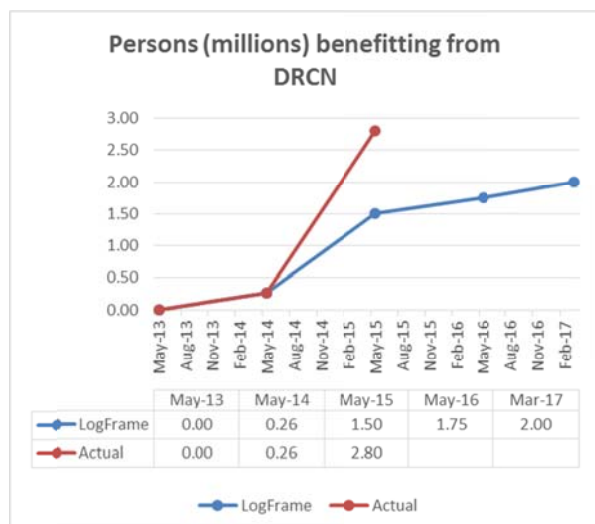


Annual Report – Second Year Results

The results presented here are derived from the Trimesterly Report for July 2015 which completes the second year of the RAP3 implementation according to the LogFrame. The results are grouped by LogFrame Outcomes and Outputs including 1) Employment, 2) LRN, 3) SED and 4) Capacity Building and compared with targets for May 2015 and trajectories to May 2016 and 2017. The LogFrame against which these results have been derived is attached in Annex 1.

1. OUTCOME INDICATORS



1.1. OUTCOME INDICATOR 1

Outcome Indicator 1 is defined as the number of people (in Millions) benefitting Number of people benefitting from new roads and maintenance preserving the length of trafficable DRCN over the base line. Starting at zero in May 2013 this rose to 0.26 million by 2014 and was set to rise to 1.5 million by May 2015. However, the setting up of Road Maintenance Groups on 2000km of DRCN has meant that the 2017 target was more than met by May 2015.

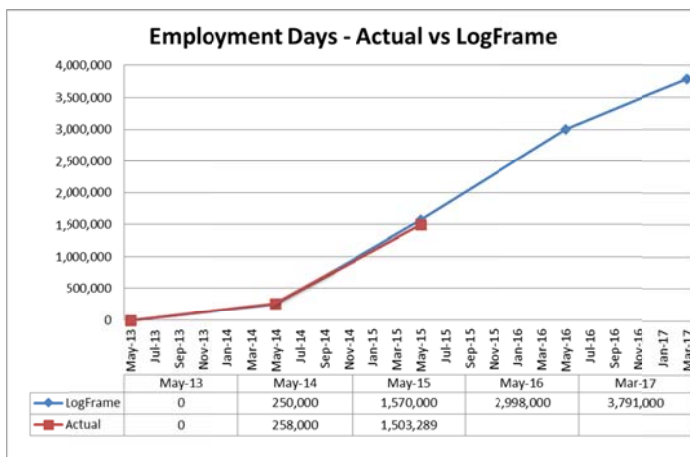
1.2. OUTCOME INDICATOR 2

Outcome Indicator 2 measures Total number of employment days generated by RAP activities disaggregated by a) new construction by Road Building Groups (RBG), b) Improvements by contractors,

c) Road Maintenance (RMG/UC/Contractor) d) SED activities (trail bridges).

The employment days target for the second year of implementation was set at 1,570,000 days by the end of May 2015. Actual figures for May 2015 show that this target was narrowly missed by less than 5% with 1,503,289 days

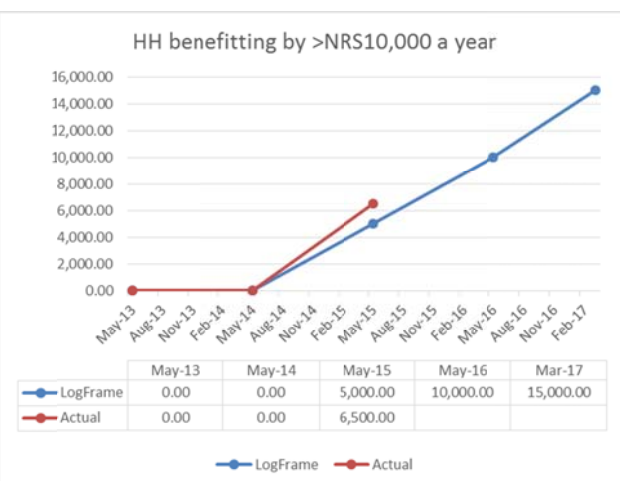
The four year direct employment target of RAP3 stands at 3.8 million days by March 2017. The S shaped curve presented right is taken from the 2014 LogFrame and shows targets for May 2013, 2014, 2015, 2016 and March 2017. First year targets to May 2014 were 250,000 employment days with actual achievement



slightly higher at 258,402 days. As at the end of May 2015 actual employment days were slightly behind forecasts but in line with predicted trends.

1.3. OUTCOME INDICATOR 3

This is concerned with the number of households with increased annual incomes of NRS 10,000 or more in RAP districts and measures the impact of the SED programme. With the start of implementation in November 2013 only 7 months has elapsed by May 2014 so no rise in annual income could be measured. By May 2015 the target of 5,000 households had been exceeded comfortably at 6,500 households.

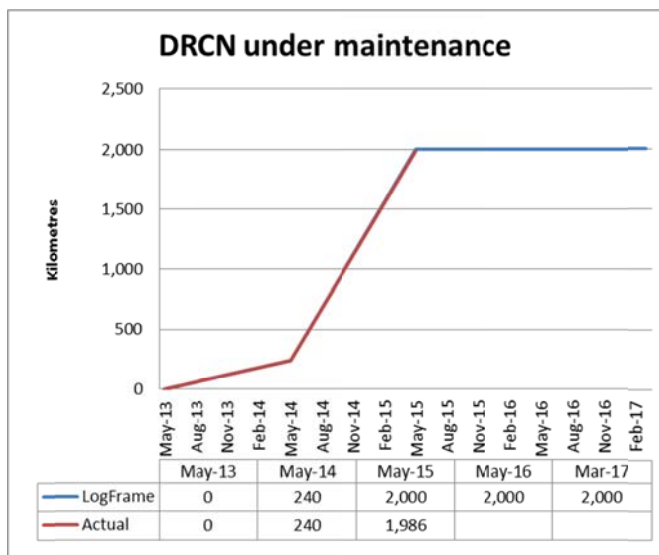


Assistance programme managed through the Oxford Policy contract for the GON's Karnali Employment Programme

2. OUTPUT INDICATORS FOR LRN

The output is defined as improved rural transport infrastructure, for which there are two Output Indicators.

2.1. OUTPUT INDICATOR 1.1



This is defined as the number of kilometres of DRCN road benefitting from the annual asset management programme disaggregated by a) kilometres of maintenance and b) new road construction.¹

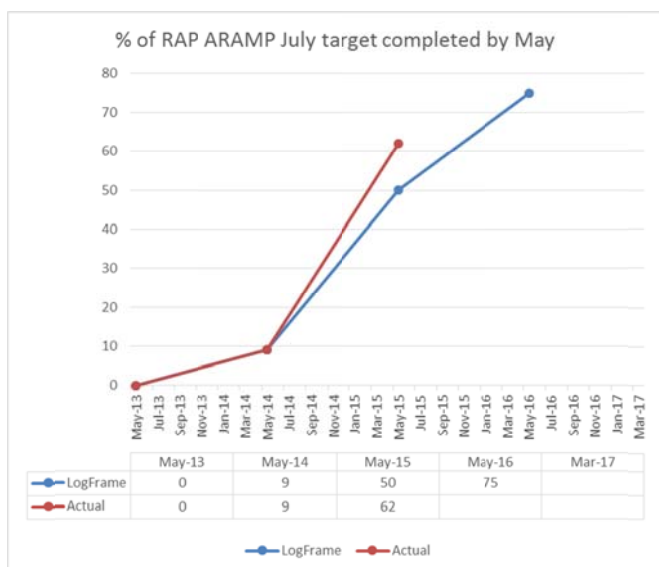
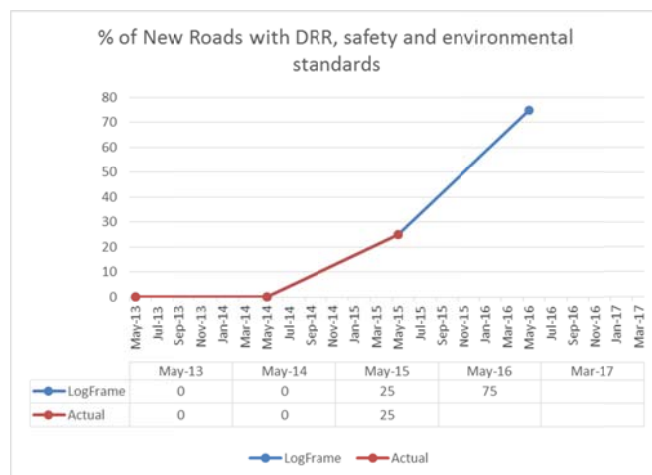
Kilometres of DRCN under routine maintenance by Road Maintenance Groups (RMG) stood at 240km by May 2014. RMGs typically are responsible for the routine and recurrent maintenance of 10 km of trafficable DRCN throughout the calendar year and are being piloted in RAP3 districts as part of the GON SWAp programme. The objective is for RMGs to be adopted by all LRN projects.

RMGs had been set up on 2,000km of DRCN by May 2015 although the total may shrink if proposals for the World Bank SNRTP to work in Sindhupalchowk are improved as part of

the 2015 earthquake recovery effort.

2.2. OUTPUT INDICATOR 1.2

This is defined as the percentage of new road infrastructure investment incorporating required a) DRR b) road safety and c) environmental standards. Track opening to 2.5m in 2014 does not meet these criteria which are introduced only in the second year. By May 2015 the target is set at 25% as the track opening is expanded to 3.5 m following the Stage 2 designs drawn up for the new roads sub component.



2.3. OUTPUT INDICATOR 1.3

This relates to the percentage of the July ARAMP target achieved in each year of implementation and rose above the 50% target for May 2015. With the shift in the Implementation year to 1st February each year the intention is to extend the working season from 2-3 months (Mar/Apr/May) to 8 months (Feb/ Mar/Apr/May/ Sep/Nov/ Dec/Jan) using GON funds before the rains and RAP3 funds after the rains. This is because unused GON funds are “frozen” after the end of the GON financial year in mid-July whereas RAP funds can spill over into the next working season. The intention is for 100% of the ARAMP to be completed by the end of January each year.

¹ There is a provision for a bridges programme if the RAP3 budget is expanded **May 2015**

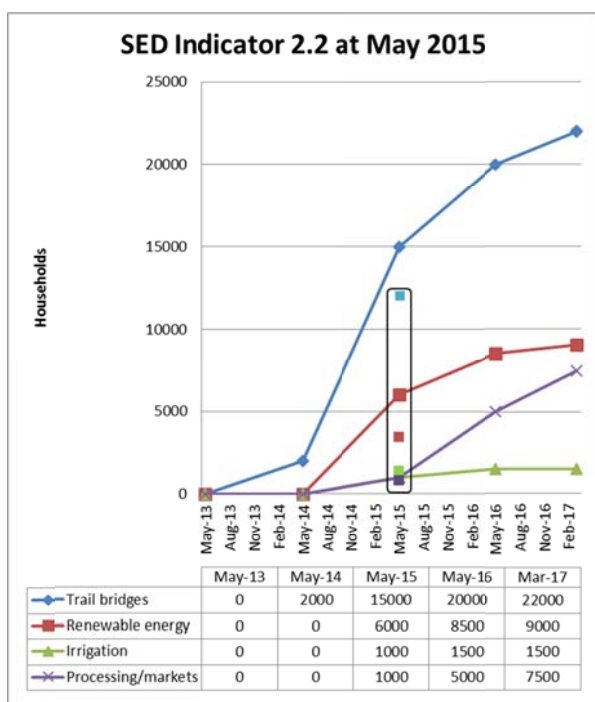
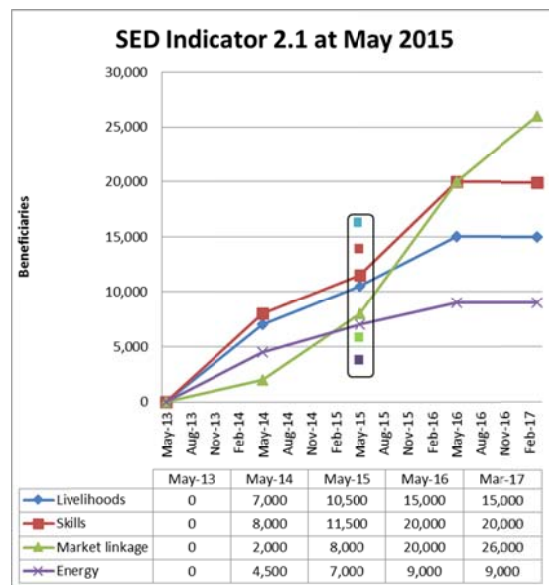
3. OUTPUT 2: SED

Output 2 is about local economic growth and has three output indicators

3.1. OUTPUT INDICATOR 2.1

Output 2.1 measures the number of beneficiaries receiving SED support that improves a) Livelihoods b) Skills c) Market linkages d) Household energy disaggregated by gender and disadvantaged groups (DAGs). LogFrame targets are shown left for May 2013, 2014, 2015, 2016 and March 2017. As of the May 2015 performance exceeded LogFrame targets for Livelihoods and Skills targets whereas Market Linkages and Household Energy slipping behind. Overall these four indicators exceeded the May 2015 target of 15,000 beneficiaries by reaching 16,905 beneficiaries.

With regard to DAGs and gender targets the SED component reached its May 2015 DAG target of 20% while its gender target for women of 40% was comfortably achieved at 45%.

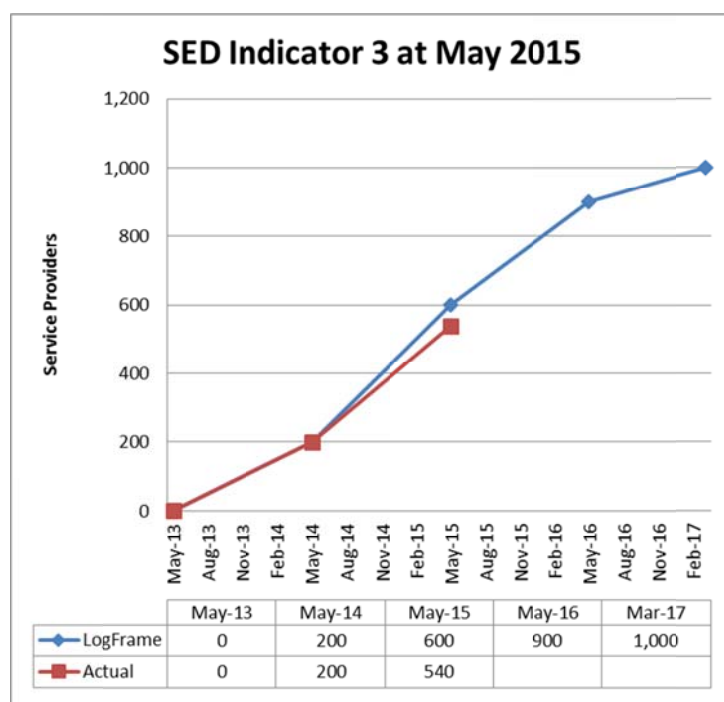


3.2. OUTPUT INDICATOR 2.2

This concerns the number of households benefitting from SED linked infrastructure investment in a) trail bridges b) renewable energy c) irrigation and d) processing and marketing. As of May 2015 irrigation and processing and marketing were on course but trail bridges and renewable energy targets underperformed and the indicator's overall performance came in at 84.6% of the target.

3.3. OUTPUT INDICATOR 2.3

This is measured as the number of private sector service providers engaged by SED in SED clusters and as shown in the graph right for the end of May 2015, which was 10% behind the LogFrame forecast.

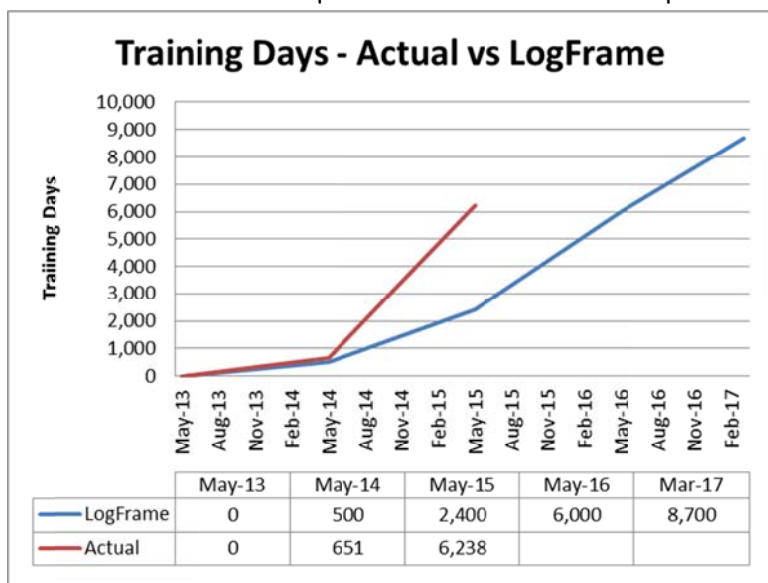


4. OUTPUT 3: CAPACITY BUILDING

This Output relates to strengthening institutional capacity to manage rural transport infrastructure in a sustainable way and has three output Indicators.

4.1. OUTPUT INDICATOR 3.1

The LogFrame target for May 2015 has been affected substantially by the introduction of the on the job training of the RAP3 Continual Professional Development programme. Measured in training days delivered, CPD training is conducted by District team Leaders ahead of each step in the annual LRN cycles. So procurement training is carried out ahead of the start of procurement in each district procurement. This adds a great many days of training at the



appropriate time in the annual calendar for one tenth of the cost of a formal course such the annual LRN Engineering Course, which all engineers employed by RAP are required to pass. Based on performance during the first full year of CPD and the eventual size of the Graduate/Intern Programme, forecasts for May 2016 and March 2017 will reviewed in the Implementation Plan for Year 3.

4.2. OUTPUT INDICATOR 3.2

The second output indicator concerns stakeholder satisfaction with RAP3 as determined at the annual district level reviews in terms of the % of review findings showing satisfactory ratings by district level stakeholders. As part of the programmes continual improvement plans these ratings should

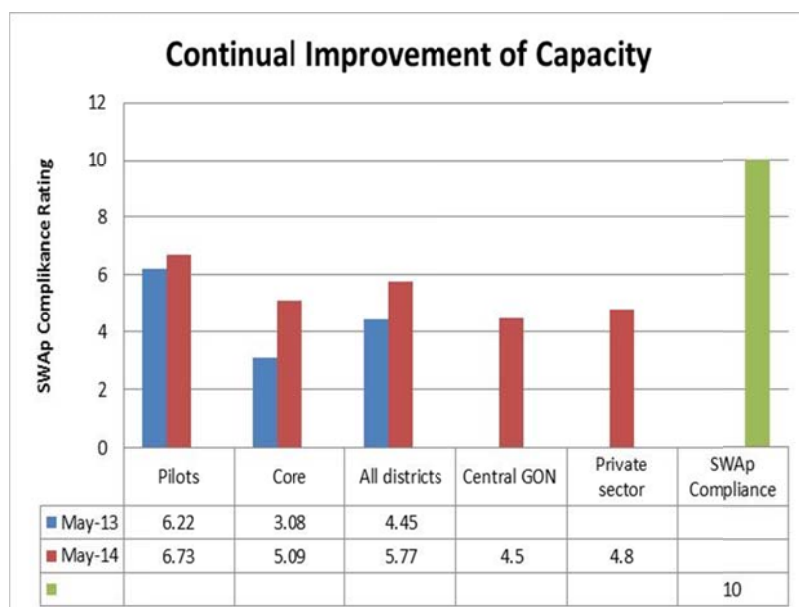
increase each year of the programme. In May 2013 the rating was set at 25% which was achieved at the annual reviews held in August 2014. Scores are set to rise by 5% each year of the programme.

4.3. CONTINUAL IMPROVEMENT SCORES

Capacity building targets for districts, central and private sector consultants working on RAP3 are based on ISO 2009 continual improvement plans. These measure progress on a 10 point scale for a range of key elements from Engagement (0) through Basic, Intermediate and Advanced to SWAp Compliant (10). For districts key elements are grouped by maintenance, planning, technical, financial, institutional and social/political issues. Key elements will improve at different rates for different districts and at different rates within districts but the guiding principle is that overall performance, the score for all key elements, improves year on year. These overall scores can be tracked for individual districts, groups of districts and averaged for all 14 districts to track the impact of the capacity building programme. The district Annual Reviews each July also identify obstacles to progress which allows the capacity building component of RAP3 to respond via its District and Central Annual Support Plans.

As shown right the SWAp Compliance Ratings for the Pilot districts are the highest and rose from

May 2015



2013 to 2014. The Pilot districts have had three years of capacity building under the RTI Maintenance Pilot whereas the core districts have had only a single year.

5. SUMMARY OF FIRST YEAR RESULTS

Key results are presented below based on the LogFrame developed after the first DFID Annual Review in May 2013 at which the Programme was given a B rating using the original LogFrame developed in 2012. With an overall rating of 123% the results of the first second year of implementation are thought to be a better reflection of the performance of RAP3 by May 2015.

Outcome/Output	LogFrame target (May 2015)	Result	Remarks
Outcome 1	1.5 m people benefitting	2.8 m people benefitting	186%
Outcome 2	1,570,000 employment days	1,503,289 employment days	95.75%
Outcome 3	5,000hh improved income	6,500 hh improved income	130%
LRN 1.2	2,000km DRCN under ARAMP	1986 km DRCN under ARAMP	99.3%
LRN 1.2	25% to standard	25% to standard	100%
LRN 1.3	50% of ARAMP July target	62% of ARAMP July target	124%
SED 2.1	15,000 beneficiaries	16,905 beneficiaries	112.7%
SED 2.2	21,000 hh	17,780 hh	84.6%
SED 2.3	600 service providers	540 service providers	90%
Capacity 3.1	2400 training days	6238 training days	259%
Capacity 3.2	25% satisfaction	25% satisfaction	August
Capacity 3.3	5.77 District CIM Score	5.77 District CIM Score	August