDCs. Forty-nine per cent were women and 20 per cent Dalits. WUPAP's first two phases adopted an inclusive geographic targeting approach which purportedly prioritized women, Dalits, the landless, youth and other economically and socially disadvantaged groups. Phase III of the project used both geographic targeting and household-level targeting by selecting the poorest VDCs in the districts and then refining the selection based on a participatory wealth-ranking index resulting in pro-poor, poor, medium and better-off.
61. The geographic "all-inclusive" approach used in phases I and II was found very relevant and worked well. The wealth-ranking in phase III added a community-driven selection element, further refining the focus on the population in need. An initial participatory wealth-ranking exercise was used to identify the target and select households from within the wider VDC. The process, although giving the impression of being lengthy, was found effective in identifying and targeting poor households and developing the programme and budget.²⁷ During the field visit, it was found that WUPAP had indeed reached those people in remote rural locations who were most in need of support due to having very little existing sources of income or alternative livelihoods. All of the participants of COs, C-PCUs and CIPs were poor and there was no evidence of "elite capture".²⁸
62. **The CIP approach, which was introduced in phase III, allowed a stronger and more effective focus on the ultra and very poor.** Through the CIP, the poor community members were able to propose which requirements they would like to see addressed, and to agree within the community which of these would be eligible for funding. All interviewed beneficiaries shared their appreciation for the adequacy and transparency of the process. Nonetheless, due to the considerable changes to the project design, the three-year period allowed under phase III was too short to achieve optimal results. The CIPs were only put in place in the last three years, and if the time needed for planning and setting up is taken into

²⁷ IFAD. 31 July 2015. WUPAP, supervision report.

²⁸ The WUPAP supervision report of April 2014 remarked that only about 5-10 per cent of the poor had been excluded from the WUPAP beneficiaries, even though they qualified for WUPAP support, because they could not attend the CIP meetings due to illness or other commitments.

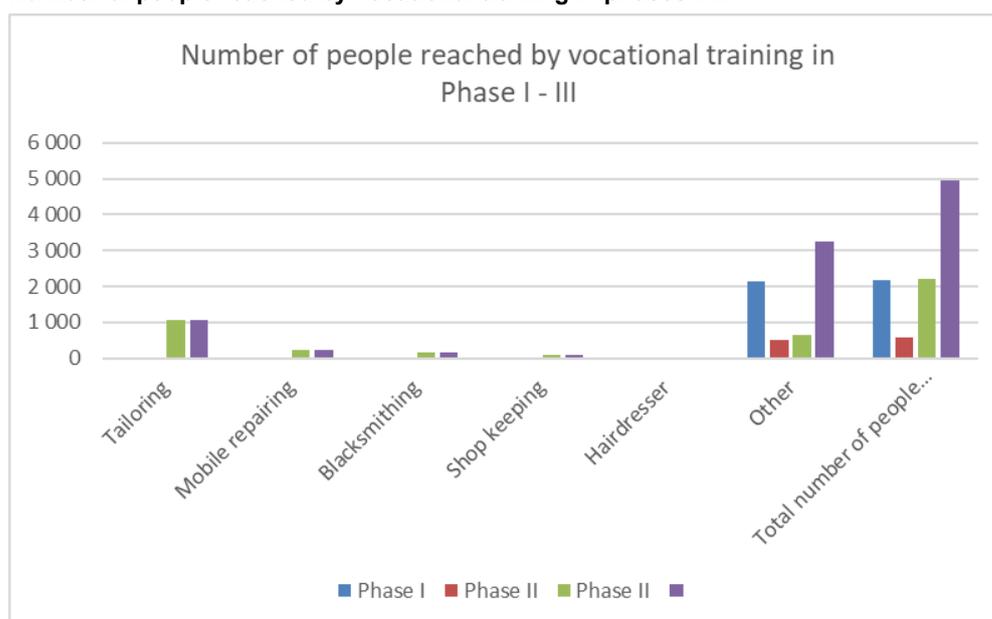
consideration, the actual implementation time became probably less than two years, which is very short in order to create discernible change.

63. **The project undertook a number of capacity-building activities to strengthen the groups established by the project such as COs, cooperatives, infrastructure user groups, LFUGs, livestock groups and C-PCUs.** This contributed to the social and economic empowerment of target communities and to strengthening grassroots organizations. The approach to service delivery to these groups shifted from supply-driven departmental line agency delivery in phases I and II to a competitive demand-driven district service delivery in phase III to implement CIPs. Under the entire duration of WUPAP, 4,965 beneficiaries received vocational training, of whom 35 per cent increased their earnings by NPR 2.8 million per year.²⁹ In phases I and II, the training topics were mainly agriculture-related, whereas in the third phase the topics were selected by the beneficiaries themselves and contained a diversity of income-generating activities.
64. Moreover, 6,735 farmers were trained in crop development and 5,026 in livestock development. WUPAP also supported 65 farmer field schools (FFS) (slightly below the target of 70), involving 981 farmers. The proportion of women reached by vocational training was 33 per cent; 31 per cent were Dalits and 13 per cent Janajati. Out of the trainees, 29 per cent managed to establish an enterprise and 5 per cent worked in someone else's enterprise. Chart 1 provides details on beneficiaries reached by vocational training. Most beneficiaries were trained during phase I in highly dispersed activities and during phase III in tailoring, shopkeeping, mobile repair, blacksmithing and hairdressing. By March 2015, a total of 11,602 beneficiaries had received funding for different businesses, of whom women constituted only 23 per cent. Dalit beneficiaries represented 36 per cent, Janajati 6 per cent and the rest 58 per cent. By the end of the project, grants of a total of NPR 68.39 million were provided to 158 cooperatives for start-up expenses and sharing with the poorest members. Ultimately, NPR 442 million was invested and 16,260 households and 80,764 beneficiaries benefited (53 per cent women, 20 per cent Dalit and 5 per cent Janajati).

²⁹ The target was per cent of trainees with over 25 per cent income increase; however, no baseline income was provided nor a target for number receiving vocational training.

Chart 1

Number of people reached by vocational training in phases I-III



Source: WUPAP project databases.

65. **Microfinance and the establishment of a credit fund were less successful.** According to supervision reports, adequate progress was hampered by inadequate training and support, non-implementation of microfinance best practices, and high loan default rates. Other issues included unsystematic gathering and use of statistics, and some elite capture. The COs were not able to establish linkages with formal financial institutions, and thus were less able to fund members' economic activities. In 2008, marginal progress of the microfinance component was reported and WUPAP tried to identify alternative microfinance service providers for microfinance in line with recommendations of a previous mission,³⁰ but did not fully succeed.
66. **In the first half of WUPAP especially, the prevailing fragile and insecure environment also hampered microcredit provision and use.** Inclusion of a line of credit in phases I and II (US\$4.6 million) was challenged by limited effective demand and no professional body to manage the credit line. WUPAP had not assessed the potential demand and the available capacity to manage such a fund prior to planning it. The budget of the credit line had to be decreased to US\$1 million. Social mobilizers (without microfinance skills) were supposed to assist the COs and LFUGs with establishing group-based savings and credit schemes, but many of the households were already members of other savings and credit schemes. According to project staff, uptake of microcredit was further hindered by villagers fleeing their homes and also fearing that the funds would be taken by the Maoist insurgents.
67. **WUPAP mobilized 2,672 COs (89 per cent of the revised target³¹).** Training was conducted for 69,831 members (30 per cent of the total membership). The COs mobilized considerable amounts of savings, which were only partly used for inter-loaning with a lower repayment rate than planned. However, they were not able to link to financial institutions, and the credit fund failed. In phase III, WUPAP started working through CIPs, of which 56 per cent showed good results by project end.

³⁰ IFAD. August 2008. WUPAP supervision report. 17-20 July and 4-12 August 2008.

³¹ 55 per cent of the original target for CO formation of 4,960 (442 in phase I; 2,563 in phase II; and 1,955 in phase III). The new phase III design did not include CO formation, which would then lead to a revised target of 3,005; this is not explicit in the PCR logical framework.

68. In phases I and II, credit activities were based on savings mobilized by COs and the on-lending to target groups of IFAD funds. The COs cumulatively mobilized about NPR 79.66 million of savings, of which only about 40 per cent were used for inter-loans, due to limited demand and lack of interest to use funds, with the remainder kept as savings. The cumulative savings mobilized by the COs by February 2016 was NPR 31.84 million, or NPR 12,274 per CO. An 86 per cent repayment rate was reached against a target of 95 per cent. (This rate is only for the first eight years, since no data were collected for the last five years.) Therefore, the average rate for the entire WUPAP period may well have been higher, since the first eight years still spans a large period of conflict, when people at times had to leave their areas without paying back their microloans.
69. **Only a small portion of COs were grouped into cooperatives based on the number of active COs, the duration of phase III and activities of the cooperatives.** The new phase III design ceased the formation of new COs and instead set out to consolidate the active COs into cooperatives. In total, 160 cooperatives were formed within the eight remaining districts in phase III, with 41,681 members. Of these members, 55 per cent were female, 24 per cent Dalit and 11 per cent Janajati.
70. Establishing cooperatives was the approach adopted in phase III for the growth and sustainability of COs formed in the first two phases. According to the PCR, by the end of the project 1,282 COs had joined cooperatives, while there were still 699 stand-alone COs and 290 inactive COs. However, the evaluation team found in the field that fewer COs had been grouped into cooperatives, and that where it was reported positively, it was more often about a limited number of CO members joining a cooperative. Table 2 provides details on the cooperatives established in the eight WUPAP districts remaining under phase III, and the details of their membership. WUPAP has supported them with capacity-building and seed capital. At the end of the project, more than NPR 142 million had been provided as loans. From this amount, 60 per cent had been spent on agriculture, 9 per cent on consumption, 3 per cent on health and medical and 28 per cent on other purposes.

Table 2

Cooperatives established under WUPAP in eight districts and member details

	<i>Bajhang</i>	<i>Bajura</i>	<i>Dailekh</i>	<i>Kalikot</i>	<i>Jajarkot</i>	<i>Rukum</i>	<i>Rolpa</i>
Cooperatives formed	20	18	20	15	24	21	20
Cooperative members	8 714	7 156	4 833	3 212	5 026	5 955	3 641
Women members	4 337	4 046	3 283	1 832	2 452	3 886	1 836
Dalit members	1 419	1 372	1 203	893	1 711	1 550	1 028
Janajati members	0	74	402	0	460	1 476	1 738

Source: PCU database.

71. **The project has also piloted, merged and graduated COs into cooperatives with support from the Nepal Agriculture Cooperative Central Federation.** The project had accessed support in 2014 under an IFAD-Food and Agriculture Organization of the United Nations (FAO) grant to implement accelerated capacity development plans which would enable COs in a VDC to evolve into Small Farmer Agro Cooperatives Limited (SFACLs). By the end of the project, COs in five VDCs each in five districts had been transformed into SFACLs through capacity-building of the members. A total of 4,145 CO members (59 per cent women) were trained in cooperative development and management. By February 2016, 106 cooperatives/SFACLs had been established. Out of these, 25 had received support from the Nepal Agriculture Cooperative Central Federation and another 32 received initial support from the PCU. The remaining 49 cooperatives had not yet received any support from the PCU, but allocations were made.

72. The visited cooperatives had received funds from WUPAP for management and furniture. During the field visits, the team found that they were mostly engaged in savings and loan activities (one cooperative was also engaged in animal insurance). The lending rates in cooperatives were predefined at 12 per cent and slightly higher than the savings rate (8-9 per cent). Loans were mainly used by poor community members to set up shops and buy farm inputs, as well as materials for businesses that were established based on acquired skills through vocational training. Activities outside savings and loans (e.g. joint negotiation, buying and selling) were not specifically encouraged by WUPAP.
73. **In phase III, the CIF was the main instrument for investment in each VDC and was used to finance the CIPs.** Each CIP could incorporate given types of eligible investments such as farm improvement, market linkage development, vocational training, community infrastructure, and loan capital to COs for on-lending to their members. The loan capital was to be provided as a capital grant from the CIF to the eligible groups. This approach strengthened the community empowerment aspect.
74. The targeted number of 153 CIPs was established in phase III, to be implemented by C-PCUs. They were provided with NPR 802 million against a target of NPR 442 million. In March 2015, the CIPs were already found to be relatively successful in providing project funds directly to the beneficiaries. By the end of the project, 56 per cent of the CIPs showed good results based on project data, which seems plausible based on the field visit.

Outcome 2: Food security and nutrition

75. Under phases I and II, improved food security and nutrition would be the result of increased crop and livestock production due to farmers adopting improved crop and livestock production practices and successfully breeding animals. Under phase III, the production of vegetables, partly for household consumption, and increased income from vocational activities would enable households to purchase food.
76. **Results in crop and livestock were lower than expected initially but improved under phase III to surpass targets.** WUPAP reached approximately 48,600 farmers with crop-related support, which included improved seed provision and multiplication of vegetables, wheat, paddy and maize, crop demonstrations, compost-making and improved production of potatoes. Also, 243 plastic tunnels and seed nurseries were constructed. These facilities enhanced the productivity of crops in general and vegetables in particular. Commercial vegetable farming was supported on 70 ha (141 per cent of the target), fruit cultivation on 147 ha (147 per cent of the target), and 376 vegetable nurseries and 64 fruit nurseries were established (289 per cent of the target). The evaluation team was able to see vegetable gardens in good condition and plastic tunnels in operation and spoke to beneficiaries who still produced and used compost.
77. The complexity of WUPAP, the supply-driven mentality of government services and the limited capacity of district line agencies to deliver quality services hampered their effectiveness. Crop and livestock activities especially were not as effective up to phase II. This improved in phase III when beneficiaries were better able to select the activities that suited them most.
78. Livelihood activities were supported with training on farm and off-farm activities and seed money. Livelihood activities supported by WUPAP included goat-rearing, backyard poultry, vegetable cultivation, fruit orchard development and NTFP cultivation. In addition, the project provided support for off-farm activities including tailoring, mobile phone repair, blacksmithing, nettle product-making and marketing, and weaving of woolen blankets. These activities covered 26,997 households out of the targeted 49,982.

79. A number of interventions took place to support livestock farmers, such as the formation and training of 198 sheep groups, and the distribution of 190 rams, 588 bucks for breeding and 39,920 does to about 15,970 households. To support the groups with inputs, WUPAP distributed 39,923 female and 588 male breeding animals. WUPAP trained 5,026 livestock farmers. Moreover, 197 village animal health workers were trained to provide technical services to the targeted households. The evaluation identified a number of beneficiaries with viable goat herds, but no sheep. Beneficiaries did not mention any remaining support from animal health workers, but livestock departments were available for animal vaccination.

Outcome 3: Improved management of the environment

80. Under phases I and II, this outcome was to be achieved through improved community infrastructure, leasehold forestry and training in good practices in forestry and crops. In phase III, the primary means was through access and use of improved technology and good agricultural practices promoted through FFS.
81. **Infrastructure subprojects were built abundantly, and they were working well and maintained.** Labor-intensive infrastructure subprojects were established abundantly, most in phase II and some in phase III; 1,327 community infrastructure subprojects were constructed (with an equal number of user groups) against a target of 750 (see table 3). Additionally, 12 trails and wooden bridges were supported. Irrigation was used in 244 leasehold forestry activities. In 2011, WUPAP had exceeded its planned 400 subprojects, but there was insufficient attention to appropriate community-led operation and maintenance arrangements, and site inspections brought out a high variation in quality. Thereupon, most infrastructure subprojects were selected through a participatory process, and user groups were set up for maintenance and repair. The infrastructure subprojects visited by the evaluation looked well maintained and used even two years after closure of WUPAP.
82. **The use of good agricultural practices was promoted successfully by WUPAP.** In phase III, the FFS approach was used to strengthen good agricultural practices and move towards a low external input regime using IPM. District resource persons were trained using a 14-day training module prepared by the Central Plant Protection Department. WUPAP had supported 65 FFSs and trained 205 district agricultural development office (DADO) and district livestock services office (DLSO) staff. FFSs have been attended by 1,625 farmers, and 189 farmers have taken up replication. During field visits, the use of IPM was brought up by a number of interviewees. Vegetable cultivation had especially increased in quality and quantity, and reportedly beneficiaries previously had not been very engaged in or knowledgeable about growing vegetables.
83. **LFUGs had been established in the first phases of WUPAP, but these did not appear fully sustainable towards phase III.** LFUGs were established under phases I and II. In collaboration with the DFO, the project provided support to LFUGs in terms of training, fencing, supply of goats, NTFPs and medicinal aromatic plant saplings. About 1,332 ha of forest land was brought under NTFP cultivation (well above the target of 400 ha). The project had mobilized 887 LFUGs by March 2015 and 919 by the end of the project (close to the target of 1,000). Leasehold forestry activities reached 12,699 households (41 per cent women and 24 per cent Dalits and Janajati members), and 6,860 LFUG members and 1,012 DFO staff received training.
84. Many challenges were met a few years into phase II. Rangers meant to support the LFUGs were not in place in 75 per cent of the locations, and needs assessments and seed distribution had not taken place as planned.³² Leasehold forestry was discontinued under phase III. The MTR found that while the component was sound

³² IFAD. August 2008. WUPAP supervision report. 17-20 July and 4-12 August 2008.

for providing benefits to some of the poorest people, implementation was below expectations. It had been difficult to secure effective support from the DFOs and to ensure economic viability, especially in terms of early cash flow, and of nursery operations. Beneficiaries said that previous fencing had broken and was no longer maintained. According to some stakeholders, the potential was good, but the approach to the selection of quality plots had been insufficiently structured and lacked reflection on potential use and upgrading.

Table 3

Types of infrastructure and households covered

	<i>Number of projects</i>	<i>Households covered</i>
Small irrigation	277	19 558
Community buildings	117	95 334
Improved water mills	84	9 156
Drinking water supply	497	47 215
Micro-hydro pumps	96	21 312

Source: PCU database.

Outcome 4: Improved quality of service delivery

85. **The results under this outcome were far from optimal.** In phases I and II, implementation partners in each sector (agriculture, forestry, livestock, local development) implemented their own component without coordination or linkage through strong community ownership, and hence the large number of outcomes could not be achieved. Moreover, the implementation modality in the first two phases put the responsibility on line ministries rather than communities. Yet, government capacity did not match WUPAP's plans. IFAD support was meant to complement the Government's efforts in the target areas. Although the Government had good intentions of supporting the poor in remote areas, including those targeted by WUPAP, there was little actual engagement.
86. The phase III design intended to enhance the responsiveness and effectiveness of technical service delivery to villages. Its second component on District Service Delivery was very small, at 7.7 per cent of the project fund allocation, compared to 57.8 per cent for Community Empowerment. The planned activities were to establish a Service Excellence Challenge Fund, conduct FFS, and develop human resources. The Service Exchange Challenge Fund was created to give line ministries incentive to provide their services, as the project funding no longer went directly to them but through the CIPs. However, this Fund could not be operationalized and, as the services by local government were below expectation as well, the choice in services for beneficiaries remained limited.
87. Communities were to consider the support services against other potential investments and decide on the service provider they would like to use (including district line agencies, NGOs, cooperatives or private sector service providers). Although the service providers recruited by WUPAP were delivering good-quality services, the envisaged choice of other service providers did not materialize for the beneficiaries. As a result, the services were in most cases delivered by specific private sector providers or NGOs, and government service provision was not sufficiently available for beneficiaries to consider it as an alternative. Apart from the FFSs, there was hardly any support from line agencies under phase III.
88. Under Human Resources Development, WUPAP had provided professional training to 266 staff from line departments (slightly above the target of 250). The project also conducted an in-country training to prepare the resource persons for FFS, as well as to provide training on knowledge management, pro-poor value chain development, cooperative management and a learning clinic on financial management and procurement. A small number of best-performing extension staff

from the district line agencies was meant to participate in regional (South Asia) professional development training, but the Government could not approve and allocate funds for foreign training due to its austerity plan.

89. **Social and political instability was an identified risk, but IFAD was able to implement WUPAP nonetheless.** At the time of design, potential social and political instability in the country was perceived as the biggest risk. It was uncertain whether the Maoists would allow implementation to continue. Based on previous experience in the region, the focus of the project on supporting the poorest and its focus on women and youth was expected to mitigate this risk. This was confirmed in interviews, where Maoists were said to have allowed and encouraged IFAD's support, as it was aimed at supporting the poor people whose situation they also wanted to improve.
90. **The poor infrastructure and resulting travel times hampered effectiveness in many ways.** For the entire project duration, it not only resulted in staff turnover and lack of availability of staff in the districts, but it also led to major time loss in reaching the target sites. Therefore, monitoring visits were conducted less frequently than required. Even towards the end, remote assistance did not become a viable option given the limited internet connectivity in the rural areas.
91. **To sum up,** WUPAP had effectively targeted poor and vulnerable people at a rate of 79-85 per cent of plan and largely met or exceeded output targets related to livelihood activities, including livestock and crop production as well as NTFP. The fewer than originally planned COs that were formed were only partly grouped into cooperatives. Moreover, LFUGs were no longer supported due to the change in design in phase III. On the other hand, all 153 planned C-PCUs were established to effectively implement the CIPs. Regarding improved management of the environment, the results of infrastructure subprojects and good agricultural practices were found to be good. As for the choice of services for the beneficiaries, very little improvement was achieved, though the introduction of FFS was highly successful. Nevertheless, considering the political instability and conflict in the first two phases as mitigating circumstances, the project's achievements were reasonable. Therefore, **effectiveness** is rated **moderately satisfactory (4)**.

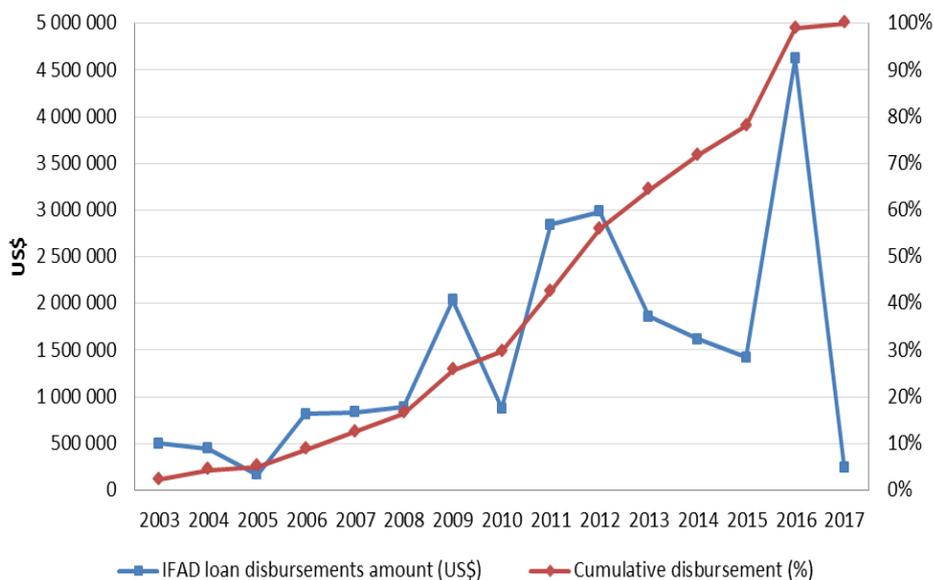
Efficiency

92. Efficiency is used as a measure of how economically resources and inputs (including funds, expertise, time, and human resources) have been converted into results. This criterion will be examined in relation to the following aspects: (i) timeliness; (ii) disbursement performance; (iii) implementation process; (iv) project management cost; (v) number of direct beneficiaries vis-à-vis the project cost; and (vi) economic and financial analysis.
93. **Implementation and procedural delays hindered WUPAP from achieving its objectives in a timely manner.** WUPAP was to be implemented in three phases in 11 years (phases I and II of four years each and phase III of three years), to end by March 2014. Ultimately, phase I ended in 2007 and phase II in June 2011, and one grace-year was granted to allow transit from phase II to phase III (phase III started in July 2012). Phase III equally received a one-year no-cost extension for its completion date, which brought the total duration of WUPAP to 14 years. In addition to the extensions, WUPAP experienced delays in effectiveness, with 13 months between project approval on 6 December 2001 and becoming effective on 1 January 2003; and delays at the close and start of each phase, partly due to lack of clarity on FLM procedures (see IFAD performance). Thus, it took more than two additional years to disburse 97.6 per cent of the budget, reach 85 per cent of the targeted households, and achieve most of the planned outputs.
94. **While the decision to change WUPAP's approach for phase III rather than close the project was justified, it occurred too late and further hampered the speed and efficiency of implementation.** The total project duration of

almost 14 years should have been sufficient to fully achieve the revised targets and sustainable results, had the change occurred at the time of the 2010 MTR. Since progress had been limited in the first two phases, and the approach under phase III was very different, it was almost as if WUPAP started anew. The new approach using the CIPs and targeting the very poor was also accompanied by implementation delays as it required establishing new structures. As reflected in the disbursement rates in chart 2, most of phase III activities only occurred in the last year of the project in 2016. Therefore, the impact and sustainability prospects may be slightly compromised. While this is partly a design issue that is mentioned under relevance, it also has efficiency-loss implications.

95. **Overall disbursement performance was higher than average but fluctuated at project implementation milestones.** The total disbursement rate at completion was considerably better than the IFAD and Asia and Pacific Region average³³ at 97.6 per cent, leaving only 2.4 per cent of the budget unspent. However, the disbursement rate and quality of financial management were rated unsatisfactory for most of phase II as well as during phase III.
96. Chart 2 presents the disbursement rate and the cumulative disbursement rate in percentages over WUPAP’s duration. It shows peaks in investment approximately one year after the start of phase II, which reflects the start-up time needed to create the conducive environment to start actual implementation. At the end of phase II, investment dropped again, due to uncertainty about WUPAP’s continuation. Stakeholders were thus not able to seamlessly continue their activities and many efficiency gains from the previous period were lost. When phase III started off with a new approach, there was yet another lag period.

Chart 2
WUPAP loan disbursement over time



Source: IFAD Oracle Business Intelligence.

97. **The significant additional investment by WUPAP beneficiaries, particularly as compared to the investment of local government, indicates that communities strongly valued WUPAP activities.** Disbursement of the IFAD loan, grant and additional grant was 94.2 per cent, 100 per cent and 74.1 per cent, respectively, for a total expenditure of US\$22.04 million. Counterpart funding was US\$5.31 million representing a disbursement rate of 89.6 per cent; local

³³ IFAD projects that were approved and completed between 1995 and 2015 disbursed on average 84.4 per cent of their budget (88 per cent for Asia and Pacific Region projects) according to the IFAD report, "Disbursement performance of IFAD," 2017.

government contribution was US\$617,418 representing a disbursement of 28 per cent; and beneficiaries' contribution was US\$1.23 million representing a disbursement of 1,578 per cent. The WFP commitment of US\$4.03 million for the construction of a Green Road never materialized. The project investment budget was 34 per cent³⁴ in phase III and 27 per cent³⁵ in phases I and II combined. As of 15 November 2016, total project investment (in infrastructure, crop/livestock or leasehold forest land development) was US\$29.77 million (90.9 per cent of the total original allocation of US\$32.76 million and 97.6 per cent of the adjusted total investment of US\$30.50 million).

98. **WUPAP achieved reasonable value for money.** The actual cost per household was US\$306, which is just slightly higher than the estimated cost of US\$284, and significantly lower than the average cost per household of US\$808 for projects in Nepal. A cost-benefit analysis was conducted only at completion and based only on rural infrastructure, crops, livestock and forestry leasehold activities, and yielded an overall internal rate of return of 18 per cent. The estimated net present value (at a discount rate of 9 per cent) is positive at NPR 1,236 million, which indicates that the project investments were robust. The benefit-cost ratio was calculated at 1.24. The project management cost ratio was reasonable at 21 per cent in the first two phases as well as in phase III.
99. **Weak financial management contributed to the project's "chronic problem status" in phase II.** From 2007, WUPAP's financial management received weak ratings in supervision reports, slipping from moderately unsatisfactory to unsatisfactory. Problems included the lack of having separate accounts for recurrent expenditures and capital expenditures; insufficient quality record-keeping and incorrect and delayed reporting; lack of fund availability during the first two months of the fiscal year; and failure to deliver timely audit reports. Only during the first years of phase III (2014 and 2015) was a moderately satisfactory rating achieved, potentially based on the support which IFAD provided by sending one of its staff. The rating was moderately unsatisfactory again in 2016.
100. **The fund flow in phases I and II was found inefficient, but with the establishment of the CIP procedure it improved significantly.** During phase I, the DDC provided funds directly to the community groups for implementation of infrastructure-related activities, to the DFO for leasehold forestry activities, and to the LDFB for credit-related interventions. In turn, the LDFB provided funds to the DADO and DLSO. During phase II, the LDFB received funds only for credit and project management, and the DADO and DLSO received funds directly from the DDC. During phase III, the LDFB was no longer involved in project implementation due to its poor performance, and funds from the DDC moved directly to the bank accounts of the target groups to fund the CIPs. This resource allocation was seen as much more direct and transparent. The beneficiaries confirmed that they were more aware of the funding available to their communities and a larger portion was perceived to be received by the targeted beneficiaries.
101. **Implementation of field-level activities was found sufficiently efficient.** Provision of inputs such as livestock and saplings, although free of charge, was put into good use by beneficiaries in the long run in most cases. Human resources for training were used well, and the input of social mobilizers was an efficient and relatively low-cost means of contributing to many results and achievements. The engagement of community labour into building infrastructure brought a long-lasting benefit to the communities in exchange for their time investment.
102. Efficiency during phases I and II was characterized by delays in implementation and weak financial management throughout. Although partly due to the remote locations of WUPAP districts and the conflict situation, these factors should have

³⁴ The 34 per cent includes investment in infrastructure, leasehold forestry and crop and livestock development.

³⁵ The 27 per cent includes mainly infrastructure and the US\$4.6 million line of credit.

been mitigated by the multiple extensions. While WUPAP's project management cost ratio was reasonable and the cost-benefit analysis was positive, the project achieved its lowered targets in three more years than planned. This was primarily due to procedural and implementation delays including a 13-month effectiveness delay, slow start-up at each phase, and delayed change in approach. During phase III, the CIP model improved the fund flow directly to the beneficiaries and consolidated the number of cost centres within the project management, which improved efficiency. Although a finance officer was eventually appointed in phase III, financial management remained an issue, causing WUPAP to return to problem project status in 2013. Given the overall weak financial management, long duration due to inefficiencies in administering the FLM and servicing multiple cost centres, as well as the need to balance the poor performance in the first half of WUPAP's duration with a partly improved performance later, **efficiency overall** is rated **moderately unsatisfactory (3)**.

Rural poverty impact

103. Rural poverty impact measures the changes in the lives of the rural poor as a result of WUPAP's interventions. These are assessed and presented below in terms of: (i) household income and net assets; (ii) human and social capital and empowerment; and (iii) food security and agricultural productivity.
104. No impact assessment was conducted and therefore impact could only be evaluated based on RIMS data combined with data from the field mission. Overall, there are some impact data available in RIMS-based reports, but they are not always structurally reported, and the availability of data is slightly mixed. The Nepal Country Portfolio Evaluation³⁶ also observed the insufficiency of solid data. This evaluation found the evidence of WUPAP results scattered and was not always able to find evidence to confirm all progress claims.

Household income and net assets

105. According to the PCR, beneficiary households improved their incomes (from NPR 3,010 to 42,790); it is assumed these are monthly incomes, but this is not reported. The reported income change seems very high to be attributed to WUPAP as an impact. Firstly, when corrected for inflation,³⁷ the baseline value of NPR 3,010 should be translated to NPR 8,627 at 2016 values. This would still mean that incomes on average rose five-fold on average, but there are a number of other factors that influence the reported income, such as remittances (where the income according to respondents amounted to approximately NPR 50,000-60,000 per month for a period of four to six months).
106. **Field interviews brought out impact in terms of economic empowerment through different mechanisms, but there was no monitoring data to substantiate this.** Anecdotal evidence from the field mission demonstrated impact in terms of economic empowerment (increased incomes), better food consumption and increased assets (livestock, agricultural equipment, sewing machines, and savings). The possibility of borrowing money from the cooperatives also brought the beneficiaries a perceived economic empowerment. According to project data (paragraph 70), 60 per cent of members had used their micro-loan for agricultural purposes, which is assumed to have led to income generation for farmers. WUPAP had not updated the beneficiaries' household asset ownership index in RIMS, and therefore such data cannot be validated.
107. Better lending terms of COs and cooperatives had a positive impact on beneficiaries' savings. Whether for production or consumption, poor villagers would borrow money before and after WUPAP. Local money lenders would charge them

³⁶ IFAD. May 2013. Independent Office of Evaluation. Country Portfolio Evaluation, 2003-2013.

³⁷ Inflation rates for the concerned periods were found at the following links: <https://knoema.com/atlas/Nepal/Inflation-rate> and https://nrb.org.np/red/publications/inflation/Inflation%20Analysis%20and%20Price%20Situation--2006-08_Mid-August_2006_Text.pdf (accessed 18/12/2018).

up to 60 per cent in interest per annum, whereas the cooperative lending rate was only 12 per cent, which respondents confirmed allowed them greater savings. Moreover, banks are not represented in remote rural areas; traveling to the banks was reportedly time-consuming, costly and dangerous.

Box 1

Example of a successful female beneficiary – Assets and income

Ms BK Manpura, age 27, in Rukum District, received tailoring training by WUPAP. This enabled her to establish and successfully expand her business in the market of Khalanga. She has been able to buy two new sewing machines and an additional interlock machine which she uses to provide sewing training to five women in her shop. Being destitute before, she now saves NPR 10,000-15,000 on a monthly basis and has received a loan from a bank which she has used to build her shop and send her husband to work overseas to send remittances.

Source: PPE interview.

Human and social capital

108. **Capacity-building by WUPAP induced various improvements, stemming from participation in CIPs, COs and cooperatives, as well as for individuals who received training.** According to the WUPAP phase III project design report, “*empowering of target communities to drive their own development processes*” is at the heart of the project. The field visit confirmed that communities had indeed understood and to a large extent managed to identify their own needs at individual and community levels and to have activities to address these needs funded through the CIF. Through the formation of COs and by becoming members of cooperatives, beneficiaries extended and strengthened their social networks. Although the field sample was small, the interviewed community members were very positive and seem to have taken the CIP-related achievements forward. There are no RIMS data that can be used for validation.³⁸
109. Beneficiaries and social mobilizers perceived an impact based on WUPAP’s capacity building activities in human and social terms. Even though the respondents found that government services had not improved, they were now able to go to their CO or cooperative. The majority of service providers and social mobilizers, who were originally recruited by WUPAP, had stayed in the project area and worked as project staff for other projects, as government staff, or had made their services available as individual service providers.
110. **Even if WUPAP was successful in prioritizing women and Dalits in its support, evidence of decreased discrimination attributable to WUPAP could not be identified.** Although inclusive of all households in the project districts, the project was to prioritize reaching women, Dalits, youth and other minorities. Women’s outreach in targeting was good, and inclusion of Dalits and Janajati was reached in terms of planned proportions. One of the ways this was pursued, as reflected in interviews, was by WUPAP buying shares in the cooperatives for Dalits. The evaluation is less convinced of the extent to which decreasing discrimination has actually been achieved by WUPAP. Although one positive example was seen in a location only inhabited by Dalits, in general during group meetings no Dalits were present, and vague excuses were given for their absence.
111. **Youth were not prioritized, although social mobilizers hired by the project benefited.** Firstly, there was no clear definition of youth and there had been no specific effort to reach out to youth, with most participants ranging in age from 20 to 50. In recruiting social mobilizers though, WUPAP was able to identify a number of young people and provide them with employment opportunities. From

³⁸ RIMS measures the percentage of women who can read, but literacy training was not part of WUPAP and this indicator is not sufficiently linked to any other impact.

the social mobilizers' survey, it appeared that the ages at their time of recruitment ranged between 19 and 31, with an average age of 24.2 years. Based on interviews, most of these social mobilizers improved their education and positions in cooperatives or with other development agencies after WUPAP.

Food security and agricultural productivity

112. **Food security data in RIMS are mixed, although WUPAP reports sharply increased agricultural production.** The field mission received mostly positive feedback, but to a far lower extent. Food security data in RIMS are inconclusive; for instance, the proportion of people facing one hungry season at baseline was 88 per cent, at mid-term 67 per cent, and 75 per cent in 2016. According to the PCR, beneficiary households had felt the impact of WUPAP through improved food production, which increased from 100 kg to 123 kg per household per month).
113. The beneficiaries confirmed improved agricultural productivity in terms of crop production and small livestock, but in so far as this could be quantified by respondents, it was a moderate improvement and not five-fold as per the PCR. Many beneficiaries were still not able to market their products or needed them for their own community. As income and food production from the various components such as irrigated crops, commercial vegetables, fruit crops, livestock, leasehold forestry and off-farm employment had increased, it is likely that WUPAP contributed to diversification of income and hence to better resilience of very poor households.
114. **Food availability and diversity has improved, but the RIMS-reported improvement in stunting is not likely to be largely the result of WUPAP, although the project may have contributed.** It is difficult to estimate the effect on the nutrition status that WUPAP may have had. RIMS reports that between mid-term and 2016, underweight in children went from 41 per cent to 40 per cent and chronic malnutrition from 59 per cent to 29 per cent. The nutrition status has therefore improved, but it is challenging to attribute this improvement to WUPAP, especially since stunting decreased from 56 per cent in 1996³⁹ to 36 per cent in 2016⁴⁰ nationwide.
115. Household nutrition was foreseen to improve through indirect pathways such as kitchen gardens and improved crop and livestock production, as well as more employment opportunities for the poorest households to mitigate seasonal malnutrition. From the field mission, the responses were positive with regards to food consumption in terms of quantity and diversity. The beneficiaries reported that they have more diverse diets and that they would eat their own vegetables, and sometimes eggs and meat (once a week versus monthly). In the very remote villages, physical access is still very difficult when local stocks have depleted. A group of women shared that if food was no longer available from their own harvest, they had to travel five hours on foot to get rice and other food items and carry them over poor mountain roads. In general, beneficiaries reported that access to food in the hungry season had not changed, which tallies with the RIMS data. Thus, overall for WUPAP, food availability increased, but in the lean season a high proportion of people remained hungry (75 per cent). The situation was less challenging for beneficiaries with better access to markets, such as in Rukum, than for those in more remote areas, such as in Kalikot.

³⁹ Statistics on nutritional status from 1996: <http://siteresources.worldbank.org/NUTRITION/Resources/281846-1271963823772/Nepal.pdf>.

⁴⁰ Statistics on nutritional status from 2016: <https://nepal.unfpa.org/sites/default/files/pub-pdf/NDHS%202016%20key%20findings.pdf>.

Box 2

Example of improved agricultural productivity, income and diet

In Rukum, a WUPAP beneficiary, Mrs Sabitra Malla, grows vegetables after having received training and a type of greenhouse called poly tunnels from WUPAP. She shared that she now has a regular income and deposits NPR 15,000 in the bank each month. Through her increased income, she is able to send her children to university and her husband has returned from overseas. She wore gold earrings, which she bought from her sales profit. In addition, she has bought new kitchen utensils and her family consumes a more diverse diet, including vegetables and meat on a weekly rather than monthly basis.

Source: PPE interview.

116. Even though beneficiaries confirmed that they often had better food availability and sometimes diversity, this does not mean it has fully translated into improved nutrition status. Nutrition status is also influenced by other factors such as hygiene, water and sanitation, food safety and health. During the transition from phase II to phase III, WUPAP foresaw delivering a focused programme on nutrition awareness to more directly address persistent problems of child malnutrition. This had amounted to distributing flyers and audio messages to target communities,⁴¹ but not into a comprehensive programme.

Institutions and policies

117. **WUPAP has managed to strengthen institutions at community level, but not so much at district level or in terms of policy changes.** WUPAP managed to strengthen institutions at community level such as COs, C-PCUs and cooperatives. Through the cooperatives, poor villagers now also have better access to financial resources. The inclusion of women and marginalized groups in development also strengthened under WUPAP. At district level, the achievement was less impressive. Lack of engagement of and coordination with local authorities hampered the institutionalization of the CIP approach. Moreover, there was hardly any achievement in relation to policy and strategy development or improvement.
118. Examples of changed or new policies as a result of WUPAP support did not arise in stakeholder interviews – possibly due to recent major changes in the Government, especially at the district level. However, the PCR highlights that WUPAP piloted financial devolution in Nepal by channelling project funds to a district development fund in four districts in phase I, which is not prevalent across the country. In addition, the PCR purports that its development of an infrastructure guideline in 2005 which included a mandatory provision of public audit in all infrastructure sub-projects has been adopted by district-level government line departments and NGOs and led to the then Ministry of Local Development to formulate two policies on Public Audit and Social Audit in 2007.
119. There is limited evidence to assess impact, and the results are mixed. Food security and nutrition appear to have improved, but much less than is reflected in WUPAP reports; and for nutrition, it is difficult to attribute any improvements to the project. Institution-level impact was also mixed. The **rural poverty impact** is rated **moderately satisfactory (4)**.

Sustainability of benefits

120. **The continued existence and use of WUPAP infrastructure and activities is a positive indication of sustainability two years after completion.** Although the WUPAP evaluation was conducted two years after activities ended, traces of WUPAP's engagement were clearly visible in the visited areas; awareness of former beneficiaries was high and their feedback mostly positive. Infrastructure was still

⁴¹ IFAD. 2012 (9 July). Government of Nepal Loan No.: 576-NP and Grant No.: 567-NP/DSF-8010-NP Western Uplands Poverty Alleviation Project. Phase Three - Amendment to the Project Financing Agreement.

standing and in most cases of good quality and continuously used.⁴² Often there were maintenance committees or other mechanisms in place. Related to infrastructure, on average 2 per cent of the infrastructure budget was allocated to a maintenance fund, which remained in the C-PCU bank account and appeared sufficient at the visited sites. During the field visits, the maintenance committees were still in place for all the visited subprojects and were functioning fairly well. Some required a monthly fee (based on usage) from members for repairs and the salary (in money or in-kind) of a community member to be responsible for the maintenance and repair, which most members seemed able and willing to pay, according to interviews. In other villages, the population would be asked to contribute on a case-by-case basis, and regular maintenance could still be paid from the available funds. Visited water user associations expressed interest in extending the irrigation canals and noted that during the original construction they provided labour and collected stones to extend the canal further. They also said that they have not been able to do further extensions without the project.

121. Many beneficiaries brought up that they had insufficient access to markets, which may have compromised income and sustainability potential. One beneficiary said he would rather sell at a low price to a middle-man "if the other option was throwing the produce away". Surprisingly, almost none of the beneficiaries had considered acquiring transport together, and/or buying inputs and selling agricultural products in a collaborative manner, to reduce costs and strengthen their negotiating position. Since beneficiaries could not recall having been sensitized to do so, it seems as if this was not an important part of WUPAP capacity building activities.
122. **Leasehold forestry appeared less sustainable.** Leasehold forestry was discontinued as an activity under phase III, and the achievements of the leasehold farming from phases I and II seemed to be slowly fading. A number of beneficiaries admitted that fences were broken or had disappeared, and they did not pursue the original activities any longer. However, the project feedback is still positive about the lingering achievements: ground cover by forage species was found to have increased from 49 per cent pre-handover to 65 per cent post-handover, and hardwood plant density increased by about 4.5 times in 9 to 10 years of handover of degraded forestlands.⁴³
123. Beneficiaries who had received livestock had in many cases managed to increase their herds, and the vegetable gardens were flourishing. In a number of vegetable gardens, the farmers still used poly tunnels that were provided by IFAD. Although none of the beneficiaries mentioned medical plants and other NTFP, former project staff mentioned that from Jumla (dropped in phase III) some high-value forest products harvested (e.g. wild apricot and peach oil, berries, medicinal plants) are now being produced (10-15 tons of oil) from the far-western regions and exported to India.
124. **Capacity-building has led to sustainable results, in particular at the level of beneficiaries and social mobilizers.** The capacity-building and engagement of social mobilizers was found beneficial and reasonably sustainable. Roughly a quarter of the social mobilizers had become managers or secretaries of the local cooperatives, as was foreseen by WUPAP, or continued as service providers, thus still bringing benefits to the same community. Others had continued studying or were working for other UN agencies or NGOs, often in the same areas. From the social mobilizers' survey, 15 out of 21 mobilizers had managed to improve their education level (12 up to Bachelors' and 3 up to Masters' Degree). From an individual perspective, these social mobilizers are young people who were also at

⁴² The team visited a number of IFAD-funded irrigation canals and a micro-hydro installations where IFAD had contributed funds, and found that they were working well; only one pond was in need of repair, and the repair work had been scheduled, according to the community members.

⁴³ PCR mini-survey.

risk of falling into poverty or having to temporarily migrate. All of them confirmed having benefited from their engagement, by strengthening their technical, communication and leadership skills and paving the way for obtaining related jobs. The capacity-building under WUPAP has helped most of them find a stable income base which is also beneficial to the communities.

125. Capacity-building of individuals in general looked sustainable. Many farmers are still using their acquired skills in vegetable farming, such as good agricultural practices and the use of poly tunnels. A number of tailors have been able to start a viable business, and the ones met during the field visit had, apart from working as a tailor themselves, even become trainers or recruited other women to work with them. One of the women trained in an FFS was now training other women.
126. The skills that the beneficiaries have acquired through WUPAP have also enabled them to identify and access channels for service delivery and to raise the demands of the poorest segments of society for adequate support. Moreover, technical capacity-building has helped the poor beneficiaries to better fend for themselves and their families as well as provided them with better access to community support.
127. **Institutional sustainability was found to be mixed. Some COs were operational, and most cooperatives still existed, but many were also in need of various forms of support.** The project identified cooperatives and C-PCUs as the key institutional vehicles for ensuring communities' continued access to resources for their own development. Against a target of 4,900, the project had mobilized 2,641 COs, out of which about 88 per cent were categorized as active (the others had stopped meetings and saving).⁴⁴ Transforming COs into cooperatives became the core exit strategy in phase III in order to increase their ability to mobilize more resources in terms of equity and savings and to strengthen sustainability of credit operations at the VDC level.
128. Although the visited cooperatives were not always formed from COs, they appeared to be potentially sustainable institutions with a clear role in the community, and the ones visited were still fully functional. Nonetheless, all the visited cooperatives expressed the need for advanced training on accounting and management, indicating that they faced challenges related to overall management and systematic financial management. Interviewed social mobilizers confirmed that the end of capacity-building activities with the phasing out of WUPAP hampered prospects of sustainability, as cooperatives require long-term support.
129. **Local authorities have demonstrated limited ownership up to now.** The limited ownership by local authorities of WUPAP achievements puts a cap on sustainability. The beneficiaries will still be in need of support and services, and cooperatives are in their infancy and were foreseen to be supported by the Government. The limited engagement of district offices and absence of local authorities during implementation has left the project with low ownership by local government, and hence a limited likelihood for support in case of need.
130. **Field visits confirmed that the CIP process has been highly valued by the beneficiaries and in many cases, the CIPs still exist.** The CIP approach was supposed to create sustainability, as practical experience of managing their own investment plan, participatory decision-making and supervision processes would substantially raise the practical capacity and level of social empowerment among the target communities. This should then provide the beneficiaries with the skills and confidence to take a leading role in driving their own development process into the future. The support by social mobilizers contributed to the functioning of the CIPs, and even though a number of social mobilizers have taken another job and

⁴⁴ IFAD. 2016. WUPAP, June-October 2016, PCR.

no longer support the CIP, there were also community members who understood the value of a CIP and now use a similar approach to community planning.

131. **Nonetheless, aspects of institutional sustainability should have been more strongly emphasized, and at an earlier point in time.** There was no strategy in place for shifting the support of the CIPs to the local authorities, and it was even unclear whether the authorities would have been capable of and willing to take on this task. In the years that the CIPs were active, there had been little connection between the communities and the local authorities on this subject. This connection needed to occur prior to project completion in order to ensure the sustainability of benefits from the CIPs.
132. While the sustainability of benefits controlled by beneficiaries was high, it is undermined by the lack of institutional support by local authorities or by other IFAD projects in the same districts. Therefore, **sustainability of benefits** is rated **moderately satisfactory (4)**.

B. Other performance criteria

Innovation

133. **IFAD was the first organization to bring wealth-ranking as a targeting method to Nepal.** It was rated very positive by all respondents and may be considered an innovation for Nepal; there had been no such mechanism in the targeted districts. Based on this approach, the Government has developed its poverty card system and started the distribution of poverty cards in 2015. Although the targeting was good in phases I and II, the community-led wealth-ranking in phase III allowed the communities to take full ownership and led to selecting the poorest among those who had been already considered for WUPAP support. According to various respondents, some community members had even left the group voluntarily at that stage, since they no longer felt that they belonged to the group of ultra-poor.
134. **The mechanisms of the CIPs and the CIF were considered an innovative and well-working approach by all respondents.** The mechanisms created the potential for community members to select their own preferred activities, the most needed infrastructure projects and also ensured a direct flow of fund flow to the communities and beneficiaries.
135. **FFS and IPM may be considered innovative in the context of the far- and mid-hill districts.** FAO originally developed the FFS concept in 1989 to promote the use of IPM; it is now used by IFAD and many others, with a gradually broadening approach regarding content. By 2002, FAO had also conducted training in Nepal as part of its Inter-country Programme. Therefore, although IFAD was not the first to introduce FFS to Nepal, WUPAP was definitely the first project to bring the concept to the far- and mid-hills areas. Thus, this is seen as an innovative achievement which helped farmers to decrease their external inputs and use IPM. It also contributed to the introduction of and strong increase in vegetable production.
136. **Social mobilizers were a fairly new concept in the early days of WUPAP, although they are currently used by many development actors.** Moreover, social mobilizers were later encouraged to take positions of leadership in the cooperatives or become service providers, which is seen as an added value. The respondents all praised the role and importance of social mobilizers as change agents. They were engaged in the formation of COs, in support of households and in conducting a number of other WUPAP-related activities at local level.
137. **The evaluation saw the Service Excellence Challenge Fund as an interesting innovative concept, but it appeared less suitable for the context of the remote districts of WUPAP.** The Fund was meant to create a competitive environment and engage the services of 16 service providers (two per

district, with US\$50,000 available per district). However, there was no response from either local service providers or line agencies. Although it was already foreseen in 2014 that the government line agencies would not be interested,⁴⁵ the expectation was that the private sector would respond, which did not happen. The reason behind this absence of response is not clear. Nonetheless, WUPAP has been able to engage the private sector in singular service provision tasks, so apparently the private sector was interested in working with WUPAP, but not through the Fund.

138. WUPAP phase III introduced a number of innovations to the context of the mid-western districts, many of which were successful, such as the CIP, wealth-ranking and FFS. Therefore, **innovation** is rated **satisfactory (5)**.

Scaling up

139. **Envisioned partnerships for scaling up did not materialize due to a lack of concrete mechanisms.** Whereas WUPAP was one of the first projects active in the target areas, at the time of design of phase III many others had started their engagement. This was seen as an opportunity for linkage,⁴⁶ although few linkages were established. Most respondents were only aware of Helvetas and the Government's Poverty Alleviation Fund II (PAF-II) with financial support primarily from the World Bank as well as IFAD; but collaboration or linkage with beneficiaries had not been actively pursued. In some supervision reports there was mention of collaboration with PAF-II and other projects, but lack of formalization was also brought up as a challenge. Even for IFAD-funded projects like HVAP⁴⁷ and PAF-II, which were to a large extent implemented in the same districts,⁴⁸ creating a synergy did not work well. PAF-II had a similar approach to WUPAP and the duration partly overlapped. Even though there was no duplication between the projects, there was little synergy. Like WUPAP, PAF-II established COs. However, these COs could not be combined with those of WUPAP to form cooperatives, as the revolving funds from PAF-II, according to beneficiaries, could not be taken over by cooperatives established under WUPAP.
140. **The Government's issuance of "Below Poverty Line Cards" is a significant scaling up of the wealth-ranking methodology.** Based on the success of WUPAP in achieving a sharp poverty focus, MoCPA has decided to replicate this innovative targeting methodology and to further fine-tune the process by issuing "Below Poverty Line Cards". The cards were distributed by MoCPA in 26 districts as a pilot. As soon as feedback has been collected and potential improvements pursued, the distribution will be scaled up to 51 districts. Apart from this, there is no clear evidence of plans to engage the Government, other donors or communities to multiply the project's efforts and resources to achieve higher impact. Therefore, **scaling-up** is rated **moderately satisfactory (4)**.

Gender equality and women's empowerment

141. In the WUPAP districts, most men migrate on a regular basis to the plains, India and the Middle East to generate additional income for the household. In Rukum, they went on average for four months per year, in Kalikot for four to six months. This created the opportunity for women to become engaged in income-generating activities, which WUPAP tapped into. Women were seen mostly active in growing vegetables (prior to WUPAP, growing cereals was more common and mostly done

⁴⁵ IFAD. March 2014. WUPAP, supervision report.

⁴⁶ The supervision report of August 2018 mentioned in particular WFP, PAF, Helvetas, Rural Village Water Resources Management Projects, the Department for International Development's Community Development Programme of, the United Nations Development Programme's Rural Energy Development Programme and, Decentralized Action for Children and Women and United Nations Children's Fund.

⁴⁷ HVAP was a jointly initiated six-year project of the Ministry of Agriculture and Cooperatives of Nepal and IFAD (July 2010–September 2016) in partnership with SNV Nepal and Enterprises Centre. The project had a budget of US\$18.87 million.

⁴⁸ PAF was implemented nationwide and HVAP implementation overlapped in the districts Dailekh, Jajarkot, Jumla and Kalikot.

by men). Women were also often successfully engaged in shopkeeping and tailoring.

142. **The proportion of women participating as beneficiaries in WUPAP was high at 49 per cent.** Eighty-five per cent of participants in the FFS were women, but the percentage of women reached by vocational training was only 33 per cent. However, there was a trend of improvement; whereas in phase I the percentage of women was 24 per cent, it increased to 41 per cent in phase III. Notably, in phase I WUPAP planned to promote gender equality by recruiting only women as social mobilizers. However, given the limited number of women in the WUPAP districts with the necessary educational requirements, recruitment was opened to men as well. As a result, only 26 per cent of the total 123 social mobilizers were women (with a high of 45 per cent in Rukum and a low of 18 per cent in Kalikot and Jajarkot).
143. By March 2015, representation of women in C-PCUs was 54 per cent. By the project end, out of 69,800 CO members, women represented 49.5 per cent and held 62.4 per cent of the leadership positions. In LFUGs, women members constituted 41.5 per cent and occupied similar proportions of leadership positions as in COs.⁴⁹ In interviews, many women who were part of the C-PCU committees were reported to be able to express themselves better than before.⁵⁰
144. As for receiving funds for their businesses, women were less well-represented among the beneficiaries: only 23 per cent of recipients were reported to be female. Some of these women were met during the field mission (active in tailoring, goat rearing and crop production), and they were very successful in their enterprise.
145. **Although WUPAP sought to have an equal or larger proportion of women beneficiaries than men, there is no underlying gender analysis and no documented gender strategy that describes how specific gender-related challenges and opportunities were to be addressed and used.** The project's approach was focused on providing separate gender-specific activities and not on mainstreaming gender within project activities. This coincided with the understanding of many of the project stakeholders, who still saw gender mainstreaming as targeting women.
146. **WUPAP positively contributed to saving time for women.** Women are mainly responsible for time-consuming activities such as fetching water and gathering fodder. Related to reducing women's drudgery, 93 per cent had saved 2.3 hours per day on average in water collection, fodder collection time had gone down to two to three hours per day, and support to improved water mills almost halved women's milling time.⁵¹ In interviews, community members and women themselves confirmed such benefits.
147. **While WUPAP sought gender balance among beneficiaries, it was not actively pursued among project staff.** Almost all staff at PCU and district level had been male. Among the social mobilizers, the situation was not much better (among the 21 candidates of the social mobilizers' survey and the three candidates of field interviews, only three were female). This was a missed opportunity for a project that actively sought to address gender equality and women's empowerment.
148. Therefore, as gender mainstreaming was not achieved throughout the project, **gender and women's empowerment** is rated **moderately satisfactory (4)**.

⁴⁹ WUPAP, PCR.

⁵⁰ However, during field visits, the evaluation found that some women who claimed to hold leadership positions, were actually performing secretarial tasks, whereas men did the decision-making. There were insufficient interviews with women in leadership positions though to allow a firm conclusion.

⁵¹ WUPAP, PCR.

Environment and natural resources management

149. Interviews with beneficiaries revealed that they were aware of and had considered environmental protection in their engagement through cooperatives and user groups. **The promotion and use of IPM contributed to a better management of natural resources.** IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.⁵² The farmers would make more use of organic fertilizers – they would use the manure of their livestock – and limited the use of pesticides. IPM was popular and taken up well by the beneficiaries, for its cost-saving and production-inducing effect, among other reasons.

Box 3

Example of environment and natural resources management by a cooperative

The Sherputal Agriculture Cooperative Association Ltd cooperative in Rukum has planted trees around Sherpu Lake to protect it from flood and landslides.

The LFUG in Kalikot revealed that they had planted different varieties of trees, such as *Alnus Nepalensis* (Uttis), Walnut, Eucalyptus, Rhododendron and *Myrica Esculenta*, for soil conservation and environment protection.

Source: PPE interview.

150. **The irrigation and water storage infrastructures were of good quality, which strengthened beneficiaries' water management capacity.** They were now able to use water in a focused manner and at times when it would be most needed, without losing time. Water mills and micro-hydro power generation plants not only provide direct benefits for milling crops and access to electricity, but have also helped the people manage the water flow, thereby limiting effects of a possible flood.
151. Improved natural resources management was an identified outcome for WUPAP in its theory of change, which it largely achieved through the different activities, in particular, the IPM training and water infrastructure. Therefore, **environment and natural resources management** is rated **satisfactory (5)**.

Adaptation to climate change

152. At the time of design, adaptation to climate change had not been a significant consideration. Now, however, drought periods are said to be increasing in the western mid-hills and highlands as the days with rain have become more concentrated. Some of WUPAP's activities have helped adaptation of the beneficiaries in a not specifically intended manner. For example, the use of better agricultural practices made the crop production periods shorter, and thus less exposed to potential drought periods. Simple irrigation techniques enabled the farmers to survive longer periods of drought. Respondents specifically mentioned poly tunnels, the plantation of forests, and leasehold forestry as beneficial for adaptation. Also, drought and the more concentrated rainfall would have a larger effect on crops and the risk of losses than on small-scale livestock, especially if the animals graze in wild areas. WUPAP only pursued small-scale livestock, and therefore avoided the negative effect that livestock can have on climate. The support to both crops and livestock, leading to diversification at community level, is therefore seen as positive in the face of climate change and enhancing the resilience of the beneficiaries.
153. Adaptation to climate change was not a defined criterion at the time of WUPAP's design and was a combined criterion when it was re-designed. Nonetheless, the leasehold forestry activities in the first phases and the FFS training have enabled

⁵² FAO's definition of integrated pest management - <http://www.fao.org/agriculture/crops/core-themes/theme/pests/ipm/en/> (accessed 17/12/2018).

WUPAP communities to be resilient to climate change. Given the positive, though unintended results, **adaptation to climate change** is rated **satisfactory (5)**.

C. Overall project achievement

154. WUPAP reached 97,400 poor households (from the 115,000 planned) in three phases over a period of 14 years. A strong targeting strategy enabled the project to reach the poorest beneficiaries with relevant activities. The components of phases I and II were: (i) Labour Intensive Community Infrastructure Development; (ii) Leasehold Forestry and NTFP; (iii) Crop and Livestock Production; (iv) Micro-Finance and Marketing; and (v) Institutional Support. For phase III, the approach was simplified to three components, which were meant to consolidate phases I and II: (i) Community Empowerment; (ii) District Service Delivery Improvement; and (iii) Project Management.
155. The achievements for phase I were good, but the geographical coverage was limited and the targets modest. In phase II, WUPAP became a problem project as the complex design scaled up to all 11 districts could not meet the required triggers. The achievements in phase III were again reasonably good, based on an improved approach in terms of a more focused community-led approach, better channelling of funds to the target group, and greater commitment by the Government. Nonetheless, this phase lasted only three years, which was not long enough to undo the lack of progress made under phases I and II and to create sufficient sustainability. Good results were seen in crop and livestock production and productivity and the potential for savings and loans through cooperatives. Infrastructure was needs-based and well used and maintained. Some of the off-farm trainings led to successful small enterprises, but almost two-thirds of the trainees did not engage in a business.
156. Though savings and loans through the COs worked well, WUPAP was not able to adequately engage microfinance institutions or set up a credit fund. Linkage to markets for the beneficiaries was also not strongly pursued. The planned Green Road did not materialize.
157. The engagement of social mobilizers was successful, as this enhanced the results of the beneficiaries and the communities and also built the capacity of the social mobilizers themselves, who in many cases were young people from the community.
158. **Overall project achievement**, which represents an average of all three phases, is rated **moderately satisfactory (4)**.

D. Performance of partners

IFAD

159. **The fragile situation of Nepal during the initial phases of WUPAP necessitated more senior IFAD staffing for longer durations.** At the time of WUPAP's design, the country had already been in a conflict situation for some years and the remoteness and context of the target areas was well-known. Moreover, the WUPAP design was relatively complex. The combination of a complex intervention and a fragile and difficult context would have required the support of a well-seasoned CPM, preferably someone willing and able to manage the project for a longer time, until it was fully up and running. This need was neglected by IFAD, and junior CPMs were responsible for WUPAP from its start until 2011, when IFAD engaged more senior and experienced CPMs. Moreover, in the 14 years that WUPAP was operational, there were seven CPMs, with an average tenure of two years, although some were even shorter.
160. **The limited progress of WUPAP in the second phase necessitated more frequent supervision missions by IFAD.** Until the end of 2006, supervisions were conducted by the United Nations Office for Project Services (UNOPS);

thereupon, IFAD started direct supervision. Despite reporting on a regular basis, UNOPS had been unable to provide in-depth analysis of the challenges at field level. During phase II, when the project slipped into problem status, there was only one supervision mission per year on average by IFAD directly. At the local level, stakeholders also found that there were too few supervision and monitoring visits from the PCU. More frequent supervision might have led to earlier detection of, and hence an earlier solution to, the problems underlying the lack of progress.

161. **IFAD's active management at the end of phase II was critical to the continuation of WUPAP and its improved performance in phase III.** After three years as a problem project, IFAD sought to cancel WUPAP in 2011. However, with a change in CPM, it was decided to give WUPAP another chance to demonstrate government commitment and address the persistent issues through an action plan supported by a management adviser. After meeting the requirements of the action plan, WUPAP was re-designed under yet another CPM, with the participation of the project staff. The new design was implemented in phase III.
162. The evaluation is positive about the decision to continue with WUPAP, based on the results achieved by the end of phase III. The streamlined structure and better focus of the new design allowed a larger part of the investment to reach the beneficiaries and they were appropriate to the changed country context. However, as the problems emerged shortly after the start of phase II, the restructuring of WUPAP could have occurred earlier. In that case, there would have been sufficient time remaining to institutionalize the changes and ensure greater sustainability.
163. **The adoption of IFAD's FLM to structure the implementation of WUPAP was appropriate but required more procedural clarity.** The FLM was innovative at the time, as it enabled the project design to be adjusted as the project evolved within a longer time frame. While the phased approach based on triggers was positive for a project in a fragile situation, IFAD's lack of clarity regarding the procedures for implementing FLMs proved at times to be a constraint by delaying the shift from one phase to another.
164. Given the fragile situation of Nepal during most of WUPAP's implementation, IFAD needed to provide greater stability and seniority in its support. Instead, IFAD initially assigned relatively junior CPMs during the period of the Maoist insurgency and did not provide clarity regarding the procedures of the FLM, resulting in some delays. From 2011, IFAD intensified its engagement, which resulted in continuing the project and improving performance. However, the additional technical assistance and new project design should have occurred earlier. Therefore, **IFAD performance as a partner is rated moderately satisfactory (4).**

Government

165. **Central government agencies' engagement was limited.** The level of coordination between the PCU, LDFB, and the department line agencies was flagged as an issue in supervision reports from the second year of implementation. MoFALD, responsible for WUPAP during phases I and II, organized Project Steering Committee meetings twice a year during phase I, but Directors-General of the departments of agriculture, livestock and forest did not participate. In phase II, the meetings were not even conducted as planned. In response to the revised action plan as part of the change in design towards phase III, the situation changed for the better and central-level government commitment became much stronger.
166. **WUPAP faced multiple challenges to project management, and even though the situation improved in phase III, it was not optimal.** High turnover and short tenure of project staff resulted in long-standing vacant positions and insufficient capacity for implementation. The remote and harsh location of the project offices was not attractive to government officers, particularly the more senior ones who would be sent for such assignments. In addition, the Government

had a policy to transfer staff every one to two years. As a result, the actual average tenure under WUPAP was only about six to eight months, with a high rate of vacant positions and project staff turnover. Staff, especially heads of offices, were found to spend considerable time outside their district office. Additionally, travelling from the central PCU in Nepalgunj to the target districts was very difficult.

167. **High turnover also constrained institutional memory and capacity-building, since they had to be renewed each time a new staff member was recruited.** The PCR mentions inadequate investment from the project to build the capacity of the project team. In addition, during phase II, when responsibility for WUPAP unilaterally shifted from MoFALD to MoCPA, for half a year this led to efficiency-related issues, according to former project staff. WUPAP was new to MoCPA, and the responsible staff did not have the institutional memory and were not fully clear on the expectations related to their responsibilities and engagement. Project staff needed time, therefore, to gain access to the right people and to fully sensitize them on the contents and priorities of WUPAP and the role of MoCPA.
168. **The situation improved in phase III with stronger government commitment after the field visit of the Under-Secretary and upon subsequent finalization of the new action plan.** The staffing situation improved under the leadership of a highly active and committed project coordinator appointed to implement the action plan. This project coordinator placed greater emphasis on implementation support, with frequent visits to the districts. Six district project managers and four technical consultants within the PCU and one management advisor mobilized by IFAD helped further improve the stability of project management between 2012 and 2016. Importantly, a financial management officer was finally recruited after a long delay in filling the position. Although the project coordinator was replaced again in 2016, the project for the first time managed to have stable leadership in the PCU for four consecutive years.
169. **In the first phases, the institutional arrangements of the original design resulted in numerous cost centres that could not be serviced by the limited project staff.** In phases I and II, a number of district offices were engaged for the various subject matters, such as the DLSD, DADO and DFO, with day-to-day management executed from the PCU in Nepalgunj. In phase II, there were more than 50 cost centres (five per district), as the budgets for various activity groups were allocated to the various departments in the target locations. It appeared difficult and time-consuming to effectively manage WUPAP and coordinate with the various partners. The situation improved under phase III, with the coordination under the district local development officer that reduced the cost centres to one per district, plus the central PCU. On the other hand, in phase III it was challenging to secure the support of the department line agencies in terms of technical assistance to the beneficiaries. Their local bodies did not respond to the Service Challenge Fund as they no longer received funding directly but through the CIP and therefore were engaged in WUPAP in a limited manner only.
170. **Financial management and procurement were found weak in terms of accordance with government systems, software and accounting systems, although some improvement was seen in phase III.** This may have been due to problems in the software and lack of technical back-up, which was only identified and addressed towards the end of WUPAP. Certain accountants were insufficiently trained and there was not a proper system of authorization to work around the long vacant position of financial management officer. Filling the post of finance officer/accountant remained a challenge throughout WUPAP's duration, which was most acute when WUPAP still had 50 cost centres.
171. The project did not maintain a special account covering the initial deposit, amounts transferred to the government treasury and subsequent reimbursement received

from IFAD. The vouchers for amounts transferred from the special account and amounts replenished by IFAD were not prepared and a ledger was not adequately kept. At D-PCU level, financial rules and regulations had been followed even less stringently. During phase III, a technical team, paid from government resources and partly from an IFAD grant, was put in place to alleviate this problem.

172. Internal audits were conducted, but not at the required regularity of once every three months. The audits of the project were carried out by the Office of the Auditor General. The reports were not submitted in a timely fashion and often did not contain all of the required information. Audit quality and timeliness was initially rated by the supervision mission as 4 but was rated 3 towards the end of the project.
173. The Government pre-financed all expenditures incurred by the project. Some problems occurred with the release of funds in the first and second trimesters of the year; fund were released after about two months of the beginning of the trimester, which led to some delay in project implementation. There was little major procurement, and where it was done, appropriate rules and procedures had been followed and procurement processes were found in order.
174. **M&E was conducted, but data collection was often done on paper and not systematically, thus not informing decision-making.** WUPAP used RIMS, and Standard IFAD Monitoring and Evaluation Sheets were integrated in 2012.⁵³ A RIMS baseline was conducted in 2007, a RIMS second-level survey was conducted in 2010, and a RIMS completion survey was scheduled for July 2016. The project had developed a simple off-line software to track household-level information on CIP investment and this was pilot tested in Rolpa district, which worked well and seems useful in view of the PCR data requirements. But even if monitoring took place regularly, much of the data was still collected on paper and there was no visible decision-making based on M&E findings. Furthermore, coordination between the district-level M&E team and PCU M&E team was not optimal.
175. **Knowledge management was limited under WUPAP.** WUPAP had been operational for 14 years, but little knowledge management was conducted. The institutional memory in the project in general was weak, and information, experience and lessons throughout the duration of the project were not documented and disseminated well. Apart from a limited number of case studies, there are only a few documents available beyond supervision or monitoring types of reports. It was planned to pilot Most Significant Change, Outcome Mapping, and Learning Routes under knowledge management in the last year, but no visible evidence was available. It was recommended that innovative methods be introduced to cater to literate as well as illiterate participants, but this was not clearly pursued.
176. Given the mixed performance of the Government between phase II and phase III, the performance of the **Government** during WUPAP is rated **moderately unsatisfactory (3)**.

E. Assessment of the quality of the project completion report

177. **Scope.** The well-written PCR was prepared with support from a consultant team. By and large, the PCR covers all the evaluation criteria, though not always with sufficient detail and depth (i.e. gender equality and women's empowerment, and government performance). Despite the change in the project design in phase III and the reduction in components, the narrative and data are presented in relation to the original components from phases I and II. As a result, the PCR does not sufficiently examine and highlight the changed approach of phase III, which was

⁵³ IFAD. April 2013. Western Uplands Poverty Alleviation Project. A Case Study. WUPAP phases I and II: Results and Impact.

critical to WUPAP meeting its development objectives. Therefore, the scope is rated **moderately satisfactory (4)**.

178. **Quality.** RIMS data as at the PCR are presented for all three phases, which again obfuscates the changed approach in phase III. While a detailed cost-benefit analysis was conducted to calculate an Internal Rate of Return (only at completion), it does not adequately capture the benefits from capacity-building and social empowerment activities (important for phase III's social empowerment outcome), but focuses on agricultural productivity. Although eight short case studies were presented in the annex, they are not drawn upon as evidence for empowerment. A supplemental survey of beneficiaries in the six districts that were not visited would have been useful, especially as one of the districts visited for the PCR was visited in the most recent supervision mission. The reported data may be a bit more positive than the actual situation allows, and not always sufficiently justified. The quality of the PCR is rated **moderately satisfactory (4)**.
179. **Lessons.** The ten lessons presented are useful and informative, highlighting key areas for improvement for future projects in Nepal. The lessons regarding improving service delivery at district level and the use of existing grassroots institutions are particularly relevant for the Nepal country programme. Therefore, this criterion is rated **satisfactory (5)**
180. **Candour.** The ratings were found more positive than the underlying narrative about the actual achievements at times. For instance, inadequate investment from the project to build the capacity of the project team was mentioned, and yet the quality of performance is rated satisfactory. The PPE rates candour **moderately satisfactory (4)**.

Key points

- The original integrated rural development project design proved too complex to implement in phase II. The five components required support services (e.g. agriculture, forestry, livestock) from multiple district offices to be delivered in 11 remote districts with poor road access during a period of political instability and limited government capacity.
- In phase III, the project design was streamlined into three components, and a more focused and participatory approach was adopted using CIPs to reach very poor and vulnerable rural people.
- The effectiveness and efficiency of WUPAP improved particularly between phases II and III. In phase II, project funding went to the different district offices (DADO, DFO, DLSO and LDFB) through the DDC, resulting in five cost centres per district. In phase III, the cost centres were reduced to one per district with the DDC providing funds directly to the communities. The many cost centres in phase II were also challenging to coordinate and monitor, especially given the limited staffing and capacity.
- WUPAP's shift from an "all inclusive" geographic targeting to the poorest far and mid-western districts to the more focused targeting of the very poor and vulnerable people identified was appropriate to the changed context between the first and last phases. The participatory wealth-ranking method also proved effective, resulting in little to no "elite capture".
- While women accounted for a sizeable number of beneficiaries, other focus groups such as Dalits and Janajatis represented a much smaller portion. Youth participation was not monitored. There also was no gender strategy to coherently address women's economic empowerment, decision-making and workload balance.
- The community-driven approach of the CIP implemented through community PCUs appears to have contributed to the sustainability of benefits from phase III. Many cooperatives established by WUPAP are continuing their savings and loans operations with former WUPAP social mobilizers managing them. Community infrastructure (e.g. schools, irrigation canals) were still in use and being maintained by the existing user groups.

The first two phases of WUPAP were marked by frequent staff turnover by both the Government and IFAD and by the assignment of relatively junior staff. Clear improvement in project performance occurred with the threat of cancellation of the project at the end of phase II, with greater government commitment and the assignment of more senior IFAD staff.

IV. Conclusions and recommendations

A. Conclusions

181. **WUPAP's different targeting approaches in the first two phases versus phase III were appropriate and effective.** Given the widespread poverty at the time of project design, WUPAP's initial geographic targeting of almost all households in the selected districts was necessary to address their many issues. The targeting approach was especially good in phase III when virtually all IFAD investments ended up in the hands of poor beneficiaries and were spent according to their choices and needs. WUPAP was essential in covering the basic needs of a large group of very vulnerable people. Now that other interventions have come in and the situation is slowly improving, it is time to fill the gaps that WUPAP has left behind, such as access to markets and better targeting of women and youth. That said, the recruitment of young women and men from the districts as social mobilizers proved to be a successful model for providing stable and local support to very poor beneficiaries and remote communities as well as assisting young rural people.
182. **The better-focused approach of the re-designed phase III was more appropriate to the evolving country context.** The main improvements found between phases II and III were in terms of better coordination at various levels (working through local development officer, D-PCU, C-PCUs) and the approach that was more strongly based on community needs and empowerment (development and implementation of CIPs). The project thus moved from a supply-based to a demand-driven approach. However, it would have been better if the improvements had come earlier to allow sufficient time to reach the newly targeted very poor and vulnerable.
183. **The original integrated rural development project design was too complex for the fragile political context and remote far- and mid-western hills and uplands.** The project was conceived and initially implemented at a very difficult point in time, when the Maoist insurgencies were at the peak of their activities in rural areas. This had compelled other international agencies to leave the rural districts where they had previously launched their programmes. Poor road networks and infrastructure further hampered WUPAP's achievements in the first two phases. In addition, the five components with multiple activities which required technical service delivery from different district line agencies contributed to WUPAP falling into problem project status when it scaled out to additional districts in phase II.
184. **The project faced difficulties because of frequent changes in the management structures and key staff, causing delays in project results.** WUPAP district staff struggled with coordinating with and obtaining technical support for the beneficiaries from the district line agencies during the third phase, which contributed to delays in project results, with subsequent effects on overall performance. The sustainability of the positive results achieved by the project on infrastructure, cooperatives, agriculture and livestock, income generation and women's empowerment was visible but may be still at risk without further support from relevant agencies.
185. **A lack of commitment on the part of the Government and IFAD was also evident in WUPAP falling into chronic problem project status.** Lack of engagement of senior staff (IFAD) and appropriate and sufficient staff (Government) at the right places and with a sufficiently long duration further aggravated the lack of progress. After the project was almost cancelled, the Government renewed its commitment, and actions were undertaken which led to strengthening project achievements (CIPs, simplification, payment methods).

186. **Although linkage to markets was a constraint faced by many beneficiaries,** it was not sufficiently included in the design and activities, which negatively affected the potential impact of WUPAP. Transport is expensive and the possibilities at local level low, because the harvest of certain products usually comes in one bulk. The community members themselves did not yet appear able to organize themselves to address this issue. Opportunities for project support were present, such as helping the communities to organize coordinated transport and to negotiate, either under WUPAP or through synergy with other interventions.

B. Recommendations

187. Key recommendations are provided below for consideration by IFAD and the Government of Nepal for the country programme and future projects.
188. **Recommendation 1. Strengthen and replicate the model of social mobilizers from phase III and incorporate it into project designs as a means of building local technical support services and supporting youth employment in remote far- and mid-western districts of Nepal.** The successful model of using social mobilizers should be continued in other projects and strengthened by targeting women and youth for recruitment to social mobilizer positions. They must be provided with training to improve their service provision as well as support to develop their own career. The training of youth and the creation of local opportunities are especially important given the massive migration in Nepal.
189. **Recommendation 2. Further support to WUPAP cooperatives should be incorporated into existing or new IFAD interventions.** Former WUPAP beneficiaries and cooperatives that have proven sustainable and are in the same districts and villages as other existing and planned IFAD projects should be considered for inclusion, particularly ones linking smallholders to markets. For example, value chain projects in Dailekh and Kalikot districts could include WUPAP-trained farmers and cooperatives in their market access activities to increase the impact of their improved agricultural productivity and greater assets, while extending their outreach to poorer and more vulnerable groups.
190. **Recommendation 3. Government stakeholders at all levels, but especially local and state, should provide strong and continued engagement in IFAD projects in the mid-and uplands.** The full engagement of relevant line agencies and local authorities in providing services and supporting rural municipalities should be ensured from the start of projects. This can be done, for instance, by drawing up a performance agreement, specifying their engagement and including quality specifications and funding to support their involvement. Qualified government project staff should be deployed to project areas for longer periods, with their presence and involvement guaranteed. Government representatives should participate in supervision missions to ensure project ownership. Local authorities need to be involved in project implementation, particularly when projects are using participatory community development mechanisms such as the Community Investment Plan for greater sustainability.

Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Asia and the Pacific	Total project costs	32.76		29.77	
Country	Nepal	IFAD loan and percentage of total	19.94	60.87	22.04	74.01
Loan number	L-576-NP, C-567-NP and DSF 8010	IFAD grant	0.55	1.68	0.58	1.94
Type of project (subsector)	AGRIC	WFP	4.03	12.29	0.00	0.00
Financing type	Loan (Flexible Lending Mechanism)	National Government	5.96	18.20	5.31	17.84
Lending terms*	Highly Concessional	Local Government	2.20	6.72	0.62	2.07
Date of approval	6 December 2001	Beneficiaries	0.08	0.24	1.23	4.13
Date of loan signature	5 February 2002	Local private sector	0.04	0.11	0.00	0.00
Date of effectiveness	1 January 2003	Other sources:				
Loan amendments	2 (1 Feb 2007 and 6 Sept 2012)	Number of beneficiaries: (if appropriate, specify if direct or indirect)	115,000 HHs		97,400 HHs	
Loan closure extensions	1	Loan completion date	31 March 2014		2 Dec 2016	
Country programme managers	Louise McDonald Lakshmi Moola Benoit Thierry Khalid El-Harizi Ronald Hartman Kati Manner Atsuko Toda Nigel Brett	Loan closing date	31 Dec 2014		31 March 2017	
Regional director(s)	Hoonae Kim Nigel Brett (OIC) Thomas Elhaut	Mid-term review			July 2007 and October 2010	
Lead evaluator for project performance evaluation	Chitra Deshpande	IFAD loan disbursement at project completion (%)			97.6%	
Project performance evaluation quality control panel		Date of project completion report			29 March 2017	

Source: Oracle BI, PCR.

* Lending terms: special loan on highly concessional terms, free of interest but bearing a service charge of three-quarters of one per cent (0.75 per cent) per annum and having a maturity period of 40 years, including a grace period of 10 years.

Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. 		No
	<ul style="list-style-type: none"> Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. 		No
	<ul style="list-style-type: none"> Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. 		No
	<ul style="list-style-type: none"> Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. 		No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes

<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes

<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
Performance of partners			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Rating comparison^a

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>Project Performance Evaluation rating</i>	<i>Rating disconnect</i>
Rural poverty impact	4	4	0
Project performance			
Relevance	5	4	-1
Effectiveness	4	4	0
Efficiency	4	3	-1
Sustainability of benefits	4	4	0
Project performance^b	4.75	3.75	
Other performance criteria			
Gender equality and women's empowerment	5	4	-1
Innovation	5	5	0
Scaling up	5	4	-1
Environment and natural resources management	5	5	0
Adaptation to climate change	5	5	0
Overall project achievement^c	4	4	
Performance of partners^d			
IFAD	5	4	-1
Government	5	3	-2
Average net disconnect			- 7/12= - 0.58

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

^b Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

^c This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.

^d The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE rating</i>	<i>Net disconnect</i>
Scope	n.a.	4	n.a.
Quality (methods, data, participatory process)	n.a.	4	n.a.
Lessons	n.a.	5	n.a.
Candour	n.a.	4	n.a.

Overall rating of the Project Completion Report

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.a. = not applicable

Approach paper

I. Introduction

1. In line with the International Fund for Agricultural Development (IFAD) Evaluation Policy and as approved by the 122nd Session of the IFAD Executive Board, the Independent Office of Evaluation (IOE) will undertake a project performance evaluation (PPE) of the IFAD-financed Western Uplands Poverty Alleviation Project (WUPAP) in Nepal. A project performance evaluation is a project evaluation with limited scope and resources. It will build on information included in the project completion report (PCR) with a more complete analysis based on additional information and data collection by IOE at the country level through a short mission.
2. This approach paper presents the overall design of the WUPAP project performance evaluation and contains a summary of the project being evaluated. It further outlines the evaluation objectives, methodology, process and timeframe. Finally, the project's theory of change as prepared by the evaluation team is presented.

II. Project overview

3. **National context.** The Federal Democratic Republic of Nepal is a mountainous and landlocked country situated in the Himalayas between China and India. It is a low-income country with a population of 29.3 million and a per capita GDP of US\$834 in 2017. The population is mainly concentrated in rural areas (80.6 per cent) and agriculture plays a fundamental role in Nepal's economy, accounting for about 27 per cent of GDP and employing 71 per cent of the working population. This population comprises significant ethnic diversity, with many different languages and cultures. Population density varies considerably, as large parts of the country are too harsh for human settlement. The natural resource environment is rich and diversified with fertile plains, subalpine forested hills and mountains. However, it is also highly fragile, due to the reduction of forest cover, and vulnerable to natural disasters.
4. Nepal's economy is characterized by a large subsistence agrarian system, especially in hilly and mountainous regions where plots are fragmented, and 80 per cent of the economically active population are engaged in agriculture. Productivity is generally lower than in countries with similar agro-ecological conditions; higher altitudes allow only one crop per year and only 17 per cent of farms have access to irrigation throughout the year. Less than 20 per cent of agricultural production is commercialized, and Nepal has an agricultural trade deficit. The inflow of remittances plays a key role in Nepal's economy and are estimated to be US\$6.9 billion or 28.3 per cent of GDP in 2017,¹ the fifth largest in the world. In addition, there is considerable internal migration for work, from rural areas in the hills and mountains to the major towns and from West to East. In 2015, Nepal experienced a devastating earthquake which slowed down the economy which recovered in 2017 mainly due to investments in reconstruction.
5. Nepal has undergone a political transformation from a kingdom to a federal republic state with the introduction of multiparty democracy in 1990. However, the state's failure to provide services and livelihoods provided the basis for an armed conflict in the mid-1990s led by the Communist Party of Nepal (Maoist) that mobilized the rural poor and marginalized caste/ethnic groups to form militias against the state's military. WUPAP was designed and started during the period when the Maoist insurgency was at its peak across the country, and it remained so throughout the project's first phase. In November 2006, armed conflict ended with the "Comprehensive Peace Accord" which provided the basis for a transition period emphasizing reconciliation, rehabilitation and reconstruction. In 2008, the new

¹ World Bank 2018, Personal remittances, received (% of GDP), Online at: <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NP> (accessed 24/07/2018).

Constituent Assembly abolished the monarchy and declared a secular republic in an Interim Constitution. The new Constitution was finally ratified in September 2015, which confirmed the country as a secular democratic republic.²

6. **Project goal and objectives.** The overall project goal was "to have more resilient livelihoods and basic human dignity of the poor and socially disadvantaged people," in the uplands of the mid and far western regions of Nepal. The project's specific objective was to strengthen the capacity of 115,000 households (632,500 beneficiaries) in 200 Village Development Committees (VDCs) to: (a) mobilize their own resources (human, natural, physical, financial and social); (b) gain access to external resources; and (c) "live their lives in dignity."³ A secondary project objective was to create grassroots institutions that would ultimately be federated at village development committee and district development committee (DDC) levels.
7. **Project area.** The proposed project area was to cover eleven upland (hills/mountains) districts in the Far and Mid-Western Development Regions. These remote districts are characterized by harsh agro-climatic conditions, geographic isolation, small landholdings, high poverty rates and food insecurity. Implemented in three phases under IFAD's Flexible Lending Mechanism,⁴ WUPAP's first phase was to begin operating in the four high hill districts of Bajhang, Bajura, Humla and Jumla) and was completed in 2007. Phase II, which completed in 2012, was to cover an additional seven districts, the four mid-hill districts of Dailekh, Jajarkot, Rolpa and Rukum and the three high hill districts of Dolpa, Kalikot and Mugu. However, Mugu was dropped in phase II and Jumla and Dolpa in phase III, resulting in only eight districts by project completion in 2016.
8. **Project target.** The project targeted a total of 115,000 households from among 226,000 households in the project area. It was assumed that the project would cover slightly less than 50 per cent of the households and that the remaining households would be covered by the regular government programmes and/or other development projects. The project design used an 'inclusive' approach for targeting as over 95 per cent of households were food insecure, and categorized the households into three groups:
 - (a) *Very poor and most vulnerable households* – all households with very limited land-base, insecure access to common resources and underemployed, all Dalits, female-headed households with young children, tenants, bonded labourers and forced labours due to indebtedness;⁹
 - (b) *Less vulnerable households* – subsistence small farmers with limited access to markets and other services with small land holdings to support their families;
 - (c) *Least vulnerable households* – small dry-land farmers living in areas close to markets and services in or close to valleys with higher population pressure and fast depletion of natural resources.¹⁰

Although inclusive of all households in the project districts, the project was to prioritize reaching women, Dalits, youth, and other minorities.

9. Phase III maintained the same focus on serving poor and disadvantaged households and individuals in existing WUPAP-supported VDCs in project districts. The identification of target households within the 153 supported VDCs was to be refreshed through a participatory wealth ranking exercise in each VDC and target communities were to be specifically defined as the poorest 25 per cent of households and all member households of active community organizations (COs) and previously supported leasehold forest user groups (LFUGs).

² Nepal Law Constitution, Constitution of Nepal, Article 4, point 1, 2015.

³ The project aimed at addressing the deep-rooted causes of poverty such as injustice and discrimination towards Dalits and women as well as rights violations through increased awareness.

⁴ Financing under IFAD's Flexible Lending Mechanism allowed for longer project duration. It is no longer in use.

10. **Project Components.** The main components in phase I and II were:
- (i) Labour Intensive Community Infrastructure Development to develop/strengthen the productive base of the communities. The component was to provide employment to the poorest households to mitigate seasonal malnutrition and also generate savings to enable the poorest to participate in the savings and credit based cooperatives (COs);
 - (ii) Leasehold Forestry and Non-Timber Forest Products (NTFP) was to specifically target landless households to give them access to land resources, with priority given to Dalits and women. The component was to seek to domesticate NTFP production with the support of the private sector where the technology existed;
 - (iii) Crop and Livestock Production to increase household food security, improve nutrition and provide income to the beneficiaries. The component was to finance the necessary demonstrations, adaptive research, development of nurseries as well as training to the village specialists, staff of the line ministries and beneficiaries;
 - (iv) Micro-Finance and Marketing to beneficiaries to undertake income generating activities; and
 - (v) Institutional Support to strengthen capacity building at the grassroots, develop viable organisations, provide support to the coordination unit, special studies to address poverty, discrimination and other issues, and monitoring and evaluation.
11. Phase III was meant to consolidate the achievements of the first two phases and address design complexity unsuitable for Nepal's fragile, post-conflict situation. Therefore, phase III became more focused, going from five to three key components. The phase III project design also took into account the improved communications, connectivity and market penetration as well as new projects in the project areas.
12. Key components under phase III were:
- (i) Community Empowerment to build social and economic empowerment among target communities. The main elements were to be a multi-year participatory investment planning and management process backed by a community investment fund provided by the project to procure technical services (e.g. farmer services) or fund productive infrastructure desired by the communities. This was organised in two subcomponents:
 - (a) Social empowerment subcomponent, covered participatory planning, governance and investment management. A C-PCU was to be elected in each VDC by target households and would be responsible for the design, implementation and review of the community investment plan (CIP);
 - (b) Economic Empowerment subcomponent incorporated the Community Investment Fund, which was to be the main instrument for investment in each VDC to finance the CIP. Eligible types of investment were farm improvement, market linkage development and value addition, vocational training, productive and labour-saving community infrastructure and loan capital to COs for on-lending to their members.
 - (ii) District Service Delivery Improvement, to support improvement in the quality, responsiveness and effectiveness of technical service delivery to villagers. This was to include giving beneficiary communities full decision-making control on resource allocation for services and the creation of a Beneficiaries' Oversight Board, involvement of the Regional Directorates (livestock, forestry, agriculture) for strengthening technical supervision, quality and use of district government line agencies and non-line agency service providers (e.g. NGOs, cooperatives or private businesses) to provide similar services in different VDCs in the same district.
 - (iii) Project Management covering all project management, coordination and reporting activities at district, regional and national levels.

13. The Economic Empowerment subcomponent of phase III was meant to consolidate and strengthen the first four components of phase I and II (Infrastructure, Leasehold Forestry, Crops and Livestock, and Micro-finance and Marketing). In turn, the Social Empowerment subcomponent, the District Service Delivery Improvement component, and the Project Management of phase III were the continuation of the Institutional Support component of phase I.
14. **Project costs and financing.** The total project cost at approval was US\$32.76 million of which US\$20.36 million was to be funded by IFAD (US\$20 million loan, US\$ 0.36 million grant). The Government was to finance US\$5.9 million, the local governments US\$2.2 million and WFP pledged US\$4 million for road construction. The remainder would be contributed by beneficiaries (US\$0.078 million) and the private sector (US\$0.036 million). The actual cost at completion was US\$29.77 million resulting in a disbursement rate of 91 per cent. Notably, the US\$4.03 million committed by the WFP for the construction of the Green Road linking Jumla and Humla was never disbursed and the road was not constructed.
15. The table below presents the adjusted estimated and actual costs (without the WFP financing) by phase and component as presented in the PCR. For phase I and II, the total estimated cost was US\$16.68 million for which 98.9 per cent was disbursed. The highest funded components were institutional support and infrastructure, both of which exceeded their cost at design by 127 per cent and 114 per cent, respectively. The total estimated cost for phase III was US\$13.83 million of which 95.94 per cent was disbursed. The actual expenditure for community empowerment in phase III had the highest expenditure for all the phases of US\$10.31 million and disbursed 120 per cent of the estimated cost.

Table 1
Planned versus actual costs by component

<i>Component</i>	<i>Estimated amount (m US\$)</i>	<i>Estimated amount (% of total)</i>	<i>Expenditure (m US\$)</i>	<i>Expenditure (% of total)</i>	<i>Disbursement rate</i>
Phase I and II					
Infrastructure	4.37	14.3	4.99	16.8	114.32
Leasehold Forest and NTFP	3.24	10.6	2.58	8.7	79.51
Crops and Livestock	2.06	6.8	1.96	6.6	95.32
Microfinance and Marketing	1.96	6.4	0.58	2.0	29.62
Institutional Support	5.05	16.6	6.40	21.5	126.72
Total phase I and II	16.68	54.7	16.51	55.4	98.99
Phase III					
Community Empowerment	8.56	28.1	10.31	34.6	120.34
District Service Delivery Improvement	1.14	3.7	0.16	0.6	14.47
Project Management	4.13	13.5	2.80	9.4	67.73
Total phase III	13.83	45.3	13.27	44.6	95.94
Grand Total	30.51*	100.0	29.77	100.0	97.60

Source: WUPAP PCR.

*According to the PCR the difference with the total estimated amount reported in the table above is due to reallocation of surplus funds in the phase II & III, unallocated amount of US\$1,839 and US\$4.026 million of WFP not included in components.

16. **Time frame.** Designed in 2001, WUPAP had a loan effectiveness date of 1 January 2003 and original completion date of 31 March 2014. As a Flexible Lending Mechanism, specific triggers were set for each phase to move to the succeeding phase. Phase I met its triggers and moved to phase II in 2006; phase II required a one-year extension to meet its triggers in 2012; and phase III was allowed one extra year for planning and three years for implementation. Completing on 30 September 2016, WUPAP had a project duration of 13 years versus the planned 11 years.
17. **Implementation arrangements.** In phase I and II, the then Ministry of Local Development, later Ministry of Federal Affairs and Local Development (MoFALD), had overall responsibility for project implementation. The Joint Secretary of Local Self Governance Division was the National Project Director who was to be supported by a Project Coordinator, and Technical Assistance teams at central and district level. A Project Steering Committee (PSC) chaired by the Secretary of the Ministry of Local Development, comprising the National Project Director and representatives from Departments of the Ministry of Agriculture and Livestock, Ministry of Forestry and Soil Conservation, National Planning Commission and Ministry of Finance provided oversight and guidance to the project. At the district level, the Local Development Fund Board (LDFB) played the primary role of project coordination during phase I. In phase II, the District Management Committee was set in each district from 2008 under the chairmanship of Local Development Officer.
18. In phase III, overall responsibility of project implementation was transferred to the Ministry of Cooperatives and Poverty Alleviation (MoCPA). The secretaries of both MoFALD and MoCPA co-chaired the PSC meetings. In this phase, the project created a dedicated district project coordination Unit (D - PCU) in each of eight project districts led by the Local Development Officer under the DDC and the District Project Managers were upgraded to deputy district project coordinators. Each VDC was supported to implement a 3-year rolling participatory CIP. A C-PCU was formed in each VDC by target households, supported by the social mobilizers, and were made responsible to facilitate the overall process of social mobilization, participatory planning and review, and public auditing of the implementation of all activities under each community investment plan.
19. **Intervention logic.** The rationale for the WUPAP was that the project area was underdeveloped due to its remoteness, difficult terrain and harsh environment. Food insecurity was a major problem as the majority of people were landless or functionally landless due to a small land base and low agricultural productivity. Seasonal migration outside the country for jobs was also common among the youth. There was potential for enhancing NTFPs/ Medicinal and Aromatic Plants production by organizing poor farmers and communities for marketing and through technology transfer and capital support. The project districts were at the heart of the Maoist insurgency due to the high-level of poverty and therefore the government prioritized addressing poverty in these areas. As few investment projects operated in these areas, IFAD support was meant to complement government's efforts to address deprivation in these districts.
20. **Significant changes during project implementation.** During the course of project implementation several design changes were incorporated. According to the PCR, they fell under three major categories:
- (i) Project management structure and related fund flow systems: During phase I, the District Development Committee provided funds directly for implementation of infrastructure related activities to the community groups to District Forest Office for leasehold forestry activities and LDFB for credit-related interventions. During phase II, LDFB received funds only for credit and project management. During phase III, LDFB was not involved in project implementation due to poor performance and funds from DDC moved directly to the bank accounts of the target groups. As

already mentioned, responsibility for implementation shifted from MoFALD to MoCPA, but with Secretaries of both ministries co-chairing the PSC;

(ii) Project implementation modalities and processes: During phase I and II, the project engaged national and then local NGOs for social mobilization. Subsequently, in phase III, the project introduced implementation by C-PCUs, a unit at the VDC level comprising members elected by the community. A "service delivery challenge fund" was also introduced to improve performance. The number of districts were reduced from 11 to 8, dropping Jumla, Dolpa and Mugu;

(iii) Project interventions/activities: Phase I project design had envisaged construction of 125 km of Green Road with cofinancing of US\$4.03 million from WFP which did not materialize. Phase III focused on economic empowerment as the next level of social empowerment coupled with reliance on C-PCUs to implement CIPs.

III. Evaluation objectives and scope

21. **PPE objectives** are to: (i) assess the performance of the IFAD project; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Nepal; and (iii) provide a deeper understanding of WUPAP as an input into the CSPE to be conducted in 2019.
22. The **PPE Scope** has been identified based on the following criteria: (i) areas identified through a desk review – the PPE will review additional evidence and propose a complete list of consolidated ratings; (ii) selected issues of strategic importance for IFAD in Nepal; and (iii) limitations set by the available time and budget – the PPE will have to be selective in focussing on key issues where value can be added, given the limited time and budget.
23. Given the long time-lapse between the completion of phase I and phase II, the PPE field mission will focus on phase III as the culmination and consolidation of the other two phases for which extensive documentation exists. For phases I and II, more reliable data can be drawn from the assessments at the end of each phase of the flexible lending mechanism and the Nepal Country Programme Evaluation which was conducted at the conclusion of phase II.
24. The **theory of change** of a project depicts the causal pathways from project outputs to project outcomes, i.e., through changes resulting from the use of those outputs made by target groups and other key stakeholders towards impact. The theory of change further defines external factors that influence change along the major impact pathways. These external factors are assumptions when the project has no control over them, or drivers of impact when the project has certain level of control. Analysis in this evaluation will be initially assisted by an ex-post reconstructed theory of change at design to assess the extent to which WUPAP's goal and objective were effectively achieved. The theory of change will be revised during the evaluation process.
25. The PPE exercise will be undertaken in accordance with the IFAD Evaluation Policy (2011) and the second edition of IFAD Evaluation Manual (2015). In line with the agreement between IOE and IFAD Management on the harmonized definitions of evaluation criteria in 2017,⁵ the **key evaluation criteria** applied in this PPE include the standard ones which can be found in annex II. In line with the practice adopted in many other international financial institutions and UN organizations, IOE uses a **six-point rating system**, where 6 is the highest score (highly satisfactory) and 1 being the lowest score (highly unsatisfactory).

⁵ IFAD (2017). Agreement between IFAD Management and the Independent Office of Evaluation of IFAD on the Harmonization of IFAD's Independent Evaluation and Self-Evaluation Methods and Systems Part I: Evaluation Criteria. EC 2017/96/W.P.4.

IV. Key issues for further analysis

26. **Project design.** WUPAP was originally designed in 2001 as a complex integrated rural development project in three phases with five components to be implemented in 11 remote districts in a fragile political situation (i.e., Maoist insurgency). In 2012 a new design report was prepared for phase III to develop a new approach which recognized the rapidly changing socio-economic context but retained the original goals and objectives. Reducing the number of components to three, the new project design shifted away from the original supply-driven approach to a demand-driven approach which entailed supporting social and economic empowerment within target communities through participatory community-led investment processes to meet their economic development priorities. The PPE will examine: (i) to what extent the two respective project designs in terms of approach, components and institutional arrangements were appropriate to meet the project objectives; (ii) the factors in the project designs that account for the results in terms of effectiveness; (iii) the extent to which linkages between the different components were created in order to achieve the objective of pro poor, economic and social empowerment as well as effective and appropriate service delivery; (iv) whether the project duration and phased approach were appropriate to the fragile situation and to meet project objectives.
27. **Targeting Strategy.** WUPAP's first two phases adopted an inclusive geographic targeting approach which purportedly prioritized women, Dalits, the landless, youth and other economically and socially disadvantaged groups. Phase III of the project used both geographic targeting and household level targeting by selecting the poorest VDCs in the districts and then refining the selection based on a wealth ranking index resulting in pro-poor, poor, medium and better-off. The PPE will examine: (i) whether the targeting strategy was clear, feasible and monitored; (ii) to what extent the pro-poor and poor households were reached through the livelihood interventions; (iii) to what extent the project interventions resulted in changes in relation to gender equality and women's empowerment (i.e., access to resources and services; influence in decision-making, and workload distribution).
28. **Institutional Support.** The project undertook a number of capacity building activities to strengthen the many groups established by the project such as community organizations (COs), cooperatives, Infrastructure User Groups, Leasehold Farmer User Groups, C-PCUs, etc. The need to build the capacity of community organizations was central to the project's objective of social and economic empowerment of target communities and to strengthen grassroots organizations. The approach to service delivery to these groups shifted from supply-driven departmental line agency delivery in phase I and II to a competitive demand-driven district service delivery in phase III to implement Community Investment Plans. Communities were to consider the options and support services offered against other potential investments and decide on the service provider (e.g., district line agency, NGOs, cooperatives, private sector). The PPE will investigate the relevance and effectiveness of the capacity building activities and services delivered in the different phases, including the Farmer Field School development, in terms of their appropriateness, ease of understanding and applicability by beneficiaries (and also the capacity of service providers).
29. **Rural finance.** In phases I and II, credit activities were based on savings mobilization by COs and the on-lending to target groups of IFAD funds. In phase III, A Community Investment Fund was the main instrument for investment in each VDC and was used to finance the CIP. The CIP could incorporate given types of eligible investments: farming improvement; market linkage development; vocational training; community infrastructure; and loan capital to community organizations (COs) for on-lending to their members. The loan capital was to be provided as a capital grant from the CIF to the eligible groups (i.e., self-sustaining, strong internal governance and external oversight). The PPE will pay particular

attention to the outreach and effectiveness of microloans through the COs as well as savings and credit cooperatives. The PPE will assess whether the savings and loan modalities were appropriate to the needs of the beneficiaries, for what purpose the microloans were used and to what extent they contributed to an increase in income and assets.

30. **Sustainability of programme benefits.** The programme identified cooperatives and C-PCUs as the key institutional vehicles for ensuring communities continued access to resources for their own development. Transforming COs into cooperatives became the core exit strategy in phase III in order to increase their ability to mobilize more resources in terms of equity and savings. The PPE will investigate if institution building and policy issues were adequately addressed and whether there have been any changes to the sustainability of these institutions two years after project closure. The PPE will also analyse the different types of community organizations that were created (e.g., COs, C-PCUs, LFUGs, Infrastructure Users Groups) and examine their structures and set up. In particular, the PPE will examine to what extent these different groups and their mechanisms (e.g. operation and maintenance fund for infrastructure) are still operating.
31. **Partnership for scaling up.** WUPAP adopted a new approach in phase III in part to build partnerships with the new generation of pro-poor market development projects such as IFAD's High-Value Agricultural Project operating in the same districts. It was envisioned that communities could build on the foundational investments under WUPAP to link to market opportunities and accelerate the process of inclusive rural growth if effective partnerships could be established. Therefore, the PPE will examine to what extent such partnerships were established to scale up economic empowerment of these communities.
32. **Project Management.** The PCR mentions many challenges related to project management such as high turnover among staff and their short tenure due to the remote location. It also mentions inadequate investment from the project to build the capacity of the project team, yet rates the quality of performance as satisfactory. In phase III, "establishing efficient, impact-oriented project management" was also a stated aim. Therefore, the PPE will verify the project management costs which are not explicit in phases I and II and underspent in phase III to assess if the project management costs were appropriate in terms of the project efficiency. In addition, the issues with the project management structure will be examined in terms of the government's capacity to implement the project.

V. Methodology

33. The **methodological approach** will focus on establishing plausible causal links between the WUPAP interventions and the observed changes. The PPE will use a theory of change approach for a systematic examination of assumed causal linkages and whether there is sufficient evidence to support these linkages.
34. The intended **impact pathway** involves linkages between improved social and economic empowerment of the targeted poor communities and their members. Strengthened production and marketing is achieved through better service delivery and training, as well as provision of microloans, channelled through the COs to support family agro-enterprises that are members. The COs were provided with funds and received contributions from the savings of their members. The COs would then be grouped into cooperatives to the maximum extent to strengthen their effectiveness and sustainability. The CIPs at community level enabled community members to select and invest in infrastructure that was most useful to them. This infrastructure was meant to lead to time and resource savings. The approach was intended to provide the beneficiaries with an increase in income and enhance the food security situation.

35. **Data collection.** The PPE will mainly build on available quantitative (e.g. IFAD results and impact management system (RIMS), project M&E and other secondary sources) and qualitative data and information related to the project (e.g. mid-term reviews, supervision reports, and the project completion report). Primary data will be collected during the field mission. RIMS includes a menu of indicators used to measure and report on the performance of IFAD projects – at activity, output and impact level – which are used for effectiveness and impact criteria. RIMS impact level data was collected in 2007, at mid-term in 2011 and at completion. This data will need to be compared with overall food security data in the districts to assess rural poverty impact. Sex-disaggregated RIMS-plus data was collected at the outcome and output level with indicators based on phases I and II components between 2011 and 2016. Given the change in components in phase III, a proper mapping of indicators to the new components needs to be done and data discrepancies between the PCR and RIMS Excel files clarified. M&E data are also needed to plan the mission's visits to project areas, for instance, data on the kinds of activities carried out in different areas by the various community groups.
36. The PPE will crosscheck findings from the PCR and triangulate data and information from different sources. Interviews will be conducted both at IFAD headquarters and in country to obtain further information. During the field mission, additional primary and secondary data will be collected in order to reach an independent assessment of performance and results. Data collection methods will mostly include qualitative techniques such as direct observation, interviews and focus group discussions with government representatives at national, district and community levels; project stakeholders; beneficiaries; development actors active in the same locations or similar activities; and other key informants and resource persons.
37. **Sampling.** The PPE mission will be conducted for about two weeks, including visits to the project sites. Given the distance and time constraints, the field visit will be limited to two out of the remaining eight districts in phase III. At the time of the mission, three uphill districts will not be accessible due to inclement weather and poor road conditions. Therefore, the field visit will take place in at least one of the accessible uphill districts (Kalikot or Bhajang) and the mid-hill districts that were engaged in phases II and III – Dailekh, Jajarkot, Rolpa, or Rukum. Within the districts, the PPE will attempt to cover various project stakeholders – COs, cooperatives, C-PCUs, LFUGs, infrastructure user groups as well project staff of other IFAD projects (i.e. HVAP). An informed decision on VDCs to be visited will be taken based on: the team's logistical exigencies, the number of beneficiaries in the area (preference for areas with more) and the need to cover a diverse range programme activities (i.e. training of farmers, community infrastructure and microcredit).
38. **Stakeholders' participation.** In accordance with IFAD Evaluation Policy, the main project stakeholders will be involved throughout the PPE process. This will ensure that the key concerns of the stakeholders are considered, that the evaluators fully understand the context in which the programme was implemented, and that opportunities and constraints faced by the implementing institutions are identified. Regular interaction and communication will be established with the Asia and the Pacific Division (APR) of the Programme Management Department of IFAD and with the Government of Nepal. Formal and informal opportunities will be explored during the process for discussing findings, lessons and recommendations. Given the project management unit was disbanded after project completion, finding key persons will be a challenge. This will be addressed through early planning and involving the assistance of the country counterparts and the IFAD Country Programme Officer to organise meetings.
39. **Limitations.** This is an ex-post assessment of a project of 13 years and a long time-lapse between the first two phases and this PPE. It may therefore be difficult to get access to beneficiaries or staff from Government who may have moved on, particularly since the change of government this year. Access to the districts in the

western uplands and hills is still very challenging and it will require at least two days to travel to different districts as it is necessary to return to the plains before ascending to the various hill districts. Moreover, the project locations are remote and scattered, so it will be challenging to get a strong coverage for focus group discussions and interviews. While time will be limited by transportation, the choice of district is not expected to create bias as it will be based on geographic diversity, relevant program activities, and types of beneficiaries.

VI. Process and timeline

40. Lead Evaluator for this PPE will be Chitra Deshpande, Senior Evaluation Officer in IOE. She will be supported by the senior consultant Herma Majoor (rural development and nutrition expert) and a national consultant. Laura Morgia, IOE Administrative Associate, will provide administrative support throughout the evaluation process.
 - (a) **Preparation.** The PPE approach paper, including the evaluation framework and the draft theory of change will be shared with Asia and Pacific Region Division and Government in October 2018.
 - (b) **Desk review.** The evaluation team will conduct a desk review of the available project documentation as well as relevant studies, surveys or other background information prior to the main country mission in November/December 2018. The team will prepare the detailed field methodology and start conducting phone interviews with relevant IFAD staff during this phase. Through the Nepal IFAD Country Officer, the IOE team will liaise with the government and project authorities to prepare a mission schedule.
 - (c) **Country mission.** The PPE country visit by the evaluation team will take place in end-November/December 2018. A debriefing will be held with Government authorities and the CPM for Nepal who will also attend the discussions.
 - (d) **Comments by the Asia and Pacific Region and Government.** The draft PPE report will be available for comments by the Asia and Pacific Region Division and Government in February 2019.
 - (e) **Communication and dissemination.** The final report will be disseminated among key stakeholders and the evaluation report published by IOE, both online and in print. IFAD Management will prepare a written response on the final evaluation report, which will be included in the published version of the document. The recommendations addressed to IFAD will be followed up in the President's Report on the Implementation Status and Management Actions of Evaluation Recommendations.

41. **Tentative timeline** for the PPE process is as follows:

<i>Date</i>	<i>Activities</i>
September – October 2018	Preparation and desk review
26 November – 9 December 2018	Mission to Nepal
9 December 2018	Debriefing (in country)
End February 2018	Draft PPE report sent to APR and Government for comments
25 April 2019	Final report and audit trail sent to APR and Government and Management Response received from APR
Beginning May	Publication

VII. Background documents

42. The key background documents for the exercise will include the following:

WUPAP specific documents

- IFAD President Report (2002)
- Appraisal report (2001)
- Medium-term review report (2007)
- Supervision mission aide memoires and reports (2002-2016)
- Project completion report (2016)

General and others

- IFAD (2011) IFAD Evaluation Policy
- IOE (2012) Guidelines for the Project Completion Report Validation (PCVR) and Project Performance Assessment
- IFAD (2015) Evaluation Manual – Second Edition
- Various IFAD Policies and Strategies, in particular, Strategic Framework (2002-2006), Rural Finance, Rural Enterprise, Targeting, Gender Equity and Women's Empowerment.

List of key people met

Government

Ministry of Land Management, Cooperatives and Poverty Alleviation

Gokarna Mani Duwadi, Joint Secretary
Anant Basnet, Under Secretary
Narayan Regmi, Under Secretary
Sushil Karki, Section Officer

Ministry of Federal Affairs and General Administration

Mahendra Sapkota, Officer

Ministry of Finance

Bahadur Kunwar Khim, Under Secretary

Ministry of Agriculture and Livestock Development

Tulsi Bhattarai, Under Secretary

Ministry of Forest and Environment

Narayan Pokharel, Under Secretary
Rewati Sapkota, Under Secretary

Ministry of Defence

Uttam Nagila, Former Joint Secretary (Project Coordinator, WUPAP)

Banfikot Rural Municipality

Dharma Bahadur, Mayor

Project staff

Gokarna Khadka, Monitoring and Evaluation Officer, Rukum
Jhakka Prasad Sharma, Social Mobiliser, Dailekh
Yuvraj Sunar, Social Mobiliser
Durga Thapa, FFS Facilitator, Dungeswor, Dailekh
Resham Bahadur Shahi, Deputy District Project Coordinator, Kalikot Kalikot
Purusottam Aryal, Deputy District Project Coordinator, Rolpa, Jumla and Dailekh Kalikot
Mahesh Gurung, Administrative Officer

IFAD

Louise McDonald, Country Director, Asia and the Pacific Division
Bashu Aryal, Country Programme Officer, Asia and the Pacific Division
Ron Hartmann, Director, Global Engagement, Partnership and Resource Mobilization (former Country Programme Manager, Nepal)
Benoit Thierry, Hub Director/Country Programme Manager, West and Central Africa Division (former Country Programme Manager, Nepal)
Lakshmi Moola, Country Director, East and Southern Africa Division (former Country Programme Manager, Nepal)
Khalid El Harizi, Former Country Programme Manager, Nepal (retired)
Shankar Kutty, Procurement Specialist, Asia and the Pacific Division
Bishnu Devkota, IFAD Liaison Officer, Rural Enterprises and Remittances Project
Mathilde Lefebvre, former intern for the IFAD Nepal country programme
Nigel Smith, Consultant, Asia and the Pacific Division

Beneficiaries

Shiva Shakti Women Farmers' Group, Salabang, Rukum

Kamala Budha Pun, Member of Finance Committee, Urban Municipality
Yogmaya Oli, Senior Farmer
Tika Khadka, Farmer
Sunita Pun, Member
Kirana Devkota, Member
Shiva Kumari Khadka, Member
Urmila Oli Pun, Member
Laxmi Khadka, Member
Sita Pun, Member
Bhupenda Oli Pun, Member
Mona Khadka, Member
Shitali Oli, Member
Pushpa Gharti, Member
Rachhya Sanyasi, Member
Hima Khadka, Member
Bimala Pandey, Member
Khima Khadka Sanyasi, Member
Srijana Oli, Member
Kamala BC Oli, Member
Birma Oli, Member
Tika Sanyasi, Member
Dipa Sanyasi, Member
Gita Oli, Member

Small Farmers Agriculture Cooperative, Sankh, Rukum

Champa Kumari Gharti, Chairperson
Lila Kumari Pandey, Board Member
Bishnu Pandey, Member
Jeny Gautam, C-PCU Board Chair Person
Him Kumari Pun, Manager
Sapana Pun Bista, Board Member
Indra Kumari Sunar, Member
Tara Oli, Board Member

Sherpu Taal Agriculture Cooperative Association Ltd, Banfikot, Rukum

Prakash KC, Chairperson
Pramila Malla, Accounts Coordinator and Member
Mina Malla, C-PCU Member
Pekuna KC, Member
Mina Dahal Devkota, Manager
Udra Puri, Member and elected ward member
Nanda Bahadur Bohara, Member
Bal Bahadur KC, Member
Hemanta Dahal, Founder Member
Dari Bhan Puri, Founder Member
Jade Malla, Member
Surya Prakash Malla, Secretary of the Board
Ghamanda Kumari Shahi, Member

Mahadev Small Farmers' Cooperative, Kalika, Kalikot

Bhim Bahadur Shahi, Member
Khagendra Basnet, Chairperson
Abhaya Raj Shahi, Chairperson of Leasehold Forest Network
Ganga Bahadur Shahi, Social Mobilizer

Chuli Malika Small Farmers' Cooperative, Dahan, Kalikot

Gauri Shahi, Manager
Harsha Bahadur Sunar, Member

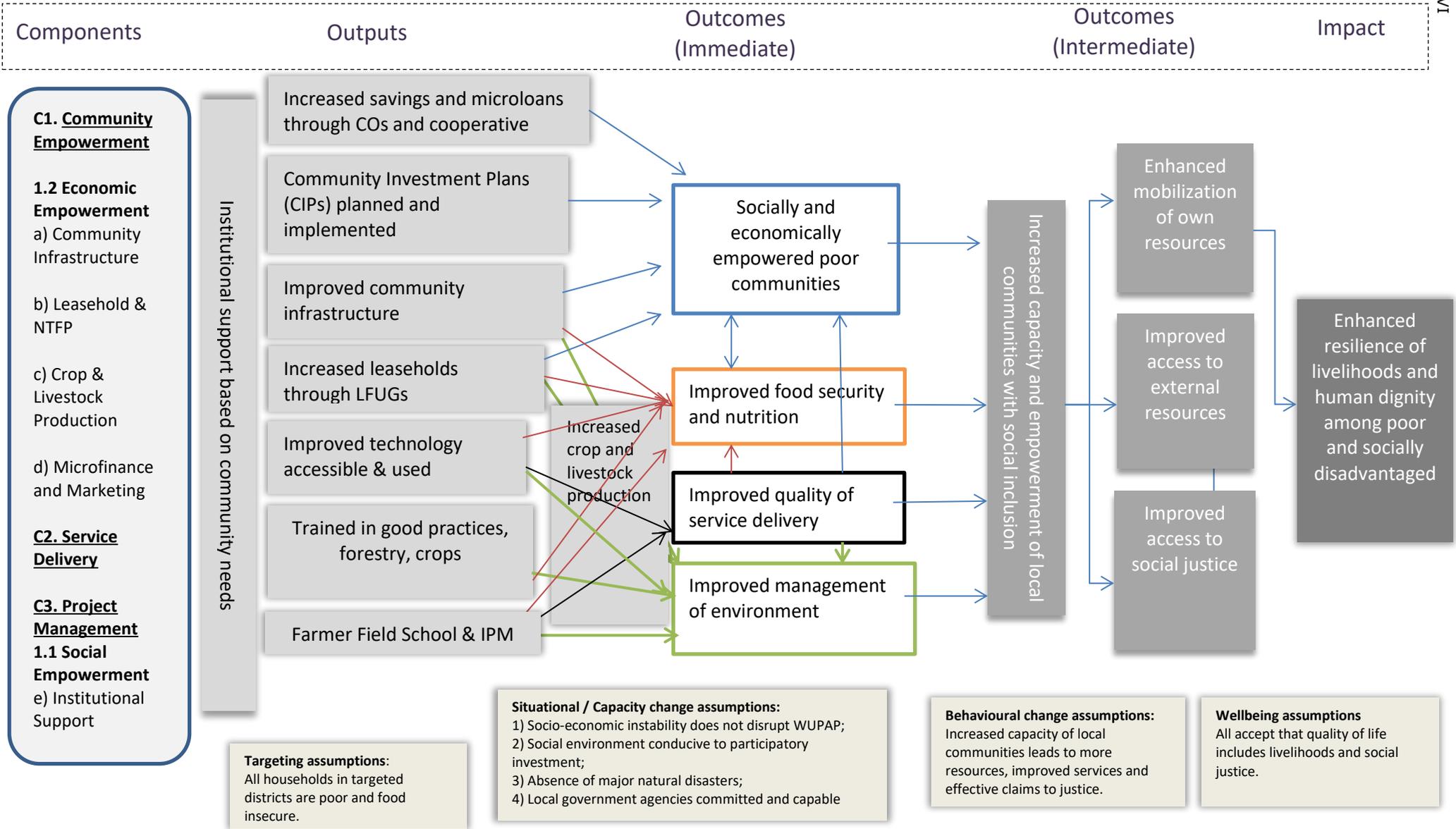
Shree Chuli Malika Small Farmers' Agro Cooperative Association, Dahan, Kalikot

Resham Shahi, Former District Coordinator of WUPAP, Kalikot
Harsha Bahadur Sunar, Coordinator – Credit Investment Fund
Bhakta Bahadur Shahi, Chairperson
Parvati Shahi, Office Assistant
Dhani Prasad Bhattarai, Member
Jarshi Bahadur Shahi, Member
Resham Shahi, Former District Coordinator of WUPAP, Kalikot
Gauri Shahi, Manager of Chuli Malika Small Farmers' Cooperative
Govinda Prasad Bhattarai, Farmer
Bimala Shahi, Vice-Chair Person
Dhanjana Pariyar, Volunteer

Other key people

Bhim Pariyar, tailoring Trainer
B.K. Manpura, tailor
Ms Sabitra Malla, tailoring trainee
Amar Raj Shahi, Chairperson, Leasehold Forest Network
Kala Kami, Chairperson, Ratadab Small Irrigation Users' Group
Rana Singh Hamal, Canal Watchman
Pankha Bahadur Hamal, Chairperson, Lafia – Gabhidhara Irrigation Pond Users' Group
Bimala Shahi, Beneficiary goat herder
Prajapati Chaulagai, Secretary of Executive Committee, Dhadhkhola Micro-hydro Power Project
Takulla – Tilagupha
Raja Bahadur Malla, Ward Chairperson, Ward No. 7, Khanda Chakra, Pill

Theory of change



Project performance history as rated by supervision missions

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Problem project						problem	problem	problem		problem			
MTR			MTR				MTR						
Fiduciary aspects													
Quality of financial management			4	3	3	3	2	2	3	2	4	4	3
Acceptable disbursement rate	1	1	3	3	2	2	2	5	5	2	4	3	4
Counterpart funds			4	3	3	3	3	5	5	3	5	5	5
Compliance with loan / financing covenants	2	2	4	4	3	3	3	5	5	2	5	4	4
Compliance with procurement	1	1	4	4	5	5	5	4	4	4	4	5	5
Quality and timeliness of audits			3	4	3	3	3	2	4	4	3	3	3
Project funding	1	1											
Estimated cost	1	1											
Project implementation progress													
Physical targets	3	3											
Technical assistance	3	3											
Project staffing	3	3											
Quality of project management	2	2	3	3	3	3	3	4	5	3	4	4	4
Performance of M&E	2	2	3	4	4	4	3	4	4	4	4	4	4
Coherence AWPB and implementation			4	4	4	4	3	3	5	3	4	3	3
Women participate equitably in project	3	3											
Women participate in decision making	3	3											
Gender focus			3	4	4	4	3	5	5	4	3	3	4

Poverty focus			4	4	4	4	4	4	4	4	4	5	5	5
Effectiveness of targeting approach			4	4	4	4	4	4	4	4	4	5	5	5
Innovation and learning			4	4	4	4	4	4	4	4	4	4	4	4
Climate and environment focus												4	5	5
Reporting (AWPB)	1	1												
Partnerships	3	3	3	4										

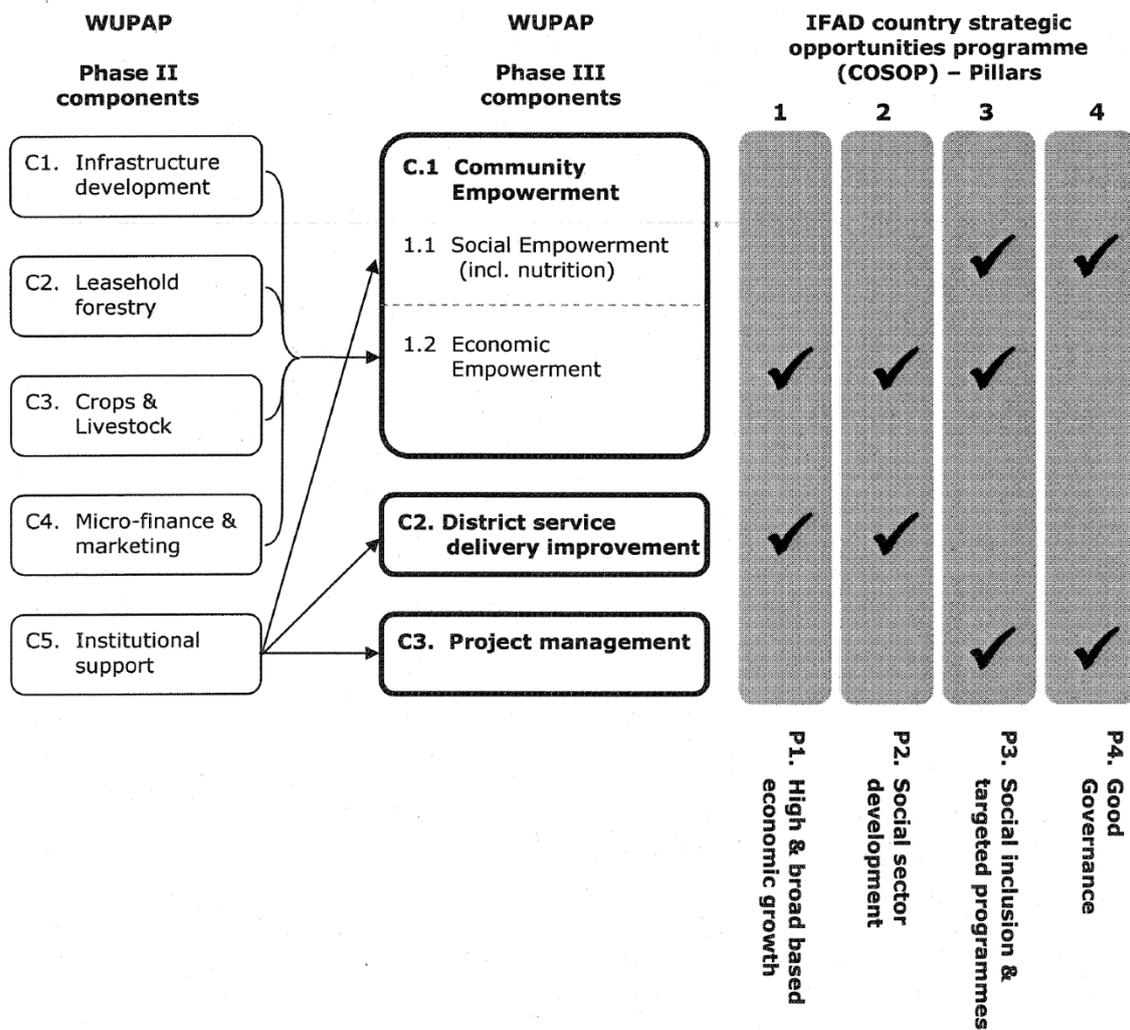
Source: Supervision mission reports.

Logical framework WUPAP phase III

Results hierarchy	Indicators	Means of verification	Assumptions
Goal Strengthened livelihood systems and basic human dignity amongst the poor and socially disadvantaged people in the Mid and Far Western regions of Nepal	1. Improvements in household assets ownership index 2. Reduction in prevalence of child malnutrition, especially chronic malnutrition (height for age) 3. # of household directly participating in the project	<ul style="list-style-type: none"> RIMS plus - Phase III baseline & end-line Project activity reports 	Socio-economic stability maintained so as not to disrupt market or project implementation.
Development objective Improved living standard through sustained growth of employment, income and access to resources amongst the poor households in targeted area	4. % increase in average household net income 5. % increase in average HH production of crops, NTFP/MAFS 6. % increase in average household herd size (livestock index) 7. % of HH with >20% increase in physical (e.g. land, equipment) or financial resources	<ul style="list-style-type: none"> RIMS plus - Phase III baseline & end-line 	Government administrative structures at national and sub-national levels remain stable and supportive of project
Outcome 1 (Component 1) Community Empowerment	8. 70% of people who believe their priorities were equitably reflected in CIP plans and implementation 9. 70% of participants are satisfied with CIP process (planning, implementation and governance) 10. 70% of CIP implementation that exceeds 70% physical and financial progress against plan for each year 11. 70% of CO and other groups graduating to self-sustaining status 12. 70% of HH adopting improved nutrition practices	<ul style="list-style-type: none"> Annual VDC-level results monitoring survey RIMS plus - Phase III baseline & end-line 	Social environment within target villages is conducive to participatory investment processes
1.1 Social empowerment	13. 153 participatory Community Investment plans prepared 14. 70% of people are satisfied with the pre-feasibility technical advice on agriculture (incl. livestock and forestry) and infrastructure 15. 70% of identified target households in each VDC reporting active participation of women and men from the HH in participatory CIP process (Active = attending 2 or more meetings in the planning process where they either voted or spoke to raise an issue) 16. 90% VDC conducting public audit each year covering all project supported activities 17. 80% satisfaction with overall services, infrastructure and other investments under CIP (disaggregated by respondent) 18. Number of HH where men and women both receive nutrition training and/or awareness raising activities	<ul style="list-style-type: none"> CIP feedback survey Annual VDC-level results monitoring survey VDC activity reports RIMS plus - Phase III baseline & end-line 	Social environment within target villages is conducive to participatory investment processes
1.2 Economic Empowerment	19. # of investments completed for the five types of eligible investment	<ul style="list-style-type: none"> VDC activity reports Annual VDC-level results 	Appropriate technical service providers can

Results hierarchy	Indicators	Means of verification	Assumptions
	<p>20. # of beneficiaries by each of the five types of investment</p> <p><u>Farming improvement</u></p> <p>21. 80% satisfaction among farmers with farming improvement services and technical support/training</p> <p>22. 80% of household adopt at least 50% of the technology components they receive training on for at least 2 production seasons after training</p> <p><u>Market linkage</u></p> <p>23. Number of households reporting increase in unit sales price for produce above changes in local market prices</p> <p><u>Vocational training</u></p> <p>24. % of vocational trainees receiving >25% increase in wage rate after training (corrected for inflation)</p> <p><u>Infrastructure</u></p> <p>25. 80 % of infrastructure with appropriate design, construction and O&M system <i>Labour savings infrastructure</i></p> <p>26. No. of households using schemes</p> <p>27. Average monthly time and/or cost savings per household <i>Productive infrastructure</i></p> <p>28. Increase in annual irrigated production area (=area of actual irrigated land X number of seasons irrigated)</p> <p><u>Loan capital</u></p> <p>29. 70% of CO's planned in CIP to receive capital meet criteria and receive Loan Capital by end of 3 yr plan.</p>	<p>monitoring survey</p> <ul style="list-style-type: none"> • D-PCU progress reports (CIP's submitted) • VDC Public Audit Report • Pre- and post activity beneficiary surveys and group discussion 	<p>be identified and contract to work in project areas to complement Government technical line agencies</p>
<p>Outcome 2/ component2: District Service Delivery Improvement</p>	<p>30. 80% satisfaction of target people with farming improvement services and technical support/training provided by DADO, DLSO and DFO.</p> <p>31. 80% of household trained by DADO/DLSO/DFO adopt at least 50% of the technology components they receive training on for at least 2 production seasons after training (monitor each season)</p>	<ul style="list-style-type: none"> • Pre- and post activity beneficiary surveys and group discussion • Annual VDC-level results monitoring survey • RIMS plus - Phase III baseline & end-line 	<p>District agencies have sufficient numbers of appropriate skilled staff to deliver required service</p>
<p>Output 1: Service Excellence Challenge Fund</p>	<p>32. 80% of district service improvement projects implemented meet the key implementation and impact targets set in their proposal</p>	<ul style="list-style-type: none"> • District Agencies progress reports • PCU progress report 	<p>District agencies are committed to participate in project</p>
<p>Output 2: Farm Field School Pilots & Rollout</p>	<p>33. 5 FFS training courses developed/adapted, including all training materials, approaches and ToT materials</p> <p>34. At least 25 FFS pilot courses implemented</p> <p>35. At least 40 technical staff trained in each successful FFS methodology</p>	<ul style="list-style-type: none"> • FFS training materials and documents • FFS pilot activity and impact reports • ToT training records 	

Linkage between phase I and II and phase III



Third level results

<i>Indicator</i>	<i>Unit</i>	<i>Benchmark (2007)</i>	<i>Mid-term (2011)</i>	<i>Completion (2016)</i>	<i>Target</i>
Households with improvement in household assets ownership index	Number	*	*	*	134 000
Underweight children - weight for age	% total	64%	43%	40%	10% reduced
	% boys	61%	44%	39%	10% reduced
	% girls	66%	42%	40%	10% reduced
Chronic malnourished children - height for age	% total	65%	59%	71%	10% reduced
	% boys	64%	58%	72%	10% reduced
	% girls	66%	60%	69%	10% reduced
Acute malnourished children - weight for height	% total	17%	14%	11%	10% reduced
	% boys	19%	16%	13%	10% reduced
	% girls	15%	11%	9%	10% reduced
Households experiencing one hungry season	%	88%	67%	75%	
Month duration of first hungry season	Number	*	3.1	3.0	
Households experiencing two hungry seasons	%	71%	37%	48%	
Month duration of second hungry season	Number	*	2.7	2.5	
Households with access to improved water sources	%	69%	97%	97%	
Households with access to improved sanitation	%	14%	36%	92%	
Female HH members that can read	%	26%	43%	69%	
Male HH members that can read	%	52%	68%	84%	
Ratio of women to men between 15 and 24 that can read	Number	48%	73%	90%	
Men between 15 and 24 that can read	%	*	92%	97%	
Women between 15 and 24 that can read	%	*	64%	90%	

Source: Project data, RIMS, PCR.

Questionnaire for social mobilisers

<i>Question</i>	<i>Response</i>
First and last name	
Gender	M/F
Email and mobile number	
Age	
Start in WUPAP (year)	
Worked in WUPAP until (year)	
What village were you responsible for?	
Do you still live or work in that village?	
Education at time of hiring	
NGO through which hired in phase II (if applicable)	
Current position	
If engaged in phase II, what were your main responsibilities?	
What were your main responsibilities in phase III?	
What were the main activities under your CIP?	
Are you manager of a cooperative?	
Was the cooperative formed by merging COs? If yes, how many?	
How was the cooperation/coordination with local authorities (DADO, DFO, DLSO, DDC)	
Did you benefit from being a social mobiliser? If yes, how?	
What were the main strengths of WUPAP?	
What would you have suggested for improvement?	

Project targets and achievements from 2001 to 2016

Activities/Output		Targets	Achievement	%
Overall Performance	Households	115 000	97 400	85
	VDCs	200	192	96
	Beneficiaries	632 500	535 700	85
Community Infrastructure (Labour Intensive) Projects	Construction of labour intensive CIPs (sub projects)	750	1 327	177
Livestock and Crop Production	Establishment of Commercial Farms	50 hectare (ha)	70 ha	141
	Fruit Cultivation	100 ha	147 ha	147
	Vegetable Nurseries	130 ha	376 ha	289
	Fruit Nurseries	50 ha	64 ha	128
	Farm Field School	70	65	93
Leasehold Forestry and NTFP	Leasehold Forestry Users' Groups (LFUGs)	1000	919	92
	NTFP Cultivation	400 ha	1 332 ha	333
Microfinance and Marketing	Formation of COs	3 005 (4 960 ¹)	2 672 (69 830 members)	89
	Savings mobilisation		79.66 million NPR	
	Inter-lending of savings		31.87 million NPR	
	Cooperatives promoted		160 (41 680 members)	
	Credit Funds deployed through LDFB	US\$ 4.6 million	US\$ 10 5464	2
	Revised Target for Credit Fund for LDFB	US\$1.03 million	US\$ 105 464 (remained unused)	10
Institutional Support	Establishment of C-PCUs	153	153	100
	Community Investment Fund (CIF) for CIPs	442 million NPR	802 million NPR	
	Training of Line Department Staff		266	
	Service Excellence Fund for	16 service providers	0	0

Source: PCR

In terms of the overall target, only 85 per cent of the targeted households, 96 per cent of the VDCs and 85 per cent of the beneficiaries were covered by the project. Covering only 8 districts instead of 11 in the third phase may have affected the total coverage. The above table indicates that the targets under infrastructure, livestock and crop production and leasehold forestry were achieved by more than 100 per cent such as community infrastructure (177 per cent) and NTFP cultivation (333 per cent). Farmer Field School (FFS) and leasehold forest users' groups (LFUGs) fall slightly below target as in phase III the former was initiated and the latter activity was discontinued. Activities under microfinance and marketing fall below target - formation of COs (55 per cent), inter-lending of savings (40 per cent) and deployment of credit fund through Local Development Fund Board (LDFB) only 10 per cent (unused) after revision - due in part to the consolidation of COs into cooperatives in phase III and the security situation in the first phases.

¹ The original target for forming community organizations was 4960. However, in phase III, it was decided not to continue with the planned formation of an additional 1,955 COs.

Achievements by district from phase I to III

	<i>Bajhang</i>	<i>Bajura</i>	<i>Humla</i>	<i>Kalikot</i>	<i>Jajarkot</i>	<i>Dailekh</i>	<i>Rukum</i>	<i>Rolpa</i>
Cooperatives promoted	20	18	22	15	24	20	21	20
Project support (NPR)	10 318 691	7 947 353	3 512 000	11 320 698	9 334 996	7 470 000	12 199 991	13 125 104
Savings outstanding (NPR)	4 865 000	7 847 798	3 791 600	8 250 000	7 575 608	11 599 200	5 066 506	14 470 649
Loans outstanding (NPR)	11 675 000	1 166 755	2 615 000	6 050 000	7 455 260	17 535 000	12 746 877	7 177 923
HH benefiting	14 649	26 733	13 701	9 042	5 024	6 936	9 130	10 845
Spent on infrastructure	58 565 167	49 750 047	55 117 000	45 722 262	37 389 571	39 358 845	48 877 327	37 932 068
# persons trained	97	2876	467	78	400	385	303	359
Phases	1,2,3	1,2,3	1,2,3	2,3	2,3	2,3	2,3	2,3

Source: PCU databases.

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