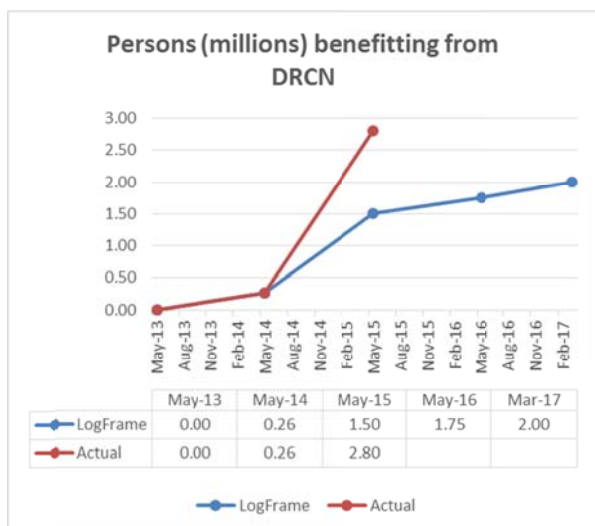


Annual Report – Second Year Results (Draft)

This report presents the programme results as of the end of May 2015, the second milestone period of the RAP3 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. This report also presents the programme’s financial status as of end May 2015.

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.

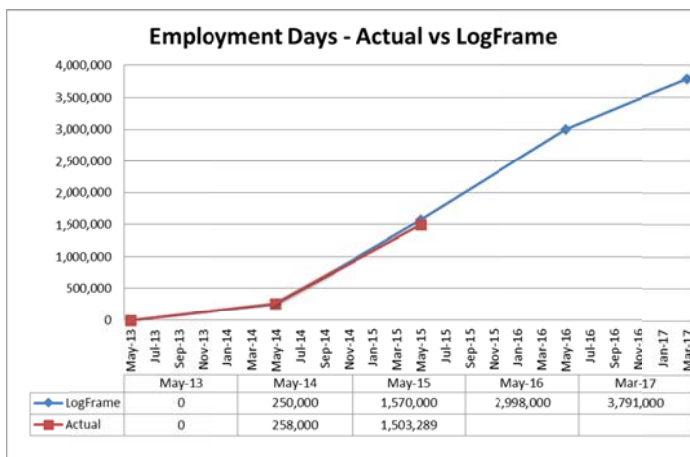
1.2. OUTCOME INDICATOR 2

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).

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

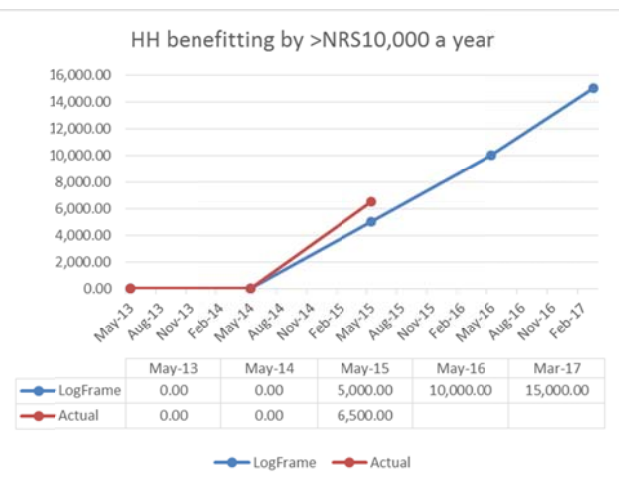
The four year direct employment target of RAP3 stands at 3.8 million days by March 2017. The S shaped curve presented right is taken from the 2014 LogFrame and shows targets for May 2013, 2014, 2015, 2016 and March 2017. First year targets to May 2014 were 250,000 employment days with actual achievement



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.

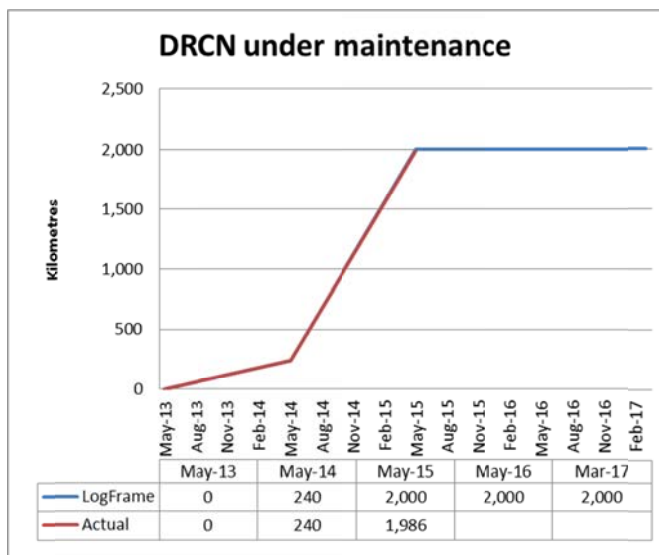


Assistance programme managed through the Oxford Policy contract for the GON's Karnali Employment Programme

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

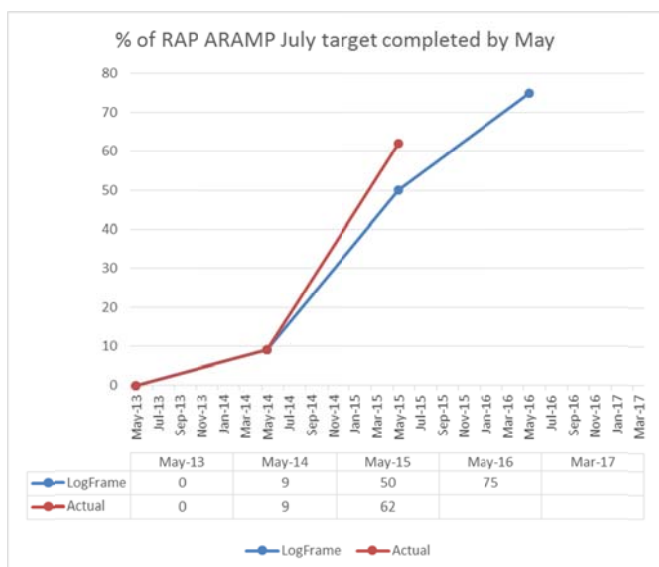
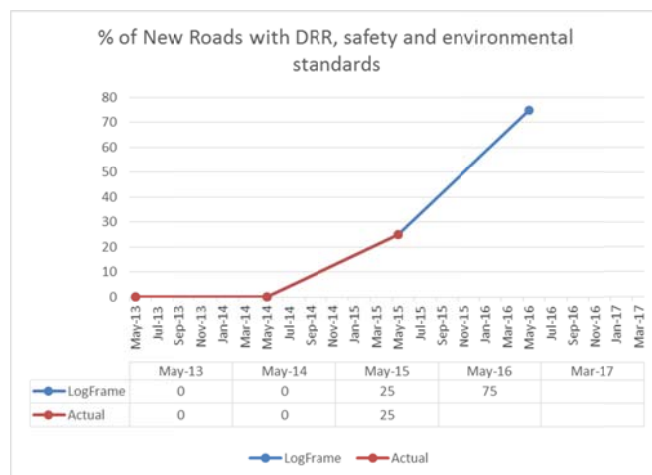
Kilometres of DRCN under routine maintenance by Road Maintenance Groups (RMG) stood at 240km by May 2014. RMGs typically are responsible for the routine and recurrent maintenance of 10 km of trafficable DRCN throughout the calendar year and are being piloted in RAP3 districts as part of the GON SWAp 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**

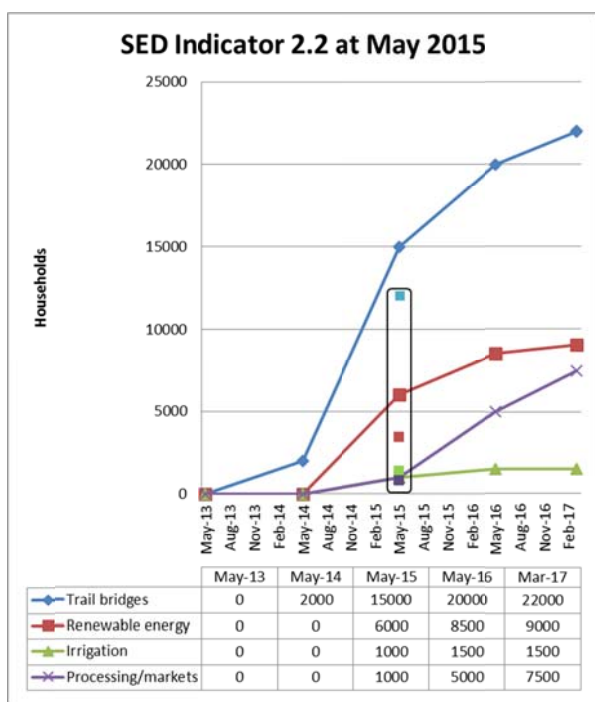
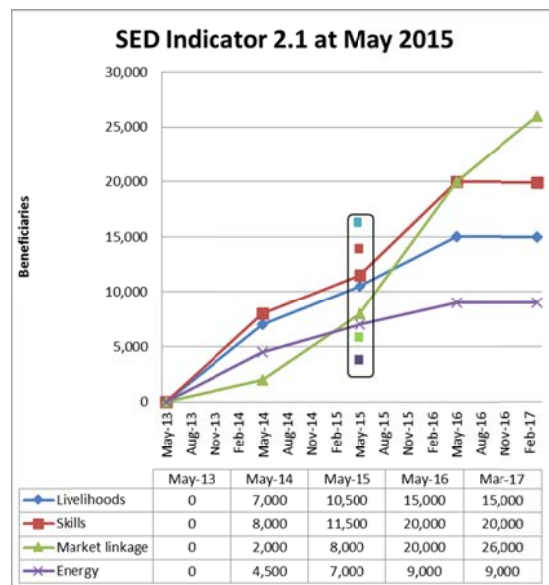
3. OUTPUT 2: SED

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

3.1. OUTPUT INDICATOR 2.1

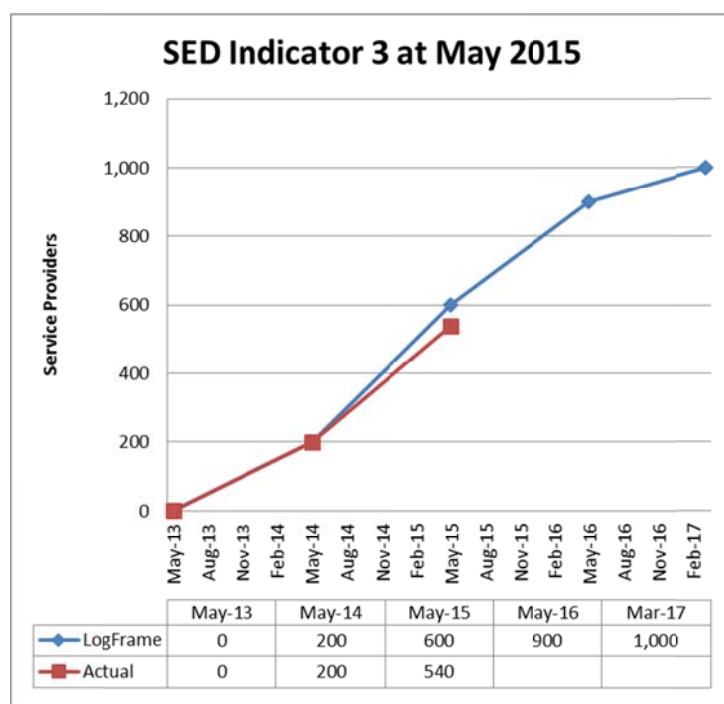
Output 2.1 measures the number of beneficiaries receiving SED support that improves a) Livelihoods b) Skills c) Market linkages d) Household energy disaggregated by gender and disadvantaged groups (DAGs). LogFrame targets are shown left for May 2013, 2014, 2015, 2016 and March 2017. As of the May 2015 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

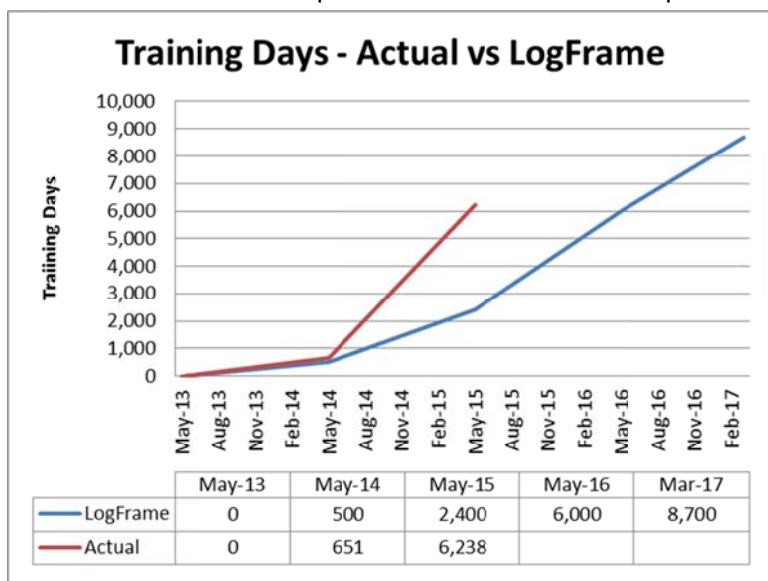
This is measured as the number of private sector service providers engaged by SED in SED clusters and as shown in the graph right for the end of May 2015, which was 10% behind the LogFrame forecast.

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

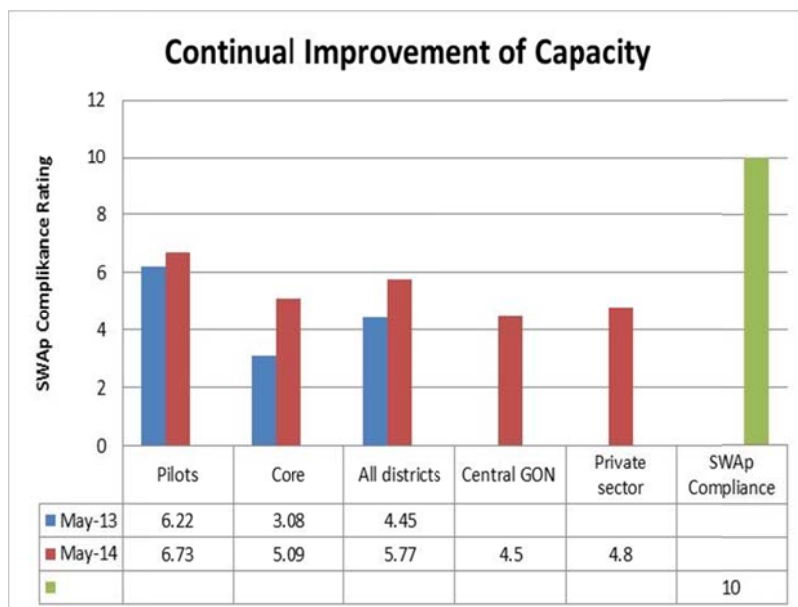
The second output indicator concerns stakeholder satisfaction with RAP3 as determined at the annual district level reviews in terms of the % of review findings showing satisfactory ratings by district level stakeholders. As part of the programmes continual improvement plans these ratings should

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 2013 to 2014. The Pilot districts have had three years of capacity building under the RTI



May 2015

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 disappointing B rating using the original LogFrame developed in 2012. As can be seen below Outcome Indicators average nearly 140% of LogFrame targets. With an overall, weighted rating for Outputs at 109% of targets, the results of the second year of implementation are a better reflection of the performance of RAP3 up to 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% |
| Outcome weighted average | | | 140% |
| LRN 1.1 | 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 |
| Output weighted average | | | 109% |

6. FINANCIAL STATUS

6.1. DLI ACHIEVEMENT

The table below summarises the DLI results achievement against the forecast amounts in Contract Amendment 4. Up until end April 2015 all DLIs were on target but the earthquake on 25th April affected several results in May, all of which should be recoverable.

These DLIs were established under Contract Amendment 4 and although are based on the LogFrame indicators cannot be compared directly with the LogFrame or with overall budgets. Also those under MF1 LRN and MF4 PMV do not include any data from before February 2015.

For the DLIs below target:

- MF1.1 KM under maintenance, is due to SNRTP taking over some of the DRCN in Sankhuwasabha and therefore reducing the length of network available for RAP3 to work on. Also in May, RMGs stopped working in Sindhupalchok.
- MF 1.2a) km months for 3.5m widening, is due to some sections being accelerated to 4.5m widening which are counted under MF1.2b). The total achievement for new construction DLIs is actually **102.5%**
- MF4.1 internal audits. The audits scheduled for May were cancelled due to the earthquakes but will be recovered in June bringing this DLI back to 100%.

| DLI Results | | | |
|-----------------------------------|---------------------|-----------|----------------------|
| DLI | Overall % of Target | Weighting | Weighted achievement |
| MF0.1 No. Employment Days | 100% | 30% | 30.0% |
| MF1.1 Km months under maintenance | 98% | 10% | 10% |
| MF1.2a) Km months 3.5m widening | 86% | 10% | 9% |
| MF1.2b) Km months 4.5m widening | 120% | 10% | 12% |
| MF2.1 Hh months SED support | 101% | 10% | 10% |
| MF2.2 No.BSPs | 100% | 10% | 10% |
| MF3.1 No. Training Days | 101% | 15% | 15% |
| MF4.1 No. Internal Audits | 71% | 5% | 4% |
| | | | 99.1% |

6.2. BUDGETS

The total budget forecast to end May 2015 as defined under Contract Amendment 4 is UK£19,223,044.60. The actual amount invoiced is UK£19,267,663.98, or **100.23%** of forecast amount.