

# The impact of cash-for-works: evidence from the Rural Access Programme in the mid and far west of Nepal

## How effective is cash-for-works in delivering benefits to direct beneficiaries?

The Rural Access Programme (RAP) is one of the largest poverty-reduction projects in the Mid and Far West of Nepal. Its primary objective is to deliver economic benefits to poor and isolated communities over the long term through improved rural road connectivity, by building new roads and maintaining existing roads in the core rural road network across eight districts. This is done through a labour-intensive approach to road works: targeting poor and marginalised members of communities and temporarily employing them for this work. These direct beneficiaries work in Road Building Groups (RBGs) and Road Maintenance Groups (RMGs) and receive cash for their work.

This briefing note presents some of the main lessons emerging from the independent midline impact assessment of RAP as it relates to the direct beneficiaries – members of RBGs and RMGs. This was conducted by the independent Monitoring, Evaluation and Learning (MEL) component of RAP, responsible for evaluating the project over its lifecycle.

### The evidence base

This midline impact assessment comprised a mixed methods approach to data collection. The quantitative pillar included a 3,600 household panel survey in eight districts in the mid and far west of Nepal utilising a quasi-experimental approach. This was supplemented by the qualitative pillar which used ethnographic research to interpret the quantitative data. This mixed-methods approach was conducted in mid-2016, precisely two years after the baseline, to provide a longitudinal analysis of socio economic changes in this region as well as an objective assessment of the impact of the third phase of the DFID's Rural Access Programme 3 (RAP3).

There are two **key policy-relevant learnings** from the cash-for-works for direct beneficiaries: **1)** the impact is positive but rather than lifting people out of poverty, the cash

received improves resilience by providing a 'consumption-smoothing' effect – that is, it acts as a safety net during lean times for those employed; **2)** the positive impact of the cash is only felt when beneficiaries are employed in RBGs/RMGs for a sustained period of time.

The findings further emphasise the role that such public works programmes have as part of a social protection function. The evidence highlights that the provision of support that is predictable, reliable and long-term, as opposed to one-off or ad-hoc in nature, has the greatest impact.

### Cash for works

In the Mid and Far West (and across Nepal) there are number of donor and Government funded cash-for-works projects. Such projects with a 'cash-for-works' element provide an economic boost for beneficiary households and is in turn expected to impact on poverty. In particular the Karnali Employment Programme (KEP) is a major cash-for-works programme.

RAP is one such contribution to providing regular cash income for poor and marginalised people in the Mid and Far West. Beneficiaries within RAP's RBGs and RMGs typically receive between 80 to 120 days of employed work in every year.

A key question is to what extent (if any) the cash-for-works projects have an impact on poverty for the direct beneficiaries of RAP?



Beneficiaries within a Road Maintenance Group working along the road

## The evidence

The full set of findings from the midline impact assessment of RAP unpacks many important and relevant emerging changes in Western Nepal that go far beyond just the impact of RAP. Another important issue that is explored in the full midline report is the impact of the road works on stimulating improved access across the mid and far west region.

The evidence in this brief is concerned chiefly with the impact on the direct beneficiaries of RAP engaged in the RBGs and RMGs who are employed to build and maintain the RAP roads. It is these beneficiaries who receive the cash-for-works from RAP over the project duration. The midline impact assessment contains findings of this impact after two years of project implementation.

### Evidence of impact on key indicators

The incidence of poverty in Nepal is high, and whilst there is significant variation across the country by different development regions, the highest incidence of poverty is located in the Mid and Far West regions of the country. Remoteness is highly correlated with poverty. The aim of the cash-for-works component in RAP is to tackle poverty. The following highlights indicators where beneficiaries have seen positive change:

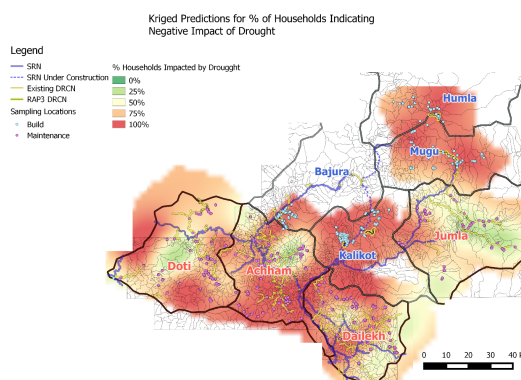
- Income and savings:** Incomes have increased for those in RBG/RMGs compared with those who are non-beneficiaries. Those employed in RAP groups maintain a constant source of income due to the security of work. The median savings for RBG members is higher than for non-beneficiaries. Although this is largely a programme effect, it has bearing on overall wellbeing as well on the specific indicators below.
- Health:** Beneficiaries in RBGs and RMGs are more likely to spend money on treatment for illnesses than non-beneficiaries. They are significantly more likely to use local shops to purchase medicine than non-beneficiaries as the cash provides the increased capacity to purchase medicine locally.
- Education:** Members of RBGs spend significantly more on education than other households. This suggests that beneficiaries with children in their household prioritise investing in their children's education from the money earned working in RAP.
- Assets:** The findings show a large increase in the purchase of consumer assets by RBG members compared with non-beneficiaries and there is a significant increase in the number of productive assets purchased by members of RMGs.

### The impact of external shocks – how has cash from RAP affected beneficiaries' ability to cope? Has it built resilience?

The Mid and Far West had been suffering from an acute drought during the half-year period before the midline impact assessment took place. Communities in such remote areas are

highly vulnerable to climatic shocks – the evidence shows that both beneficiaries and non-beneficiaries have been affected by the drought with food consumption heavily impacted.

However, we found that earnings from RAP to RBG and RMG members significantly reduced vulnerability to the drought. This is a key learning because it demonstrates that cash income provides a 'consumption-smoothing' effect – it provides a 'cushion' during a period of intense vulnerability. Therefore beneficiaries of RAP cash-for-works are less worse-off than non-beneficiaries. Beneficiaries are more resilient due to their ability to use the secure and predictable income from RAP.

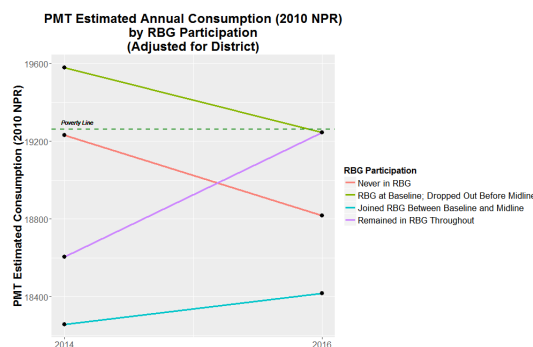


Map of mid and far west region of Nepal showing acute impact of drought

### It is the regularity of income from RAP that has reduced vulnerability during periods of acute stress

There are a number of key policy-relevant learnings emanating from the midline findings, particularly in highlighting the impact of incomes from RAP in the context of a shock:

- Those who have consistently remained in RAP groups over a 2 year period have experienced an increase in wellbeing – as the graph shows (purple line).
- Those partially employed (i.e. dropped out or joined much later) do not see gains as significant as those consistently a part of a RBG or RMG.
- Participants in RBGs are less vulnerable to the effects of the drought than non-beneficiaries – the drop in food diversity is less severe for RBGs pointing to a consumption-smoothing impact of RAP wages.



Consumption effect of RAP cash-for-works

The key policy takeaway is that those regularly receiving income from RAP by continuously participating in the work felt the most impact from the consumption-smoothing effect. This validates the **social protection function of cash-for-works: the provision of support that is predictable, reliable and long-term.**

***Yet there is still significant gender and caste based variation – women and lower castes are still poorer than all other groups***

Whilst the vulnerability reducing impact of RAP's cash-for-works is felt by all beneficiaries, there is significant variation between males and female participants. Food consumption for male beneficiaries is higher than female beneficiaries, even accounting for the drought. However female beneficiaries are still better off than female non-beneficiaries. There is similar phenomenon with lower castes versus higher castes, where lower caste beneficiaries (in particular Dalits) are worse off than higher caste beneficiaries, although they are better off than lower caste non-beneficiaries.

***How many days of employment per annum are required for a consumption-smoothing impact? Are there lessons for other programmes such as the Government of Nepal's Karnali Employment Programme (KEP)?***

The evidence from the independent midline impact assessment of RAP shows that cash-for-works plays a social protection function by reducing vulnerability to external shocks. Yet this is only felt by those consistently participating in RAP works because it is the regular and predictable income over the long-term that provides this vulnerability reducing impact. Those only working part of the time do not feel these positive effects to such an extent.

However the evidence from RAP suggests that whilst sustained engagement in cash-for-works programmes reduces vulnerability to shocks, it is not sufficient to pull people out of poverty over a sustained period of time.

A key question to explore further is how many days of cash income is sufficient to have a significant impact on reducing vulnerability? We found that the 80 to 120 days per annum normally provided by RAP is sufficient. The Government of Nepal's Karnali Employment Programme (KEP) provides a lower number of days of income – currently 35-40 days per annum. The extent to which this level of support reduces vulnerability has not been explored and would benefit from further research.

Find out more about the impact of RAP by assessing the full independent MEL midline impact report from the link below. In addition, a full set of lesson learning and other independent reviews of RAP can also be found from the second link.

The full Midline Impact Assessment Report can be found at this link: <http://rapnepal.com/content/midline-impact-assessment-report-rap>

All of the independent MEL component's reviews can be found at this link: <http://rapnepal.com/component-results/948>

This policy brief was produced by Itad, manager of the RAP MEL component.

