



COMPREHENSIVE IMPACT EVALUATION (CIE)
OF
POVERTY ALLEVIATION FUND NEPAL

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Acknowledgement

Undertaking the Comprehensive Impact Evaluation of PAF has been a challenging but highly interesting assignment. Evaluating a 14 year long intervention of complex nature which was started during conflict and gone along with the peace building process in the country from a point of view of searching its 'Impacts' has been the main excitement for the CIE team.

Although it was an independent evaluation, without a high level of logistic and professional support from various stakeholders, the Evaluation Team would not have been able to produce this report in this form. Without expressing an honest acknowledgement and appreciation to all the stakeholders and respondents my responsibility will not be completed.

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As a Team Leader I take all the responsibility of the content, analysis and conclusions that are made in this report. All of its contents are original work of the CIE team other than specified otherwise.

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List of Abbreviations

AF	Additional Financing
CAC	Community Awareness Center
CDD	Community Driven Development
CG	Community Level Groups
CIE	Comprehensive Impact Evaluation
CM	Consultative Meetings
COs	Community Organization
CSIDB	Cottage and Small Industries Development Board
CSIO	Cottage and Small Industries Office
DCC	District Coordination Committee
DD	Demand Driven
DDC	District Development Committee
DPACC	District Poverty Alleviation Coordination Committee
FGD	Focus Group Discussion
FPCR	Food Price Crisis Response
GESI	Gender and Social Inclusion
GoN	Government of Nepal
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IG	Income Generating
IG+Infra	Income Generating Activities with Infrastructure
Infra	Infrastructure
INGO	International Non-Governmental Organizations
KII	Key Informant Interview
LDF	Local Development Fund
LGCDP	Local Governance and Community Development Programme
MDG	Millennium Development Goals
MEDEP	Micro Enterprises Development Programme
MEDPA	Micro Enterprise Development for Poverty Alleviation
MEG	Micro Entrepreneur's Group
MIS	Management Information System
MOF	Ministry of Finance
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NPC	National Planning Commission
Nrs	Nepalese Currency
PAF	Poverty Alleviation Fund Nepal
Peri-U	Peri Urban
PM	Portfolio Manger
PO	Partner Organization
PRSP	Poverty Reduction Strategy Paper
RF	Revolving Fund
SC	Steering Committee
SDG	Sustainable Development Goals

SF	Saving Fund
SM	Social Mobilizer
TA	Technical Assistance
TOR	Terms of Reference
VDC	Village Development Committee
WB	World Bank
WUPAP	Western Uplands Poverty Alleviation Project

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Executive Summary

The Poverty Alleviation Fund (PAF) was established in 2003 under the special Act of the Parliament. This specially designed institutional modality to implement targeted programs of the GoN is to improve living conditions, livelihoods and empowerment of the rural poor, with particular attention to groups that have traditionally been discriminated and excluded on the basis of gender, ethnicity, caste and geographic location.

The PAF model takes a Community Demand Driven (CDD) approach and supports the formation of representative community organizations (CO) of the poor and helps them identify their own development priorities, needs and solutions. Revolving fund for income generations, saving credit mobilization, infrastructure projects that support the Income Generation (IG) activities and infrastructure projects that benefit the larger communities has been the key components of this modality.

Since its inception, PAF has been tasked of managing the implementation of a World Bank (WB) and Government of Nepal (GoN) funded Poverty Alleviation Program in the country. The program has four main components: (i) small-scale community infrastructure, building capacity and providing grants to community organizations for local infrastructure projects (e.g., micro irrigation, footbridges, drinking water, etc.); (ii) sustainable income generation, building capacity and providing grants to community organizations for income-generating activities; (iii) product development, market linkages and pilots, to support those community organizations that are more advanced; and (iv) capacity-building and institutional strengthening, to support the formation and development of community organizations, the creation of cooperatives and market alliances.

The WB supported Poverty Alleviation Project, phase II is coming to an end by Dec 2018, on this juncture PAF and its key stakeholders (NPC, MoF, WB) decided to conduct an independent comprehensive impact evaluation of PAF's program covering the period of 2004-2018. Hence, this evaluation has been commissioned.

CIE Study

With an objective to gather evidences on PAF's achievements, impacts and effectiveness, PAF proposed an Independent Comprehensive Impact Evaluation (CIE) study of its program. PAF, WB and NPC agreed to supervise and guide CIE study team through a Steering Committee (SC) at NPC, chaired by NPC member holding responsibility of Poverty Alleviation sector. Representatives of PAF, WB, MoF and NPC also form part of this SC. The Steering Committee guided and facilitated this evaluation process and ensured the overall quality of the evaluation study. This report has been also endorsed by the steering committee.

Objectives

The objectives of this CIE were to:

- Carry out an assessment of the effectiveness of PAF model in addressing multiple dimensions of poverty.

- Carry out an assessment of the effectiveness of implementation modality in reaching out the poorest of the poor and the most marginalized community of the intervention area with cost effective delivery mechanism compared to other poverty alleviation interventions.
- Carry out an assessment of PAF's approach in building sustainable community level institutions and its sustainable impacts.
- Document best practices and lessons learned and recommend appropriate cost effective poverty alleviation approach and intervention model for Sustainable Development Goals (SDG) era in Nepal.
- Carry out a comprehensive analysis of PAF's institutional performance and its efficiency and effectiveness in delivering its services and provide recommendations that will allow PAF's efficiency and effectiveness in the implementation process, in line with its future strategy suggested.

Key Evaluation Questions

Based on the ToR provided to CIE team and hypothesis for evaluation; the CIE team derived following key questions as part of their CIE assignment.

- Where PAF stands in policy spectrum? Has PAF model been effective in generating impacts? Has PAF been cost effective in its delivery mechanism?
- What are the effects/impacts of program in selected indicators, as envisioned by PAF?
- What is the effectiveness & sustainability of institutional architect?
- How PAF has been similar or distinct from other CDD (DD) program? What makes PAF distinct or unique?
- What are the best practices & lessons learnt during last fourteen years of implementation?

Methodology

The CIE team followed a mix approach for this assignment. The quantitative impact results were based from PAF's baseline and follow up conducted at different years. A quasi-experimental impact evaluation design has been followed to quantify the impacts on selected outcome indicators. For this, Difference in Difference estimations has been calculated. These findings were later triangulated with qualitative findings gathered from the field.

The team followed FGD, group meetings, consultative meetings and Key Informant Interview (KII) at central and districts level as its main methodology for qualitative data collection. Qualitative data were collected from 36 FGDs with PAF COs consisting 360 participants (82 % women), 19 group consultative meetings (204 participants) with community groups of LGCDP, MEDEP/MEDPA & WUPAP spread across 10 districts. The KII at central level includes 15 interviews with experts representing PAF, NPC, MOF, WB, IFAD, LGCDP, and MEDEP/MEDPA. Likewise, 45 interviews with PAF's PM, POs, local officials of MEDEP/MEDPA & LGCDP, representatives from Rural and Urban municipalities,

DCC, DPACC were also conducted. An email survey of POs and semi-structured interview with SM of POs were also administered.

Main conclusions from CIE findings

On the basis of its findings from both quantitative and qualitative analysis CIE Team have come up with the following conclusions in relation to the achievements and Impacts of PAF:

Targeting and Reach: PAF has achieved its cumulative target of reaching to the target communities through 32000 Community Organizations, the program covered 66 districts and 2208 VDCs through its different program components. Total 32186 COs has been formed by PAF. PAF has been able to cover almost 16% of the total population of the country who are poor vulnerable and marginalized. Out of estimated 1.6 million poor households PAF has covered about 0.85 million hhs through its COs. The inclusion data of PAF's coverage indicated that there are 79% women, 24 % Dalit, and 32 % Janajatis among PAFs beneficiaries. The coverage of Dalit and other marginalized group is also satisfactory. The social inclusion part is subject to the demographic composition of the location itself.

PAF data shows that about 91% of the PAF beneficiaries belong to the poorest of the poor category (PAF's class A & B) and about 8 % belong to group C. However, less than 1 % is from class D which has been identified as non-poor. Almost 80% members are women. A large majority of these women CO members (about 60%) operate their personal bank accounts. Despite the fact that there are few HHs of higher economic level the CIE team did not notice any 'elite controlled' situation in terms of the operation of the COs, its revolving fund and saving funds.

As the focus of PAF was more on horizontal expansion, it had less time and resources to work on the vertical expansion of its intervention, (considering working on 'income poverty' from its 'consumption poverty' focus), lately PAF introduced 'Pocket Area' and 'Artesian Products' concepts which was an attempt to work on 'Income Poverty' and 'Employment Creation' domain.

These facts indicate that PAF has effectively reached to its intended target groups, have institutionalized its gender and social inclusion criteria which CIE team found highly satisfactory.

Access to Revolving Fund (RF): Access to RF is also good from GESI point of view as the larger portion of the CO members are women, the percentage of members not having access to RF is minimal, however, there are cases of voluntarily not taking loan from RF mainly due to the fact that such people have a better economic situation or the available loan size is too small for them. The growth and repayment of the RF is satisfactory with few exceptions of stagnancy especially among older COs.

Improved Empowerment: The 'Empowerment Effect' among women and Dalit groups is also satisfactory. The PAF CO members (women and Dalit) also reflected increased level of self-confidence and awareness. Active participation in the CO meetings, increased mobility for women, increased respect for Dalits and increased level of self-dignity are few other 'empowerment effects' that are cited by the CO members during the FGDs. However, multiple agency interventions prevail in the communities and in majority cases the PAF CO

members are also part of other social mobilization based developmental activities, therefore the 'empowerment effect' creation credit cannot be solely attributed to PAF.

Changes in women's status at the HH level (decisive participation in taking decision on economic and other household issue, more respect and dignified treatment), increased level of dignity for women and Dalit in the community, increased sense of working together and mutual respect, and decreased cases of community disputes are also maintained as the positive changes that the beneficiaries have felt in their life. Based on the responses received by CIE team from the personal opinion survey and focused group discussions, the CO members tend to give 50% attribution to PAF for these changes. Likewise, CO members have felt significant changes in their life quality (health, education, food, and living conditions) during last ten years.

From the overall analysis mentioned above, it can be summarized that PAF intervention has been effective in addressing multidimensional poverty, especially in terms of economic impact and jobs and livelihood diversification. The results were significantly positive for women empowerment. However, the outcome related to social cohesion and human development showed mixed findings, and a further analysis is necessary.

Increased Household Expenditure: In general, the impact evaluation shows positive and statistically significant effects on household expenditure, households that accessed the revolving fund increase their total expenditure by 22% compared to the control group. It is also encouraging to note that the treated households have increased their expenditure significantly for the productive purposes such as agricultural inputs, livestock, trade and land for their own income generation activities (estimated impact above 89%).

The treated households significantly increased their expenditure for human development purposes, including education and health services (impacts between 43% and 53% were estimated). Moreover, poor and food insecure households are spending more to purchase food or produce more food after having access to PAF revolving fund, when compared to the control households. Household data also indicates an increased expenditure in repayment of loans, indicative of increased income level at the HHs.

Positive Impacts of Revolving fund: The beneficiaries have noted several benefits of the RF of the COs, some of them as expressed by the FGD participants are: i) the interest rate of the local money lenders have gone down, ii) the credibility and bargaining capacity of the CO members have increased, iii) awareness and interest in taking up IG activities have increased especially among the women.

Increased Asset holdings: The result is overall positive and the PAF intervention helped CO members to accumulate assets in various forms. The treated households significantly increased the probability to possessing a radio and a phone (estimates range from 35 to 8 percentage point increase in the probability of having these assets. In terms of livestock asset, households that accessed the revolving fund saw an increased in the total value of livestock holding up to NPR 90,000 on average.

Jobs and Employment: In general, PAF's intervention has prompted treated households to shift their work sectors. In places where agriculture activities are more profitable PAF resources promote those activities, while in places where wage-labor could be more profitable than agriculture, PAF promotes movements to the non-farm sector. These results are

encouraging as the PAF type of intervention can help the poor households diversify their livelihoods and income generation activities, depending on their natural and economic endowments, while reducing the dependency on the remittance. The results on the impact on the Migration for Employment are mixed, some positive results are found in these area but not statistically significant.

Labor Migration: The results on the impact on the Migration for Employment are mixed, some positive results are found in these area but not statistically significant. In some cases, the PAF intervention has helped in reducing seasonal migration especially in India as they have better livelihood diversification options at home due to access to RF for income generating activities. The team also find cases where returnee migrant stayed at home due to income generating activities available. These suggests that PAF's intervention could not help labor migration that provides them higher wage rate at home compared to abroad but has helped reducing seasonal migration and enticing some returnee migrant to start their IG activities. There are cases of successful micro and small IG activities (micro enterprise) being taken by the returnee overseas.

Sustainability of Institutions: PAF has been working with various forms of community level institutions, mainly with community organizations (COs). So far, 32186 have been formed by PAF of which approximately 29000 are functional. COs have demonstrated their confidence in operating the COs and RF in future. It appears that the 'sense of togetherness' and 'RF' benefits are the main attraction for the CO members to think that the COs will be continued by the members.

The group graduation aspect does not seem to be effectively executed. POs also seem to be not very proactive in any kind of withdrawal from the CO. PAF has not clearly worked out on its exit strategy yet. The legal ring fencing modality for the COs and their funds (RF and SFs) is not clear. Cooperative model and its pros and constraints over the COs and their funds and practices does not seem to be sufficiently analyzed by PAF. The future role of local government bodies in this context is also not properly analyzed. The COs are in a confused state, misleading assumptions (like local bodies will capture part of their funds etc.) are in the spread.

CO Networks are not very strong, confusion about their role, no clear GESI Policy at this level, even some CO networks found engaged in lending functions (among the CO network member individuals) by pooling funds from COs and saving function within the network committee. This is indicative of the risk of creating an 'elite' group who could control the COs.

The POs providing their services to PAF are local NGOs, capacity varies from one PO to another. The CIE team had enough reasons to question the overall competence of the POs selected mainly looking into the poor level of social mobilization inputs that they have been providing to the COs. This also relates with PAF's understanding and expertise in envisaging the Social Mobilization process and its scope to the COs, and the resources provided for this. Although, PAF has a 'business contract' with the POs, however the connotation of 'NGO Partners' and POs political connections may have created 'leniency' towards the POs in contract management from PAF side, also the staff movement from PO to PAF needs to be noted in this context.

Institutional Performance: PAF enjoys the privilege of being a permanent autonomous institution by law, however it has confined in the form of a 'WB supported' project only. It has not been able to diversify its portfolio over the period of last 14 years. From the GoN side also PAF has been perceived as a WB project but not as a specialized agency of the GoN holding poverty alleviation portfolio on behalf of GoN.

The role unclarity between the ED and EVC, HR with not enough work experiences, high turnover of midlevel professionals, lack of mutual trust and team spirit among the secretariat staff are some critical issues that have been observed by the CIE affecting the efficiency and effectiveness of the secretariat staff.

The working environment, lack of capacity development opportunities, and less attractive and less market compatible incentives to its staff hired through a 4 year fixed term contract are some factors that may have been detrimental for the performance of its human resources.

The elaborative sets of operational manuals and standards of operations are an assets in the operation of PAF, however such have not been thoroughly review since a long time to make them contextual and practical to meet the management requirements of the current time.

Recommendations

Building on the findings and conclusions of CIE team based on both quantitative and qualitative assessment, the following recommendations are being forwarded for GoN and PAF to consider. The recommendations are categorized into; i) Policy level recommendations focused on the future working strategy for PAF, ii) PAF model level recommendations, iii) Operational level recommendations focused on the existing program related activities of PAF, and iv Institutional level recommendations focused towards improving the institutional performance and effectiveness of PAF in future.

A. Policy Level Recommendations

In the past PAF has been focusing its work on poverty alleviation of its beneficiaries mainly at consumption level and too some extent at income level as well. Taking its beneficiaries at the level of commercial level, enterprise development and job creation has been brought into PAF's interventions gradually. The followings are recommended to be considered as part of PAF's future intervention area by GoN and PAF:

- i) **Serving the Unserved:** PAF should continue its current poverty alleviation approach to cover the unserved poor population of the country. Out of 1.6 million poor households of the country PAF has covered about 0.85 million, national multi-dimensional poverty data of 28.6% BPL indicates that there will be significant number of households who would need state support for multi-dimensional poverty alleviation. The coverage of the remaining households from other agencies interventions (GoN other poverty alleviation interventions, NGO/INGOs interventions) do not have that scale of coverage to cater the needs of the unserved households.
- ii) **Serve those left behind:** Our quantitative and qualitative findings indicate that there are poor population who have been covered by PAF or other existing programs, but are still lagging and have the risk of going back to the poverty trap. Such households need special attention and specifically tailored intervention programs that will be suitable for their interest, needs and capacity.
- iii) **Serve those with high potential:** On the other hand, we also found significant segment of the poor population supported by PAF are ready to graduate and move to the next stage of sustained growth and prosperity through systematic business/enterprise support. PAF should also have a special intervention window to allow such households to be benefited and move forward towards sustainable income and employment.
- iv) **Strategic Approaches for future programs:** For all the above three avenues for continued intervention PAF should take the following approach in designing its future programs:
 - Focus on creating sustainable Income at the hh levels.
 - Emphasis on employment and Job Creation
 - Enterprise Development for better economic performance, and support to sustainable income, employment and job creation in sustainable manner.
 - Specially targeted packages for returnee migrantlabors with focus on enterprise development, employment and job creation.
 - PAF's future program should be fully aligned with Local Government by bringing them into the role of custodian and regulator, facilitation, and support mechanisms for the community institutions supported through PAF's support.
 - Improving 'access to finance' of the beneficiaries for bigger financial needs to start IG activities of scale and enterprise development by building linkage with cooperatives, microfinance institutions and other financial sources.
 - A social mobilization approach in line with 'transformational approach' to achieve higher levels of impact on social empowerment and human development.

- Resilience building should be also taken as part of the program strategy as the poor people are most vulnerable for any kind of disaster and emergency situation.

B. PAF Model Level Recommendation

In the changed context of the country and emerging new interventions areas from within the working profile of PAF, the CIE have felt that there is a need to revise and improve the PAF Model of poverty alleviation. The operational reflection of PAF's theory of change on multidimensional poverty starts from the elements of PAF's Model. It has been observed that the PAF model is focused more on 'consumption poverty' and been effective at CO level. This model needs to be revised to bring in the higher level components that would work for; sustainable income, creation of employment and job opportunities, and development of microenterprises. The model also needs to be flexible in terms of meeting the varying needs of social mobilization among communities with different social awareness situations. Access to finance and technical support also needs to be made part of the PAF model. CIE team suggests the following reforms (not limited to) that PAF should consider bringing into its 'Model'.

- i) **Program Delivery Modality:** PAF has used NGOs and LDF as their program delivery mechanism. The use of NGOs as delivery partners was effective strategy at the time of starting of PAF during the conflict period. At present there might be other forms of service providing agencies available in the open market. Allowing access to private sector service providers also to act as service delivery agencies for PAF may increase competition and PAF will have more option to choose from for its delivery partnership.
- ii) **Focus on need based small infrastructures:** In the context of new role of the local government agencies and increased level of resources at their end, PAF may choose to continue support for need based small infrastructures only that have direct value addition to the IG activities. This is in view of the new resource capacity among the local bodies to allow them to cater the infrastructure needs of the communities at large. This will allow PAF to put more resources on the economic development related activities which are more employment and enterprise oriented and can yield sustainable income to the hhs.
- iii) **Working with Local Governments:** Ideally Local Governments should be strategic partners of PAF only but not engaged in direct service delivery like LDF in the past. This will create a situation of conflict of interest and the local governments would lose their legitimacy to act as 'regulatory and monitoring body'. PAF needs to work closely with local governments in such a manner that the 'autonomy and self-control modality' of the CO operation would remain intact. In the current context of federal structure of Nepal and new mandates given to the local governments by laws, it become essential for PAF to establish a working modality that brings the local government in its forefront as one of the key strategic partner.

C. Operational Level Recommendations

- i) **Legal Ring-fencing of COs and RF:** There is a pressing need to support the COs in obtaining any form of 'legal status' to assure their sustainability. There could be several options for this such as:
 - a) NGO model: registering as a non-profit NGO with designated government bodies. The provision of NGO registration is not yet very clear in the federal context, but most likely it will be the local bodies who will have this responsibility.
 - b) Cooperative model: registering with designated GoN authorities, it will be the local government as it is already designated.
 - c) Non-profit private company model: This is another option for legal registration of the COs.

Therefore, it is recommended that PAF work further and explore appropriate options for the legalization of the COs and RF by analyzing the pros and constraints of each of the options. However, the determinant factor for choosing the option should be 'informed consent' of the CO members themselves and fully assure the current 'community controlled' status of the RF and group activities.

- ii) **Exit Strategy for PAF:** The CIE suggests that PAF should develop a systematic exit strategy and implement it with the existing COs as a priority agenda. This should be linked with the 'legal-ring fencing' options also.

D. Institutional Level Recommendations

- i) **Aligning with Federal Structure of the country:** As part of its organizational restructuring PAF should consider aligning its structure with the federal structure of the country. PAF board should take it as a political agenda and take appropriate decision based on a professional analysis. It is to be noted that the constitution has put the poverty alleviation agenda as the responsibility of the provincial government. One of the possibilities, among others, may be 'Provincial PAF Boards' with one central technical support secretariat. Hence this aspect cannot be covered under the limited scope of this CIE, PAF and GoN would require to take this issue for further exploration and elaboration.
- ii) **Policy Governance Level Reform:** The policy governance provisions of PAF laid down in PAF Act requires in-depth review from the perspective of improving the effectiveness and functionality of its board. This in-depth review should critique the current structure of the PAF board and come up with options to fit into the federal structure as well, and also to make the PAF board more functional, may be a two layer governance structure; the higher level with broader participation of stakeholders under the leadership of the Prime Minister as a Policy Council, and at second level a Management Committee chaired by a designated person from PAF's line ministry (currently OPMCM, so it could be headed by a Secretary designated by the Council Chair), with professionally hired Executive Director as head of the secretariat and operations, member secretary to the Management Committee.

- iii) **Organizational Structure Reform:** PAF needs to reform its organization structure of the secretariat by separating the core function and project implementation functions (flexible to be fitted as per the need of the projects), again it should be aligned with its new federal structure. Restructuring its secretariat from a future perspective of having multiple projects, or separate projects for different provinces should have a provision of project specific team of experts and professionals fully funded through and hired for the specific projects. This will not only help PAF to improve its management efficiency and effectiveness, but also make its more cost effective with no burden on the core budget. There needs to be elaborated HRM provisions for two district type of human resources i.e the core staff and project staff.

1 INTRODUCTION

1.1 Background of PAF

Poverty Alleviation Fund (PAF) was established in 2003 under special Act of Parliament. It is specially designed institutional modality to implement targeted programs of the Government of Nepal (GoN) to improve living conditions, livelihoods and empowerment among the rural poor, with particular attention to groups that have traditionally been discriminated and excluded on the basis of gender, ethnicity, caste and location. Since its inception PAF has been given the task of managing the implementation of a World Bank (WB) and GoN Funded Poverty Alleviation program in the country.

The program was implemented in two phases, Phase I was to support GoN in implementing a new, targeted instrument - the Poverty Alleviation Fund (PAF) - for reaching poor and excluded communities. It aimed to improve access to income-generation projects and community infrastructure for the groups that had tended to be excluded by reasons of gender, ethnicity and caste, as well as for the poorest groups in rural communities. The expected duration of the project was 08/30/2004 till 01/02/2009 (Project appraisal, 2004).

The phase I proposed second phase project to assist GoN in scaling up of the PAF program (Project Appraisal, 2007). Repeated with nomenclature PAF Phase II, the project continued to support improvements in infrastructure, income generating activities and increase in citizen participation in community decision making. The project objectives was not changed under the additional financing and restructuring but changes to the results framework were provided in order to have more measurable outcomes related to this additional financing (Project Appraisal, 2011).

The proposed second additional financing was to focus on deepening the interventions in the districts, where PAF was already active with its regular program (40 districts), and broaden it to the 15 districts that are next in line according to the poverty ranking. The proposed additional financing was continued to support GoN objectives to alleviate poverty and to maintain and enhance food security for vulnerable households (Project Appraisal, 2013).

1.2 PAF's Project

Since its inception PAF has been given the responsibility of implementing a WB and GoN funded Poverty Alleviation program. The first poverty alleviation project agreement was signed between Government of Nepal and The World Bank on 2004 (Project ID: P081968) and PAF was nominated as executing agency. Until now, PAF continued implementing World Bank funded poverty alleviation projects (Phase I, Phase II and subsequent additional grants agreements). So far, this has been the only project that PAF has been implementing, with a small exception of managing a skill development project for National Reconstruction Authority very recently for earthquake victims.

The WB project was started as Pilot in six districts, which has been expanded to 66 districts so far. There have been six subsequent project financing agreements between PAF and WB for the Nepal Poverty Alleviation Project, which covered PAF I, and PAF II with additional financing agreements. IFAD has also contributed 30 million USD for the capacity building component of the project in 2009 (25 million) & 2013 (5 million). Table 1.1 gives an over view of the fund allocated for PAF by different sources including WB through IDA fund.

Table 1:1 Estimated Funding scenario of PAF I and II¹

Date	Proposed Grant US \$ in M						Remarks
	Borrower (GoN)	Local Community	IDA	IFAD	FPCR Core Trust Fund	Total	
29-Apr-04	0.2	1.4	15	0	0	16.6	PAF I
6-Nov-07	1	8	100	0	0	109	PAF II
21-Oct-09	0	0	0	25	0	25	Additional Grant
7-May-10	0	0	47.8	0	0	47.8	Emergency Project/Additional Grant
28-Mar-11	21	0	65	0	10	96	PAF II/Additional Grant
9-May-13	8.5	6.7	80	5	0	100.2	PAF II/Additional Grant
Total	30.7	16.1	307.8	30	10	394.6	

Source: Compiled from Project Appraisal Documents of PAF

As per the Table 1.1, a total of 394.6 million US \$ has been mobilized by PAF for the poverty alleviation program over the period of last 14 years or so. Out of this almost 80% of the fund has been contributed by the WB as Grant support to GoN. IFAD has funded total 9 million US \$ (4 Million in 2008, and 5 Million in 2014).

Table 1.2 reports the actual expenditure of PAF over the years. The allocation is based against the annual allocated amount for PAF in the annual budget of GoN. A source wise actual expenditure data of the project was not available at the time of this evaluation.

¹ These figures are based on the PAF's PAD. The actual figures may vary.

Table 1:2 Actual Expenses of PAF (in NPR)

Year A.D	Total budget allocation	Actual Expenditure	Annual Progress in %	Deviations	Remarks
2004	10,000,000.00	5,781,378.87	57.81	4,218,621.13	Ref. Annual Report 2067/068
2005	268,000,000.00	247,323,000.00	92.28	20,677,000.00	Ref. Annual Report 2014
2006	508,099,000.00	493,506,000.00	97.13	14,593,000.00	Ref. Annual Report 2014
2007	1,254,070,000.00	1,210,296,384.99	96.51	43,773,615.01	Ref. Annual Report 2014
2008	1,970,723,000.00	1,875,485,349.14	95.17	95,237,650.86	Ref. Annual Report 2014
2009	2,978,865,000.00	1,647,207,174.93	55.30	1,331,657,825.07	Ref. Annual Report 2014
2010	2,723,717,000.00	2,481,049,874.47	91.09	242,667,125.53	Ref. Annual Report 2014
2011	3,039,166,000.00	2,601,283,022.30	85.59	437,882,977.70	Ref. Annual Report 2014
2012	3,585,268,350.00	2,998,692,500.25	83.64	586,575,849.75	Ref. Annual Report 2014
2013	3,071,121,000.00	2,342,256,542.26	76.27	728,864,457.74	Ref. Annual Report 2014
2014	3,060,658,640.00	2,322,022,043.45	75.87	738,636,596.55	Ref. Annual Report 2014
2015	3,613,799,000.00	2,030,666,651.13	56.19	1,583,132,348.87	Refer Unaudited Project Note 1A 2014/15
2016	3,568,675,000.00	2,322,077,483.84	65.07	1,246,597,516.16	Ref. Annual Report 2016
2017	3,822,866,000.00	2,525,820,443.46	66.07	1,297,045,556.54	Refer Audited FS
2018	1,687,665,000.00	908,971,310.05	53.86	778,693,689.95	As. On 6.5.2018
Total	35,162,692,990.00	26,012,439,159.14	1,147.85	9,150,253,830.86	

Source: PAF Annual Reports

1.3 Comprehensive Impact Evaluation of PAF

The ongoing World Bank supported poverty alleviation project (Phase II) implemented by PAF is coming to an end by December 2018. Therefore, PAF proposed an Independent Comprehensive Impact Evaluation (CIE) of its program covering the period of 2004-2018. In this context, PAF, WB and NPC agreed to supervise and guide this CIE through a Steering Committee at National Planning

Commission (NPC) chaired by NPC member (designated to look after poverty alleviation programs as well). Representatives of PAF, WB, Ministry of Finance (MoF) and NPC also form part of this SC. The Steering Committee guided and facilitated this evaluation process and the overall quality of the evaluation study.

A core team of six experts and a field research team of 10 FGD facilitators (including 1 data manager) were individually selected and recruited by PAF to undertake this study. One additional consultant was recruited by the WB to undertake the quantitative analysis of PAF's macro-economic data. This study was conducted during Mid December 2017 till end of May 2018 with varying inputs from different members of the team, like 15 days of input to two months input according to the TOR of individual TORs. The main TOR of this CIE study is attached in Annex I.

A pen portrait CV of the core team members and list of FGD facilitators of this study is also attached in Annex II of this report.

1.4 Objectives of CIE

1.4.1 Purpose

The main purpose of the Comprehensive Impact Evaluation (CIE) is to evaluate achievements and impacts of PAF for poverty alleviation in an independent and comprehensive manner. The primary scope of CIE team was to review the existing evidence of PAF results, gather new evidences to fill the information gaps about the impacts of the program in terms of poverty reduction and achieving its development objectives. This evaluation aims to focus on the multiple dimensions of poverty. It also aims to identify the best practices carried out by other poverty-related programs in reducing poverty and vulnerability and assess the comparative strength of the PAF interventions.

1.4.2 Objectives

Main objective of this **comprehensive** impact evaluation study is to assess the comprehensive impact of Poverty Alleviation Fund in poverty alleviation in Nepal.

Specific objectives of this study are to:

- Carry out an assessment of the effectiveness of PAF model in addressing multiple dimensions of poverty.
- Carry out an assessment of the effectiveness of implementation modality in reaching out the poorest of the poor and the most marginalized community of the intervention area with cost effective delivery mechanism compared to other poverty alleviation interventions.
- Carry out an assessment of PAF's approach in building sustainable community level institutions and its sustainable impacts.
- Document best practices and lessons learned and recommend best cost effective poverty alleviation approach and intervention model for Sustainable Development Goals (SDG) era in Nepal.

- Carry out a comprehensive analysis of PAF's institutional performance and its efficiency and effectiveness in delivering its services and provide recommendations that will allow PAF's efficiency and effectiveness in the implementation process, in line with its future strategy suggested.

1.5 Hypothesis of the CIE

ToR provided following three key hypotheses to be tested through this study:

Hypothesis 1

PAF model (direct funding for open menus, social mobilization, participatory planning, ownership, and community contribution) have been effective in addressing poverty in multiple aspects (consumption/income; women empowerment, social cohesion, school enrolment, health, job diversification, less dependency on migration and high cost loans).

Hypothesis 2

PAF's community level network and institutional architecture (implementation modality) has been effective in reaching out the poorest of the poor and the most marginalized with cost effective delivery mechanism.

Hypothesis 3

PAF's approach has built sustainable community level institutions for sustainable impacts. PAF's Community Organizations started mobilizing funds on their own for their own development agenda).

1.6 Key Evaluation Questions

The CIE team further disaggregated the hypothesis presented in the ToR and key evaluation questions were framed. The main evaluation questions derived from hypothesis are:

- Where PAF stands in policy spectrum? Has PAF model been effective in generating impacts? Has PAF been cost effective in its delivery mechanism?
- What are the effects/impacts of program in selected indicators, as envisioned by PAF?
- What is the effectiveness & sustainability of institutional architect?
- How PAF has been similar or distinct from other CDD (DD) program? What makes PAF distinct or unique?
- What are the best practices & lessons learnt during last fourteen years of implementation?
-

These questions were further disaggregated to number of sub-question as shown in Table 1.1 below.

Table 1:3: Key Evaluation Questions

Main Question	Sub-questions
Effectiveness of PAF Model	<ul style="list-style-type: none"> • What are PAF's contributions in relevant policy domain? • Is PAF's internal policy/strategies consistent over the period of time? • Has PAF achieved the intended output/inter-mediate outcome as envisioned in PAF PAD and log frame? • What has been institutional efficiency of PAF in making best utilization of available resources to achieve intended results? • Where PAF does stand in terms of CDD? • What have been the strengths of its implementation modality and its comparative advantages?
Impacts of PAF	<ul style="list-style-type: none"> • What have been impacts of PAF on selected indicators? • What are the evidences from the field that qualifies the claimed/unclaimed impacts of PAF? • What are the attributable impacts of PAF as perceived by its beneficiaries?
Sustainability of Institutional Architect	<ul style="list-style-type: none"> • To what extent these institutions are demand driven? What is the trend of their dependency on external support? • How far COs and other institutions formed by PAF are functional and sustainable? • What the community plans to sustain these institutions?
Distinctiveness of PAF	<ul style="list-style-type: none"> • What are PAF's uniqueness in terms of its design, approach, operation and delivery? • What makes PAF distinct in terms of targeting beneficiaries and delivering results?
Best Practices and Lesson Learnt	<ul style="list-style-type: none"> • What best practices and lessons could be derived from field experiences of PAF?

The CIE team assessed the data requirement, tool and method of analysis (as discussed in methodology section later) to answer the evaluative questions framed earlier.

1.7 Scope of the Study

The scope of the CIE is based on the three hypotheses given in the TOR and the research questions derived by the CIE team against hypothesis of CIE. It has been agreed that the CIE would apply a mixed method- both quantitative and qualitative analysis. Qualitative analysis involved a systematic assessment through an in-depth review of existing literature and quantitative analysis of already available baseline; and a rigorous participatory assessment through the collection and analysis of qualitative data. Quantitative assessment reviewed the data of PAF household surveys. Moreover, the CIE team reviewed the institutional perspectives and reviewed the existing laws, by laws, directives, policies and study documenting evidences undertaken by PAF at different period of time.

The CIE team also performed some analysis of data extracted largely from Management Information System (MIS) and annual reports to examine the project output, intermediate outcome and efficiency of its intended deliverables. The CIE is not expected to go through any quantitative data collection process at any level.

Regarding the comparative analysis of PAF with MEDEP, LGCDP and WUPAP, the CIE team took up this task to the extent of the information and data available in official documents of these programs. The exception to this were the perceptions and opinions of the participants of the consultative meetings with community level groups of beneficiaries' of these project such as CAC (Community Awareness Centre) of LGCDP, MEG (Micro Entrepreneur's Group) of

MEDEP/MEDPA, and CG (community level groups) of WUPAP available in the sample districts of this study.

The CIE identified the CAC/LGCDP, MEG/MEDEP, CO/PAF and community groups of WUPAP as these beneficiary level units have the most similarities in various aspect. The service delivery models of these programs was considered to the extent of their relevance in providing services to the community level 'institutions' that they are/were serving to.

1.8 Limitations

The CIE team has faced the following limitations:

- As limited time was given for field data collection for FGD teams, CO that were located in a long walking distance from district headquarter were not selected. However, efforts were made to cover out of district headquarter location of COs as much as possible. Also due to short field visit duration the number of COs covered by FGD remained limited.
- The team faced some limitations in using MIS data. While MIS data has been rich in terms of its scope and coverage; the data update was ongoing until lately making it incomplete for analysis. Some inconsistencies within available data were also observed. Therefore, CIE team relied alternatively in PAF's baseline or end line survey in order to derive some process, output and intermediate level outcome indicators.
- CIE also encountered some difficulties in analyzing household panel data. In some cases, the data on few impact indicators (for example health and education related indicators) were missing and data on few variables were not used due to inconsistency (for example, income related data).

1.9 Organization of the Report

This report has been divided into six chapters. Chapter I covers context and background of PAF and this assignment. Chapter II discusses research methodology adopted to undertake this assignment. This chapter starts with notion of multi-dimensional poverty index and PAF's theory of change; and provides details discussion on nature and sources of data, data collection methods and data analysis approach followed by this study. Chapter III assess the PAF's model along with major achievements it has made over the years. The fourth chapter discusses the PAF's impact in accordance with PAF's theory of changes. The key observations are derived on number of dimensions including economic, social and institutional. The sub sequent chapter V highlights the effectiveness of PAF's model along with distinctiveness, strengths and weaknesses of PAF model. This also gives glimpse of best practices of other similar program in the country. Chapters VI summarize the major findings and conclude with suggested recommendations by CIE team.

2 METHODOLOGY

In view of the country's challenges and the GoN's priorities and policies, this section introduces the Multi-Dimensional Poverty framework, and then elaborates the "theory of change" to describe the pathway from PAF interventions to the achievement of the rural poverty alleviation, describing in detail the conceptual framework of each development outcomes. This chapter further illustrates the overall study design, nature and sources of data, data collection tools and method of analysis adopted in this report.

2.1 Notion of Multidimensional Poverty

With the growing realization that income poverty alone is not sufficient to identify the most vulnerable groups in society, the concept of multi-dimensional poverty has evolved. The majority of studies tend to use consumption as the primary measure of poverty, as this data is easier to quantify and collect, but it is necessary to take into account other factors, such as, for example, levels of nutrition, or access to employment opportunities, basic shelter and clean water. This would provide a more comprehensive and holistic picture on the economic health of households and communities and facilitate a better understanding of the impact of participatory initiatives.

There is no shortage of concept and approaches to capture poverty and its measurement. Some focus on monetary terms, some on needs and some expand it to the lack of capability. It depends on the rationale for the research which measurement of poverty to be taken: if the research is interested only in establishing how many people are below a particular poverty line, monetary approaches are simple and easy. If, however, the purpose of the research is to address the causes of the poverty, it is wise to incorporate the multifaceted dimensions of poverty in the research.

Participatory assessment, including rapid rural appraisal and poverty ranking, is one way of understanding the definition of poverty by the poor. The poor have their own views and definition of poverty (Kanbur & Squire, 2001). From the point of view of the poor, there are two main concerns: a feeling of vulnerability and a feeling of powerlessness. The poor people are vulnerable to external and internal shocks. External shocks include natural disasters, stresses and risks. Internal shocks stem from their lack of mechanisms for coping with these shocks. One way of coping is to diversify their sources of income, in other words, livelihood, since they fear losing what little they have in their effort to cope with loss.

Alkire & Santos (2010) developed a new multidimensional poverty index (MPI)² to target the most vulnerable people and to use the data to track the achievement of Millennium Development Goals (MDGs). The first application was the Global Multidimensional Poverty Index (MPI), an international comparable measure of acute multidimensional poverty. The Global MPI complements traditional income-based poverty measures by capturing the severe deprivations that each person faces at the same time with respect to education, health and living standards. The Global MPI assesses poverty at the individual level. If someone is deprived in a third or more of ten (weighted) indicators, the global index identifies them as 'MPI poor', and the extent – or intensity – of their poverty is measured by the number of deprivations they are experiencing³. Throughout the paper,

²A total of 10 indicators-nutrition, child mortality, years of schooling, school attendance, cooking fuel, improved sanitation, safe drinking water, electricity, flooring and assets-is then taken into consideration to measure poverty. If a person is deprived in at least a third of the 10 weighted indicators, that individual is identified as poor.

³Global MPI website <http://www.ophi.org.uk/multidimensional-poverty-index/>


rural poverty is defined in terms of multi-dimensional poverty, which is measured by the number of deprivations they are experiencing. This is relevant as Central Bureau of Statistics (CBS) of the Government of Nepal has lately announced the introduction of the MPI in the country's poverty measurement⁴.

2.2 PAF theory of change

PAF follows a community driven development approach (the details are discussed in chapter 3) with an overriding objective of poverty alleviation. Whereas the definition of poverty varies according to context, PAF intends to address multi-dimensional aspects of poverty. This, in turn, intends to impact on social and economic indicators as highlighted in the Table 2.4.

The key to generate impacts are through community mobilization and capacity building, economic empowerment of its beneficiaries, linking income generating activities with market and provision of community level infrastructure. PAF's program approach suggests that provision of revolving fund (RF) and community level infrastructure are important contributor to indented impacts whereas community mobilization and capacity building remains core to both of the activities. The RF and infrastructure provisions are expected to generate more economic impacts whereas social mobilization and capacity building component could contribute in the social empowerment. The theory of change behind PAF is presented in Figure 2, which conceptualizes the way the intervention leads to poverty reduction.

Figure 2. PAF theory of change



Interventions	Outputs	Intermediate outcomes	Development Outcomes	Development Goal
Institution Building	Local participation in decision-making	Empowerment and increased voice	Improved household livelihood	Multi-dimensional Poverty Alleviation To improve living conditions, livelihoods and empowerment among the rural poor, with particular attention to groups that have traditionally been excluded by reasons of gender, ethnicity, caste and location.
Capacity Building and Program Conditions (participatory decision making and prioritization)	Local prioritisation of demands through micro development plans	Community skills improved	Household welfare increases (consumption, income, assets, education, health) Individual empowerment Change in norms, attitudes, behaviours of men and women Decreased domestic violence Education improved for girls	
Asset creation and support to livelihoods	Income-generating activities supported Community infrastructure and services delivered	Jobs created Improved access and use of services (e.g. access to markets and roads, improved school enrolment)	Improved social cohesion Increased local capacity for collective action Discrimination and conflicts decreased within communities Responsive local institutions Resilience to natural disasters and shocks	

Source: Adapted from King (2013) and Wong (2012).

⁴https://www.npc.gov.np/images/category/Nepal_MPI.pdf

This theory of change, states clearly that in order to achieve rural poverty alleviation three outcomes must be achieved through the PAF process:

- i. **Improved household livelihoods:** The concept of livelihoods maintains that people construct their daily lives from a potential portfolio of assets, which could consist of a combination of human, financial, natural, social and physical assets (Chambers and Conway, 1992). Chambers and Conway go on to argue that “*a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the long and short term*”.

While conventional approaches to poverty emphasize the lack of income and consumption, the livelihood analysis puts the spotlight not on what people lack but rather on how they cope and survive. The livelihood framework is grounded in Amartya Sen capabilities approach and can be used to identify dimensions of deprivation beyond just income poverty. It acknowledges that all households have a variety of *capabilities* that they can draw on to utilize a range of *assets* (both social and material) and develop *activities* to meet their livelihood objectives.

- ii. **Individual level economic and social empowerment:** Empowerment may have different interpretations. According to Rowlands (1997), “*empowerment is a process; it involves moving from insight into action*”. The World Bank describes empowerment as “... *the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives*” (World Bank 2002, p.14; Narayan 2005, p. 5). These strategic life choices include decisions such as the preferred livelihood, whether and who to marry, or whether to have children. This definition also highlights the dimensions of choice, action, and ability to influence institutions. As Alsop, Bertelsen, and Holland (2006) put it, empowerment is about strengthening individuals’ asset-based agency and their ability to change the institutional rules that shape human behavior and social interactions.

In accordance with PAF’s theory of change, it is expected that community members who are able to participate in making key decisions and effectively exercise their voice and choice are empowered. Individual level empowerment is defined as creating the conditions for him/her to be able to make choices for the improvement of the household welfare. Such would include the parents’ decision in sending girls to schools, respect of women’s decisions’ in household spending, as well as reduced domestic violence.

- iii. **Improved social cohesion:** PAF approach aims to improve community cohesion through community-level collective action, resulting in the accumulation of social capital, and by extension, ensuring that communities are more robust and resilient to the effects of natural disasters, and other types of aggregate shock (Mansuri and Rao, 2013). Moreover, through the CDD intervention, communities are expected to express their voices and concerns by participating in the decision-making process, in formal institutions, including local government and interest groups, and their ability to set and influence the political discourse.

For an effective collective action at the community level, the theory of social capital is often employed. Social capital refers to the way in which different groups in society form networks and relationships that contribute to the effective functioning of that society. It is generally considered that the accumulation of social capital can play an important role by creating community cohesion and bonding that the community members (Grootaert & Swamy, 2002).

Additionally, resilience to natural disasters and associated collective actions are often conceptualized and understood in relation to social capital (Aldrich, 2012), given the high level of vulnerability to natural disasters and shocks that Nepal is subject to, a special emphasis is needed to build resilience to the natural disasters as well as on strengthening social cohesion which is particularly important for Nepal where disparity among different caste, ethnic and indigenous groups remains concern for the country's political stability.

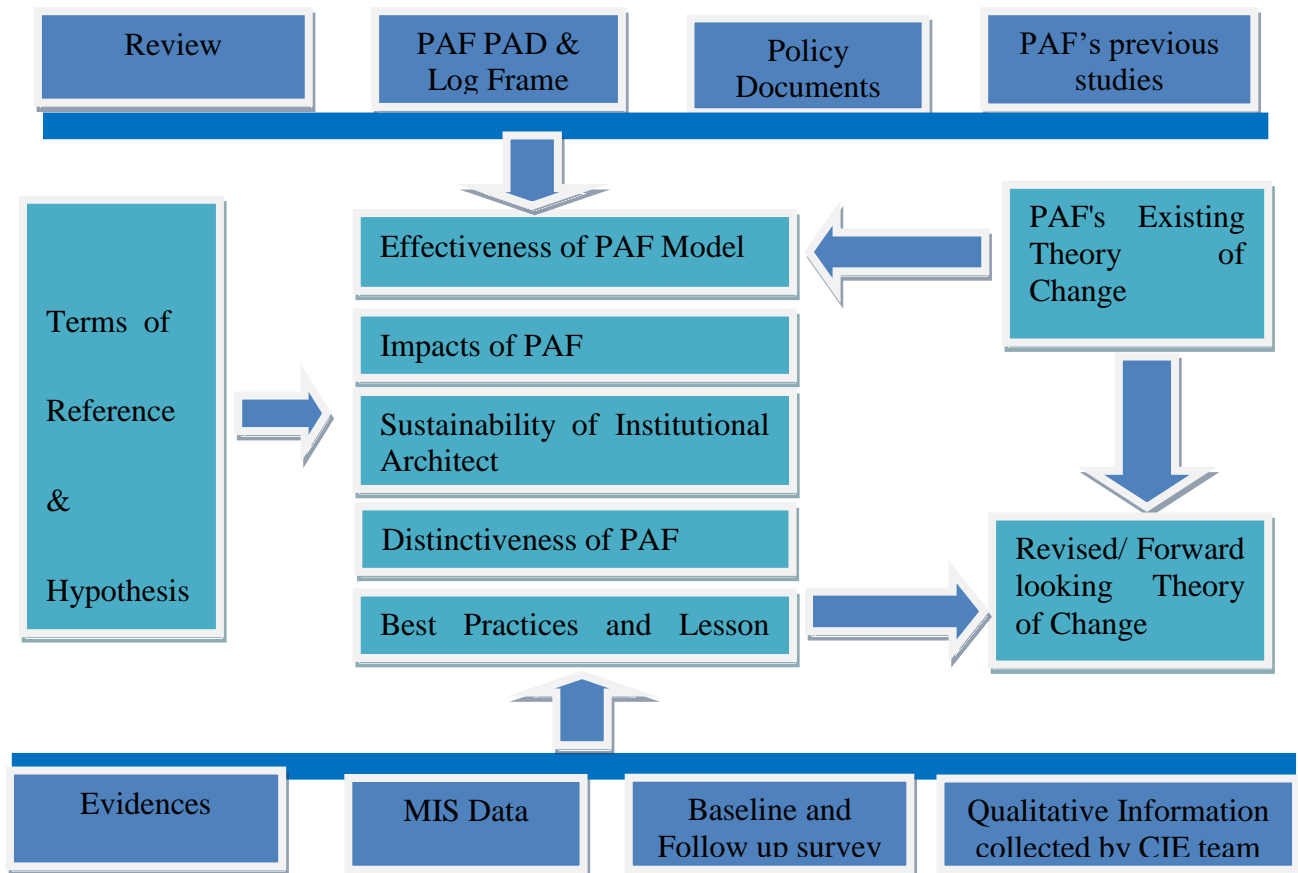
2.3 Overall Research Framework

The CIE team followed a mix-method on deriving key observations and evidences to answer the key evaluation questions listed in section 1.6. This includes use of both quantitative and qualitative data, triangulation of findings from both sources of data, and use of descriptive and inferential data analysis techniques. Figure 1.1 provides the overall research framework adopted by the CIE team.

CIE team started with review of PAF Act, by-laws, Project Appraisal Documents (PAD) and log frame, different policy documents and annual reports, previous studies including baseline and end line survey carried out by the PAF. The team then prepared tools for data collection (qualitative) in line with the Objectives and hypothesis of CIE.

Likewise, quantitative analysis aimed at providing quantitative evidence of PAF's achievements and impacts by using several rounds of PAF household survey and by using a quasi-experimental design, using the "Difference in Difference" estimator to evaluate program achievements. In this study CIE team calculated the difference in difference estimator for several key outcome indicators of interest. Qualitative data, on other hand, is used to validate findings derived from quantitative data analysis in addition to identifying key issues on PAF program implementation and sustainability of PAF's institutional architect.

Figure 2-1 Overall Research Framework of CIE



Source: Extracted by CIE team based on ToR and Key Hypothesis

2.4 Sources and Method of Data Collection

2.4.1 PAF household Survey

As part of its monitoring and evaluation system PAF has conducted a series of household surveys in different districts, according to the roll out schedule. Table 2.1 describes the different surveys conducted.

The survey procedure involved conducting a census of all households in the selected villages (or settlements), which is defined as Primary Sample Unit (PSU), and the administration of a multi-module detailed household questionnaire to randomly sampled of 15 households from each village.

The survey questionnaire was adapted from the Nepal Living Standards Survey –NLSS used by Central Bureau of Statistics (CBS) (1995/96, 2003/04, 2010/11) and included detailed information on consumption and income, socio-economic and demographic issues, including education, health and nutrition, physical assets, migration and remittances, employment, social environment, community relationship, voice and participation. All these dimensions contain critical information in order to study the household's well-being, and therefore, identify their evolution as the program was implemented. Both the baseline and subsequent follow-up surveys included the same key questions

and also gathered basic information on the actual treatment status (PAF intervention) and non-treatment (comparison) at both household level and at the PSU level.

Table 2:1 Household surveys carried out by PAF

Phase	Group	Baseline	1st follow up survey	2nd follow up	HH Sample
PAF I	Group I: 6 pilot districts Siraha, Ramechhap, Kapilbastu, Pyuthan, Mugu and Darchula and Okhaldhunga [C], Dang [C] and Bajura [C]	2006	2008 (Siraha. Ramechhap, Kapilbastu, Pyuthan) (Okhaldhunga [C]Dang [C]); 2010 Darchula; Mugu; Bajura[C]		1755
PAF I	Group II: 6 districts Rautahat, Rolpa, Dailekh, Jumla, Humla and Doti	2007	2010	2014	3000
PAF II	Group III: 5 districts Taplejung, Khotang, Dhanusha, Dhading, Bardiya	2011	2017		1589
PAF II	Group IV: 5 new districts; Sunsari, Dolakha, Gulmi, Surkhet, and Kailali	2011	2018 (planed)		1410
	Total				7754

Note: [C] indicates control district.

This analysis will make use of two household panel surveys, namely **Group II and III** from Table 2.1.

Group II survey data

The Group II survey is a three-wave panel survey that includes 6 districts, Rautahat (Treai), Rolpa (Hill), Dailekh(Hill), Doti (Hill), Humla (Mountain) and Jumla (Mountain), covering information from 2007 (baseline) to 2010 and 2014 (first and second follow ups respectively).

The baseline survey carried out in 2007 covered a total 3,000 households, 200 PSUs in six districts. During follow up surveys, some of the households could not be contacted, thus the balanced panel for the three waves contains 2,335 households (see Table 2.2). The attrition rate is about 22% over a 7-year period. Attrition analysis was conducted (see Annex 3). We see that there are some indicators who show statistically significant difference between the households remained in the sample and those lost by the time of the second follow up survey was conducted. However, we could not find any systematic trend of attrition in terms of household characteristics. While noting that attrition is not random, the subsequent analysis and the estimation methodologies includes DID contorling by basleine characteristics that is expected to help minimize the possible attrition bias.

As per the definition of Treatment 2_CO, out of 2335 hhs of the balanced panel, 1725 households joined CO either at the 1st or 2nd or both, while 610 hhs never joined COs.

As per the definition of Treatment 1_RF, out of 1725 CO members, 1368 households received revolving fund by the time of the 2nd follow up survey (either at 1st follow up, 2nd follow up or both), while 357 households have not received.

Table 2:2 Group II sample counts data

			Treatment 1_RF		Treatment 2_CO	
	PSU	Interviewed HHs residing PSUs regardless of treatment (overall sample)	CO membership and RF received (Treated)	CO membership but no RF received (Control)	CO membership at any time or both in treated PSU	No CO membership at any time
Baseline (2007)	200	3000	N/A	N/A	N/A	N/A
1st follow up (2010)	200	2754	N/A	N/A	1949	797
2nd follow up (2014)	200	2335	1368	357	1725	610

Source: PAF household survey

Group III survey data

The second survey used for this analysis corresponds to Group III, a two-wave panel survey including information from 5 districts, Taplejung (Mountain), Khotang (Hill), Dhanusha (Terai), Dhading (Hill), and Bardiya (Terai), covering from 2011(baseline) to 2017 (follow up). It is worth noting that out of the 5 districts covered, two (Dhading and Khotang) were hit by the 2015 earthquake.

At baseline, a total 1,589 households were surveyed in 100 PSUs from five districts. Similar to the group II panel survey, at the 2017 follow up, some households could not be reached, leaving a complete panel of 1,376 households (Table 2.3). For these panel the attrition rate is around 13% over a 6-year period. Attrition analysis was conducted (see Annex 3). We dealt with attrition the same way as with Group II. As per the definition of Treatment 2_CO, out of 1372 hhs of the balanced panel, 684 households joined CO either at the follow up, while 688 hhs never joined COs. As per the definition of Treatment 1_RF, out of 684 CO members, 263 households received revolving fund by the time of the follow up survey, while 421 households have not received.

Table 2:3 Group III data characteristics

			Treatment 1_RF		Treatment 2_CO	
	PSU	Interviewed HHs residing PSUs regardless of treatment (overall sample)	CO membership and RF received (Treated)	CO membership but no RF received (Control)	CO membership at any time or both in treated PSU	No CO membership at any time
Baseline (2007)	100	1589	NA	NA	NA	NA
1st follow up (2010)	100	1372	263	421	684	688

Source: PAF household survey

Descriptive analysis of the panel households

Annex 3 summarizes the descriptive analysis of the complete panel of CO member households of both Group II (1725 hhs) and Group III (684 hhs), which show significant heterogeneity in terms dimensions and outcome indicators of interest between Group II and III.

Regarding HH location, CO members of Group II are mostly located on Mountain and Hill areas (65%) while for Group III, the predominant location is Terai (48% of the CO members). On household demography, household size is around 6 members for both groups.

40% of the heads of households of Group II CO member can read and 90% are male-headed, while 49% of head of households can read and 77% of the households of Group III are male-headed. Regarding HH head caste, Dalits and Janajati represent around 33% of CO member's heads of HH from Group II, while they represent around 44% of Group III. On migration, Group III seems to have more migrants and remittances received. For HH head occupation, the predominant occupation is farm sector, while Group III has around 20 % of non-farm sector employment, which is higher than the Group II. Regarding Housing conditions, Group II CO member subsample has considerably less access to electricity and piped water than Group III CO member subsample (12% and 4% for Group II, respectively; while these numbers are 63% and 25% for Group III). On food security, Group II shows less months of food sufficiency. The total consumption expenditure and food expenditure is found more in group II compared to Group III.

In general, Group II has higher proportion of the household samples that have indication of poverty status, while Group III have higher portion of the Terai population, and have higher Dalits and Janajati and have slightly diversified livelihoods. It is observed that the household sample in the Group II are poorer and more economically marginalized than Group III districts. Also, it should be noted that as per the PAF's targeting approach, the poorest districts had been prioritized as identified by the NPC. As a result, the Group II districts which were intervened prior to Group III are poorer and economically marginalized compared to Group III.

2.4.2 Qualitative Data Collection

For the qualitative analysis, the CIE team visited 10 districts for primary data collection. These districts include Terathum, Dhanusa, Rautahat, Sindhuli, Nawalparasi, Phythun, Salyan, Surkhet, Kalikot and Dharchula. The districts were selected to represent the geo-graphical, ecological and chronological coverage of PAF. The CIE team then selected the COs from each districts for focused group discussion or consultative meeting. The team considered type of interventions (eg income generating, income generating and infrastructure or infrastructure only), Partner's organization supporting the COs and geographical location of COs to select the CO for FGD.

The CIE team aimed at ensuring variations in terms of the parameters listed above so as to make the qualitative data collection representative to the extent possible. The total number of FGDs and consultative meetings were decided primarily optimizing the working days available with field researchers and core team members. The Key activities and coverage for qualitative data collection are provided in Table 2.4.

Table 2:4: Activities and Coverage of CIE Field Survey

Coverage	Number
Districts	10
FGD (with PAF COs)	36 (23 IG, 6 IG+INFRA, 7 INFRA)
Group Meetings (with MEG of MEDEP/MEDPA)	8
Group Meetings (with CAC of LGCDP)	9
Group Meetings (with COs of WUPAP)	2
Number of FGD Participants	360
Number of CM Participants	204
KII at Central Level (#events)	15
KII with POs (including LDF)	30
CM with Cooperatives	13
CM with CO Networks	7
Pocket Area	2
CM with CO of PAF	9 (additional consultations with COs at regional meeting in Biratnagar and Surkhet)
CM with CO of Peri Urban Pocket Area	1
CM with MEG/CAC	9
KII with Rural/Urban Municipal Officials	4
KII with DCC/LDF/LGCDP/ DPACC/MEDEP/CSIO/CIDB	12

Source: CIE Field Report, 2018

A total of 36 FGD with PAF beneficiaries, 8 consultative meetings with MEG of MEDEP/MEDPA, 9 with CAC of LGCDP each and 2 CM with WUPAP were carried out giving a total of 55 FGD/CM. Among 36 FGD, 23 are from income generating activities, 6 are from income generating with infrastructure and 7 from infrastructure only. The team reached about 360 PAF beneficiaries during FGD. The coverage of FGD and CM are provide in annex IV In addition to information collected from FGD and CM, the CIE team also performed KII, group meetings, visits to different groups and pocket area. The activities undertaken by the group at districts level are provide annex V. The team leader also participated and had discussion with Local Government Representatives, PO representatives and CO Representatives in Biratnagar, and Surkhet.

2.4.2.1 Method of Qualitative Data Collection

FGD was conducted with the PAF's beneficiaries. Ten persons from CO members were selected in advance by field researchers to participate in the FGD. The CIE team further tried to include key position holders (eg chairman, treasurer and secretary) in FGD. A check list was prepared to facilitate the FGD and a semi-structured FGD note keeping template was developed to systematically record the information obtained during FGD. The check list was prepared for three different FGD groups-income generating, income generating and infrastructure and infrastructure only. These tools are provided in annex. We also developed a structured and semi-open questionnaire which was administered with each participants of the FGD individually.

Group Meetings were conducted with beneficiaries of other program namely micro enterprise group (MEG) of MEDEP/MEDPA, community awareness center (CAC) of LGCDP, and community group of WUPAP. While similar FGD approach as discussed earlier is followed to conduct consultative meetings, CIE team termed this as consultative meeting due to open number of participants during

the discussions. With no prior and valid information about the groups under other program, it was difficult for the CIE team to ensure a representation of 7-12 group members during the discussion. Accordingly, the number of participants for CM was left open as decided by the local facilitator/social mobilizer. The team developed three different check lists for MEG, CAC and WUPAP respectively to facilitate the discussions during the consultative meetings.

Consultative Meetings: The CIE team had an in-depth and focused discussion with PAF officials at center- individually and in group right from inception of the assignment to draft preparation stages. The discussion primarily focused on the understanding the PAF's process, approach, model, progress and issues therein during the implementations. The team also had one-to-one discussion with PAF's portfolio managers (PM) at respective district during the field visit of the core team members. The list of individuals consulted at PAF is provided in annex VI.

Key Informants Interview (KII): The team also had in depth interview with experts who are informed about PAF. These include the former executive Vice Chairs and former Board Members, Former Executive Director of PAF, officials from National Planning Commission, Ministry of Finance, and Ministry of Local Development. In addition, CIE team had discussion with officials from MEDEP/MEDPA, WUPAP, and LGCDP at center level. At district and below district level, CIE team had discussion with coordinator of District Coordination Committee (DCC), District Poverty alleviation committee (DPAC), freshly elected officials from local governance unit (rural and urban municipalities). We also had semi-structured interview with officials from partner's organization (POs), officials from MEDEP/MEDPA and LGCDP at district level. The team prepared a general check list for conducting the KII.

Group Consultation with COs: The core team members also had group meeting and discussions with PAF's COs, cooperatives, network and product groups. For this, check lists were prepared for each group which are attached in the Annex.

Email Survey with POs: The team also carried out an email survey with partner organizations. For this, a semi-structured questionnaire was developed which was sent to the POs. Thirty POs replied with their responses among about 200 POs contacted for email survey. Team also specifically conducted an opinion based survey with the social mobilizers of the Partner organization through a semi-structured questionnaire. The friends of communities (FoC) working as SM in the selected PAF groups were also surveyed.

2.4.2.2 Profile of FGD Participants

As revealed earlier, 360 PAF beneficiaries participated in FGD. Table 2.5 reports demographic profile of the participant. Among 360 FGD participants, 74 % were female indicating that large majority of participants were female- similar to PAF's beneficiary profile. About 50 % of the participants were from age group of 30-44 years followed by 29 % of 45-59 years and 13 % of 15-29 years. Only about 7 % were from more than 60 years. In terms of caste/ethnicity, 27 % were Hill Chetri, 24 % hill Janajatis, 15 % hill Dalits, and 10 % Terai Dalits among others (Table 2.5).

Table 2:5: Profile of FGD Participants (in %, n=360)

Sex of Participants	Percent
Male	26
Female	74
Age Group	
15-29 Years	13
30-45 Years	50
46-60 Years	29
More than 60 Years	7
Caste/Ethnicity	
Hill Chettri	27
Hill Janajatis	24
Hill Dalits	15
Terai-others	15
Terai-Dalits	10
TeraiJanajits	4
Muslim/Chutrate	3
Terai Brahmin/Chettri	3
Hill Brahmin	1

Source: CIE FGD, 2018

2.4.3 Use of MIS Data

The MIS database has been used in calculating outcome indicators of the PAF. Since the MIS update was in place, the team faced difficulties in using it for wider analysis. In absence of MIS data, some of the information were extracted from PAF baseline and follow up surveys.

2.5 Method of Analysis

This study used a mixed approach for data analysis. The key impact results were derived from quasi-experimental impact evaluation method and “Difference in Difference” was used as primary tool. These results were later triangulated with the findings from the qualitative information obtained from the field work of CIE team. The sub-sections below highlights the method of analysis adopted for the report.

2.5.1 Quantitative Impact Analysis: Application of DID method

To measure the impact of PAF on treated households, Differences-in-Differences estimator (DID) on selected outcome indicators of interest were calculated. This estimation methodology permits to isolate the impact of the program when comparing the difference between the treated and control households before and after the treatment. The DID is calculated using a multiple regression with different control variables in order to better isolate the effect of the intervention and eventually detect a causal effect.

The intention of DID methodology is capturing the effects of participating hhs in the program, controlling for time tendencies, initial differences between treatment and control groups, and other household’s characteristics that may affect the outcomes of interest. The control variables allow us to estimate the causal effect, especially when treatment was not assigned randomly, and thus the treated

group differs from the control group in their observable characteristics. As seen in the attrition analysis and descriptive statistics (Annex 1 and 2) there are differences between both groups in observable characteristics, thus we control for them at baseline to minimize any bias in our impact estimations.

2.5.1.1 Basic Estimation Model

The main estimation model used is the following:

$$Y_{it} = \alpha + \beta T_i + \gamma t_i + \delta(T_i * t_i) + \theta X_{it} + \varepsilon_i \quad [1]$$

Where Y is the outcome of interest, T_i is a binary variable that takes the value of 1 if the observation corresponds to the treated group and 0 if it corresponds to the control group, t_i is a binary variable that takes the value of 1 if the observation corresponds to the last follow up of the survey and 0 otherwise, $T_i * t_i$ is the interaction between both previously defined variables (so it takes the value of 1 if the observation was treated and it's the last follow up of the survey) and X_{it} contains baseline control variables, specifically: belt dummies for mountain and hill, sex and literacy of the head of the household, caste, food expenditure of the household, months of food sufficiency, total household residents, total value of household livestock, and whether the household owns a phone and TV. We decided to use these baseline variables to control the difference of initial characteristics of the households, and these variables are key profiles in the demographic, social and economic dimension.

The parameter α is the constant term, β the treatment group specific effect (accounting for the average permanent differences between treatment and control households before the intervention), γ is the time trend (captures the effect of the passage of time in the absence of intervention), θ corresponds to the parameter associated to the baseline control variables and δ is the coefficient of interest: the true effect of the treatment.

2.5.1.2 Sub-sample analysis

Additionally, we conducted a sub sample analysis, in order to identify if PAF had different effects depending on specific sub-groups of interest. The purpose of this analysis is to evaluate the impact of the program on most vulnerable and poorest groups, since the importance of this program relies on helping to improve the conditions of poor and marginalized households. The analysis was conducted on the following sub-samples:

Dalit and Janajati: PAF program specifically focuses on the marginalized population due to caste and ethnicity, and Dalit and Janajati is the primary target. This sub-sample will compare the effects of **Treatment 1_RF** within a sub-sample of Dalit and Janajati;

Poorest of the poor: PAF's targeting primarily follow the months of food sufficiency as quasi-indicator for poverty measurement. This sub-sample will compare the effects within a sub-sample of Households with less than 3 months of food sufficiency, who are considered to be the poorest of the poor;

Landless and Marginal Land holder: PAF's income generation activities might be effective only for households with land, as typical IG activities require land such as livestock activities. This sub-group analysis will compare the effects within a sub-sample of landless and marginal land holder holding (less than or equal to 0.5 Ha);

Mountain and Hill area: Nepal has a higher poverty rate in Mountain and Hill region, while Terai area is the primary source of economic growth and production. Mountain and Hill region is the primary target of the PAF program and has been suffering from lack of access to the roads and markets. This sub-group analysis will compare the effects within a sub-sample of the households located on Mountain and Hill.

Earthquake affected households: Nepal experienced huge earthquakes in 2015, which claimed many people's lives and livelihoods. Under the Group III, two districts, namely Dhading and Khotang were among 14 districts hit by the earthquake. It is expected that PAF type of intervention would nurture the coping capacity, solidarity and resilience to disasters and shocks. By limiting the analysis to the samples in these two districts, this sub-group analysis will compare the effects between households with CO membership and households who are not CO members;

2.5.1.3 *Isolation of Impacts*

An attempt was made to isolate the impact of PAF from (i) the effect of remittances received by the household, (ii) the presence of other similar programs in the area (specifically, MEDEP and WUAP), and (iii) membership to other groups (micro credit, saving/credit, cooperatives; NGOs, local clubs, CBO; political parties, ethnic groups).

Remittances: As described in the section II, it has been claimed that the contribution of the remittances from out-migration is larger than the development aid effects. We attempted to isolate the PAF impacts by comparing between those households with PAF treatment only but without remittances, and those with PAF treatment and remittances.

Other similar programs: In rural Nepal, there are various poverty alleviations programs going on through the GON, donors and NGOs. There are two major programs with similar objectives: MEDEP and WUAP which also have a wide coverage of districts. As per the agreement with the steering committee of NPC, we attempted to isolate PAF impacts by comparing the effects between the households in the VDC⁵ with PAF only vis a vis those in the VDCs with PAF and other programs (MEDEP or/and WUAP).

Membership to other groups: In rural Nepal, there are various socio-economic groups formed through community's own initiatives, and other similar interventions. Such groups include micro credit, saving/credit, cooperatives; NGOs, local clubs, CBO; political parties, ethnic groups. We attempted to isolate the PAF impacts by comparing between those households with PAF CO membership only vis a vis those with PAF CO membership and other group membership.

To estimate this, the basic model [1] was used, but adding a binary variables that equal 1 if the household received remittances (variable *Remittances_i*); the household was located in an area that had the presence of either MEDEP or WUAP programs (*MEDEPorWUAP_i*); and the household was member of either one of the three group categorizations defined above (*OtherGroups_i*). Thus, the final model looks like:

⁵Geographical information on the location of both programs were found only at VDC level as lowest level. We could not obtain data on the settlement or sub-village location of these programs.

$$Y_{it} = \alpha + \beta T_i + \gamma t_i + \delta(T_i * t_i) + \theta X_{it} + \mu_1 \text{Remittances}_i + \mu_2 \text{MEDEP or WUAP}_i + \mu_3 \text{OtherGroups}_i + \varepsilon_i \quad [2]$$

As for the previous model, δ can be interpreted as the true effect of the treatment, and now represents an estimated impact isolated from the three binary variables included before. This works as a robustness check of the earlier analysis under the Basic model [1]. If results of model [1] and [2] do not differ significantly, we can conclude model [1] is robust.

The team considered number of variables to examine the impact which are described on Table 2.6.

Table 2:6 Key dimensions and indicators

Economic development	HH Expenditure	Total expenditure per capita (real term ⁶) (NPR) (log)	Total expenditure is the total annual amount spent. This has sub-categories, including food expenditure, productive investment, human development and debt expenditure.
		Food expenditure per capita (real term) (NPR) (log)	Expenditure for purchasing food
		Food production expenditure per capita (real term) (NPR) (log)	Food Production Expenditure represents the expenditure that would have been made on food if it hadn't been produced by the household
		Productive investment expenditure per capita (real term) (NPR) (log)	Productive Investment includes investments in agricultural input (seeds, fertilizers, insecticides, labor, bullock, irrigation and etc.) livestock, trade and land; expenditure on fodder, straw, veterinary services and etc; buying animals (cow, bullock, buffalo, goat, sheep, pig, chicken, duck); rented/sharecropped/mortgaged in-land
		Human development expenditure per capita (real term) (NPR) (log)	Human Development includes expenditures in education and health services, and medicines
		Debt expenditure per capita (real term) (NPR) (log)	Debt Expenditure is the annual amount of interest paid
	Debt repayment	Annual interest rate for the existing debt	Annual interest rate for the loan from neighbor, money lenders, and relatives over last 12 months
	Assets	Total land (hectare)	Total land in Has.
		Total livestock value (NPR) (real)	Includes all HH livestock
		Asset bicycle	Binary variable for the possession
		Asset radio	Binary variable for the possession
		Asset phone	Binary variable for the possession

⁶ We have used the inflation rate 37% over 2007-2010 years and 70% over 2007-2014 years for Group II and 38% over 2011-2017 years for Group III. Inflation rate was obtained from the World Bank site. <https://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=NP>

Employment and Jobs	HH members' Employment and jobs including migration (Primary job only)	HH Farm	Number of household members working on each job category defined
		HH self-agriculture	
		HH share crops	
		HH wage agriculture	
		HH Non-farm	
		HH self non-farm	
		HH wage non-farm	
		HH duties	
		HH Migration	
		HH migration to urban areas	
		HH International migration	
Social Development	Women empowerment	Women keep income	Binary variables that indicate whether women get income to be kept and whether they are consulted when a property is to be sold
		Women asked when property sold	
	Social capital	Access to services disputes	Dispute variables are also binary variables that indicate whether the household was involved on any of the disputes specified.
		Land disputes	
		Water disputes	
Human development	Education	% of school enrolment (5-15 years)	Percentage of kids ages 5-15 enrolled in school
	Health	% of children with birth complication	Percentage of children with birth complication
	Food Security	Months food sufficiency	Number of months in a year when households have sufficient food for household consumption

For economic outcome, we decided to use the “expenditure” indicator instead of the “income” indicator. We reviewed the data of the income modules and found several inconsistencies across time, and realized that that income data was unreliable. The results using income indicators were negative and more so in the project areas, while we see consumption increased. This could be explained by households taking loans for consumption or PAF households could have underreported their income. We observed loan amounts decreased over time. Hence, the consumption would not have increased if income had not increased.

We consider that the HHs might have under-reported their income amount expecting to draw support. Income misreporting is quite common in these types of surveys and thus when expenditure data is available is always advisable to use this instead. Household expenditures can be used as a proxy indicator for measuring income and wealth (Kumar, 1989). Expenditure also permits to account for consumption smoothing while income does not.

Additionally, expenditure data are more reliable than income data because people are less inhibited when they talk about their expenditures than they are when they talk about their incomes. Moreover, especially among women (who were main interviewees under the PAF surveys), expenditures are easier to remember. Respondents tend to remember what amounts they spent and for what purpose, provided the reference period is not too long. Another strong argument in favor of using expenditure data is that such data represent actual, and not potential (as is the case with income), consumption, thus providing a more accurate measure of economic welfare. Moreover, there is a higher likelihood

that the interviewed household “underreport” their income in order to become potential project beneficiaries.

Similarly, Coudouel et al (2002) argues consumption may be better measured than income. In poor agrarian economies, incomes for rural households may fluctuate during the year, according to the harvest cycle. This implies a potential difficulty for households in correctly recalling their income, in which case the information on income derived from the survey may be of low quality. Moreover, large shares of income are not monetized if households consume their own production or exchange it for other goods, and it might be difficult to price these. Estimating consumption has its own difficulties, but it may be more reliable if the consumption module in the household survey is well designed.

From all the above reasons and after a careful review of income module data, we decided to use “expenditure/consumption” indicator to measure the changes of households in the economic dimension, rather than “income” data.

It is also worth noting that all monetary values in our analysis have taken the format of logarithm. Since this helps with the interpretation of results. The regression results when using logarithmic form variables can be interpreted as elasticities, or percentage changes. Additionally, all monetary values are in the real term, in order to account for inflation and make the right comparison over time.

2.5.2 Qualitative Data Analysis

For qualitative analysis, the CIE team made effort to triangulate the results and the outcome of the quantitative analysis and followed a thematic approach for the data analysis. Under this approach, key observation(s) under a particular theme/issue was derived after assessing the responses. For this, the responses were classified and later the similar responses were grouped together to identify what key issue or theme has been revealed by the respondents. For the FGD, the responses for each broad theme were classified and coded. This helped in generating frequency tables. CIE team followed similar approach in analyzing the individual questionnaire as well.

In addition to the frequency or count tables prepared based on the information obtained from FGD, some of the data especially in output indicators were collected from baseline and follow up surveys conducted by PAF at different time periods. CIE team followed a descriptive approach in analyzing the follow up surveys and MIS data. Some of the figures/tables were also extracted from PAF’s previous studies and annual reports.

2.5.3 Method of Organizational performance review (OPR)

As part of the CIE, institutional assessment process was also undertaken by consultants to review the organizational performance of PAF. This process looked into the organizational performance situation at three different levels, i.e. i) Policy Level covering the institutional arrangements for PAF, ii) PAF secretariat management level, and iii) Program implementation level.

The following key methodologies were used for this review process by the consultants:

- Review of institutional documents of PAF (Act, Rules, Operational Manuals and other relevant standard operational policies (SOP).
- Group consultation with Professional Staff.
- One to one meeting with ED, Division chiefs and selected key staff.
- One to one consultative meeting with VC, and Board Members
- Tracking selected transaction cases from Finance and Procurement units.
- Group Consultation with Junior Staff

3 ASSESSMENT OF PAF MODEL

3.1 Policy Context

3.1.1 Poverty Alleviation in the context of National Policy Environment

Although poverty alleviation agenda in national planning policy of Nepal started explicitly surfacing from Eighth periodic plan (1991-1996), Nepal entered into the Poverty Reduction Strategy approach of poverty alleviation through a PRSP adopted by GoN in Tenth plan (2002-2007).

National Planning Commission took leadership in perusing 'Poverty Alleviation' approach and this agenda remain one of the key priority of following Periodic Plans of Nepal (10th Plan until the current 14th Plan approach Paper). Various programs have been developed by different line ministries of GoN mainly by agriculture, livestock, and skill development sector. Small scale income generation activities, social empowerment for better demand making and service accessing capacity for the marginalized and deprived communities, local level micro infrastructure development, and cash transfer programs like social security allowances has been key instruments of GoN to address poverty both at income and consumption level. In this context PAF has been one of the biggest intervention that GoN have delivered on poverty alleviation.

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Earlier, the Eighth Plan **1991-1996** had emphasized on liberal, market oriented economy by encouraging government to play active role to facilitate economic activities, promote private sector and build physical infrastructure to enhance economic activities with the principal objective to achieve sustainable economic growth by alleviating poverty and reduction of regional imbalances targeting population living below poverty line. The programs were focused on formulating integrated and inter regional programs that create productive assets based and employment opportunity to alleviate poverty.

Similarly, **Ninth Plan 1996-2001**, sole objective was poverty alleviation which had targeted to reduce the population living below poverty line to 10 percent within next 20 years by enhancing economic growth rate; reduce population growth rate through employment generation, production and productivity enhancement, good governance, human resource development and empowerment of people. Agricultural Perspective Plan (APP) had been initiated as a basis for increasing production, providing food security, increasing employment and income for poverty alleviation.

Tenth Plan 2002-2007 is the poverty reduction strategy paper (PRSP) of the country with poverty alleviation as the sole focus of the plan and an interim poverty reduction strategy had been incorporated in it with special focus on inclusion as a strategic pillar for poverty alleviation. Additionally, it aimed at improving the living standard of the people below poverty line, emphasizing on uplifting the living standard of those lacking productive assets and income-generating resources, empowering socially and economically the backward by developing physical, social and economic infrastructure in the underdeveloped, remote regions of the country. An approach had been taken to achieve a broad based poverty alleviation oriented economic growth rate to bring positive changes in the overall human development indicators. Tenth Plan aimed at increasing the access of women, backward groups, Dalits, Adibasi Janajati, etc., through local bodies and civil societies to programs geared to develop social, economic, institutional and physical infrastructure, by mobilizing local resources.

In Eleventh Plan three year interim plan (2008-2010) focused on development of physical infrastructure, regional development, fulfillment of basic needs and poverty alleviation plan. Similarly, **Twelfth Plan three year plan 2011-2013** particularly focused on implementation of the programme related to employment and income generation targeting for women, dalit, adibasi, minority janajatis, madhesi, people of karnali region, people of remote hills and mountains, disabled and economically, socially and religiously backward community. To achieve such objective, program has emphasized on creation of opportunities, capacity building, production of skilled labour, employment generation that will be facilitated by micro credit scheme, skill development by mobilizing private sector, government agencies.

Thirteen Plan 2014-2016 was a balanced development of physical and social infrastructure, agriculture, tourism, industry, export trade, employment generation, inclusion of deprived community, avail and continuity of necessary services, good governance, environmental protection with an expectation to reduce poverty from 25.8% to 18%. However, result was not achieved as expected which remained at 21.6% (Fourteen Plan 2017).

Similarly, **Fourteenth Plan 2017-2019** has targeted to reduce poverty from 21.6% to 18%. To fulfill such objective priority has been given to energy, agriculture, tourism, industry and trade, basic education, health, drinking water and physical infrastructure.

3.1.2 Mandate of PAF

In 2003, the government adopted Poverty Reduction Strategy Paper (PRSP) for achieving sustained higher economic growth and streamlining poverty alleviation efforts. The PRSP was prepared in a participatory manner, underpinned by the Tenth Plan 2002- 2007. The PRSP paper had four broad pillars: (i) generating broad-based economic growth; (ii) improving service delivery; (iii) promoting social inclusion; and (iv) improving governance. Tenth Plan aimed to reduce the population living below the poverty line from 38 percent to 30 percent, and fulfill other Millennium Development Goals (MDGs) (NPC, 2002).

Against this background, The Poverty Alleviation Fund Ordinance established Poverty Alleviation Fund in 2003 as a specialized institution targeted to bring the excluded communities into the mainstream of development, by involving the poor and disadvantaged groups in the driving seat of development efforts. Currently, the fund is governed by Poverty Alleviation Fund Act 2006. PAF strives to eliminating extreme poverty in a sustainable manner through the application of these

principles in all programs that impact on the livelihood of persons living in poverty. Likewise, the 14th Plan has a target of reducing population below poverty line to from 21 to 17 percent by the end of FY 2018/19 (NPC, 2016).

Poverty Alleviation Fund Act 2063 (2006) that was commenced on 28 Shrawan 2063/13 August 2006, has outlined its objectives to uplift economic and social status of the poor person, households or community through social mobilization; ensure their access in services, build up their capacity so that they can exercise their rights, empower them towards decision making process of the Local Development Fund. In addition, it has also allowed them to conduct program to uplift their economic and social status for enhancing their capacity, maintain coordination between Partner Organizations, supply economic and technical support for mobilizing the resources for poverty alleviation and for institutional development.

In order to fulfill such objectives, the act allows PAF to deliver programme on income generation, skill development, employment creation and growth, production growth, program related to primary health, literacy, technical education, employment training for youths, small irrigation, small bridge, suspension bridge, drinking water, sanitation, rural road, rural energy and environment to render support for poverty alleviation as per necessity. Furthermore, construction program for small scale infrastructure identified by the community, training, seminar, field visit to build capacity of the person, households, community institution for conducting poverty alleviation program through the partner organizations.

The Act also clearly explains that PAF may receive donation, grants and other financial resources from Government of Nepal, Governmental and Non-Governmental Institutions, International agencies or persons. However, in order to do so, PAF has to obtain prior approval of the Government of Nepal and those funds should be received as a grant. And are allowed to mobilize selected Partner Organizations by providing them grant or assistance as prescribed.

Hence, the institutional scope of PAF is much broader both in terms of type of activities it could take and sources of funding that PAF could mobilize from, the above legal provision of PAF that allows to work with multiple projects funded by different agencies. However, until now PAF has been implementing a single project exclusively funded by World Bank and GoN, and IFAD.

3.1.3 Political Economy of PAF.

'Poverty Alleviation' on itself is a political agenda in general, and more specifically for under developed country like Nepal where rampant poverty remains one of its key developmental challenges and requires maneuver of and among various developmental stakeholders and political actors. The multidimensional nature of Nepal's poverty seeks a multi-sectoral effort and a higher level of policy commitment backed up by a strong political ownership of the agenda. This has been the key determining factor for not only planning but also implementation of poverty alleviation efforts from the government.

- PAF was designed and implemented during the conflict period when the presence of the state in the rural areas was at its lowest form. Development activities were at stand still situation, many people were leaving the rural areas and concentrating in district headquarters and other 'safe areas'. Those who could not or did not wanted to migrate remained in the rural areas, but due to the volatility of the situation and due to the effects of conflict the life of the poor people was becoming more and more miserable.

- While the peace talks were continued, creating some hope and reassurance to the poor and vulnerable groups at community level was necessary. Also, addressing the poverty issues and creating some relief to the households of ultra-poor in terms of their consumption insufficiency and small cash needs. It was also one of the key considerations as extreme poverty and lack of state response to this situation was considered as one of the cause of conflict. PAF as a GoN entity have played a significant role in connecting the vulnerable communities with the state mechanism even during the conflict period.
- A fund of a substantial size at the community level has been one of the key attractions for people towards PAF. The revolving fund have started creating positive effects at the household level but also indirectly addressing some of the root causes of conflict. Consideration of 'Peace dividend' to the conflict hit population of the country was a major issue that were being promoted by international donor partners of Nepal, and PAF has been also perceived from this point of view by the DPs and the GoN as well.
- PAF also faced some ups and down in terms of funds, came at a verge of being taken over by the new ministry for poverty alleviation and co-operatives, but survived through it, remained stuck with a single World Bank supported project to implement.
- Over its phases; PAF continued to expand horizontally (may be due to subsequent government leaders' choice of spreading the program and their political interests), therefore had little concentration on becoming more strategic in working at higher level of economic development of the beneficiaries that it has already worked with for a longer period.
- Although, NGOs as PAF's implementation partners have provided the benefit of being able to reach to the target groups even during the conflict but over the period of time this have become as one of its critical point for the efficiency of its management. Due to the highly politicized nature of NGOs in Nepal, at times many of these POs may have brought in the issue of political influence in PAFs program.
- The appointment of PAF VC, board members, selection of POs for new districts or renewal of contracts with existing one, recruitment of staff have also become a point of political interference in some occasions.
- There is a feeling among PAF's internal stakeholders that PAF has also faced (facing?) skepticism and critique for being an ineffective and costly organization, and perceived as WB funded 'NGO' from its primary stakeholders mainly GoN agencies.
- Presently, in the new federal structure of the country, it is not clear yet that what will be the position of PAF in line with the new role, responsibility, and authority of local bodies. At PAF's end also it has not been able to revisit its institutional structure in the context of the federal structure of the county.

Although the above policy environment and political economy factors around PAF, PAF stands firm with its institutional identity by law, which makes it a permanent autonomous body with a clear mandate of working on 'Poverty Alleviation' agenda.

3.1.4 GESI in Policy and Institutional Context of PAF

3.1.4.1 National commitments for GESI

The constitution of Nepal clearly envisions Nepal as an inclusive state and guarantees the right to equality for all its citizens. As outlined in the Constitution of Nepal, No discrimination shall be made in the application of general laws on grounds of origin, religion, race, caste, tribe, sex, physical condition, condition of health, marital status, pregnancy, economic condition, language or region, ideology or on similar other grounds (Constitution of Nepal, pg 15 clause 8 point 2). The State shall not discriminate citizens on grounds of origin, religion, race, caste, tribe, sex, economic condition, language, region, ideology or on similar other grounds. Provided that nothing shall be deemed to prevent the making of special provisions by law for the protection, empowerment or development of the citizens including the socially or culturally backward women, Dalit, indigenous people, indigenous nationalities, Madhesi, Tharu, Muslim, oppressed class, backward community, minorities, the marginalized, farmers, labours, youths, children, senior citizens, gender and sexual minorities, persons with disabilities, persons in pregnancy, incapacitated or helpless, backward region and indigent Khas Arya. (Constitution of Nepal, pg 15 clause 8 point 3). Explanation: For the purposes of this Part and Part 4, "indigent" means a person who earns income less than that specified by the Federal law. (Constitution of Nepal, pg 15 clause 8 point 3) No discrimination shall be made on the ground of gender with regard to remuneration and social security for the same work. (Constitution of Nepal, pg 15 clause 8, point 4) All offspring shall have the equal right to the ancestral property without discrimination on the ground of gender (Constitution of Nepal, pg 15 clause 8, point 5)

3.1.4.2 GESI in Poverty Alleviation related Policies

Concept of social inclusion and exclusion gained considerable leverage when Government of Nepal recognized inclusion as a policy issues as one the four pillar of 2003 Poverty Reduction Strategy Paper. The PRSP has stated four key pillars: a) achieve and sustain high and broad-based economic growth, focusing particularly in the rural economy, ii) accelerate human development through a renewed emphasis on effective delivery of basic social services and economic infrastructure, iii) ensure social and economic inclusion of the poor, marginalized groups and less developed regions by using targeted programs where appropriate and iv) pursue good governance as a means of achieving better development results and ensuring social and economic justice (PRSP 2003, pg22). Even though 'Gender and inclusion were adopted as cross cutting strategies through-out, the third pillar included mainstreaming of women, poor, Dalits, Janjatis and Muslims and other vulnerable marginalized groups in the development process by enhancing their capabilities through targeted programs. Further it aimed to improve respectful life for differently capacitated, widows, senior citizens and those displaced by the conflicts.' (Approaches to Poverty Reduction in Nepal- What is new? By Meena Acharya).

As a result, PAF ordinance established PAF in 2003 as a specialized institution targeted to bring the excluded communities into the mainstream of development by involving poor, and disadvantaged groups in the driving seat of development efforts. The guiding principles of the funds are: targeted to poor, social inclusion, community demand driven, direct community funding, community institutions and transparency (Annual Report 2016).

3.1.4.3 GESI in PAF policies

Nepal's PAF is one of several longstanding World Bank-assisted community-driven development (CDD) project. The project was prepared in 2004, when Nepal was facing serious political turmoil

ensuing from violent conflict between the government and the Maoist insurgency. In a situation of state fragility and ongoing conflict, the PAF was conceived as an (World Bank, IEG, 2017 p 15) semi autonomous government agency, created by GoN by an Act of Parliament to function as a targeted program of poverty alleviation for marginalized and poor HH. World Bank provides financial and technical support to this targeted instrument to improve living conditions, livelihood and empowerment among rural poor with particular attention to groups that have traditionally been excluded by reasons of gender, ethnicity, caste and locations (World Bank 2002, Nov 20). PAF carries out demand and community driven approach to improve access to income generating and community infrastructure, benefiting groups excluded by reasons of gender, ethnicity and caste, as well as the poorest groups in rural communities (PAF Future strategy, PPT, Nov 27, 2017) by targeting poor, Women, Dalit, Janajatis and Marginalized Communities.

The purpose of this study goes beyond assessing PAF impact. It also assesses PAF 's contribution to the fulfillment of Millennium Development Goals, particularly Goal No 1 on poverty reduction, and goal no 3 on gender equality and women empowerment. Similarly in 2015, Nepal joined other member of the UN in adopting the global sustainable development (SDGs) goals that follows MDGs as International Development targets. PAF's strategic approach is aligned to support MDGs and SDGs by

- a) improving income of the poorest reducing the proportions of the people living on less than \$ 1.25 a day targeted to decline to 5% by 2030
- b) ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture
- c) promoting gender equality and empowering women
- d) promoting sustained inclusive and sustainable economic growth
- e) reducing inequality
- f) making cities and human settlements inclusive, safe, resilient and sustainable

3.2 Overview of PAF model

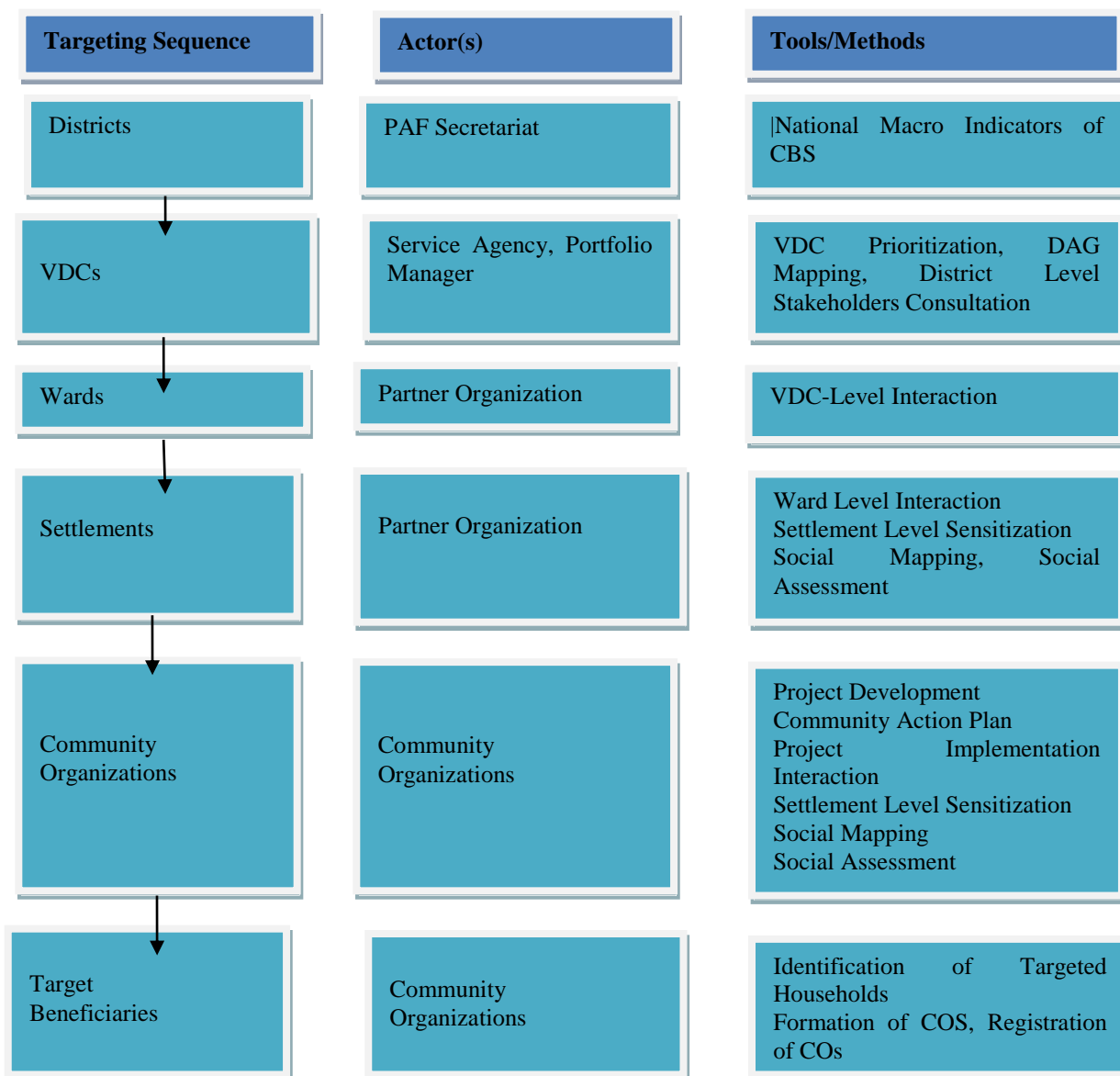
PAF has been implementing targeted demand-driven community based programs, directly supporting third pillar of the Tenth Plan/PRSP of the Government of Nepal. PAF has taken the strategy to support the idea that beneficiaries should be organized to prepare, implement and manage their program and lead by themselves, with decision making authorities (Annual Report, 2006). There is a PAF model of delivering this task in a systematic manner. The PAF model comprises of its key process and main actors engaged through this process. In this section the process, key actors, and their effectiveness are being described.

- (i) **Community Organizations:** PAF models heart are the community organizations where the target households come together and engage themselves in the process. PAF has envisaged Community Organizations as an established institution. It is formed as an independent and autonomous community institution with membership from the defined HH during social assessment where 80% of the HH have to be poor women, Dalits, Janajatis. It has been outlined that 50% of the members of CO should be women and key positions should be also occupied by women of the predefined beneficiaries. CO member's responsibility is to look after the wellbeing of its members and to uplift the social and economic development.

- (ii) **Reaching to the Target Beneficiaries:** PAF reaches its targeted beneficiary after a series of identification procedure. The generic PAF's beneficiary identification approach is illustrated in Figure 3.1. At first stage, PAF secretariat identifies the district based on the poverty ranking of national indicators. It then identifies potential village development committee (VDC) or rural municipalities after consultations at district. The districts' Disadvantaged Group (DAG) mapping report and stakeholders consultations primarily guide the VDC selection process. PAF secretariat decides the number of COs to be formed in particular districts based on its annual plan and budget allocation. PAF then selects Partner Organization (POs) to work on the selected VDC. PO organizes VDC level consultations, guides the selection of particular ward or settlement. A social assessment survey and social mapping is prepared by PO to identify the eligible households to form the CO.

PAF follows poverty assessment form administered at community/settlement level to identify the eligible households to join as PAF CO member. The criterion has been to divide the households according to food sufficiency status. Households with food sufficiency for less than three months form class A, those with food sufficiency for 3-6 months as class B, 6-12 months as class C and more than 12 months as class D. The PAF's priority to form a CO is on class A, B & C.

Figure 3-1 PAF's Beneficiary Identification Process



Source: Adopted from PAF operational manual- 2006, PAF Annual Report (2004-05) & Consultation with PAF Officials.

- (iii) **Revolving Fund for IG:** The RF is one of the Key Element of PAF. PAF provides grants to the COs to establish a RF to support the IG activities at HH level by the CO members through taking a loan from this fund. This fund is provided as per capita basis at the rate of 5500 per person calculated on the basis of total population covered by the CO member households. PAF would provide 90% of this fund and the CO members contribute the 10% of it.
- (iv) **Saving Fund (SF):** PAF model also requires the CO members to start their own saving fund. The COs are free to fix the amount of saving. These SFs are being managed by the COs themselves.

- (v) **Community demand Driven Approach:** PAF's model follows a CDD approach. Its program interventions are based on demands and choices of the CO members. The type of IG, Infrastructure Projects are all selected by the CO members and community and make their demands through the technical support from the POs.
- (vi) **Small Infrastructure Projects:** PAF model also includes a provision for small infrastructures that would support the economic and social empowerment of the CO members. These projects would include irrigation, common facilities, schools, local roads, drinking water facilities, and health posts.
- (vii) **Capacity Building:** PAF also provisions support for capacity building of the COs. These capacity building activities are delivered through the POs and mainly cover the group formation process, orientation on PAF model and group management, training on RF and SF management. Occasionally some short trainings are also provided on social empowerment issues. Adult literacy classes, and **need based trainings to support income generation initiatives** are also part of this capacity building activities.
- (viii) **Direct Funding to the CO:** PAF has developed a direct funding practice to the COs. All funds related to the RF, and Infrastructure Projects are directly provided to the COs through their bank accounts. The POs only receive their serve fee and overhead as per their agreement with PAF.
- (ix) **Facilitation by POs:** PAF selects local partners as the facilitator and technical support to the CO. These POs are selected through a competitive selection process following the Public Procurement Act of Nepal. Based on the eligibility criteria set by PAF, qualified and eligible POs are selected from among CO, NGO, Private Sector Organizations and local bodies such as DDC, VDCs for social mobilization, technical assistance, and capacity building programme. POs will work for social mobilization and capacity building of the COs as well as facilitate the CO in drafting proposals and implementing the sub projects. PO are also responsible for providing technical support for a smooth implementation and monitoring of the community sub projects.
- (x) **Fund Pooling:** Fund pooling is another key element of PAF model. The community is required to contribute 10% in the RF, and a 20% labor contribution in the infrastructure projects. It also encourages pooling fund from other sources including from VDC.
- (xi) **Linkage and Coordination:** PAF model works through the engagement of the local bodies and other concern line agencies as per the need and requirement. The selection of target VDC is done in coordination and collaboration with DCC (then DDC), the cluster selection and TG HH selection is done together with VDC and local political actors. The infrastructure sub projects are also implemented in coordination with local VDC. In the case of demand based Infrastructure project of a bigger size that would include households who are not members of PAF CO, close coordination with VDCs is established and in most of the cases projects that are part of the VDC plan are undertaken or VDC approval is sought.

3.3 PAF's Program Achievements

PAF from its inception has been implementing a WB and GoN Funded Poverty Alleviation Program, is a specially targeted program aimed at improving the economic situation of the lower strata of the Nepali society with particular attention to groups that have traditionally been excluded due to reasons of gender, ethnicity, caste and location. The program is based on a CDD approach that supports the formation of representative community organizations (CO) of the poor and helps them identify their own development priorities, needs and solutions.

The program aims to improve living conditions, livelihoods and empowerment among the rural poor through four main components: (i) small-scale community infrastructure, building capacity and providing grants to community organizations for local infrastructure projects (e.g., micro irrigation, footbridges, drinking water, etc.); (ii) sustainable income generation, building capacity and providing grants to community organizations for income-generating activities; (iii) product development, market linkages and pilots, to support those community organizations that are more advanced; and (iv) capacity-building and institutional strengthening, to support the formation and development of community organizations, the creation of cooperatives and market alliances.

At the grass root, PAF helps create the demand for development by increase community participation through social mobilization, income generation, small community infrastructure development and capacity building of the poorest segment of the population. Its central approach has been to enhance the capacity of local bodies and Community Organizations (COs), as a way to provide better services for the poor and socially excluded. There are more than 391 POs working with PAF to facilitate social mobilization to form community organizations, provide technical support to COs towards identification of critical needs, prioritization of activities, preparation and implementation of community sub-projects, etc. The revolving funds provided to the COs are owned and managed by them, minimizing transaction costs and possible misappropriation of resources.

During 14 years of program implementation, PAF has made significant achievements in terms of meeting its target as envisioned in PAF's PAD and annual plan. Currently, PAF is present over 66 districts covering about 2208 VDCs (under old administrative division) in the country. About 32186 COs have been formed against its target of forming 32000 COs by the project end period in 2018. In addition, the program coverage has been fairly inclusive covering a significant proportion of female, and marginalized and vulnerable group. One of the reasons for successfully meeting its target was the detail working guidelines adopted by the PAF. The sub-sections below highlight the major achievements of PAF.

3.3.1 Coverage

As of 2018, PAF is operational at 66 districts of the country. PAF has expanded its coverage to 57 districts through its regular program of social mobilization, community institutions building, income generating activities and provision of community level micro infrastructure. Seven 7 districts (of which 3 were PAF's regular program districts as well) are covered through JSDF. Two municipalities from Kathmandu and Butwal districts are covered through peri-urban pilot program. Three districts are covered through its innovative program window. It is estimated that PAF's program has reached about 2208 VDCs spread over 55 regular program and 3 innovative districts by the end of FY

2015/16⁷. PAF's coverage in terms of districts remains satisfactory against its mission to cover all 75 (77 in new structure) districts by the end of current phase of expansion⁸.

It can be inferred that PAF has indirectly served about 4.5 million population in the country which is about 16% of country's population⁹. Wide geographical coverage and a significant number of PAF's direct and indirect beneficiaries makes PAF program as a largest program targeting poor in the country. By the end of 2017, about 32186 COs have been formed which is at par with its target of forming 32000 COs by the end of current phase of expansion. About 0.85 million individuals have been PAF direct beneficiaries reaching about 4.5 million of individuals indirectly across the program intervention area. All these figures make PAF distinct in terms of its significant coverage across the country.

Table 3:1 PAF milestones

Key Milestones	Achievements
# Districts PAF is Operational	66
# Community Organizations (COs) formed	32186
# Network of Community Organizations promoted	1,645
# Co-operatives formed	425
# Households benefitting directly	831,000
Community Level Infrastructure (#)	5859
Innovative Window Program (# of project funded)	467
Per Urban Areas ((#COs)	20
Pocket Area Development Program (# of program implemented area)	40
JSDF Product Group (# of Group or cooperatives)	356

Source: PAF Project MIS and Annual Report, 2016

3.3.2 Targeting

PAF's targeting strategy has also remained fairly good and PAF has been effective in reaching to its real target groups. The PAF beneficiaries have been ultra-poor or medium poor of which significant proportion are women and are from Dalit or Janajati ethnic background. CIE team did not find cases where non-eligible or non-targeted individual has been PAF's CO member/direct beneficiaries, other than few exceptional cases the extent of inclusion of higher economic class people varies from CO to CO. The participants of FGD did not report any major issue on this aspect. However, during the discussion with CO members by the CIE team they accepted the fact that there are few ineligible households included in the CO due to various reasons, such as:

- As few of these households are socially and politically influential people, it is a strategy to get their support for the activities of the CO by including them in the group.
- In some cases such households were included just to avoid any conflict within the community.

⁷ PAF Annual Report 2016

⁸ PAF aimed to cover all 75 districts during its additional financing. PAF annual report (2008) planned to cover all 75 districts through its regular (55 districts) and remaining districts via innovative poverty program by 2012.

⁹ While national average household size is 4.39, the average household size of PAF beneficiaries household is 5.5 (CEDA, 2008; CEDA, 2014)

Talking to few non-member (or people who were not included), local community people and other VDC and district level stakeholders CIE team found that in most of the cases they are appreciative of the PAF's approach and process of selecting the target households. At least at the CO level the chances of 'economic elite capture' is very thin¹⁰.

However, there were concerns about inclusion of eligible households who could have potentially joined PAF CO but were left because of number of reasons. The reasons cited were mainly the individual's unwillingness to join either because they don't have sufficient time or they did not understand the importance of benefits for joining PAF's CO, or absence from the village during the CO member selection time (may be more pertinent during the early stage of PAF at the time of conflict).

There are examples of 'most needy groups' not joining PAF CO to come to the meetings. No evidence of putting extra efforts to bring them within the coverage (as in reality they were the neediest ones) by the POs or by PAF has been noted during the field visits. It was revealed during FGD that some of the eligible households, who were left during CO formation process, want to join PAF CO now.

Overall, The CIE has the impression that PAF has been effective in its targeting approach and reached to the unreached as per its mandate. This is one of the successful parts of the PAF model.

The achievements of PAF in its targeting approach is further discussed in following sections in terms of its effectiveness in reaching to the poor, GESI aspect of its targeting, and the leadership profile of among its target groups in the CO.

Poverty Profile

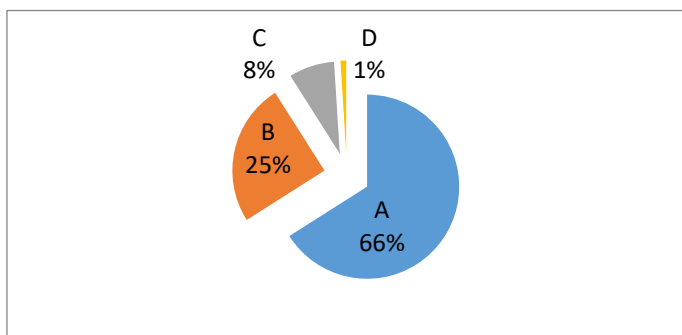
PAF has been successful in reaching its targeted beneficiaries particularly the poor and economically vulnerable groups¹¹. About two third of PAF beneficiaries (66%) belong to hardcore poor or class Ka. This is followed by one fourth of medium poor, Class B (25%), and about 8 % of poor (Class C). The presence of non-poor (class D) is negligible at less than 1% (Figure 3.2). The distributions indicates a pro-poor nature of PAF and this also stands as one of its distinctiveness in the gamut of various other similar project of government and non-government sector.

The findings from field survey also support that PAF has reached the ultra-poor, marginalized and vulnerable groups. KII further supported that PAF's beneficiary are not only poor, but also come from remote places-far from access to public facilities like road or health posts; and are generally deprived of public utilities.

¹⁰ World Bank (2017) study by Independent Evaluation Group showed no evidence of elite capture in the group.

¹¹ PAF categories households as hardcore-poor (Class A or Ka group) households with food sufficiency of less than 3 months, Kha or 'medium poor' for food sufficiency of 3 to 6 months, Ga or poor for food sufficiency of 6 to 12 months; and Gha or Non Poor for food sufficiency of more than a year.

Figure 3-2 Distribution of Beneficiaries by Poverty Status



Source: Extracted from MIS Data, 2018

GESI Profile

PAF's strategy on GESI aims to ensure that 80 percent of CO members are from targeted beneficiaries; at least 50 percent should be women; the office bearers – chair person, secretary and treasurers of CO are from or among targeted beneficiaries¹². In this sense, PAF's inclusion policy remains fairly representative. MIS data shows that about 79 % of PAF's beneficiaries are female. The proportion of female beneficiaries is highest in Terai (86 %) followed by Hill (72 %) and Mountain (69%). Likewise, 32 % of PAF's CO members are from Janajati, followed by 24 % from dalit community. This leaves about 44 % of beneficiaries from other caste/ethnic background including Brahmin, Chhetri and thakuri (Table 3.3).

Table 3:2 Distribution of PAF beneficiary by Gender and Caste/Ethnicity

Categories	Percent
Gender (Proportion of Female)	
Overall	79
Terai	86
Hill	72
Mountain	69
Caste/Ethnicity	
Dalit	24
Janajati	32
Others	44

Source: Extracted from MIS Data, 2018

The CIE found the inclusiveness aspect in the beneficiary groups at a satisfactory level and have fully achieved its set target adhering to its GESI policy.

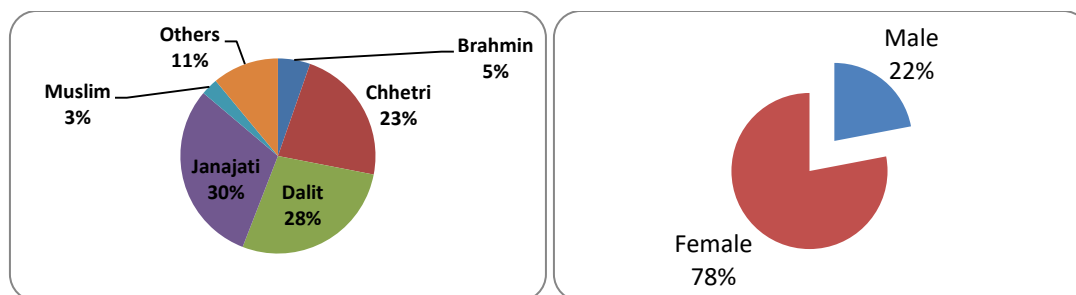
Leadership Profile

COs key positions¹³ have also inclusive representations. In terms of gender, female and male accounts 78 and 22 percent of key positions respectively, out of which 30 percent are from Janajati followed by 28 percent of Dalits, 23 percent of Chhetri, 5 percent of Brahmin, 3 percent Muslim and 11 percent others (Figure 2.2).

¹² As per by Laws 2064, PAF must undertake the program such that it directly benefits 20 % of women, 10 percent of Dalits and 10 % of Janajati communities.

¹³ Key position includes chairperson, treasurer and secretary.

Figure 3-3 Key Position Holders by Ethnicity and Gender



Source: PAF Report, 2018

Composition of CO membership and GESI criteria were followed effectively resulting into a satisfactory representation in terms of the leadership position as well. However, the effectiveness of the participation of women, Dalit and marginalized groups varies from community to community. The role of women in COs with homogeneous ethnic background appeared to be more satisfactory compared with heterogeneous ethnic composition groups. This cannot be generalized and it is relative to the local social and educational status in the communities of the groups.

3.3.3 Institutional Landscape at Community Level

PAF has been working through various local level institutional arrangements. The main implementation mechanism of PAF at local level is the Community Organizations (CO) in which the selected beneficiaries are the program beneficiary group. Gradually these groups have been facilitated to form some kind of intergroup forum for cross sharing, mutual collaboration and self-monitoring purpose in the form of CO-Networks. Later a concept of linking the COs with 'co-operatives' was introduced from the view point of safeguarding the funds of COs, and also for a sustainable functioning of the COs.

Different program components of PAF have used slightly different approaches in creating and formalizing the beneficiary conglomerations under different names. However all at the first level bear the nature of a CO and at second level bear the nature of an 'inter-group' model. PAF has not gone into a spree of creating various levels of higher level forums of these COs and inter-group such as 'district level or national level'.

This section provides an overview of the achievements of PAF in-terms of community level institutions (mainly COs, CO Networks, and Co-operatives) under PAF program.

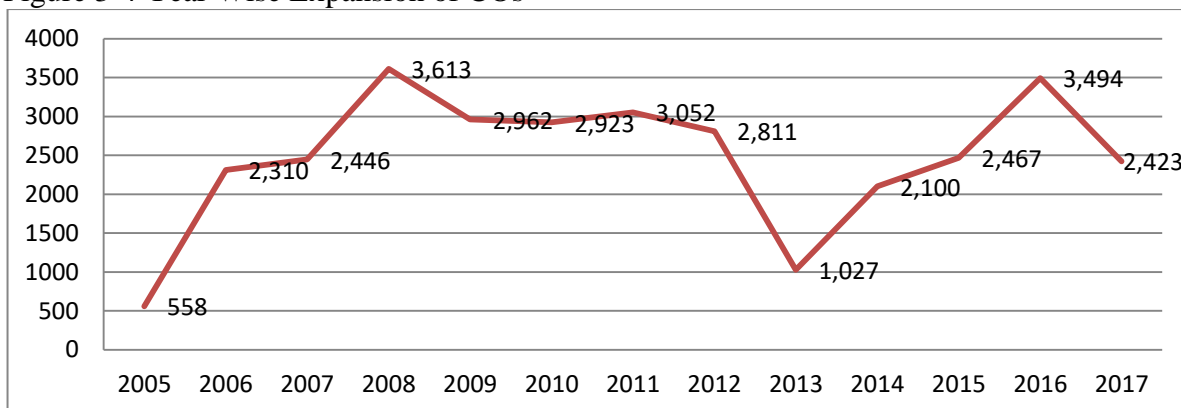
3.3.3.1 Community Organizations (COs)

COs are the primary interface where members are formed in the group. There is a provision of key office bearers in each group representing GESI.

The COs are formed for different purposes and identified as per their core function or the purpose. They broadly fall under income generation COs, infrastructure COs, IG and Infra mixed COs in the regular program activities. Whereas in the other different program windows of PAF, the COs have been categorized as product group (Producers Federations), Peri-urban group and Innovation Groups.

During its 14 years of operation, PAF has formed 32186 community organizations (COs). These COs were formed at different year through both horizontal (through expanding districts) and vertical (expanding coverage in particular district) penetration. Among these, 31755 COs were formed under regular program while innovative and peri urban program covered 413COs. Under the pocket area approach 30 Pocket area group have been formed. So far 467 proposals have been funded under the innovation program and JSDF intervention has supported 356 product groups. The number of members varies from COs to COs as well as nature of program intervention though significant proportion of COs has members between 16-45¹⁴.

Figure 3-4 Year Wise Expansion of COs



Source: Extracted from MIS Data, 2018

In terms of formation and operationalization of the COs, PAF have achieved its set target efficiently. The year wise progress in group formation of PAF as depicted by figure 3-4 is indicative of the project life cycle and funding status. Towards the end of phase I the CO formation reached at highest level in 2008. The district expansion also coincides with the increased number of CO formation per year. The drastic decline in CO formation in year 2013 is related with the end of additional financing to phase I, and delayed release of its fund from the government.

3.3.3.2 Co-Network

Multiple COs are organized in the form of a single CO network in the previous VDC level. So far 1400 CO networks have been formed. The formation of CO networks has been a recent phenomenon therefore many of them have not evolved as functional institutions. Another 1873 'CO federations' have been formed for the purpose of undertaking bigger infrastructure projects that would include beneficiaries from the larger geographical area falling across the jurisdiction of several COs. As per a presentation made by PAF to CIE team, out of 1400 CO networks only 249 CO-Networks so far have been registered and rest of the others are still operating as informal networks.

The rationale behind forming Co-Networks as articulated in the project document of 2009 is to act as a facilitator, and monitoring group for the COs, expected to act as backup support in creating pressure to the COs and individual loanee of the RF for repayment of the outstanding loan, and develop their

¹⁴ MIS data shows that the number of members in a CO is averaged around 25 though there is variation in size across the COs. Almost half of the COs formed have a size of 26-45 members followed by 16-25 members (41 %). About 6 % have less than 60 members whereas 2 % of COs have group having more than 46 members

linkage and coordination with local development agencies and local resource centers in-order to make the COs sustainable.

The understanding of the role of CO network among the current network member individuals interacted by the CIE team varies from place to place and individual to individual. However, during the consultations with CO-Network representatives it appeared that the role that they have understood is to coordinate, collaborate with member COs on various issues. They think that they can monitor the RF and support the COs in the area of loan recovery. In five of such meetings except for one CO-network no one could site any example where they have transferred such understandings into action significantly. On the contrary several of the CO networks were found pooling funds from the COs, starting their own saving and credit function among the CO-Networks members and lending among themselves, thus evolving as a 'supper CO'. POs response to this during the interviews were that the CO-networks are at early stage and they need capacity building support to be able to function effectively'.

3.3.3.3 *Co-operatives*

Lately the concept of linking the COs with cooperatives is introduced by PAF, which is explained as its efforts towards making the COs operation sustainable in future. At present under PAF's intervention scope four types of co-operatives were noted by the CIE team during its field visit.

- i. Previously Existing Co-operatives (mostly in the form of Saving and Credit Co-operatives) in which several members of the COs are already its member,
- ii. Previously existing Co-operatives in which CO members have joined as its member,
- iii. Newly formed Co-operatives where most of the CO members (or only the CO members) have joined as members.
- iv. Newly formed Co-operative in which only the CO members are its members.

So far PAF has started working with 425 co-operatives from among the above four types. CIE team did not notice any significant work done by PAF with them. Several of the newly formed Co-operatives have not received their registration mainly because the local governments (who are the registrar for the cooperatives) are not yet ready to provide the registration services because of logistic and human resources issues.

CIE team interacted with the representatives of selected cooperatives that are currently under collaboration with PAF (or at the stage of being considered for collaboration). It has been observed that the most of the existing cooperatives are not in proper functional status and few are functioning very well and are very strong. The newly formed ones are still at the stage of trying to understand their business.

CIE team observed few issues in the context of cooperative promotion approach of PAF such as:

- PAF severely lacks clarity on its purpose of promoting cooperatives, no in-depth professional analysis of the pros and constrains of using cooperative for COs have been done (CIE team has not been provided any document by PAF that would adequately address this issue.). It does not appear stemming from a systematic strategic plan as part of exit strategy.

- At CO level confusing messages have been floating about the risk of cooperatives taking over the CO's fund under their control. The POs consulted by CIE team were also unclear on the cooperative promotion aspect, and felt that this issue has not been based on a proper homework. No clear analysis exists on the implication of cooperative model to the RF that is currently being managed by the COs themselves. This does not appear as 'demand driven' but looks like suddenly pushed into by PAF as an alternative for the sustainability of the COs.

3.3.4 Economic Achievements

PAF's input related to increase the income capacity of the beneficiary households has been in the form of direct support for RF, and infrastructure projects that would enhance the performance of IG activities. Capacity building support in the areas of some basic skills related to the IG activities were also part of PAF support package to the COs. The funds for these activities were directly channeled to the COs, and POs were funded for their supporting and facilitating role only. The economic achievements of PAF's intervention are assessed here in this section.

Poverty Alleviation needs to be looked from different angles and levels. What form of poverty the project is primarily trying to address? What is practically feasible through the designed inputs of the project? Should be the key considerations while assessing the economic achievements of any poverty alleviation program or projects. From this point of view PAF's input of 5500 Npr per-capita investment in the form of seed money is not a big amount from which significant cash income could be expected.

The loan size of the RF varies between 5000 Npr to 70000.00 in most of the cases¹⁵. Majority of the beneficiaries have taken loan for buying a cow, a goat, or one or two piglets, undertake very small on farm activities and the produce are either mainly for their household consumption or a small part of it is sold for a very small cash income that is not even sufficient to cover the minimal cash expenditure for kitchen supplies, school stationeries of their children, and nominal clothing. In such situation trying to make expert economic analysis of their meager IG activities some time may be philosophically wrong. One should be satisfied if such activities are yielding something in kind or cash that is helpful in helping the household to feel comfortable situation in fulfilling their consumption needs. Once they come out of the consumption poverty, then they will have some space to think and act on addressing their income poverty. From this angle, about 66% of PAF's beneficiaries are ultra-poor, are in hard struggle for their consumption needs, therefore if majority of the beneficiaries feel that PAF support has been really helpful for them in addressing their daily consumption needs, that should be considered as the success of PAF model and its biggest achievement.

Therefore, CIE have focused more on the economic achievements of PAF in helping its beneficiaries dealing with their consumption needs, however the achievement results at higher level are also looked into as within PAF's portfolio there are groups of beneficiaries who have some asset base and capacity to engage in IG activities that would improve their income as well.

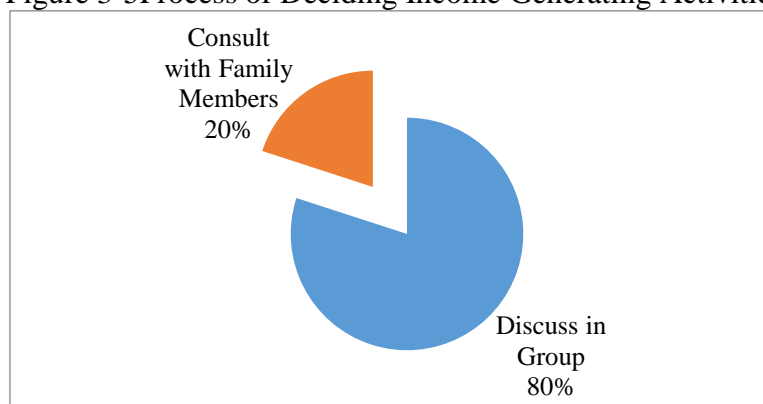
¹⁵ MIS data shows an average loan size of NPr. 26121 ranging mostly from 5000 to 70000. However, in absence, of complete MIS data, the exact loan size and their categories could not be extracted.

3.3.4.1 Income Generating Activities

PAF implementation guideline details the procedures that need to be followed while identifying income generating activities of the CO members¹⁶. In essence, following a CDD, the CO members identify the income generating activities that they feel is beneficial to them. For this, PAF provides capacity building support and 90 percent grant to COs as revolving fund to facilitate these income generation activities¹⁷. The CO members can access to RF as loan to invest in income generating activities. In addition to providing RF and capacity building, PAF, through its PO, also assists the group in increasing investments over time with savings and additional funds leveraged from other programs¹⁸.

CIE team found that selection of IG activities has been demand driven in line with PAF's IG activities selection guidelines¹⁹. It is found that beneficiary decides on the selection of income generating activities. During FGD, about 80 percent reported that they discuss in the group while deciding what particular IG activities to be selected by the individual member of the CO. About 20 percent reported they discuss with family members while deciding the IG activity to be undertaken (Figure 3.5). This implies that selection of IG activities have been fairly demand driven and has followed a participatory consultative approach. Nevertheless, SM's technical inputs especially in disseminating information like scope, potentialities, viability, possible market linkages provide critical inputs to CO members while deciding IG activities.

Figure 3-5 Process of Deciding Income Generating Activities (in %, n=351)



Source: CIE FGD, 2018

Both MIS data and household surveys show that households have chosen a number of income generating activities among which livestock rearing, farming, small business and trading, skilled based activities are most common. As per MIS data, about two third of households were engaged in livestock rearing of which goat rearing occupy significant proportion (45%) followed by buffalo raising (11%) and pig raising (3%). The other activities within livestock include cow, he buffalo, ox raising among others. About 6% of beneficiaries have chosen retail business as their income generating activity. Interestingly, only 3% seems to be engaged in farming- of which vegetable farming is prominent (These proportion are based on Figure 2.5).

¹⁶PAF Program Implementation Guidelines, 2067.

¹⁷PAF Operational Manual Guideline 2006.

¹⁸ Ibid, 2006

¹⁹ PAF's Program Implementation Guidelines, 2067

Our findings from FGD too supports that large majority of households are engaged in livestock related activities particularly the goat raising. The reasons cited for choosing goat raising has been the low scale of investment (in commensurate to size of loan they can access from RF), low labor intensive, high market potential and expanding their existing goat raising portfolio.

Top 10 IG Activities and HH Nos.

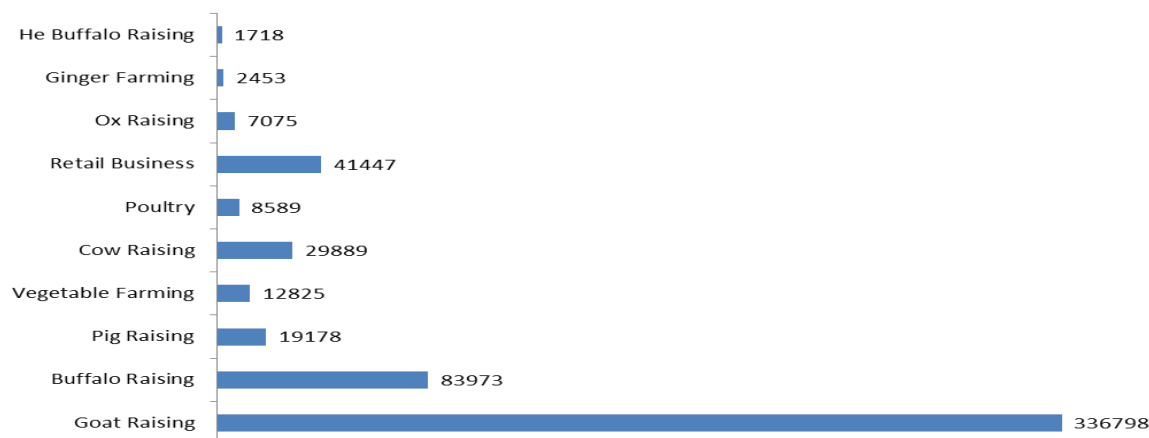


Figure 3-6 Major Income Generating Activities Source: PAF's Presentation

Different follow up survey shows that Livestock rearing is not only dominant IG activity but also remained consistent over the years. About 79 % of beneficiaries opted for livestock related IG activities in 2010, which marginally increased to 79 % in during 2014 follow up study while it has declined to 60 percent in 2017. However, in recent years, the proportion of households choosing agriculture farming, service oriented sectors like hotel restaurants, barber shops, and capacity building (skilled based) activities have increased compared to previous follow-up survey. For example, proportion of households choosing agriculture farming as their IG has increased to 18% in 2017 compared to 6 % in 2010 & 2014 follow up surveys (Table 3.3).

Table 3:3 Key Income Generating Activities Chosen over the years (in %)

IG activities	Follow up 2010		Follow up 2014		Follow up 2017	
	%	N	%	N	%	N
Livestock	76.6	872	79.03	1293	60	412
Trading	13.9	159	12.47	204	5.5	38
Agriculture and other	5.9	67	5.75	94	17.9	123
Service sector	2.3	26	1.47	24	6.8	47
Capacity building	0.9	10	0.55	9	9.5	65
Manufacturing	0.4	5	0.73	12	0.3	2
Total	100	1139	100	1636	100	686

Source: Follow up Survey Study- 2017

While overriding proportion of the households have opted livestock (goat rearing in particular) as their IG activities, empirical evidence as to how far such activities have been beneficial to household

is still missing. A study by Chemjong (2016) for PAF provided the various reasons²⁰ of selecting livestock as IG activities while Dhakwa²¹ (2016) provides the Economic Rate of Return (ERR) which gave some basis for explaining the choice of income generating activities by the beneficiaries yet there is need for further exploration to this aspect.

A skeptical view on that would be it is easier for the beneficiaries to take loan for what they already have and use the money for other purposes. The FGD participants and respondents of the consultative meetings conducted by the CIE team did not completely deny this possibility, however they said that this would highly exceptional cases as the lending process is very transparent, and the other CO members are familiar with the situation of each other's possessions and can monitor easily whether they have used the money for other purposes or not.

The choice of IG activities seem to be logically made by the members depending upon their purpose, some would see that having a cow or buffalo would give them milk product for their children and elderly people in the family and if any surplus can also give them some small income, whereas some would see that there is demand for the buffalo, or goat in the nearby market so will go for it as IG. The size of the activity whether or not at commercial level depends largely on the available human resources at the household level, and their economic capacity to put additional amount that is needed including the 10% upfront contribution that they need to put.

Considering the characteristic of the IG intervention of PAF, it appears fully abiding by the principles of 'demand driven' approach, and it is the demand coming from individual beneficiaries themselves. This has created a situation of multiple types of IG activities within one group, which makes it complicated to avail any kind of technical support to them as the support mechanism would require so many technical expertise at their disposal.

3.3.4.2 Revolving Fund

PAF provides 90 percent grants to the community – based on total value of income generating activities as per the proposal of the community²². The remaining 10 percent shall be contributed by the community members. The amount that an individual member needs to contribute varies based on their income generating activities and size of loan they will access from the RF. In order to provide grant to the community, PAF requires a detail plan indicating individual's income generating activity plan, proof (bank deposits) demonstrating that 10 % contribution is made by the members and policy regarding interest and re-payment.

²⁰As per Chemjong (2016), the various reasons for rearing livestock include- (i) economic return within a short period, (ii) comparatively easy to manage/ handle it, (iii) business can be started with small amount and low risk, (iv) locally saleable and no market problem, (v) good profit by small investment, (vi) directly support to food nutrition and health, (vii) use of manure and fuel, (viii) locally availability of forage/fodder and grazing area, (ix) existing/local knowledge and experiences on livestock rearing, (x) useful to garjotarna (managing emergency need), and also said it can be used as an 'ATM' (Any Time Money) particularly goat, and (xi) self-employment.

²¹Dhakwa(2016) showed that livestock activities are economically viable as their ERR were impressive. For example, piggery has highest (43 %) ERR among livestock activities followed by Goat Farming (19%), cow/buffalo rearing for milk (18%) and poultry (14%). However, the same report suggests that vegetable farming has higher rate of return (65 %) as compared to goat rearing (19%). Still, there lacks evidence regarding how far and to what extent these activities have helped in generating income and are supportive of their livelihood.

²² PAF's Revolving Fund Manual, 2066.

Access to RF

In the absence of complete information from MIS, it is difficult to estimate about what proportion of beneficiaries has ever accessed the RF. However, as per PAF's follow up survey, about 68 percent of the households ever accessed the RF²³ (received money) though these findings are varying between different survey periods. Only about 44 percent of households reported they received money for income generating activities in follow up survey in 2010 which increased to about 75 % in 2014 and 100 % in 2017. One of the reasons that not all households received money is that not all households were engaged in income generating activities. For example, only about 73 percent household reported they were engaged in IG activities in 2010 which reaches to 82 percent in 2014 and 100 percent in 2017. Still, the figures show that only about 83 percent of households who were engaged in IG activity ever received money (Table 3.4).

Table 3:4 Proportion of Households received money for IG activities (in %)

Indicators	Follow Up 2010	Follow up 2014	Follow up 2017	Weighted Average
% CO Members receiving Money	44	75	100	68
% Participation in IG Activity	73	82	100	82
% Money Received for IG Activities	60	92	100	83

Source: Extracted from PAF follow surveys- 2010, 2014 & 2017.

Although the RF use data shows that there are cases of non-access to RF, the findings of CIE from FGD and consultations with CO members show that there are insignificant cases of denied access to RF to any-one other than in cases where the applicant household has a history of misuse of cash for gambling, alcohol or other socially non acceptable reasons, or had a previous history of defaulting loan by intention. Some cases of non-access are voluntary because either such members did not felt the need to do any IG activities for themselves²⁴, or the loan size that is available is too small for their needs. Some CO members interacted by the CIE team during the interviews confirmed this observations, their purpose of joining the group is not for the loan but to be together with their community and support them when there is any need.

It also needs to be noted that during the first phase and also early years of the 2nd phase the RF was almost stagnant interms of rotation, as the fund received was distributed among the members, for many years the repayment process has not taken place. A rumor prevailed that this money is a grant so no need to return it, thus the RF has not rotated. PAF in fact has been proactive in correcting and countering this rumor even at the early stage of the first phase however the message has not fully adhered. The COs interviewed by the CIE team accepted this and also cited that gradually they started to pay back the loan. This situation has improved over the period of time, however existence of such situation in many of the old CO till date cannot be denied.

²³ The household questionnaire ask 'whether particular household received money for IG or not?' however it is not clear this means ever access RF or also include the support from other sources.

²⁴ Such cases may be from households those belong to 'Ga' or 'Gha' category members, however there is no data available to substantiate this.

Use of RF

The follow up survey (2017) shows that those who have accessed RF and received money, about 52 percent have invested in livestock farming followed by 28 % in vegetable farming and cash crops, 9 % in educating children, 6 % percent for medical treatment, 4 % for social activities and about 3 % for financing foreign employment (Table 3.5).

Table 3:5 Investment Areas of Money received from RF

Investment Areas	Beneficiary HH
	%
Vegetable farming/cash crop	27.59
Livestock farming	51.72
Children education	8.49
Medical treatment	5.84
Social activities	3.45
Foreign employment	2.65
Others	0.27
Total	100

Source: Follow up survey study, 2017

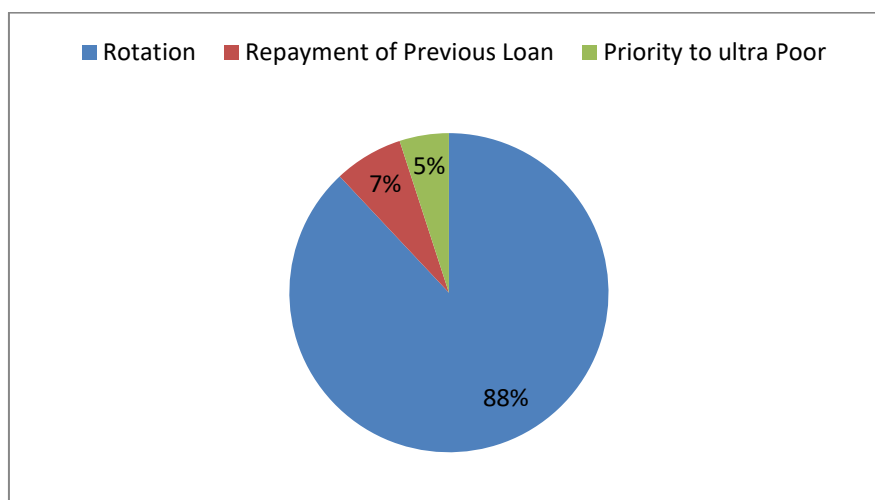
These figures in general shows that beneficiary have used the RF in income generating activities as envisioned by PAF. However, there are also cases that beneficiaries are not entirely using their RF for the IG activities rather they might use it for other purposes. Often, they use this money to mitigate the exogenous events like marriage, death among others. There is also a possibility of 'relending' the loan amount to non-members in higher interest rates. Prevalence of such situation may be insignificant, but during interactions with COs by the CIE in the districts some of the respondents have indicated to this situation as well. It appeared that such cases were not hidden from other group members, SM and even from the POs and PAF PMs, however none of the PAF documents have noted this situation and such situation went unreported until now. The scale of such activity may not be significant but ignorance towards this and non-reporting of such cases questions the integrity of RF related data of PAF.

Distribution of RF

CO members have practiced three different approaches while distributing RF. The field findings shows that significantly higher proportion (about 88 %) followed rotation mode while providing loan to community members. About 7 % revealed that loan can be accessed only after repayment²⁵ of the previous loan while about 5 % said the priority is given to class A (Figure 3.7). In general, the community members request for loan, the meeting decides to whom to give the loan based on their need. It was revealed that the members in general request for higher size of loan, more than what they need, the group meeting finally decides the next person to whom the loan will be given and the size of the loan.

Figure 3-7: Basis of Distributing Revolving Fund

²⁵ In such cases, it was found that initial RF was divided proportionally between members based on their income generating activities.



Source: CIE FGD, 2018

Growth of Revolving Fund

Due to limited information available at MIS, CIE team faced difficulties in calculating the growth of the RF²⁶. The CIE team noted from field observations that growth of RF varies significantly between COs. The newly established COs have better rotation and growth of RF compared to those established at earlier phase of PAF expansion. One of such reasons for low growth at old COs was the spread of message that loan need not to be repaid. This has severely hindered the repayment status of the loan. However, the loan recovery has been in progress and most of the COs have made strict rules for recovering the loan. These aims to ensure satisfactory growth of RF among COs. The sources of RF growth have been mainly the interest rate paid by the members. We find that those with satisfactory growth of RF have made timely payment of the installments. Some have even built the mechanism to pay fine in case the loan is not paid back on the agreed time. These indicate the level of ownership and the dynamism in the COs over their funds, and for that matter inputs from SM or PO, are key determinant to the growth of RF.

Along with RF, the CO members have started saving- what has been termed as 'saving fund'. The CO members compulsorily need to save a pre-agreed amount each month. CIE team also finds that saving amount varies from as low as NPR 5 per month to NPR 500. It becomes difficult to quantify the exact amount of saving from MIS data as in most cases there were no separate account for the saving or RF fund. Accordingly, only cumulative figures have been recorded in MIS data. Overall, the function of saving fund seems better than that of RF. As mentioned earlier, this could be because they regard RF as grant – without obligation to paying back. However, the common understanding among majority of the COs about the fund that 'RF' as PAF's money and 'SF' as our money. In various COs it was also clear that 'RF' is grant to the CO but 'Loan' to the individual beneficiaries.

The CIE team came up with an impression that the COs are increasingly developing the understanding that the RF is a common property that belongs to all the CO members and that

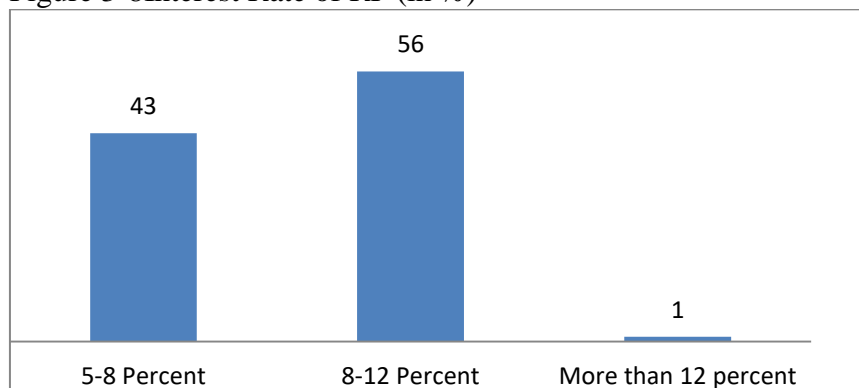
²⁶ CIE team encountered two problems in calculating the growth of RF. First, the information was not complete for all COs. Second, as per information given to CIE team, the current status of RF accounts only what is there are bank at the period of reporting. Since significant proportion of fund is revolving among members, the differences between RF of what PAF initially disbursed and current status of RF does not give accurate figure of growth of RF over the years.

needs to be protected for future use. In general the status of the operation of RF is at satisfactory level, however it is quite urgent for any acceptable form of 'legal ring-fencing' to this fund to assure its sustainability and protect it from any form of fiduciary risk.

Interest Rate

PAF's beneficiaries have been able to access loan at lower interest rate. The FGD participants have frequently revealed this as major distinctiveness of the PAF. MIS data shows that majority of COs have agreed for an interest rate between 6 to 12 %. Only about 1 % of COs were found to fix interest rate more than 12 %.

Figure 3-8 Interest Rate of RF (in %)



Source: Extracted from MIS data, 2018

The main difference of PAF from other similar initiative is that it does not instruct the COs to have certain interest rate, but it is totally left to the decision of the COs themselves. The lower rate of interest compared to the local informal money lenders has been one of the important factor of PAF intervention to the CO members, and they thought it is quite helpful for them to not to fall in the debt trap of the local money lenders. Some of the respondents in the consultation meetings with CIE team also noted that due to the availability of loan from the CO's RF in lower interest rates, the prevailing interest of the local money lenders has been also slightly lowered.

Issues in RF

Despite satisfactory growth of RF, the beneficiaries revealed few issues in relation to management and sustainability of RF. In general, they reported repayment issues and their limited capacity to undertake managerial activities required for smooth functioning of RF. Loan repayment has been major issue. About 46 % among those reported problems said recovering loan (re-payment) has been the major challenge of the community (Table 3.6). Despite that COs have made rules and punishment mechanism to ensure the timely recovery of loan, this problem still persist among many COs. The community generally found to seek external support especially from SM and PAF PM to recover the loan.

Along with problem of recovery, the CO members also revealed their limited capacity to manage the RF. They lack technical knowledge in accounting, all members are not aware about managerial aspects of RF. For example, about 26 % of FGD beneficiaries who reported issues in RF expressed that not all members have idea about RF –thereby limiting the smooth functioning of the RF and regular meetings. About 21 % reported problem of accounting. COs in general have expressed their confidence to manage RF in absence of external support (from

SM and PAF) yet they also requested for continuous support from SM and PAF for smooth function. PAF envisioned for friends of community to provide technical support to CO but only insignificant number of FoC are in place. CIE team observed that careful graduation assessment is required to determine what proportion of COs would actually need external support.

Table 3:6 Key Issues in Management of RF

Responses	TOTAL	%
Problem on Repayment	54	46
Less Knowledge to CO Members	30	26
Problem of accounting	24	21
No regular Meeting	7	6
Total	115	100

Source: CIE FGD, 2018

3.3.5 Pilot Economic Activities

In addition to the core PAF model, PAF piloted several pilot activities to test the model for enterprise development.

3.3.5.1 Innovative Window Program

Since its inception, PAF envisioned an innovative window program to support the COs from other districts (not covered by the PAF's program) to support the COs with innovative ideas and proposal. By the end of 2017, about 467 projects have been funded under innovative window program. It is important to note that some of the COs who initially selected as IWP were later covered under regular program once the district was covered under the PAF's regular program.

3.3.5.2 JSDF

Later in 2012, PAF, under the support from JSDF, PAF started handicrafts promotion program. This program mainly targeted conflict affected households and aimed at providing market access through the promotion of handicrafts. So far, about 356 PG/cooperatives have been supported with an estimated 1,155 members within these groups or cooperatives by the end of 2017.

3.3.5.3 Peri-urban

PAF also introduced peri-urban program which was piloted at two municipalities from Kathmandu and Rupandehi districts namely Kathmandu metropolitan and Butwal sub-metropolitan respectively. The objective of this program was to support urban poor in view of growing urban poor in the country. It has remained a pilot program and program targeted to reach about one thousand poor individuals in Kathmandu and Butwal district (500 individuals in each district). By the end of 2017, 20 Cos have formally registered with PAF under the peri-urban program.

3.3.5.4 Pocket Area

In 2015, PAF started pocket area development program. The major pockets include production, processing and marketing of apple, mandarin, orange, potato, pig, goat, poultry, vegetables, spice crops (ginger and turmeric), banana, sugarcane and its products, bee and honey products, riverbank vegetable cultivation, medicinal herbs, chiraite, cardamom, banana and its products, and dairy products. These pockets have potential for higher value chain (Annual report, 2016). The major target

was to develop at least two pockets area in each district such that about 110 pocket areas could be developed by the end of program. By the end of 2017/18, about 40 pocket areas have been developed.

3.3.5.5 *Earthquake Response*

After Nepal witnessed mega earthquake in 2014, PAF also implemented an earthquake response program. While this program was the addition to PAF's regular program, the rationale was to support earthquake affected COs as part of its responsibility. PAF has accelerated progress under the IFAD-assisted Earthquake Response Program and Knowledge Management Program. The earthquake response program in 14 districts includes community infrastructure rehabilitation, CRF revitalization, community utility restoration, and mason training. The knowledge management component comprising radio programs, television programs and documentaries, and CO innovation award emphasize documentation of best practices in poverty alleviation programs, institutions and technologies, and disseminate knowledge for wider use (PAF Annual Report, 2016).

3.3.6 *Infrastructure*

PAF supports two types of infrastructure projects. First type is the community level micro infrastructure that could be supportive to their income generating activities. Second are stand-alone infrastructure project which may not necessarily be linked with income generating activities.

By the end of 2016, PAF data reveals that about 5693 community infrastructure has been built since inception of PAF. Of these projects, the water supply and sanitation have been the most frequent. About 38 percent of infrastructures built are related to water supply and sanitation projects followed by small irrigation (21 %), community building (12 %), rural access (9 %), and rural energy (7 %) among others. PAF data also shows about 13 % of other different type of projects (Table 3.7).

Table 3:7 Community Infrastructure built by PAF

Activities	Up to FY 2015/16	FY 2016/17	Cumulative	% (Cumulative)
Rural Access	530	15	545	9
Community Building	688	13	701	12
Rural Energy	398	0	398	7
Small Irrigation	1181	61	1242	21
Water Supply and Sanitation	2154	73	2226	38
Miscellaneous	742	4	746	13
Total	5693	166	5859	100

Source: PAF Annual Report, 2017

Identification and Selection of Infrastructure

The information that PAF supports community level infrastructure was disseminated primarily through POs and their SM. The PAF provides tentative budget and number of community infrastructure to be built in particular year to the POs. PO then mobilizes COs to identify the infrastructure project that they feel necessary. PO first prepares the tentative project outline including budget. After preliminary approval from PM, a detail project report is prepared. The PM or external consultant (overseer or engineer) verify the projects and is finally sent to technical committee at PAF secretariat for final approval.

We find that community discussions and decision are key on identifying the infrastructure projects. The community first decides what type of infrastructure to be built and accordingly

communicate to the POs. While the selection of infrastructure projects is largely community driven, the community seems to select the type of infrastructure in 'need basis' rather than complementing income generating activities. The PAF, on the other hand, indicates for provision of infrastructure projects that are supportive to income generating activities.

In most cases, PAF ends up supporting after the COs are unable to receive funds from other possible donors. It was found that they did not get support from other sources (e.g. VDC, DDC or parliament member's fund). In case they get approval, timely allocation of budget has been always the problem. Sometime they don't get the budget in stipulated time, they get towards the end when they are under spending pressure. Some participants even reveal that they have no idea as such that VDC and others also could support on such projects. This further indicates that PAF has been effective in addressing the urgent need of infrastructure of the community members.

However, PAF's fund has been also instrumental for the success of communities in pooling resources from other agencies for larger infrastructure projects. This benefit of PAF has been valued as one of its significant contribution by the CO members.

Group Formation Process & Inclusiveness in Infrastructure Projects

We find group formation process largely in line with CO formation. The key positions for infrastructure committee are similar to their status in the CO. In few cases, the group formed another committee after consultation with the community members. While doing so, the active members were given priority. Some of the participants even revealed that group was formed based on their economic class (A, B, C, D) and priority was given to the class A. Due to the structure of COs, it was also revealed that most of the group members were female.

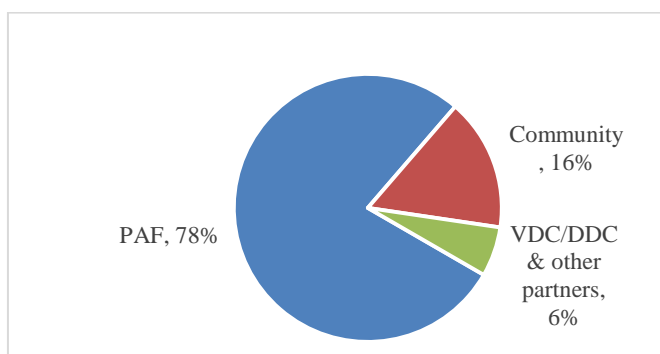
O & M, Supervision & Monitoring

Given the small scale of investment and infrastructure schemes, we could not find pertinent issue regarding O & M of the project. However, COs have adopted different mechanism for supervision and quality assurance. Since the project seeks community contribution, they often have system of taking attendance during their involvement at infrastructure building. Some of the groups were also found forming different sub-committees to look at different aspects of the projects like purchase of materials, quality assurance, monitoring and so on. Some have referred to VAT bills as a mechanism to assure that right things are purchased.

Cost Sharing

In most of the cases, community contributes upfront around 10 to 20% but over a period of project duration it continues to increase up to 20 to 30% (In some cases even up to 40 %). The total cost sharing for the sub-projects among PAF, community, Village & District Development Committees (VDC/DDC) and other development partners as shown in Figure 3.9. The 16% share of the community includes 6% cash contribution and 10% in kind. The FGD findings also noted this as one of the value addition that the beneficiaries would attribute to PAF. Because of PAF's funding it was easier for the COs to mobilize resources from other agencies.

Figure 3-9 Cost sharing of sub-projects



Source: Extracted from MIS data, 2018

3.4 Institutional Assessment of PAF

This section reviews the organizational performance of PAF in terms of institutional effectiveness to deliver its intended outcomes. To review the OPR of PAF, four issues have been analyzed: i) Strategic issues ii) Governance issue iii) Organizational setup issues, iv) Human Resource Development issues.

3.4.1 Strategic Issues

3.4.1.1 PAF as an institution

With over 14 years of institutional experience, PAF has been able to develop a comprehensive structure, PAF Act²⁷, policy guidelines²⁸ and operations manual, that is facilitating the performance of the organization. A program model is established that is well mainstreamed in the system. A linear structure that runs from the Government's apex body (to PAF to its partners and communities to beneficiary) is in place that facilitates PAF to achieve its organizational objective. Furthermore, being an autonomous body implemented under a separate Act, PAF has its own periphery to navigate, providing it the credibility of an independent institution. However, even with such robust existence, some institutional challenges exist, that is discussed in further sections.

3.4.1.2 PAF Act: Opportunities and Challenges

PAF is established as an autonomous body of the Government as per the Article 4 of the PAF Act. This is the main strength of PAF which makes the organization unique, independent and exclusive. This is the main institution to work for poverty alleviation on behalf of the Government. According to Article 5 of the Act, the Fund operates with five objectives as i) Engage the poor families in the decision making process of the Fund and support to provide access to service and benefits, ii) Enhance capacity of the poor for their improved livelihood and income generations, iii) Identify the cause of the poverty in local level and support for uplifting social and economic status, iv) Coordinate among 'support agencies' engaged in poverty alleviation and v) Support for resource mobilization, institutional development for financial and technical support to them.

²⁷PAF ACT (2007a) Article 22

²⁸ PAF Rules (2008)

The Act has provided wide range of opportunities for PAF to address poverty alleviation, and it should have been involved in coordinating with other agencies, public or private, on their poverty alleviation activities. In practice, PAF is focused only on implementing a program funded by the World Bank and GoN. Over the last fourteen years of its operation PAF has not been successful in diversifying its donor base and neither GoN have given any other tasks to PAF that fits within its mandate.

3.4.1.3 PAF as a 'Fund' v/s organization

The PAF Act has clearly distinguished the role of PAF as a fund and/or program in its Article 2 (A) and (B), which mentions that its fund is established according to Article 3 and programs according to Article 6. But in practice, PAF is not operating as a 'fund' but rather as a program organization, relying on the annual budget provided by the Government.

The Act has envisioned that multiple donors would put the fund together, as the Article 8 mentions that Government, NGOs, foreign government or organization, international organization or entity or person including aid, grant and other financial sources would contribute to the fund. However, till date, only Government of Nepal and World Bank has been able to put money into it, and others who did participate in the fund in the initial days, took their hands off later, probably because World Bank was dominating other funders on the funding size. As such, PAF has been able to operate only under yearly plan of the Government, and not being able to design comprehensive and multi-year programs at a larger scale, even though the Act mentions that Government should provide 'grants' to PAF.

Though this has not affected the daily operations of the organization, besides some administrative works added off, it has definitely affected the performance as an organization. It is clearly evident that it has lost its basket fund concept, and if big donors like World Bank take their hands out, the organization will shake. Moreover, lack of sustainable 'fund' has made it difficult for PAF to develop its strategic plans, staff retention plan, and forecast the expenses for a longer term, because it is not sure what amount of fund it will be receiving in the next year from the Government.

If PAF would have been functioning as a fund, it would have been able to plan and maintain its sustainability. Since, PAF is currently developing its future strategy, this might be an apt time for it to revisit its status as a fund, and to address the challenges brought about due to this.

3.4.2 Governance Issues

3.4.2.1 Governance structure

According to Article 11 (H) of PAF Act, the governance structure consists of Prime Minister as Chair, an appointed Vice Chair, few ex-officio members and 5 appointed board members. Currently, the engagement of board members is limited to feeding the board meetings only, though they were envisioned to be experts on the issue, providing professional policy advisory inputs. It is to be noted that all these board members are on voluntary basis. The Act also mentions that at least six board meetings to be conducted in a year with gap not more than two months. In practice, this is not maintained and sometimes the board meeting has not been organized even once in a whole year. Also there are instances of some board members being 'out of touch' and 'out of country' for a long period.

Also, the board members are to be nominated by the Government as experts rather than representation based nomination. Though the minimum qualification has been mentioned for the board members in the Act, the appointment is usually political, rather than professional, which has

hampered the quality input to the organization. Hence, it is important to recruit board members in the spirit of the Act, and focus on recruiting experts who can contribute professionally, rather than mere political interest.

Currently, except for Executive Director, no other board members are able to contribute their expertise full time to the organization. However, the board members are ally engaged in monitoring visits, workshops and seminars. A tendency of looking for frequent engagements with PAFs program level activities among many board members has been commonly observed by the secretariat over the period of time.

An elaborated rule and procedure in relation to the engagement of the board members at program delivery level is not the case, which would have also tackle the issue of 'conflict of interest' between the expected role of the board members (in particular among the nominated individual board members) and what it appears to be. The professional profile of the 'Board Members' is expected to give some marketing value for PAF in mobilizing donors and resources for its program, and also to have a broader vision in terms of PAF's approach towards developing program concepts. The monitoring role of the board members also needs to be systematized to avoid any situation of such visits taken as an opportunity to use PAF's resources for other personal purposes.

3.4.2.2 *Relationship with key stakeholders*

There is an 'institutional dilemma' between PAF and its stakeholders. The key stakeholders such as Ministry of Finance, National Planning Commission, Office of Prime Minister and Council of Ministers, etc. perceive PAF as a program organization, bureaucratic organization and 'World Bank' funded NGO. The stakeholders view PAF's staff as consultants due to their contract-based job while PAF staff view themselves as experts.

On the other hand, PAF deems that it is a professional, permanent and autonomous organization. Also, PAF claims that while all these three institutions have been providing guidance, they are only on call basis, meaning the support is proactively seek by PAF but not provided by the partners. PAF has been trying to engage them by inviting in exposure visits, important meetings and sharing of strategic plans, yet the inputs have been limited to on call support. Also, PAF believes that it should receive specific and constructive feedback from the stakeholders rather than just saying that PAF is not functioning properly. This dilemma is hampering the image, autonomy and credibility of the organization, and impeding its organizational performance.

3.4.2.3 *Relationship with implementing agencies*

Since PAF is not implementing programs directly, but doing it through partner (implementing) organizations, there are layers between PAF and the beneficiaries. The measurement of the accomplishments or successes of the organization is hence hugely based on the performance and capacity of these organization. PAF so far has good relationship with all its implementing agencies, but it is imperative to be mindful of the capacity of the implementing organizations during their selection.

PAF has been using LDF/DDC and Local NGOs as its implementation partners. The performance of these partners varies from case to case as the results at CO level also varries from PO to PO. It appears that the POs have been effective in group formation and operationalization of RF and SFs, facilitate the infrastructure projects, however on the side of reporting, data management, creating significant achievements at higher level institutions (CO-Networks, Cooperatives) seem to be a gray area of their performance. PAF has a process of PO assessment, and POs hold a 'business contract'

with PAF, however the contract management seem to be less robust due to various factors such as 'leniency towards NGOs' at management level, and the possibility of use of political pressure from the NGOs.

3.4.2.4 PAF as an earning organization

Currently, PAF is operating under 4% overhead for its activities. Since program size is flexible and unpredictable, it was found to be challenging for PAF to retain its staff. The Office of Auditor General indicated that PAF cannot be an earning organization, and even the bank interest must be returned to the government. In this scenario, PAF is exploring options if it can be an earning organization so that it can generate funds to retain staff even when the project size declines.

3.4.3 Organizational Issues

3.4.3.1 Organogram and work division

The organogram being the backbone of any organization, PAF's is structural, comprehensive and clear in the paper. However, it reflects PAF as a bureaucratic organization rather than professional organization, meaning that the organization structure guides it to be process oriented rather than result based. Also, the organogram misses human resource development.

Recently PAF has gone into deconcentrating its workforce by assigning the Portfolio Managers (PMs) to be stationed at the district level. It has allowed PAF to have a regular presence at the district level, and this is expected to create more productive relation with local bodies mainly with DCC, POs and other stakeholders at district level.

The structure has different divisions for specific functions such as Program division, Admin finance Division, Infrastructure Division different units are also responsible for research, procurement, and knowledge management. The ED is the executive chief of the secretariat and holds the financial authority. There is a full time executive vice chair having more policy control role to play and also act as an interlocutor between the Board and the Secretariat.

The current staffing structure is mainly based on the needs of the WB funded project. Hence there is no differentiation among the staff as core and project staff, this has created an image of 'WB funded Project' to PAF.

In order to mitigate this, it is important for PAF to segregate between its core and non-core (project) functions, where the core functions would define its regular functions and non- core functions would define its project functions. This way, it would be easier to segregate roles, design activities and set realistic goals. Also that model of 'organigram' can fit in various projects at a time within PAF.

3.4.3.2 Executive structure

At the executive level, PAF has been following a hybrid structure. In most of the organizations, Vice Chair (VC) has governance role only and no executive role, while the mandate of PAF has provided executive role to both the Executive Director (ED) and Vice Chair. According to Article 18 of PAF Act, VC is the executive chief of the organization and according to Article 19, ED implements daily operations by seeking approval from the board. As such, the space for 'conflict of interest' is fueled by the Act itself, leading to unclear decision making and operational roles between ED, VC and the board, creating friction about operational territory among VC and ED at times.

There seems to be an un-spelled intellectual conflict between ED and VC, and whoever has greater power and political alignment tops the other, has been observed for several tenures. The effectiveness of this dual control system largely depends upon the professionalism of the individuals, but by design it always has the risk of creating problems in the day to day operations. This conflicting roles between VC and ED is creating confusion for staff regarding chain of authority and communication, hampering the organizational performance.

Currently, the secretariat system is slow, lacks pro-activeness from different units, which questions commitment and motivation of individuals at different positions, which can be linked to behavior and environment at the office due to this friction between roles.

From staffing point of view PAF appears to be a 'young' organization as majority of its staff appear in 30-50 age bracket. However, majority of its professional staff did not have very strong background of professional experiences. Many of them seem to have working background in small NGOs, small private sectors or in cases completely new interms of working experiences. As PAF operates in a 'fixed term contract based staffing model' there is little room for such staff to receive significant capacity building opportunities after joining PAF, hence they have to learn by doing starting from their limited capacity level. Some degree of 'political interest' playing role in the appointment of its staff was not completely denied by the PAF senior management level respondents interviewed by the CIE team.

Hence, it is important to orient all the staff, governing bodies and external partners regarding the roles as mandated by the PAF Act. A standard operating procedures that clarifies the various roles should be drafted. Also, since most of these are behavioral challenges rather than structural challenges, supplementary activities such as team building activities, frequent update meetings, orientation and being mindful of these during the recruitment phase might be needed.

3.4.3.3 Fund Flow and Financial Management

Fund flow mechanism, fund mobilization, fund transfer, financial statements and settling audit inappropriateness were observed to be a challenge for PAF's financial management, causing fiduciary risk. Also, every year the Government provides budget ceiling but if there is no source, the budget is not disbursed, and usually the sourced budget is less than ceiling budget. For example, the ceiling budget for FY 74/75 was 4 billion, while the confirmed source is only about 0.51 billion. Hence, there is a need to address these operational gaps to mitigate its fiduciary risk.

In recent years, after some interventions from the OAG and CIIA PAF has taken the cases of audit arrears seriously and taken majors in reducing the financial irregularities. CIE tried to look into its status on financial arrears which is one of the key indicators for effective financial management in the organization.

Table 3:8 Status of Audit Arrear of PAF

Arrear Details				
Fiscal Year	Arrear Amount	Arrear Settlement	Due Arrear	Percentage
2060-61	48,316.00	-	48,316.00	0%
2061-62	452,110.00	-	452,110.00	0%
2062-63	14,357.00	-	14,357.00	0%
2063-64	1,459,287.00	55,484.00	1,403,803.00	4%
2064-65	386,789.00	22,312.00	364,477.00	6%
2065-66	2,591,034.00	272,770.00	2,318,264.00	11%
2066-67	6,278,083.00	1,622,731.00	4,655,352.00	26%
2067-68	3,032,697.00	1,728,229.00	1,304,468.00	57%
2068-69	89,517,927.00	73,962,209.00	15,555,718.00	83%
2069-70	170,030,714.00	132,724,009.00	37,306,705.00	78%
2070-71	659,315,736.00	619,574,267.00	39,741,469.00	94%
2071-72	409,661,230.00	375,841,513.00	33,819,717.00	92%
2072-73	33,027,987.00	406,225.00	32,621,762.00	1%
Total	1,375,816,267.00	1,206,209,749.00	169,606,518.00	88%
To be Submitted (approved by OPMCM)			4,935,116.55	3%
Remaining will Be			164,671,401.45	

Source: PAF Finance Section

Table 3.3 presents the scenario of audit arrear of PAF and its current status. PAF has been able to settle 88% of its total arrears over the period of last thirteen years. The current outstanding audit arrears of PAF stands at about 164.67 million Npr which 8% of its total cumulative audit arrears.

3.4.3.4 Procurement Management

PAF is currently following dual procurement policies - of World Bank and that of Public Procurement Act of the government of Nepal. This is leading to slower and complex procurement policies, and there is no clear guideline regarding what action to be taken in case these two policies conflict with each other. Annual Procurement Plans are formulated every year, but in rush and in most of the time they are not comprehensive enough, resulting in need to amend it during implementation. The need to obtain authorization from Public Procurement Monitoring Office, in addition to World Bank, slows the decision making process, especially when there are frequent changes in the plan in the middle of the year. To mitigate this, an annual procurement plan should be formulated in time and keeping the whole year in mind, so that there is smooth operations during the whole year.

3.4.3.5 Data Management and MIS

PAF has lately adopted an online data record system. The MIS architecture is good and largely captures the outcome variables, the record of information like its individual and household characteristics, access and use of Revolving fund are among key uniqueness of data of the MIS. However, there are several issues with regard to completeness, accuracy and timely updates of the data.

The CIE team found that data update process is ongoing which limited the scope of MIS data analysis significantly. Since online record system has been lately developed, the data especially those recorded before online MIS system are scattered and incomplete. For example, still 9 % of COs does not have complete information about individuals of the particular CO. Even among those reported and recorded, the data does not have internal consistency. The MIS data shows the number of COs having members between 1-5 is about 5 % which does not match with PAF's documentation that number of members in COs are more than 15. We find several outliers when cross checked for number of CO members and budget disbursed from PAF. Saving funds has been added to RF in many cases though MIS intends to collect it individually. There is no uniformity in the value label of the variables.

The above all examples suggest that the MIS data of PAF need to be checked again and verify for its completeness and correctness. In some cases, there is discrepancy between definition of the variables and data actually recorded. It is to be noted that the HH, and CO level data entry is primarily the responsibility of the POs.

3.4.3.6 Decision making and issue of Abuse of Authority

In recent years there has been many complaints and corruption charges against various staff of PAF. Such complaints are made at every level, the world bank office, PMO, PAF chair and also CIAA have received several complaints. There are cases that are under investigation by Commission of Investigation of Abuse of Authority (CIAA) on the issue of abuse of authority mainly on some of the decision taken related to appointment of contract staff and long term consultants, recruitment of staff, selection of and renewal of Partner Organization (PO). CIAA is raising concerns in many activities and events of PAF that might have led to corruption and unlawful acts. Some of the cases out of several cases have been cleared and few allegations are still under investigation by CIAA.

Pointing to this scenario, the decision-making process in PAF is made complex and slow that staffs are hesitating to be involved in the decision-making process to avoid any kind of risk. In result, a process is adopted that all department heads should be involved in all executive or administrative decision-making process whether that is relevant or not. This process or notion is causing delay in decisions and sometime hesitating to be involved even in strategic decisions.

3.4.4 Human Resource Development Issues

3.4.4.1 Human Resource Management

One of the areas to assess was whether the contractual employment for 4 years, as mentioned in Article 21 of PAF Act, is supporting or impeding organizational performance. The long term engagement would provide job security to the staff, but there are also some benefits of having this contractual employment. For example, contractual employment would be based on annual performance review that would drive the employees to perform properly.

PAF has been usually blamed for being an 'expensive model' for over paying their staff by its stakeholders. This used to be true initially, as they were paid higher than the contemporary Governmental positions, but the salary has not been reviewed since last four years, there is no provision to receive pension or other fringe benefits, and provident fund has been introduced only few months earlier. Hence, in reality the model is not 'expensive' per-se but there is a need to apply proper HR planning and budgeting approach. Staff incentives of a 'contract job' cannot be compared with that of general civil servants.

The system for staff performance appraisal exists, but is subjective rather than systematic, not linked with results, and feedback is not fed into decision making. Also, the salary scale grade increment is almost automatic and not linked with the performance of the staff.

Other human resource development related concerns also exist such as lack of promotion opportunities²⁹, career path clarity, punishment and reward system, or grievance handling system, high rate of staff drop out etc.

Developing a comprehensive human resource development package should address these concerns should be developed.

3.4.4.2 Capacity development opportunities

The staff of PAF believe that they have not been able to receive capacity development opportunities adequately, and few trainings that were conducted were also done after multiple demands from the staff. The review of trainings conducted depicts that the number of training conducted is not inadequate. But since it was done without need assessment and without theory of change on capacity, the staff felt inadequate and haphazard about it. Currently, towards the end of the funding from World Bank, there is not enough fund for capacity building. Hence, there is a need for a capacity building package with theory of change based on need assessment.

3.4.4.3 Team Dynamics

PAF has not been mindful of the importance of team dynamics to achieve its desired results. Team dynamics are not adequately examined or assessed by engaging PAF staff members. Mutual trust and cooperation among different units is inadequate. The rigid and unnecessary operational procedures such as requirement of signature of every division chiefs for all small and big decision, is creating burden on the staff and resulting to delay, low motivation among staff to become efficient and creative in their work, low risk taking ability of staff and high turnover.

Hence, PAF should focus on rejuvenating the trust and relationship between team members through frequent performance assessment and team building activities.

3.5 Conclusion

PAF was established in the context of focused poverty alleviation strategy of the government at the time of its inception and its policy mandate remains valid as the governments priority on addressing multidimensional poverty among the poor and marginalized population of the country continues until the current TYP (14th Plan). This establishes the rationale for PAF's continued work on the capacity of GoN's permanent institution for poverty alleviation interventions.

PAF has developed, implemented, tested and professed a 'PAF model of poverty alleviation which is inclusive and effective in generating higher level of functionality and ownership of the targeted populations. The model is successful in creating positive impacts at hh level and community level

²⁹ Promotion is not in the core concept of a 'fixed term contract job', the contract can be renewed for a fixed term again but entry in any positions are not through promotion but through free competition. This model allows the organization to be flexible and need based in terms of its human resources, and also does not create a recurring financial burden to the organization in future.

institutions (at CO level), however its effectiveness at intergroup and higher level local institutions seem to be at weaker side.

The (informal) political-economy of PAF makes more prone to political interests in its program, however the positivity of this would be that PAF will be considered as an effective instrument for the GoN to deliver its targeted poverty alleviation interventions in future as well. There are political-economic incentives (both formal and informal) for the political actors and PAF's partner organizations (NGOs) from PAF intervention.

There are areas to be reformed within the institutional construct of PAF such as reconsidering the governance structure (a Prime Minister led Board as the policy governing body) to make it more functional but limited to policy governance role and avenue for providing professional direction and profiling PAF.

'PAF' has been somehow kept confined within a single donor project through its last 14 years of operation which caused some cover up to its identity of a permanent institution perceived by its policy stakeholders and acted as a 'project' also.

At the time of CIE the institutional performance of PAF secretariat appears to have several performance issues in its operations due to low motivation among its staff, high turnover of mid-level human resources, lower team spirit and complex and slow administrative process.

4 IMPACT OF PAF INTERVENTIONS

This chapter provides insights into the impact of PAF intervention on number of social and economic indicators as envisioned by PAF's objective and in particular project appraisal document (PAD). These impact indicators were identified following PAF's theory of change as discussed under methodology chapter. Since PAF aims to impact at multiple indicators pertaining to poverty, we classify the impact as economic (impacts on economic indicators) and non-economic (social and community level indicators). The economic indicators include household income, consumption expenditure, and creation of asset among others. Likewise, social indicators include education, health, access to drinking water and hygiene, individual empowerment, social cohesion among others.

The CIE team followed twin approach in documenting the impact of PAF interventions. First, quantitative impact results were derived using PAF's baseline and follow up surveys through a robust, well accepted framework and tool of impact evaluation. Second, these findings are further validated and contextualize from the observations derived from field survey carried out by CIE team for this particular assignment. What follows next is the detail discussion about context along with impact results.

4.1 General Changes perceived by the PAF beneficiaries

The CIE team begins listing the general changes that PAF beneficiaries have felt at individual, household, group, and community level during last five years. The idea is to map complementarities between the general changes reported by the beneficiaries and PAF's intended impacts.

Table 4.1 reports the various changes reported by the PAF beneficiaries during the FGDs. Overall, the responses were similar at all level (individual, household, group and community) and type of groups (income generating, Income generating plus Infrastructure and infrastructure only). Increased earning and empowerment were the most frequent responses at individual and household level; while group level activities and access to better physical infrastructure were the most cited responses at group and community level.

Among different changes reported at Individual level, individual empowerment, awareness and confidence (47 %) was significant followed by better earning of beneficiary member (34 %). Likewise better education of family members especially of children (22 %), better earning of family members (22 %), improved livelihood conditions (20 %) and family harmony (19%) were the major responses of change at household level. In case of group, better group working culture & coordination (74 %) have been the most frequent response followed by access to loan (11 %), empowerment, awareness and confidence (11%) among others. The responses were similar for changes at community level as well. For example, 26 % responded changes in individual empowerment related indicators followed by better access to physical infrastructure (25%) better group working culture and coordination (17 %) and improved sanitation (13 %) (Table 4.1).

These results indicate that the general changes reported by PAF beneficiaries are in line with the PAF's intended impacts. While these figures shall not be taken as the quantum of impacts (which is presented in sub-sections later), the utility of these figures lies with respect to understanding the broader context of impact that PAF has generated.

Table 4:1 Perceived General Changes (Multiple Response)

Responses	IND	% IND	HH	% HH	GRP	% GRP	COMM	% COMM
Individual Empowerment, Awareness and Confidence	203	47	4	1	78	11	146	26
Better Earning	148	34	131	22	17	2	10	2
Started Saving	35	8						
Better Education	16	4	132	22			7	1
Better Job Opportunities in Village	5	1			7	1	10	2
Access to Loan	16	4	4	1	79	11	19	3
Improved Sanitation	10	2	51	8			72	13
Improved Livelihood Conditions			122	20			48	9
Better Group Working Culture/Coordination			4	1	516	74	92	17
Better Access to Health			11	2			12	2
Improved Physical Infrastructure in Surrounding			18	3			136	25
Accumulation of Asset			12	2				
Family Harmony			115	19				
Total	433	100	604	100	697	100	552	100

Source: CIE FGD, 2018

Note: IND= Individual Level, HH=Household Level, GRP= Group Level, COMM= Community Level. Percent is calculated as % of reported cases.

4.2 Economic Impact

The CIE team examined several indicators pertaining to economic wellbeing of the households. These indicators include household consumption expenditure further disaggregated by types, debt repayment, assets accumulation, employment, job creations and migration.

4.2.1 Impact on Consumption, Debt & Asset Accumulation

As per PAF's theory of change, the PAF intervention aims at helping households for better and smooth consumption. We measure this impact taking household expenses on consumption which is further disaggregated by number of sub-indicators. In general, the impact results show positive effects on household consumption though the results are of varying magnitude and statistical significance.

Total Expenditure (per capita real)

Table 4.2 shows that total per capita expenditure in real terms has increased by about 22 % in group II households. This has however decreased among group III households by about 9 % though the result is not statistically significant. The case is similar for per capita food expenditure by the households. This has increased by 18 % in group II whereas it is small and statistically insignificant for group III households.

A possible reason for this variation could be that group III households are better-off in terms of socio-economic indicators including land holding which accordingly could enable them to produce more food. This might have decreased overall consumption expenditure for Group III

households. This is further supported by a significant increase in food production expenditure³⁰ in group III. For example, Group III households experienced an impressive increment in per capita food production expenditure by 98 %. The group II households however had a decrease in per capita food production expenditure which is in line with socio-economic profile of the households revealed earlier for group II.

The findings from field observation of CIE team and FGD are in line with results obtained from follow up surveys. The major impacts on economic wellbeing revealed by the FGD participants were the increase consumption, earning and better livelihood situations. The majority of the FGD participants said that there has been increase in food production which enabled them for better consumption. The RF they received for IG has been crux to these activities. These in essence mean that PAF's intervention has helped PAF households in reducing their consumption struggles and improves their food security situation. Considering that the malnutrition in rural Nepal remains serious concern³¹, and PAF has been prioritizing the food insecure households, these results are highly encouraging and positive, as both Group II and III households significant increase in food expenditure either through purchase or own production.

Expenditure for Productive Purposes

It is also encouraging to note that both Group II and III households who have taken loan from PAF COs have increased their expenditure significantly relative to the control group (103 % for Group II and 89 % for Group III) for the productive purposes such as agricultural inputs, livestock, trade and land for their own income generation activities (Table 4.2). It is evident that PAF CO members invested their loan in their own on-going IG activities or starting new activities. Considering that the future strategy of PAF has a strong focus on the support to nano and small enterprises and entrepreneurs, the results already indicate that PAF CO members have high potential to be further supported through financial services and market linkages.

Expenditure for Human Development Purpose

Group II households who have taken loan from PAF COs have experienced significant increase (43.2 % for Group II and 53% for Group III in their expenditure for Human Development purposes, including education and health services, compared to the control groups (Table 4.2). Considering that SDG 4 aims to enable all to have equal access to education, the result implies that small loan might enable the poor households to send their children to school.

Debt

The result has a mixed finding between Group II and III. Group II households who have taken loan from PAF COs have increased expenditure for debt repayment significantly (169%), while Group III households significantly decreased by 97 %. On the other hand, it is interesting to note that Annual Interest Rate from lending (other than PAF COs) has decreased for both Group II (by 1.17 percentage points) and III (by 5.8 percentage points) relative to those in the control group, although only Group III declined at significant level (Table 4.2).

³⁰ Food expenditure measures how much households could have spent in absence of self-production by the household-

³¹Of the nearly 3 million children under 5 years of age in *Nepal*, approximately 1.2 million (41%) are stunted (from DHS)

These results can be interpreted as the following pathway. By accumulating financial transactions within COs, the households might have increased their credit worthiness. Similarly, by having access to CO loan at reasonable rate, the poor households started to gain bargaining power with informal high cost money lenders, also with the economic empowerment process, they might have gained access to the formal banking services which offer the regulated interest rate (avoiding predatory lending). As a result, the annual interest rate has declined significantly compared to the baseline and compared to the control groups. Group II had the tendency to take more loans with the reduced annual interest rate, while Group III households had a tendency to decrease the loan amount from informal and formal banks. The difference might come from the difference in the characteristics of the sample households between Group II and III. Group II has higher indication of poverty, and mostly in the Mountain and Hill area. Further investigation is necessary to understand the opposite trend in terms of taking additional loans.

The findings from the qualitative assessment also confirms that the PAF beneficiaries (respondents of FGD and consultative meetings) have reported; i) increased credit worthiness among the local money lenders, and ii) reduced rate of interest from the local money lenders. They have also reported that through the IG activities supported by PAF they have been able to pay their previous loans gradually as they started getting some extra cash. This indicates that there are some beneficiaries who have entered into a kind of mini commercial activity through PAF support, thus some impact on income.

In summary, it is important to note that the PAF intervention helped CO members to bargain with informal lenders or have access to formal banks by making cheaper loan available. Considering that PAF future strategy has an additional focus on the financial inclusion, the results are highly encouraging and show the potential high demands of PAF beneficiaries for bigger size loans through formal and regulated financial institutions.

Assets

The results are overall positive and the PAF intervention helped CO members to accumulate assets in various forms. Both Group II households who received CO loans have increased their land holding by 0.1 Ha more relative to control group, while in the Group III the land holding decreased yet at not statistically significant level. Both Group II and III households increased the probability to possessing a radio (by approximately 27 percentage points for Group II and by 8 percentage points for Group III) and a phone (by 35 percentage points approximately for Group II and by 3 percentage points for Group III) In terms of livestock asset, both Group II and III increased the total value of livestock holding although only Group III has statistically significant increment.

Table 4:2Summary of DID estimation results on Economic Development (Treatment 1_RF)

		Group II	Group III
HH Expenditure	Total expenditure per capita (real term)(log)	0.217***	-0.0863
	Food expenditure per capita (real term) (log)	0.182***	0.0229
	Food production expenditure per capita (real term) (log)	-0.341	0.984***
	Productive investment expenditure per capita (real term) (log)	1.032***	0.891**
	Human development expenditure per capita (real term) (log)	0.432**	0.526*
	Debt expenditure per capita (real term) (log)	1.689***	-0.965**
Debt repayment	Annual interest rate for the existing debt	-1.178	-5.803***
Assets	Total land (hectare)	0.0995**	-1.600
	Total livestock value (NPR) (real)	44,749	90,198**
	Asset bicycle	0.116	-0.0263
	Asset radio	0.272**	0.0844*
	Asset phone	0.349*	0.0854**

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** p<0.01, ** p<0.05, * p<0.1

These findings indicate that PAF beneficiaries have been benefited through better consumption and their ability to spend on human capital formation (through spending on education and health) and asset accumulation. The benefits of PAF as reported by the FGD participants also include 'being able to purchase additional piece of land' or 'being able to by a two wheeler', however the frequency of such responses are low.

As per PAF's PAD, the program intended to increase household income among PAF beneficiaries by at least 15 %. Given the limitations in using income data, it is difficult to assess to what extent household's income has increased. However, with consumption as proxy to poverty measurement³² and given significant increase in consumption expenditure, it can be well argued that PAF's has met its overall objective of reducing poverty through its intervention.

4.2.2 Impact on Employment, Jobs & Migration

The impact evaluation looked how the households changed their labor allocation as a result of PAF's intervention. With skill development training as a part of capacity development program and

³² Use of consumption expenditure to measure poverty status of household is well accepted in national documents. For example, CBS uses consumption expenditure to measure the poverty.

revolving funds, it was expected that CO members would have shifted their labor from non-profitable to more profitable sector and have decreased the dependency on the migration.

The estimated impact of PAF CO revolving fund on household labor allocation also differs depending on the Groups. In general, PAF's intervention has prompted the treated households of the Group II to shift away from Farm Sector and move towards the Non-Farm sector, while the treated households of Group III shifted away from Non-Farm (especially wage-labor) and moved towards the Farm sector. This seemingly opposite direction might be explained by the fact that Group II samples have higher proportion of mountain and hill households, while Group III from terai area, which is more suitable for agriculture in terms of market access, transport, and irrigation. Moreover Group III had a higher proportion of the non-farm employment than Group II at the baseline stage (Table 4.3).

Farm sector

Group II households who received CO loans have decreased their labor allocation for farm sector, although not at significant level. More specifically, for Group II's treated households decreased labor allocation for self-agriculture (although not at significant level) and increased sharecropping (at significant level). On the other hand, Group III households significantly increased their labor allocation for the farm sector. This is consistent with the finding of the household expenditure. Group III's households spend more self-production activities for own consumption. Group III households increased wage agriculture at significant level (Table 4.3).

Non-Farm sector

While Group II shows statistically significant increases in non-farm related work, Group III decreased its labor allocation in non-farm sector at statistically significant level. More specifically, Group II's treated households shifted towards wage-nonfarm employment, including wage-labors, schools, government, NGOs and etc. On the other hand, Group III's treated households shifted away from non-farm wage, moving towards the farm sector as described above (Table 4.3).

These results indicate that PAF's intervention has helped the household in allocating their labor resources more efficiently on the sector that provides them higher income or profit. However, we could not find strong evidences on creation of additional employment opportunities or jobs at community level due to PAF intervention. This is an expected result against the quantum of support especially that of capacity building component and size of revolving fund that households receives from PAF.

Migration for Employment

Group II shows no effect in terms of reducing migration, although international migration seems to have declined slightly. For Group III, the treated households reduced their number of migrants employed abroad (by an average of 0.15 workers relative to the control group). Both domestic migration and international migration declined (although at not statistically significant level) (Table 4.3).

These different results can be interpreted as the difference in the region. i.e., Group II which has higher proportion of mountain and hill area might continue to suffer from migration regardless of PAF type of intervention, while Group III which has higher proportion of Tarai area might benefit from PAF type of intervention in preventing out-migration by providing diversified economic opportunities.

The findings from field are mixed in case of migration and vary according to type of migration and place. We find that PAF's intervention has helped in reducing permanent migration from one settlement to another and seasonal migration to India. The participants especially from the western part of Nepal have reported for decrease in seasonal migration to India after PAF's intervention. During KII, we find a case in Terhathum where 'permanent migration- leaving the places permanently' was postponed due to provision of drinking water project from PAF in rural village. However, we could not find strong evidences for reduction in temporary labor migration abroad (other than India). The labor migration abroad is meant for better wages; and it cannot be expected that PAF's intervention could create enough income for household members that can off-set the wage that they could potentially earn abroad, on the contrary the filed data have shown some cases of RF loan being used towards supporting the cost of 'foreign labor migration'.

Table4:3 Summary of DID estimation results on Employment and Jobs (Treatment 1_RF)

		Group II	Group III
HH members' Employment and jobs including migration (Primary job only)	HH Farm	-0.0230	0.287**
	HH self-agriculture	-0.0534	0.112
	HH share crops	0.0686**	0.0219
	HH wage agriculture	-0.0381	0.153***
	HH Non-farm	0.174***	-0.242***
	HH self non-farm	0.0399	-0.0594
	HH wage non-farm	0.134***	-0.183***
	HH duties	0.103	0.107
	HH Migration	0.0186	-0.147**
	HH migration to urban areas	0.0274	-0.0589
	HH International migration	-0.00878	-0.0880

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** p<0.01, ** p<0.05, * p<0.1

4.3 Impact on Social Dimension

As per PAF's theory of change, the social mobilization and capacity building component aims to impact on the social well-being of the households. At individual member's level among women, Dalit and other marginalized groups several social empowerment related changes have been observed by themselves and several PAF reports and studies in the past have also documented about such achievements.

In the FGDs and in the consultative meetings with CIE team, the CO members have expressed several social (non-income) achievements among women, Dalit, and Janajati members in specific and to all CO members in general. The changes reported by the beneficiaries due to PAFs interventions are presented in the table 4.4 below. These in general show changes in social dimensions are frequent and important. The major responses in social dimension reported were increased awareness, capacity and confidence (18 %) followed by improved sanitation (8.70 %), women's empowerment (8.33 %), better group work and coordination (13 %) among others (Table 4.4). While these figures gives the broad area of impact in qualitative terms, the sub-subsequent discussions provides an in-depth analysis under the different headings as per theory of change discussed in chapter II.

Table 4:4 Major changes perceived due to PAF interventions³³

Responses	Frequency	%
Improved Physical Infrastructure	136	24.64
Increased awareness, Capacity & Confidence	100	18.12
Better Group Work and Coordination	92	16.67
Improved Sanitation	72	13.04
Improved Economic Condition	48	8.70
Women's are Empowered	46	8.33
Access to Loan at low interest rate	19	3.44
Better Health	12	2.17
Better Technology	10	1.81
No Migration	10	1.81
Better Education	7	1.27
Total	552	100.00

Source: CIE FGD, 2018

4.3.1 Women's Empowerment

Considering that 79% of CO members are women, it is expected that PAF intervention empowered women both economically and socially. In order to examine the women's empowerment, we took two indicators namely whether women keep income with them and whether they are consulted while selling the household property. While there are broad dimensions and indicators of women's empowerment, we took these two indicators based on the availability of indicators the PAF household survey. However, it was found during FGD that there are multiple dimensions of impact including mostly importantly the economic empowerment- which are presented in Table 4.5.

It is encouraging to note that the treated households under Group III (i.e. CO member women) have significantly increased their possibilities to keep income, while they have significantly increased their decision in property sales for both Group II and III. The probability of women being asked when a property is sold increases on average by 22.3 percentage points and 5.7 percentage points, respectively, when comparing to non-CO member households (Table 4.5). The results can be interpreted that CO formation, social mobilization, and capacity building have been main contributor for women's economic and social empowerment at household decision making.

Table 4:5 Summary of DID estimation results on Social Development (Treatment 2_CO)

	Indicators	Group II	Group III
Women's empowerment	Women keep income	0.0242	0.0637**
	Women asked when property sold	0.223**	0.0574*

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** p<0.01, ** p<0.05, * p<0.1

As discussed earlier, FGD participants responses were beyond 'decision making' dimension. The major responses include less intensity of the discrimination based on the caste and ethnic background

³³ These responses were clubbed from different questions asked pertaining to changes of PAF.

(32 %), better education (28 %), harmony in family (13 %), economic empowerment (13 %) among others (Table 4.6). It was revealed that participants now shares food together with Dalits and Muslims and female member does not have to stay away from houses during their menstruation cycles. This can be attributed to group mobilization practice of PAF in addition to the GESI component of social mobilization.

Similarly, there is less alcohol based abuse to women. Some of the COs have made rule for alcohol drinking (like time of drinking) and some have even banned such practices within community. There is better harmony in the family, they work together and female members' opinion is considered while making decisions at HH level.

While these changes are not peculiar to PAF intervention, rather these responses are common to other similar programs that include social mobilization with GESI component. The distinctiveness of PAF lies with economic empowerment and increased realization among women members, of the need for income generation for the benefit of their family members, especially children. Now women have access to RF and are able to take decisions on how to use it, indicating increased awareness, self-confidence and assertiveness.

Table 4:6 Benefits from GESI orientation (multiple responses, in %, n=475)

Responses	Freq	%
Individual Awareness and Capacity	50	10.52
Less Discrimination based on Gender & Ethnicity	153	32.21
Harmony in Family	64	13.47
Less Violence in Family	8	1.68
Economic Empowerment	63	13.26
Better Education	137	28.84
Total	475	100.00

Source: CIE FGD, 2018

4.3.2 Impact on Education and Health

The impact on education and health can be explained through two possible channels as per PAF's theory of change. First, the households are engaged in income generating activities which will enable them to spend for children's education or seek for health services at health facilities. That means PAF could possibly make households 'able' to spend on their education and health needs. Second, PAF has supported building schools and health posts. This would also encourage the households to access education and health via decreasing the 'access or transactions cost'. This suggests that PAF's impact on education and health are built around other critical inputs like physical infrastructure and most importantly impact on the increased level of, or new sources of cash income.

The quantitative results shows mixed evidences of impact on education and health. On education, there has not been any statistically significant impact. On health, the results show a mixed findings. For Group II, the percentage of children with birth complication has increased by 3.06 point while for Group III, it has reduced by 2.9 percentage points on average, relative to control group (not being a CO member). The difference might come from the difference in the household characteristics. Group II has higher proportion of poor households and mostly in hill and mountain

area, which might make the HHs to access to health services. While Group III CO households might have benefitted from PAF CO participation, on top of their vicinity to health services.

Table 4:7 Impacts on Education and Health

Dimension		Group II	Group III
Education	% of School enrolment (5-15 years)	0.0397	-0.0277
Health	% of children with birth complication	0.0306**	-0.0290*

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

4.3.3 Impact on Sanitation

Among major changes responded by the FGD participants, improvement in sanitation and hygiene has been most frequent and important (Table 4.4). Participants revealed that they have constructed latrine and are now practicing better hygiene behavior like hand washing, use of latrine, less open defecation among others. We find out two possible reasons for improved sanitation among PAF beneficiaries. First, the social mobilization component has focus on improved access to sanitation and hygiene practices. This could possibly contribute to increased awareness and information accordingly impacting the sanitation and hygiene behaviors of the households. Second, construction of latrine is closely tied up with the drinking water projects supported by PAF. As discussed earlier, the majority of physical infrastructure supported by the PAFs is related to drinking water projects.

4.3.4 Social Capital

In addition to individual benefits, PAF also aims to improve the group level activities- the social cohesion. While it is difficult to quantify the social cohesion as such, these have been in general illustrated as group level activities- group meetings, working in group, reduced dispute in the group among others. In theory, the social cohesion should have broader dimension of which spillover effect to the community- beyond the group remains most critical.

In order to examine the social harmony, we consider three indicators: access disputes, land disputes and water disputes at the communities. We discovered that there has been a significant reduction on their probability of facing access disputes by 26.1% for Group II and by 1 % for Group III (not at statistically significant level), relative to control group. On the other hand, it was observed an increase on their probability of facing land disputes (by an average of 35% for Group II).

Table 4:8: DiD estimates on Social Cohesion

	Dimension	Group II	Group III
Social capital	Access disputes	-0.261*	-0.0106
	Land disputes	0.350***	0.0103
	Water Disputes at communities	0.0335	-0.0220

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Despite mixed findings from quantitative data, the FGD participants, on the other hand, cited improvement in the group level activities. There is now better working culture in the group, they interact in the meetings, and have better coordination. The members now stay together with untouchable or Dalits and share the food. In some cases, they have started the joint farming activities

as well. The RF appears as a bonding factor among the group members; hence the 'group dynamics' creates spillover effects on social cohesion. The women and Dalit respondents also felt that the response towards them by other members of the community have also improved and it is more dignified than ever before.

Table 4:9 Changes felt at Group Level

Responses	Frequency
Interest earning for group	83
Better saving at group	81
Improved habit to work in group, social help	78
staying together in group with harmony	62
Group is now strengthen	51
Social cohesion	48
Started participating in group	22
Improved helping each other	20
staying together in group	16
Started working with planning	11
regular meeting, speaking	10
less gender/ethnic discrimination	10
Can now demand other public services	7

Source: CIE FGD, 2018

4.4 Achievements & Impacts on Social Dimension

Regarding social mobilization component, PAF's input model at the community level is inclined towards the characteristics of a 'Transactional Approach' of social mobilizations and focuses more on the operation and management of the revolving fund, infrastructure projects and saving funds that they have been creating. Therefore, on the social empowerment related achievements, it varies from CO to CO and individual members.

The latest project document seeks PAF to create:

- Involvement of disadvantaged groups in identifying and implementing activities that will improve their incomes, assets, and access to markets and basic services
- Influencing the decision making pattern in the community and local bodies in the longer run to assure the say of the currently excluded groups
- The achievements that PAF have made on those intended key result areas are partly satisfactory. The involvement of group members in the identification, demand making and implementing IG activities for economic benefits, PAF have achieved this social empowerment objective as part of its input in the model.

The 'demand driven' element of PAF model transcends up to the level of individual members, therefore each of the members will be involved in IG or Infrastructure activities. This involvement has been instrumental in creating various impacts mainly at individual and household levels as

discussed above. Such practices may remain within the COs as this has been its operating culture, however there is no evidence of this practice being transferred/adopted to other similar community organizations working in the community.

On the other area of creating social development outcomes is to influence the decision making pattern to reverse the exclusion within the community and local bodies. No specific inputs from PAF have been delivered targeting for this outcome. There is no empirical evidence that shows any achievements of PAF on this aspect. Recent information collected by PAF about the number of PAF CO members who have contested in the last local election and number of winning candidates can be taken one area where this outcome can be traced out to a little extent. The data shows that 2288 CO members have contested in the local election in 15 PAF districts, out of these 2288 candidates 910 have won in different positions in municipalities and rural municipalities. Women and Dalits share the largest part of the winning candidates. But, this may or may not be due to PAF, however the contestants have felt that the foundation for their leadership potential has been laid down by their exposure and involvement in PAF COs. It is to be noted that LGCDP also reported that about 23% of elected members at local bodies are CAC members, and the possibility of some of them being members of PAF CO.

In absence of direct targets and planned inputs it is quite difficult to assess any social changes that PAF has been trying to achieve. Most of the effects and impacts that are visible among the CO members that can be counted on 'social empowerment' domain are largely by virtue of exposure to the group dynamics within CO and the persons involvement in any other agencies group activities that provide more input for social mobilization with transformative approach. Therefore it is difficult to fully attribute social empowerment related changes to PAF.

4.4.1 Social Changes and Achievements that are fully attributable to PAF

There are few distinctly noticeable social changes among the PAF co members that can be fully attributable to PAF, as PAF has been the only agency that have supported the groups with a significant Revolving Fund directly under the control and management of the group members themselves.

The CO members have become more aware on their cash needs and more aware about the benefits of 'economic empowerment' especially among women from Dalit and marginalized groups. Their exposure to CO activities made them realize that they need to improve their income for a better life quality. Through their engagement in small IG activities by taking a small loan from the RF the little comfort that they started to realize in the family consumption needs have made them more sensitive towards 'doing something' for the economic betterment of the family. "I can also share the financial burden of the family together with my husband, I learned to earn and I realized that I can also earn from my involvement in the CO activities, PAF supported two goats are my teachers for this lesson" this is how one of the respondent Dalit women expressed about the benefit that she got from PAF, with the CIE team during the consultation meeting.

Cost of Funding reduced (low and self-controlled interest rates), dependency on local landlords/money lenders have reduced, and it has also helped to prevent from falling into the trap of local money lenders and being exploited in various forms. Some respondents have also noted that the interest rate of the local money lenders have also reduced as there is less demand for loan from them.

Awareness in managing common property (RF) have also increased. CIE have noted that majority of the CO members interviewed are at a higher level of understanding and awareness on the importance of common or public property and peoples ownership over it. The case of RF management have made them realize it, in the same group where at initial stage they thought that PAF money is a grant for them so they do not need to return it, but now they understand that it is a common property of the group and they need to protect it.

4.4.2 Social Changes and Achievements with shared attributability

Several other social change related achievements are reported at the beneficiary level, however they are more in reference to intensive social mobilization process with 'transformative approach', however because of the 'group dynamics' process also prevailing within PAF CO functions, there will be some unintended 'transformative' effect that the members can be benefited. Therefore, some credit also goes to the PAF. Respondents of FGD and consultative meeting with CIE team have expressed their compliment to PAF by saying that they have been sharpening their social empowerment knowledge in other groups but the foundation is from PAF CO. Some of such social empowerment related achievement realized at beneficiary level are:

- Over the period of time family dynamics have changed. Women are now seen as earning members of the family and hold more respect and dignity within the family.
- Sense of working in a group have increased, individuals who participate in the group activities are exposed to new information's and knowledge about the developmental activities, they are now more aware on and have some basic information on their developmental entitlements as well as about the service delivery agencies.

In communities exposed and engaged in social and developmental activities are now feeling increased social dignity, self-esteem and self-confidence mainly among Women, Dalit and other marginalized groups. A sense of feeling personal pride by being able to speak in public and meetings, being able to write their names and do their 'signature', and being able to make demands for services and their entitlements from the public service agencies.

By virtue of taking part in the group activities, being exposed to various capacity building opportunities, exposure to the 'decision making domain', opportunities to interface with public office bearers and public service providing agencies as part of the group activities, beneficiaries from women, Dalit and other marginalized groups have an increased level of assertiveness and confidence. This can be related with the situation of many women, Dalit and other marginalized people contesting in local election and few of them also winning the positions.

Improved income situation, improved consumption situation, improved awareness on health, education and other public services among the beneficiary there are significant positive changes in the quality and quantity of food, education and health of children and other hh members.

The beneficiaries at community level have felt that their capacity and confidence in dealing with other programs, and local institutions for their developmental activities have also increased due to their active participation in the group activities.

4.5 Impacts on different subgroups

As discussed in the Methodology section, we further analyzed PAF impacts by conducting sub-sample analysis in order to learn if PAF had different effects depending on specific sub-groups of interest. We decided to focus on “economic dimension” of the listed key outcome indicators only (see Table 4.2), using the basic DID model described in the methodology.

On each table of the results, for each Group II and III, the first column shows the results of the DID for specific sub-sample, and second shows the results of DID for overall sample as already presented in Table 4.10. The idea is to compare the results to see whether there is more significant impact on the sub-sample compared to the overall results.

4.5.1 Sub group 1: Dalit and Janajati

This sub-sample compared the effects within a sub-group of Dalit and Janajati.

Table 4:10 Sub-group 1 results

		Group II		Group III	
		Dalit & Janjati	Overall	Dalit and Janjati	Overall
HH Expenditure	Total expenditure per capita (real term)(NPR)(log)	0.105	0.217***	-0.0400	-0.0863
	Food expenditure per capita (real term) (NPR) (log)	0.106	0.182***	-0.227**	0.0229
	Food production expenditure per capita (real term) (NPR) (log)	-0.278	-0.341	-0.0958	0.984***
	Productive investment expenditure per capita (real term) (NPR) (log)	1.763***	1.032***	1.312**	0.891**
	Human development expenditure per capita (real term) (NPR) (log)	0.166	0.432**	2.331***	0.526*
	Debt expenditure per capita (real term) (NPR) (log)	1.049*	1.689***	-1.653**	-0.965**
Debt repayment	Annual interest rate for the existing debt	-1.634	-1.178	-2.225	-5.803***
Assets	Total land (hectare)	0.107	0.0995**	31.20	-1.600
	Total livestock value (NPR) (real)	-121,550	44,749	124,059***	90,198**
	Asset bicycle	-0.0866	0.116	0.00545	-0.0263
	Asset radio	-0.0121	0.272**	0.00153	0.0844*
	Asset phone	0.107	0.349*	0.0452	0.0854**

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

For group II, the results are mostly on the similar direction as the overall sample. There is a higher increase of productive investment expenditure (an average increase of 176% relative to those that did not received RF money). Although not significant level, the livestock value has decreased compared

to those Dalit and Janjati HHs who did not receive the RF money. This might have an indication that Dalit and Janjati households might be moving towards the non-farm sector and spending more money in investing for non-farm businesses.

When analyzing group III subsample results, the results are mostly on the similar direction as the overall sample. There is a higher increase in productive investment and livestock value. We also observed that PAF resources have helped Dalit and Janajati significantly increase human development expenditure (233% on average, compared to control group) and this is significantly different from the effect when compared to the overall sample. There is a higher decline in the debt repayment among Dalit and Janjati households who received RF money, compared to the overall.

In summary, PAF has been effective in helping raise the well-being of the marginalized due to caste or ethnicity by helping them increase their productivity and human development related investments as well as reducing their expenditure on debt, which can help them smooth consumption and cope with shocks.

4.5.2 Sub group 2: Poorest of the poor

This sub-sample compared the effects within a sub-group of CO Households who received PAF RF money and had less than 3 months of food sufficiency, who are considered to be the poorest of the poor.

It was found that PAF has been successful in reaching its targeted beneficiaries particularly the poor and economically vulnerable groups. As reported earlier, more than 80 percent of PAF's beneficiaries are ultra and medium poor. The findings from field survey also support that PAF has reached the ultra-poor, marginalized and vulnerable groups. KII further supported that PAF's beneficiary are not only poor, but also come from remote places-far from access to public facilities like road or health posts; and are generally deprived of public utilities.

Table 4:11 Sub-group 2 results

		Group II		Group III	
		poorest of the poor	Overall	poorest of the poor	Overall
HH Expenditure	Total expenditure per capita (real term)(NPR)(log)	0.342***	0.217***	0.235	-0.0863
	Food expenditure per capita (real term) (NPR) (log)	0.266**	0.182***	0.442	0.0229
	Food production expenditure per capita (real term) (NPR) (log)	-1.828*	-0.341	0.800	0.984***
	investment expenditure per capita (real term) (NPR) (log)	0.571	1.032***	2.468*	0.891**
	Human development expenditure per capita (real term) (NPR) (log)	0.733	0.432**	1.909*	0.526*
	Debt expenditure per capita (real term) (NPR) (log)	2.652***	1.689***	-1.364	-0.965**
Debt repayment	Annual interest rate for the existing debt	-3.018	-1.178	-4.066	-5.803***
Assets	Total land (hectare)	0.0643	0.0995**	21.47	-1.600
	Total livestock value (NPR) (real)	18,921	44,749	14,585	90,198**
	Asset bicycle	-0.0201	0.116	-0.175	-0.0263
	Asset radio	-0.0388	0.272**	-0.0717	0.0844*
	Asset phone	0.932	0.349*	0.304*	0.0854**

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

For Group II, the results are mostly on the similar direction as the overall sample. Compared to the results of the overall sample, there is a higher increase in total expenditure and food expenditure increases by an average of 34% and 27% respectively. Also, food production expenditure of households decreased by an average of 183%. This suggests these households are being able to purchase more food, rather than having to produce it. These households also increased their debt expenditure (by about 265% on average when compared to control group), which, again, could mean both improved access to credit as well as a better capacity to pay back their loans. On the other hand, compared to the overall sample, there were no significant positive results observed on the asset accumulation among the poorest of the poor households.

For group III also, the results are mostly on the similar direction as the overall sample. CIE team observed positive and significant effects on expenditures (productive investment and human development expenditures increase by 247% and 191% on average when compared to control group, respectively). This subsample also saw an increase in the probability of owning a phone. On average this probability increased by 30 percentage points, while the rest of other asset related indicators did not show any positive significant results.

In summary, PAF has been effective in helping to improve the well-being of the poorest of the poor by helping them increase their productivity and human development related investments, while there were little positive results on the asset related indicators. On the other hand, Debt expenditure had the opposite direction between Group II's POP and Group III's POP, and a further analysis is necessary.

4.5.3 Sub group 3: Landless and marginal land holders

This sub-group analysis compared the effects within landless and marginal land holder holding (less than or equal to 0.5 Ha).

Table 4:12Sub-group 3 results

		Group II		Group III	
		Landless	Overall	Landless	Overall
HH Expenditure	Total expenditure per capita (real term)(NPR)(log)	0.232***	0.217***	-0.0475	-0.0863
	Food expenditure per capita (real term) (NPR) (log)	0.228***	0.182***	0.0539	0.0229
	Food production expenditure per capita (real term) (NPR) (log)	-0.611*	-0.341	1.116**	0.984***
	Productive investment expenditure per capita (real term) (NPR) (log)	0.955**	1.032***	0.853	0.891**
	Human development expenditure per capita (real term) (NPR) (log)	0.270	0.432**	0.649	0.526*
	Debt expenditure per capita (real term) (NPR) (log)	1.587***	1.689***	-1.334**	-0.965**
Debt repayment	Annual interest rate for the existing debt	-0.0605	-1.178	-5.394***	-5.803***
Asset	Total livestock value (NPR) (real)	28,451	44,749	34,415	90,198**
	Asset bicycle	0.0114	0.116	-0.0878	-0.0263
	Asset radio	0.102**	0.272**	0.0699	0.0844*
	Asset phone	0.0592	0.349*	0.0746	0.0854**

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

For both Groups, the results are mostly on the similar direction as the overall sample. For Group II, we observed a higher increase in food expenditure. For group III the estimations show a higher increase in food production expenditure by 112%, coupled with a decrease in debt expenditure by 133 %. However, for both Groups, the impacts on the assets are insignificant or less than the overall sample results.

The results are similar to the results of Sub-Groups of the poorest of the poor and Dalit and Janjati. It is encouraging to note that the expenditure related indicators have increased more than the overall sample. However, there are little impacts on the asset accumulation.

4.5.4 Sub group 4: Mountain and Hill regions

This sub-group analysis compared the effects within the households located on Mountain and Hill, which are considered to have issues with access to various services;

Table 4:13 Sub-group 4 results

		Group II		Group III	
		Mountain & Hill	Overall	Mountain & Hill	Overall
HH Expenditure	Total expenditure per capita (real term)(NPR)(log)	0.0884	0.217***	-0.0501	-0.0863
	Food expenditure per capita (real term) (NPR) (log)	0.0296	0.182***	-0.297***	0.0229
	Food production expenditure per capita (real term) (NPR) (log)	-0.0744	-0.341	-0.135	0.984***
	Productive investment expenditure per capita (real term) (NPR) (log)	0.996**	1.032***	2.373***	0.891**
	Human development expenditure per capita (real term) (NPR) (log)	0.254	0.432**	1.516***	0.526*
	Debt expenditure per capita (real term) (NPR) (log)	1.449***	1.689***	-0.582	-0.965**
Debt repayment	Annual interest rate for the existing debt	-2.674	-1.178	-0.872	-5.803***
Assets	Total land (hectare)	0.116**	0.0995**	4.983	-1.600
	Total livestock value (NPR) (real)	52,493	44,749	210,106***	90,198**
	Asset bicycle	-	0.116	0.00981	-0.0263
	Asset radio	0.0818	0.272**	0.0494	0.0844*
	Asset phone	0.0780	0.349*	0.0477	0.0854**

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

For group II, the results are mostly on the similar direction as the overall sample with less impact on the CO households in the mountain and hill, compared to the overall sample. We see more significant effects on the total land owned by 0.12 Ha on average.

For group III data we observed a decrease in food expenditure of 29% but a high increase in productive expenditures and human development expenditures. We also observed a significant and quite high increase in livestock value in these regions.

In overall, the impacts are less significant in the mountain and hill area, compared to the overall sample especially for assets accumulation.

4.5.5 Sub group 5: Earthquake affected areas

By limiting the analysis to the samples in two districts (Dhading and Khotang), this sub-group analysis compared the effects between households with CO membership and households who are not CO members.

Table 4:14Sub-group 5 results

HH Expenditure	Total expenditure per capita (real term)(NPR)(log)	-0.345***
	Food expenditure per capita (real term) (NPR) (log)	-0.574***
	Food production expenditure per capita (real term) (NPR) (log)	-0.453
	Productive investment expenditure per capita (real term) (NPR) (log)	1.948***
	Human development expenditure per capita (real term) (NPR) (log)	1.086*
	Debt expenditure per capita (real term) (NPR) (log)	-0.563
Debt repayment	Annual interest rate for the existing debt	1.599
Assets	Total land (hectare)	10.68
	Total livestock value (NPR) (real)	286,565***
	Asset bicycle	0.174***
	Asset radio	0.132
	Asset phone	-0.0395

Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

For the subsample of households living in earthquake affected areas, total and food expenditures decrease in households that received money from PAF (an average of 35% and 57%, respectively, when compared to control group). The reasons for the decline in the consumption are not clear.

On the other hand, productive investment and human development expenditures did increase (195% and 109%, respectively). Also, there is an average increase in total livestock value (an average of 286,5Rs.) and an increase in the probability of owning a bicycle (of 17.4 percentage points) for that subsample, when comparing those who received money from PAF with those who did not.

These results indicate that being CO member with access to Revolving Fund enabled the households to keep investing in their productive and human development investments as well as livestock (rather long term investments) instead of going for emergency coping mechanism, such as selling livestock, to cope with the distress caused by the earthquake. In the past, Nepal poor households were observed to sell of their livestock or to withdraw their children from schools, to cope with natural disasters. Hence, it is encouraging to observe that PAF type of interventions strengthened the community and households resilience to the disasters and shocks, without relying on the risky emergent coping mechanism.

4.6 Isolation of Impacts

Given the PAF's large coverage nationwide (66 districts) and several government and anti-poverty program in place, one of the key concerns is the isolation of impacts and attribution of such impacts to the PAF program. The team too discovered that there are several overlaps in the program- both at institutional and individual level. Many organizations are working in the same VDC or clusters with similar objectives (and impact indicators), however the program modalities vary from one agency to

another, also the coverage scope of other initiatives are much at small scale compared with PAF. At individual level, the beneficiaries are also the member of other programs. We find several such cases where beneficiaries are part of other program. In few cases, even the whole group was the beneficiary of other program.

In order to deal with this situation, we follow two approaches. First, we try to isolate the impacts using sub-samples analysis of PAF's household data. We controlled the effects of (i) Remittances; (ii) Other similar programs (WUAP and MEDEP) and (iii) Membership to other groups and derive the impact results between these two groups. Second, we ask FGD participants about attribution or credit they wish to give for the changes they had felt during last five years. We asked participants to rate their marks (on 100 points scale) for the changes they like to credit to PAF.

With regard to isolation of impacts, the results are presented in Table 4.15. For each Group, the first column shows the results of the DID controlled by other programs and remittance as per the estimation model [2]. The second shows the results of DID for overall sample as already presented in Table 4.3. The idea is to compare the results to see whether there is any significant difference in the co-efficiencies, and this serves as robustness check of our analysis presented in Table 4.3. In overall, almost all the co-efficiencies are the same between "controlled by other programs" and "overall sample" and only minor changes are observed. These results indicate that these other three factors have not influenced PAF's claimed outcome at statistically significant level. We are therefore confident that our main results presented on Table 4.3 are robust to the effect if these three control variables, and the claimed impacts in Table 4.3 are attributed to PAF's intervention.

Table 4:15 Impact isolation results

		Group II		Group III	
		Controlled by other programs and remittance	Overall	Controlled by other programs and remittance	Overall
HH Expenditure	Total expenditure per capita (real term)(NPR)(log)	0.217***	0.217***	-0.0863	-0.0863
	Food expenditure per capita (real term) (NPR) (log)	0.182***	0.182***	0.0229	0.0229
	Food production expenditure per capita (real term) (NPR) (log)	-0.341	-0.341	0.984***	0.984***
	Productive investment expenditure per capita (real term) (NPR) (log)	1.032***	1.032***	0.891**	0.891**
	Human development expenditure per capita (real term) (NPR) (log)	0.432**	0.432**	0.526*	0.526*
	Debt expenditure per capita (real term) (NPR) (log)	1.689***	1.689***	-0.965**	-0.965**
Debt repayment	Annual interest rate for the existing debt	-1.192	-1.178	-5.692***	-5.803***
Assets	Total land (hectare)	0.0995**	0.0995**	-1.600	-1.600
	Total livestock value (NPR) (real)	44,749	44,749	90,198**	90,198**
	Asset bicycle	0.0143	0.116	-0.0251	-0.0263
	Asset radio	0.0841**	0.272**	0.0866*	0.0844*
	Asset phone	0.0477	0.349*	0.0842**	0.0854**

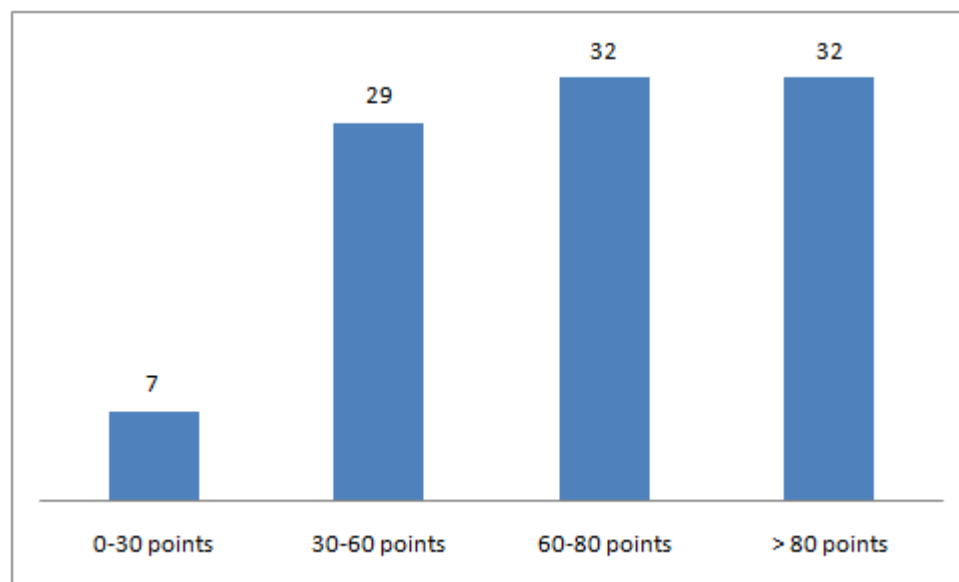
Source: Own calculations based on PAF panel household surveys.

Note: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

The field findings suggest that isolation of impacts such that they are fully attributable to PAF remains tricky for two primary reasons. First, there is huge overlap of program implemented by the different agencies. While PAF beneficiary in general are where there is no access or outreach of other programs, there are still substantial number of beneficiaries (especially among those districts expanded lately) covered under multiple programs. Nearly half of FGD participants reveal that they are beneficiary of other programs as well. Unless it is categorically possible to separate out their affiliation from other program from household data, it is difficult to isolate impacts from field observation. Second, social mobilization and capacity building components of PAF intervention needs further assessment. It was general observations that quantum and quality of social mobilization has been limited to group formation activities only. Likewise, capacity building component has ‘fits in all’ approach providing a generic type of training- without addressing specific needs that could enhance their skills on income generating activities. Despite these, the attribution of changes due to PAF has been quite impressive (Figure 4.1).

The majority of the participants (64 %) rated PAF's impact more than 50 % while only 7 % of participants rated PAF for below 30 scores. In particular, 32 % percent rated PAF with more than 80 points followed by another 32 % for 60-80 points, 29 % with 30-60 points and only 7 % with 0-30 points (Figure 3.2). These figures show participant's higher satisfaction towards the changes that they feel due to the PAF.

Figure 4-1: Overall valuation of PAF' contribution in 100 points (in %, N=351)



Source: CIE FGD, 2018

4.7 Sustainability of Community level Institutions

The findings of CIE team from the field suggest that no graduation plan or strategy prevails at the community organizations level. The community largely expects an external support to the COs for their function and growth. They generally lack the capacity in managing revolving and saving funds in particular. Only few proportion of the COs have the 'friends of community' who could provide the technical inputs and supports to the COs. It is therefore difficult to address the issue of sustainability based on the measurable indicators. However, the CIE team asked several questions regarding their plan, strategy and future function of COs

4.7.1 Effectiveness of PAF support at CO level

The routes that PAF could effectively support COs has been mainly through the social mobilizers expect some occasional visits and monitoring by the PM and other stakeholders. In this sense, the social's mobilizer's input is critical for both functioning, growth and sustainability of the COs. However, the inputs and extent of support from SM varies between CO to CO, which in turn reflects the working modalities and effectiveness of the partner organizations. The FGD participants reported about absence of the SM and they are of opinion that they have not received enough technical support from SM.

Despite that PAF's POs are selected objectively through assessing a number of indicators, their capacity and working strengths varies greatly. The POs who are working with other partners were

found effective in contrary to the POs with PAF portfolio only. However, there are risks of duplication over the programs in case PAF POs are working with multiple partners. In absence of careful assessment of PAF's PO and in particular the support of SM to COs, it is difficult in general to assess the impact and effectiveness of PAF's support to CO.

The functioning of the CO greatly varies between COs significantly affecting their sustainability status. First, they are not clear about whether they will continue to receive support from SM. The partner organization have been insisting the COs to demand for continue support from the SM so that functioning and thereby the sustainability of COs can be assured. Second, most of the COs does not have any plan to cope with the scenario when no external support is provided to the community. At the policy level, PAF aims to ensure the functionality of COs through associating them with CO-Networks or linking them with cooperatives. In contrary, large number of COs wants to continue to the current modality.

4.7.2 Sustainability of COs

The sustainability of COs can be viewed from two dimensions. First, their current functioning status that will have implication for their future. And second their future plan to manage and sustain the group.

Regarding first, CIE team observed that functioning status of the COs has been satisfactory. The key driver to functioning of has been the RF and SF that provides both incentives and ownership by the CO members. However, as noted earlier, there are several issues with RF. COs generally lacks technical knowledge to manage fund. The repayment of loan has been challenge among many COs. Therefore, a careful assessment of COs is required so that they can sustain in absence of external support. The maturity assessment of groups done by PAF has been largely scattered. These reports need to be combined together and need to identify where the external support is warranted.

With reference to their future plan for sustaining COs, they lacks clear plan. There have been flooded information about future status of COs and their fund- some say it is being taken away by the local government while other say it will be converted into cooperative. This has created confusion among the CO members about future status of RF. However, CO members reported that they are capable of managing the fund even if external supports are discontinued. This reflects a sort of confidence among CO members ensuring sustainability of CO and their funds. As such, few COs have already practiced recruiting 'friends of community' so as to provide technical inputs to the group.

CIE team had an impression that CO will sustain even no technical support is provided to them. As observed earlier, the saving and revolving funds are keys to sustainability of the group as well as fund. However, a clear exit plan from PAF and legal ring fencing of COs RF need to be assured for sustainable functioning of the COs.

4.7.3 Impacts at CO-Networks and cooperatives and their sustainability

The CO networks have been created but it also lacks a clear road map to guide its future work. Lack of role clarity and drifting towards replicating the CO functions at a higher level makes it at the verge of becoming a 'Supper CO'. The legal institutionalization of these networks is adhoc and not all have acquired any form of legitimacy. PAF currently does not have a clear sustainability and legalization plan at hand for the CO networks. Therefore, the sustainability of the CO networks at the time of this CIE is in a very loose and fragile state.

The higher level local institution building concept has been brought in implementation lately. CIE Team, during its field consultations observed that many of the CO-networks and Co-operatives were either formed very recently or in the case of the existing cooperatives they were brought within PAF's spectrum of support very lately. Hence, the activities of these two higher level institutions in relation to support PAF CO does not reflect any significant effect and impact at this point of time.

4.7.4 Impact of PAF at PO level

The main impacts of PAF at its PO level as observed by the CIE, expressed by many of the POs during the consultation meetings and also expressed in the e-survey forms are:

- For those who started with PAF and now are grown in a full blown service delivery NGO clearly give credit to PAF for giving this basis to grow.
- For many the in-depth learning opportunity for them on the targeting, supporting the community in managing the RFs, creating an effective blending between IG and Infrastructure through a CDD based approach are the key impact of their affiliation with PAF.
- As PAFs program has an image of a 'good program' among its beneficiaries, POs feel that their affiliation with PAF have given them a profile among the development partners, as well as helped to develop a good relation of trust with the communities.

4.7.5 Effectiveness of PAF in linkage building with Local Government

PAF modality includes working together with local government bodies as its core element. The local governments both VDC and DDCs were engaged at the stage of VDC and target hh selection levels. The infrastructure projects that are of larger in scope and nature were either picked up from village development plans or were selected and finalization in close coordination with the VDCs, which has resulted into a good cooperation and co-financing from the VDC funds in many cases. As the fund flow of PAF is direct to the CO, and it does not pass through DDC/VDC the general perception has been PAF by passing the local bodies, which in fact is not the scenario. The filed interviews with local body reps (newly elected but knew about PAF program) revealed that the local body representatives are appreciative of PAFs program benefits to the communities and also find its approach in coordination and linkage building with local bodies effective.

PAF has signed a MoU with MoFALD (now MoFAGA) regarding intensifying the monitoring role at local body level, aligning PAF's program at district level with DDC (now DCC), under which the PMs of PAF were stationed at DDC. DDCs have provided office space and other operating facilities to the PMs. PAF also allocated some funds for the monitoring activities to be done by District Poverty Alleviation Coordination Committees (DPACC). DPACC members consulted by CIE team at the districts mostly were newly transferred persons who were less familiar with the activities and programs of PAF in the districts, however were able to reflect upon from their exposure to PAF's activities in other districts. In general they felt that PAF's program are effective in addressing poverty and other social issues, however they also felt the need for intensifying its interventions to assure sustainable and significant income sources at the hh level. They felt that the current intervention levels of PAF at the households is very small and a significant level of economic impact may not be expected.

4.8 Conclusion

The findings from the field and also from the quantitative analysis have indicated that PAF has been successful in creating impacts on various aspects of the poverty among the beneficiaries. CIE noted two types of impacts of PAF; i) impacts that are fully attributable to PAF and ii) impacts those hold shared attributability with other initiatives. The analysis of findings of CIE have shown impacts at:

- An increase in consumption among the beneficiaries have been noted by 18% measured in terms of per capita real consumption expenditure. Quantitative evidences are not available on Income impact however the qualitative findings indicate that CO members have been experiencing increased cash income, or addition of new cash income source at the hh level, and this has been supportive of expenses towards improving the life quality of the CO members, their children and other family members.
- Qualitative findings indicate that PAF intervention have also been able to create social empowerment impacts among the CO members in general and in particular among the women, Dalit, and other vulnerable groups of CO members. However due to the possibility of involvements of these members in other social mobilization activities in the area, and also because of the low social mobilization input from PAF modality the attribution of that impact will have to be shared with other initiatives. Majority of the FGD participants felt that PAF should be given 50% credit for these impacts. Such impacts are observed at increased level of self-confidence and self-esteem among women and dalit members reduces incidences of discrimination and abuse, improved social cohesion among others.
- Access to RF by CO members have increased, recent data show 100% members having access, and local interest rates have reduced.
- The findings also indicate the most likeliness of sustainability of at least 80% of the groups, which has the RF and SF, those without such funds may not be sustainable. Use of RF on said purpose and the growth of RF is significant due to interest earnings. Some stagnant RFs are also reactivating and the RF repayment have been started, the repayment of loan from RF is satisfactory.
- Interventions targeting at higher level of economic benefits such as Pocket Area, Peri-urban, Innovative, and handicraft and artisan producer intervention are yet to show impact but the early results are encouraging for PAF to enhance its confidence level to work at that level in future.

5 EFFECTIVENESS OF PAF MODEL

This chapter presents the overview of the assessment on the questions like how effective PAF model has been in achieving the intended impacts among the beneficiaries, what has been its strength and weaknesses, and what are the main distinctiveness of PAF among other similar poverty alleviation focused programs of GoN. The findings presented on this section are mainly derived from the inputs received from the FGDs and Consultative meetings, documents and reports of PAF and other reference projects, and past experiences of the CIE team members on the reference projects. The reference projects suggested by the TOR of this CIE were LGCDP, MEDPA/MEDEP, and WUPAP.

Due to the limited scope of the work of the CIE team a systematic and detail comparison of PAF model with these projects was not possible. However, the analysis presented in this section is mainly based on the CIE team's consultations with CAC/LGCDP, MEG/MEDEP-MEDPA, and CG/WUPAP, and unstructured interviews with the concerned persons of the reference project.

5.1 Strength and weaknesses of PAF Model

PAF model, as a community driven model shows several strengths and weakness. PAF was designed and implemented during the conflict period, at initial stage its focus was to bring some relief to the poorest of the poor people in restoring their livelihood and feel the presence of the state. In this context, CIE team assessed the strength and weaknesses of PAF's model considering the community level situations in conflict and post conflict period.

Strengths:

- (i) Demand Driven Approach: The selection of IG and Infrastructure is done fully through the demand and choices of the communities. This approach has been established as one of the main strength of PAF model.
- (ii) Effective Targeting: The findings of CIE show that PAF model has been effective in reaching to its intended target groups. The process of target group identification has worked very well with some exception.
- (iii) Widespread fleet of COs with live contact: PAF holds a fleet of 32186 COs through its live contact with them. Out of which about 80% are at functional status. No other projects of this nature have this level of direct linkage with the poor, marginalized, and deprived group of people.
- (iv) Direct Funding to the Community: As the funding from PAF to the IG activities and Infrastructure projects are provided directly to the COs through their bank account, it is another strong aspect of PAF model.
- (v) IG with Infrastructure: Combination of infrastructure and income generation activities is one of the major strength of PAF model. Beneficiaries also highly valued this combination as the choice of infrastructure was also made to compliment the IG activities that the CO members would take.
- (vi) RF with substantial size: In the case of funding for any kind of startup fund or for revolving fund PAF provides a substantial size of RF to the COs on per-capita basis. This size of RF

is, compared to many other community level similar initiatives, is the largest one to more than 32186 COs across the country. This has proven itself as a very strong aspect of its working modality. The RF in fact have acted as a stimulus for the COs to remain intact and operational.

- (vii) Community Driven: Identification of beneficiary HHs, the process of CO operation, selection of IG and Infra projects, and operation of RF is done through demand driven and beneficiary controlled process.
- (viii) Transparency in CO operation: So far the operational aspect of the COs assures high level of transparency among its members.
- (ix) Resource Pooling Advantages: Funding for demand driven and need based infrastructures through COs have proven itself effective in pooling matching resources from VDCs and other local mechanisms.
- (x) PAF stands as a permanent institution: PAF's legal status is an autonomous semi-government agency by act. This gives PAF a permanent existence with clear mandate to work for GoN on 'poverty alleviation'.

Weaknesses:

- (i) Insufficient Social Mobilization: The social mobilization aspect of PAF model seem to be more concentrated in the CO formation and RF operation level, this approach of social mobilization (Group Mobilization?) is commonly termed as 'transactional model' which by default does not give any impacts that would be possible through a 'Transformational Process' of social mobilization. This is one of the weaknesses of PAF model.
- (ii) No exit strategy: PAF has been working for last 14 years, however until the time of this CIE it does not have any clear exit strategy. This is one of its significant weakness.
- (iii) In-effective group graduation concept: PAF model includes the concept of CO graduation, however it does not lead towards 'off-loading' the graduated COs from its active support mode. As a result PAF model carries a load of 32186 COs cumulative over the period of time, out of which many of the COs are at the stage of 'self-operating'.
- (iv) No Portfolio Diversification: Although PAF has an 'Institutional' identity, it has not been able to diversify its project portfolio but limited in implementing a single project funded by the WB and GoN, other than a small contribution from IFAD in the same project.

5.2 Key Elements of Different Models

The overview of key elements of community level institutions (COs of PAF, CAC of LGCDP, MEG of MEDEP/MEDPA and CG of WUPAP) is presented in the Table 5.1. These elements are compiled from the available literatures of the concerned projects and consultations with respective group beneficiaries at the field level.

Table 5:1 Comparative observation of community level institutions elements and characteristics of PAF, LGCDP, MEDEP/MEDPA and WUPAP.

SN	Area of Observation	PAF	LGCDP	MEDPA/MEDEP	WUPAP
1	Targeting	Mainly poorest of the Poor	Deprived Community (may be social or economic)	Economically Deprived, Marginalized section, some enterprise potential	Mainly poorest of the Poor
2	Area Coverage	66 districts, 2208 VDCs (under old structure)	75 districts, All VDC	69 districts, 65 local governments Bodies (New Federal Struture)	11 Districts, 152 VDCs (under old struture)
3	HH coverage	Could be several COs in one VDC, 32186 COs 0.85 Million HH	Minimum 1 group in 1 VDC 13,040 CAC groups Grants Beneficiaries: 117,600 members	Total No of ME Creation: 131680	Total HH coverage: 71984
4	Approach of Social Mobilization	Focused on 'Transactional Approach'	Focused on 'Transformational Approach'	Focused on 'Transactional Approach'	Focused on 'Transactional Approach'
5	SM inputs	Group Formation and Operations of IG, RF, SF	Awareness, Empowerment based capacity development	Enterprise Development Focused group activities focused	Group Formation and Operations of IG, RF, SF
6	Skill enhancement	very nominal other than group operation, very basic skills related to IG	very nominal other than group operation	Focused on skill development for enterprise development	very nominal
7	Revolving Fund	Substantial on per capita basis as grant to the CO	No provision	no provision	no provision
8	Seed Grant	no provision	nominal for selected IG, grant to individuals	no provision	no provision
9	Infrastructure	both IG related and broader community benefiting Infrastructures	nominal for selected micro infrastructures case by case	no other than CFC in selected groups	small need based (micro level)

10	Technical Support (hardware)	limited	no provision	Substantial in the case of CFC	no provision
11	Sustainability	COs most likely to sustain (60% +)	CACs most likely to sustain (60+)	MEGs are operational, tend to focused more on individual Enterprise	no categorical information available
12	Observed impacts	Mainly positive on consumption poverty	Mainly on social empowerment	Mainly on consumption and income level (job creation)	Mainly positive on consumption poverty
13	Other Observations: External TA	Fully implemented as GoN managed institution	Has a history of heavy external TA element	Has a history of heavy external TA element	Limited External TA
14	Other Observations: Legal Status	GoN's permanent agency by Act,	GoN's periodic project. Multi donor	Donor Project, now a GoN mainstreamed project	Donor Funded periodic project.
15	Other Observations: Funding Status	ExitingWB funded project is coming to an end.	Coming to an end as donor funds are depleted.	limited GoN funding as a regular activity	Closed now.
16	Observed main effectiveness by CIE	Coverage, targeting, and GESI	Coverage, targeting, and GESI	Sustainable income	Targeting and GESI

Source: Extracted from Various Documents of PAF, LGCDP & WUPAP

There are some commonalities and differences among the above models. Based on these key elements, the distinctiveness of the PAF model is highlighted in section 5.3.

5.3 Distinctiveness of PAF Model

PAF as a largest poverty alleviation intervention of GoN for last 14 years stands distinct in many dimensions to other similar initiatives that has been implemented in the country by GoN, Donors, NGOs and INGO. The TOR of this study has identified three GoN (programs as references in order to identify the distinctiveness of the PAF model, these projects are LGCDP, MEDEP/MEDPA, and WUPAP. Considering the significant difference in terms of the nature, scope and components of these programs, the CIE team has taken the lowest institutional forms of these programs for its observation and comparative assessment over to PAF. The basic community level institutions of these programs were looked into, and field consultations were conducted with the community level mechanisms (Community Awareness Centre (CAC) of LGCDP, Micro Enterprise Groups (MEG), PAF Community Organizations (CO) and Community Groups (CG) of WUPAP) of these programs.

Due to the limited scope of this evaluation, a formal comparison among these programs was not intended by the CIE, therefore efforts were made what are the distinct salient features that PAF model bears and the other do not or if they do but with a very limited scope.

- **Effective Targeting:** Findings shows that despite its wider coverage, PAF has a very effective and established process of reaching to the real target group of ultra-poor. It is to be noted that LGCDP focused its targeting on 'Social Deprivation', MEDEP/MEDPA on poor with some entrepreneurship potential, whereas WUPAP focused on economic poverty. PAF's target group has been ultra-poor of all social strata.
- **Widespread Coverage:** Widespread coverage of target groups through local institutional setup (COs): In terms of coverage PAF is the one with largest coverage of communities and individual households among the reference projects on CIE radar. PAF's beneficiary groups comprise 16% of the total population of the country. LGCDP although a national program its CAC coverage has been limited to about 5000 groups only.
- **Sustainability of COs:** PAF provides a grant to the COs to establish and operate a revolving fund for income generation activities. MEDEP do not have any such provision, LGCDP provides a small seed money only to the CAC. In LGCDP II a Livelihood Improvement Plan has been introduced to provide small grants to the selected members of CAC. This substantial RF at PAF COs seem the center of attraction, a motivating factor and a gelling element among the CO members, therefore the COs seem to be more like to sustain even after the withdrawal of external support. The size of the RF at CO level is substantial, although it may not be enough for the demands and needs. The CO members saving fund is also another contributor for the sustainability of these COs.
- **Direct Funding to COs:** Direct Funding to the COs for their RF and infrastructure projects through bank accounts of the COs is another salient feature of PAF, and one of its comparative advantages over to others.
- **High level of ownership:** High sense of ownership of the program among the beneficiaries has been noticed among PAF COs, this is mainly due to the substantial RF, expressions like "it's our money" we must protect it and mobilize it" are common among the members. In MEG, members are more functional at individual enterprises and there are less group level activities, MEG members grouped around a CFC also have individual enterprises of same

product therefore may focus the 'ownership' of the MEG gradually towards their individual initiatives.

- **CDD Led Approach:** This is another area of comparative advantages of PAF of becoming a complete CDD led program. The selection of IG activities and Infrastructure projects by the beneficiaries themselves makes it demand driven in real sense. In CAC this perspective is not applicable, but in MEG, any IG activity to be selected would require at least of small group, and it has to be with 'Entrepreneurship Development' nature. PAF is flexible to accommodate the needs, choices and capacity of the beneficiary.
- **Community Controlled:** PAF model allows the beneficiaries to directly control the decision making and operation of RF and SF, 'Full autonomy and self-control' as its characteristics. In other programs in reference, they do not have similar activities at the group level except for WUPAP.
- **Strong in GESI at CO level:** The process of GESI in PAF model is one of its strong factor that has been effectively implemented and visible very distinctly. The GESI has become the core element of its targeting approach and have been able to make PAFs program highly satisfactory in terms of targeting.
- **Being there when there were no others:** Due to its targeting approach and delivery through POs, and resources directly to the COs, PAF has been able to reach to the target group in difficult times and difficult areas during the conflict. Helped to feel the presence of the state during conflict when the state agencies were not present at community level.

5.4 Best practices and lessons learned

CIE team also made some attempt to draw synthesis of the best practices and lessons learned from CAC/LGCDP, MEG/MEDEP, and COs/PAF. These are the community level mechanisms that these projects have been working and there could be few similarities in terms of the program input elements among these projects.

5.4.1 Lessons from Community Awareness Center (CAC) of LGCDP³⁴

The best practices and lessons learnt from the CAC of LGCDP are abstracted by the CIE team from various reports and documents of LGCDP. Reflections of the CAC members that has been interviewed by the CIE team in different districts were also used to derive the lessons from CAC, which are:

- Social Mobilization based on transformational approach is effective in social empowerment and confidence building of the beneficiaries, thus helping them to have increased voice and choice in the local decision making process.
- A transformational approach of social mobilization can also lead towards increased awareness and capacity among the beneficiaries towards income generation activities. CAC experience in this context shows that the CAC members have been able to start income generation

³⁴ Abstracted from various reports and documents of LGCDP and field consultations conducted by the CIE team.

activities from small grants and also from other financing sources such as microfinance institutions.

- The awareness focused educational activities in CAC has been helpful in promoting mutual trust and cohesion among the members.
- Small grants and support for need based micro infrastructures can lead towards making the groups more dynamic, hence making the groups likely to sustain without external support.
- The intensity and quality of social mobilization input is key to the success of the groups.

5.4.2 Lessons from Micro Enterprise Group of MEDEP/MEDPA³⁵

Following lessons could be derived from different evaluation reports and field observation of CIE team such as:

- That combining facilitation and direct implementation roles in a project is not workable. The two roles are contradictory and should not be combined. This is more pertinent in the case of the later have become a regular phenomenon.
- That certain minimal conditions need to be in place for successful institutionalisation, most importantly, people to institutionalise *with* or *in*. Without such conditions being in place, sustainable results will not be achieved.
- That a focused and clear targeting guidelines at all input levels of a project can be useful approach for mainstreaming GESI target. GoN agencies do take care of GESI targeting through such clear provisions in project implementation guidelines and policies.
- That clear opportunities with proper guidance can bring remarkable good practice in bringing about systemic change by institutionalising the training of Enterprise Development Facilitators, largely through private training providers. This is a good example of a project function being taken up by independent market players, which demonstrates the kind of thinking that the remainder of the project should be based on.

5.4.3 Lesions from Community Groups of WUPAP³⁶

Despite that WUPAP project has been already completed, CIE team derived following key lesions after review of its documents. The consultations with WUPAP groups were also helpful on deriving key lesions as below.

- Consolidation of the interventions to ensure greater impact of the project is crux rather than “spreading the butter too thin”.

³⁵ Mid-Term Evaluation of MEDEP Phase IV, May 2016 by DECC

³⁶Source : <http://wupap.gov.np/gallery/ac3221st%20phase%20of%20WUPAP.pdf>

- All stakeholders working in the forestry sector would be important to coordinate in related service delivery in order to rationalize the use of limited project resources.
- LDFB is not financial experienced institution as well as different types of cooperatives emerging for same purpose. It was felt that, LDFB has not been carrying out saving credit activities as expected.
- Community has been given priority to infrastructure that needs huge amount of resource to meet the expectation. One hand, WUPAP is not in the position to meet the demand alone and at the other hand promotion of NTFPs/MAPs through leasehold forestry is priority area of WUPAP.

5.4.4 Lessons from PAF Model

- Community Driven Development concept can be implemented in true sense through a proper design and support mechanism and can result into sustainable impacts at consumption and income level of the ultra-poor groups.
- Substantial size of RF as grant to community but loan to individuals is a modality of direct financing at community level that can effectively work if operated under the direct control of the community. It can be also a good mechanism to safeguard the RF.
- The combination of IG and Infrastructure that would support the IG activities can also act as a mechanism that create a higher level of community ownership and contribution.
- CO lead approach to infrastructure is effective in pooling resources from local agencies and also it makes the infrastructure projects cost effective and assure timely completion of the projects.
- Implementation of CDD requires a specialized mechanism with resources and flexibility, and it proves its value for money by producing significant achievements and impacts.
- A multi stage model combined with livelihood and employment creation inputs can better serve the poorest of the poor population by opening avenues for them to step up from subsistence level poverty alleviation to enter into the level of sustainable income generation and micro business ownership. PAF's interventions through Pocket Area Approach and Product Group concept through JSDF funding has created this combination where PAF has been attempting to allow its beneficiaries to graduate from subsistence level to income generation level. A flexible program to fit to the 'economic empowerment' needs of people at consumption poverty level, and income poverty level is possible.

5.5 Conclusion

PAFs achievements on its different dimensions i.e targeting, reach, GESI, CDD, Sustainability of COs, and creating economic and social impacts seems at a satisfactory level. Which have enabled PAF to demonstrate significant strengths of its model and also noticeable distinctiveness are present. Therefore, CIE found that the PAF model of 'poverty alleviation' can be an effective model not only

to address the poverty at consumption level but also at income level. PAF may improve its models effectiveness by further strengthening its exit strategy, institutionalization and sustainability of the COs and higher level community institutions created and supported by PAF.

6 CONCLUSION AND RECOMMENDATIONS

6.1 Main conclusions from CIE findings

The CIE Team have come up with the following conclusions in relation to the achievements and Impacts of PAF on the basis of its findings from both quantitative and qualitative analysis:

6.1.1 Achievements

- PAF have spread its program in 66 districts, this has increased its geographical coverage, but also created some managerial challenges to effectively handle this horizontal coverage. Some of these include shortage of Portfolio Managers to cover the districts, logistic constraints for the movement of monitoring and technical support staff.
- PAF's mandate was to reach to poorest of the poor (ultra-poor) with a focus to women and marginalized groups. PAF have reached to about 0.85 million HHs through 32186 community organizations. This is a significant coverage.
- About 90% of the beneficiaries are from the poorest of the poor groups (PAF A and B class), and the GESI aspect among the beneficiary groups is highly satisfactory. PAF accepted that there are about 10% of CO members who may be at higher level of social and economic level (from food sufficiency angle). Despite this fact the IG part of the PAF activities does not seem to have any issue of being 'elite controlled'.
- As the focus of PAF was more on expansion horizontally it had less time and resources to work on the vertical expansion of its intervention, (considering working on 'income poverty' from its 'consumption poverty' focus), lately PAF introduced 'Pocket Area' and 'Artesian Products' concepts which was an attempt to work on 'Income Poverty' and 'Employment Creation' domain.
- At CO membership level it is highly satisfactory. About 79 % members are women. A study indicated that a large majority of these women CO members (about 60%) operate their own bank accounts. The coverage of Dalit and other marginalized group is also satisfactory. The social inclusion part is subject to the demographic composition of the location itself.
- Access to RF is also good from GESI point of view by default, as the percentage of members not having access to RF is minimal. There are cases of voluntarily not taking loan from RF mainly due to the fact that such people have a better economic situation or the available loan size is small for them. Such people have joined the COs either for their social/political interests or the community members intended to make them part of the CO to get their support. Exceptional cases where the CO members have decided to not to allow access to RF to some members mainly on the ground of the persons 'personal conduct' and past history of misusing the loan amount for alcohol, gambling.
- The 'Empowerment Effect' among women and Dalit groups is also satisfactory. The PAF CO members (women and Dalit) also demonstrate increased level of self-confidence and awareness. Active participation in the CO meetings, increased mobility for women, increased

respect for Dalits and increased level of self-dignity are few other 'empowerment effects' that are cited by the CO members. However, multiple agency interventions prevail in the communities and in majority cases the PAF CO members are also part of other social mobilization based developmental activities, therefore the 'empowerment effect' creation credit cannot be solely attributed to PAF. Some also say that 'yes PAF's input on social empowerment' are minimal but it is PAF who made us able to approach other developmental agencies' at the first place'.

6.1.2 Economic impact

- **Household Expenditure:** In general, the impact evaluation shows positive and statistically significant effects on household expenditure, households that accessed the revolving fund increase their total expenditure by 22% compared to the control group. It is also encouraging to note that the treated households have increased their expenditure significantly for the productive purposes such as agricultural inputs, livestock, trade and land for their own income generation activities (estimated impact above 89%). Another positive result is that the treated households significantly increased their expenditure for human development purposes, including education and health services (impacts between 43% and 53% were estimated). Moreover, poor and food insecure households are spending more to purchase food or produce more food after having access to PAF revolving fund, when compared to the control households.
- **Debt :** The Annual Interest Rate from lending (other than PAF COs) has decreased as a result from PAF. It is important to note that the PAF intervention helped CO members to bargain with informal lenders or have access to formal banks by making cheaper loan available.
- **Assets:** The result is overall positive and the PAF intervention helped CO members to accumulate assets in various forms. The treated households significantly increased the probability to possessing a radio and a phone (estimates range from 35 to 8 percentage point increase in the probability of having these assets. In terms of livestock asset, households that accessed the revolving fund saw an increased in the total value of livestock holding up to NPR 90,000 on average.
- **Jobs and Employment:** In general, PAF's intervention has prompted treated households to shift their work sectors. In places where agriculture activities are more profitable PAF resources promote those activities, while in places where wage-labor could be more profitable than agriculture, PAF promotes movements to the non-farm sector. These results are encouraging as the PAF type of intervention can help the poor households diversify their livelihoods and income generation activities, depending on their natural and economic endowments, while reducing the dependency on the remittance.
- **Labor Migration:** The results on the impact on the Migration for Employment are mixed, some positive results are found in these area but not statistically significant. In some cases, the PAF intervention has helped in reducing seasonal migration especially in India as they have better livelihood diversification options at home due to access to RF for income generating activities. The team also found cases where returnee migrant stayed at home due to income generating activities available. These suggest that PAF's intervention could not help labor migration that provides them higher wage rate at home compared to abroad but has helped

reducing seasonal migration and enticing some returnee migrant to start their IG activities. There are cases of successful micro and small IG activities (micro enterprise) being taken by the returnee overseas.

6.1.3 Social Development

- It is encouraging to note that the women CO members have significantly increased their decision at household level on important economic decisions.
- At community level, the results on social cohesion were mixed. We discovered that there has been significant reduction on their probability of facing access disputes, while an increase on their probability of facing land disputes. Therefore, it is not conclusive whether PAF type of intervention had promoted social cohesion and social capital.

6.1.4 Human Development

- The results on Human Development are mixed. Some positive effects were found in terms of food sufficiency and health, while no significant effects were found in terms of school enrolment.
- From the overall analysis mentioned above, it can be summarized that PAF intervention has been effective in addressing multidimensional poverty, especially in terms of economic impact and jobs and livelihood diversification. The results were significantly positive for women empowerment. However, the outcome related to social cohesion and human development showed mixed findings, and a further analysis is necessary.

6.1.5 Sustainability of Institutions

- PAF's COs have demonstrated their confidence in operating the COs and RF in future. It appears that the 'sense of togetherness' and 'RF' benefits are the main attraction for the CO members to think that the COs will be continued by the members.
- PAF's CO graduation process is not linked with any kind of complete withdrawal of PO/PAF from the group. The group graduation aspect does not seem to be effectively executed. POs also seem to be not very proactive in any kind of withdrawal from the CO. PAF has not clearly worked on its exit strategy yet.
- CO Networks are not very strong, confusion about their role, no clear GESI Policy at this level, even some CO networks found engaged in lending functions (among the CO network member individuals) by pooling funds from COs and saving function within the network committee. This is indicative of the risk of creating a 'elite' group who could control the COs.
- The legal ring fencing modality for the COs and their funds (RF and SFs) is not clear. Cooperative model and its pros and constraints over the COs and their funds and practices does not seem to be sufficiently analyzed by PAF. The future role of local government bodies in this context is also not properly analyzed. The COs are in a confused state, misleading assumptions (like local bodies will capture part of their funds etc.) are in the spread.

- The POs providing their services to PAF are local NGOs, capacity varies from one PO to another. The CIE team had enough reasons to question the overall competence of the POs selected mainly looking into the poor level of social mobilization inputs that they have been providing to the COs. This also relates with PAF's understanding and expertise in envisaging the Social Mobilization process and its scope to the COs, and the resources provided for this.
- Large number of PAF POs seem to be created for and limited to PAF program delivery until now since last 10 years or so. Small number of NGOs started with PAF program also seem to be developed in professionally full grown service delivery NGO.
- Although, PAF has a 'business contract' with the POs, however the connotation of 'NGO Partners' and POs political connections may have created 'leniency' towards the POs in contract management from PAF side, also the staff movement from PO to PAF needs to be noted in this context.

6.1.6 Institutional Performance

- PAF enjoys the privilege of being a permanent autonomous institution by law, however it has confined in the form of a 'WB supported' project only. It has not been able to diversify its portfolio over the period of last 14 years. From the GoN side also PAF has been perceived as a WB project but not as a specialized agency of the GoN holding poverty alleviation portfolio on behalf of GoN.
- The role unclarity between the ED and EVC, HR with not enough work experiences, high turnover of midlevel professionals, lack of mutual trust and team spirit among the secretariat staff are some critical issues that have been observed by the CIE affecting the efficiency and effectiveness of the secretariat staff.
- The working environment, lack of capacity development opportunities, and less attractive and less market compatible incentives to its staff hired through a 4 year fixed term contract are some factors that may have been detrimental for the performance of its human resources.
- The elaborative sets of operational manuals and standards of operations are an assets in the operation of PAF, however such have not been thoroughly review since a long time to make them contextual and practical to meet the management requirements of the current time.

6.2 Recommendations

Building on the findings and conclusions of CIE team based on both quantitative and qualitative assessment, the following recommendations are being forwarded for GoN and PAF to consider. The recommendations are categorized into; i) policy level recommendations focused on the future working strategy for PAF, ii) PAF Model level recommendations iii) Operational level focused on the existing program related activities of PAF, and iv) Institutional level recommendations focused towards improving the institutional performance and effectiveness of PAF in future.

6.2.1 Policy Level Recommendations

In the past PAF has been focusing its work on poverty alleviation of its beneficiaries mainly at consumption level and to some extent at income level as well. Taking its beneficiaries at the level of commercial level, enterprise development and job creation has been brought into PAF's interventions gradually. The followings are recommended to be considered as part of PAF's future intervention area by GoN and PAF:

6.2.1.1 Serving the Unserved

In relation to Poverty Alleviation there will be continued need for interventions as the national multi-dimensional poverty data of 28.6% BPL indicates that there will be significant number of households who would need state support for multi-dimensional poverty alleviation. Government of Nepal places a high priority on the poverty alleviation program, and considers an important role for PAF to play beyond 2018.

As presented both in the quantitative and qualitative analysis, PAF has been pioneer and key player in the country's poverty alleviation and has taken the agenda at its heart. The evidences show that PAF model has been effective in addressing multidimensional poverty, especially in terms of economic impact, jobs and livelihood diversification. Additionally, our results show positive and statistically significant impacts in women empowerment. The CIE team therefore see a strong reason for PAF to continue functioning on this domain.

Largely about 0.55 Million households are still not covered by any other poverty alleviation interventions, as there are no other larger program that have a significant beneficiary coverage. The small scale interventions from various public sector and NGO/INGOs sector interventions have not been able to operate at scale.

6.2.1.2 Serve those left behind

Our quantitative and qualitative findings indicate that there are poor population who have been covered by PAF or other existing programs, but are still lagging and have the risk of going back to the poverty trap. Such households need special attention and specifically tailored intervention programs that will be suitable for their interest, needs and capacity.

6.2.1.3 Serve those with high potential

On the other hand, we also found significant segment of the poor population supported by PAF are ready to graduate and move to the next stage of sustained growth and prosperity through systematic business/enterprise support. PAF should also have a special intervention window to allow such households to be benefited and move forward towards sustainable income and employment.

6.2.1.4 Strategic Approaches for future programs

For all the above three avenues for continued intervention PAF should take the following approach in designing its future programs:

- Focus on creating sustainable income at the hh levels.
- Emphasis on employment and Job Creation through promoting sustainable economic activities of commercial scale.
- Enterprise Development for better economic performance, and support to sustainable income, employment and job creation in sustainable manner.
- Specially targeted packages for returnee migrantlabors with focus on enterprise development, employment and job creation.

- PAF's future program should be fully aligned with Local Government by bringing them into the role of custodian and regulator, facilitation, and support mechanisms for the community institutions supported through PAF's support.
- Improving 'access to finance' of the beneficiaries for bigger financial needs to start IG activities of scale and enterprise development by building linkage with cooperatives, microfinance institutions and other financial sources.
- A social mobilization approach in line with 'transformational approach' to achieve higher levels of impact on social empowerment and human development.
- Resilience building should be also taken as part of the program strategy as the poor people are most vulnerable for any kind of disaster and emergency situation.

6.2.2 Program Model Level Recommendation

In the changed context of the country and emerging new interventions areas from within the working profile of PAF, the CIE have felt that there is a need to revise and improve the PAF Model of poverty alleviation. The operational reflection of PAF's theory of change on multidimensional poverty starts from the elements of PAF's Model. It has been observed that the PAF model is focused more on 'consumption poverty' and been effective at CO level. This model needs to be revised to bring in the higher level components that would work for; sustainable income, creation of employment and job opportunities, and development of microenterprises. The model also needs to be flexible in terms of meeting the varying needs of social mobilization among communities with different social awareness situations. Access to finance and technical support also needs to be made part of the PAF model. CIE team suggests the following reforms (not limited to) that PAF should consider to bring into its 'Model'.

6.2.2.1 Program Delivery Model

PAF has used NGOs and LDF as their program delivery mechanism. The use of NGOs as delivery partners was effective strategy at the time of starting of PAF during the conflict period. At present there might be other forms of service providing agencies available in the open market. Allowing access to private sector service providers also to act as service delivery agencies for PAF may increase competition and PAF will have more option to choose from for its delivery partnership.

6.2.2.2 Focus on need based small infrastructures

In the context of new role of the local government agencies and increased level of resources at their end, PAF may choose to continue support for need based small infrastructures only that have direct value addition to the IG activities. This is in view of the new resource capacity among the local bodies to allow them to cater the infrastructure needs of the communities at large. This will allow PAF to put more resources on the economic development related activities which are more employment and enterprise oriented and can yield sustainable income to the hhs.

6.2.2.3 *Working with Local Governments*

Ideally Local Governments should be strategic partners of PAF only but not engaged in direct service delivery like LDF in the past. This will create a situation of conflict of interest and the local governments would lose their legitimacy to act as 'regulatory and monitoring body'. PAF needs to work closely with local governments in such a manner that the 'autonomy and self-control modality' of the CO operation would remain intact. In the current context of federal structure of Nepal and new mandates given to the local governments by laws, it become essential for PAF to establish a working modality that brings the local government in its forefront as one of the key strategic partner.

6.2.3 **Operational Level Recommendations**

6.2.3.1 *Legal Ring-fencing of COs and RF*

Over the period of 14 years of its work PAF has created 32186 COs spread in 66 districts. There is about 19 billion NPR worth of fund in the hands of the COs in the form of a Revolving Fund, out of which about 15 billion is the investment from PAF as a grant to the COs. A clear legal ring-fencing of this fund without creating any barrier for the current 'full control by the COs' situation needs to be properly worked out by PAF. The issue of legalization of CO and RF should be taken as one issue rather taking them as two different agendas. Once the groups are off the PAF, they need legal status from any other appropriate legal provision of the country. There could be several options for this such as:

- i) **NGO Model:** At present NGOs are registered under a 'Society Registration Act 2034', but in the new federal context it is not yet clear what will be the status of this act, and what provision the local bodies will have for providing legal identity and protection for local NGOs and CBOs. PAF may need to work together with local bodies and concerned federal authority to further explore on this.
- ii) **Cooperative Model:** Another option (which is being considered by PAF also) is the Co-operative model. PAF has already started collaboration with several co-operatives, however this has not been explored and analyzed in depth to be considered as option for institutionalization of the COs.
- iii) **Non Profit Company Model:** Another option could be federating the COs in the form of a private non-profit company under the company registration act, which is not as one of the option being considered by PAF.

Therefore, it is recommended that PAF should work further and explore appropriate option for the legalization of the COs and RF by analyzing the pros and constraints of each of the options. However, the determinate factor for choosing the option should be 'informed consent' of the CO members themselves, and safeguarding the 'beneficiary controlled' characteristics that the operation of CO and RF currently enjoy.

6.2.3.2 *Exit Strategy for PAF*

Exit strategy for PAF is a must, and it should be worked out with high priority. The CIE suggests that the exit strategy of PAF should be considered from its current activities point of view which is linked with the issue of legal ring-fencing of the COs and RF. The other perspective should be to make an exit strategy integral part of the 'PAF Model' so that any project delivery process will have an exit

strategy by default from the beginning of the project. The future strategy of PAF and the revised model to fit in sustainable income, job and employment creation, enterprise development should have specific exit strategy to fit to not only to the nature of the intervention but also to the situation of the specific ecological socio-economical and physical conditions of different types of communities and their location specific conditions.

6.2.4 Institutional Level Recommendations

6.2.4.1 Aligning with Federal Structure of the country

As part of its organizational restructuring PAF should consider aligning its structure with the federal structure of the country. PAF board should take it as a political agenda and take appropriate decision based on a professional analysis. It is to be noted that the constitution have put the poverty alleviation agenda as the responsibility of the provincial government. One of the possibility, among others, may be 'Provincial PAF Boards' with one central technical support secretariat. Hence this aspect cannot be covered under the limited scope of this CIE, PAF and GoN would require to take this issue for further exploration and elaboration.

6.2.4.2 Policy Governance Level Reform

The policy governance provisions of PAF laid down in PAF Act requires in-depth review from the perspective of improving the effectiveness and functionality of its board. There is a need to review and revise its governance structure in order to make the PAF board focused on policy control and facilitation body, this in-depth review should critique the current structure of the PAF board and come up with options to fit into the federal structure as well, and also to make the PAF board more functional, may be a two layer governance structure; the higher level with broader participation of stakeholder under the leadership of the Prime Minister as a Policy Council, and at second level a management committee chaired by the designated person from PAF's line ministry (currently OPMCM, so it could be headed by a Secretary designated by the Council Chair), with professionally hired Executive Director as head of the secretariat and operations, member secretary to the Management Committee.

6.2.4.3 Organizational Structure Level Reform

PAF needs to reform its organization structure of the secretariat by separating the core function and project implementation functions (flexible to be fitted as per the need of the projects), again it should be aligned with its new federal structure. Restructuring its secretariat from a future perspective of having multiple projects, or separate projects for different provinces should have a provision of project specific team of experts and professionals fully funded through and hired for the specific projects. This will not only help PAF to improve its management efficiency and effectiveness, but also make its more cost effective with no burden on the core budget. There needs to be elaborated HRM provisions for two district type of human resources i.e the core staff and project staff.

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8 ANNEXES

Annex 1: Terms of Reference

Annex 2: Core Team Members of Study Team

Annex 3: PAF Household Data Characteristics

Annex 4: Coverage of Field Research

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Annex 1: Terms of Reference

TERMS OF REFERENCE (ToR) FOR THE COMPREHENSIVE IMPACT EVALUATION (CIE) OF POVERTY ALLEVIATION FUND

1. Background

Poverty Alleviation Fund (PAF) is a targeted program of the Government of Nepal based on a community-driven development approach. It was established in 2003 with a separate law. Initially, the programmes were implemented in six pilot districts. Now, PAF has successfully reached out to the poor and vulnerable groups, especially those who are disadvantaged due to gender, caste, ethnicity or physical isolation. As shown in Annex 1, by 2015 PAF programmes have progressively been extended to 55 districts. Special targeted programs are also being implemented in the urban and peri-urban areas of three additional districts. PAF programmes aim to improve living conditions, livelihoods and empower the rural and urban poor, with particular attention to groups that have traditionally undergone socio-economic and geographical exclusion.

PAF programme has four main components: (i) social mobilization and institutional strengthening: to support the formation and development of community organizations (ii) sustainable income generation: to provide support as revolving funds to community organizations for income-generation activities; (iii) small-scale community infrastructure: to provide sub-grants and technical supports to develop income generation supporting local infrastructure projects (e.g., small irrigation, drinking water, micro hydro, school buildings etc.); and (iv) capacity building of community organizations: for revolving fund management, income generation and empowerment. In addition, in many programme districts, PAF is providing support in forming institutions like cooperatives, community organization networks, as well as supporting product development, market linkages and financial inclusion.

PAF has also launched innovative programmes in Chitwan, Makawanpur and Kanchanpur and peri-urban targeted poverty programmes in Kathmandu and Rupendehi districts. PAF is essentially a 'Social Fund', which finances (with support from the World Bank) a variety of rural projects. It has a documented history of delivering resources reaching the poorest of the poor, the most vulnerable and those historically excluded from the development process. Past evaluations have shown PAF's positive results on enhancing the livelihoods of beneficiary-households, particularly on increased income level, consumptions and food sufficiency, reduced dependency on the remittances and migration. However, these evaluation studies had their own purposes and lack comprehensive impact on the multiple dimensions of poverty at the grass root levels by independent institution/individuals.

The proposed Comprehensive Impact Evaluation (CIE) seeks to better understand and document the results in the ground in an independent and comprehensive manner. It also aims to isolate PAF's impacts in poverty alleviation compared with other factors. The proposed CIE will be led by the Steering Committee of the National Planning Commission. The Steering Committee will facilitate the evaluation process and control the overall quality of the evaluation study. The CIE study will carry out a systematic assessment of the previously reported outcome through an in depth review of existing literature (see the preliminary list in annex 2) and quantitative analysis of already available baseline and follow up data (districts list in annex 3), in tandem with a rigorous participatory assessment through the collection and analysis of qualitative data. This mixed-method approach would help on distilling lessons and learn about the socio-economics and poverty related impacts that PAF has accomplished over time in Nepal.

2. Purpose

The main purpose of the CIE is to evaluate PAF achievements and impacts in poverty alleviation in an independent and comprehensive manner. This CIE will review the existing evidence of PAF results, gather new evidence to fill the information gaps about the impacts of the program in terms of poverty reduction and achieving its development objectives. Moreover, the proposed CIE aims to help to identify specific

benefits which could be attributed to PAF's in contrast to what other interventions or other factors (e.g. remittances) have achieved in terms of overcoming poverty and improving overall wellbeing of the targeted households and communities.

This evaluation aims to focus on the multiple dimensions of poverty, going beyond the conventional income poverty or food sufficiency. It also aims to identify the best practices carried out by other poverty-related programs in reducing poverty and vulnerability and assess the comparative strength of the PAF interventions.

3. Objectives

Main objective of this **comprehensive** impact evaluation study is to assess the comprehensive impact of Poverty Alleviation Fund in poverty alleviation in Nepal. Specific objectives of this study are to:

- Carry out an assessment of the effectiveness of PAF model in addressing multiple dimensions of poverty.
- Carry out an assessment of the effectiveness of implementation modality in reaching out the poorest of the poor and the most marginalized with cost effective delivery mechanism compared to other poverty alleviation interventions.
- Carry out an assessment of PAF's approach in building sustainable community level institutions for sustainable impacts.
- Document best practices and lessons learned and recommend best cost effective poverty alleviation approach and intervention model for Sustainable Development Goals (SDG) era in Nepal

The results of this evaluation are expected to provide concrete recommendations and directions for the GoN and the World Bank, in terms of designing their future poverty alleviation strategies. The results will also be useful in shaping the future institutional mechanism of the PAF.

4. Evaluation Approach and Methodology

This evaluation will utilize both qualitative and quantitative methods in collecting and analyzing data. The existing household quantitative PAF survey data will be analyzed. Fresh Qualitative data will be collected and analyzed to achieve the above-stated objectives of the evaluation study. Besides, following methodological approach will be undertaken in this study:

- a. Conduct a thorough review of literature to find out major gaps (*List of studies is in annex 2*)
- b. Review and analyze the existing data from PAF database and monitoring and evaluation system (survey data and results framework indicators)
- c. Conduct a set of qualitative studies, using focus group discussion and semi-structure interviews with beneficiaries and key informants
- d. Study of best practices of poverty alleviation projects in Nepal, and compare and contrast with PAF's approach, coverage, effectiveness, documenting lessons learned.

The proposed sample districts to be included for the Focused Group Discussion (FGD) and semi-structured interviews are in Table 1 below. This selection ensures a broad range of districts covering all phases of the programme, ecological zones, provinces and previously evaluated and fresh districts.

Table 1: Sample Districts for Data Collection for Impact Evaluation

Year	Prov 1	Prov 2	Prov 3	Prov 4	Prov 5	Prov 6	Prov 7
2004					Pyuthan		Darchula
2006		Rautahat	Sindhuli			Kalikot	
2009	Terhathum	Dhanusha			Salyan		
2015				Nawalparasi		Surkhet	

Among the above proposed districts, baseline and/or follow up districts are Pyuthan, Darchula, Rautahat, Dhanusha and Surkhet.

The number of sample districts (10) will be as per table 1 above. From each of these 10 districts, six communities (three from the Rural Municipality and three from Municipality) will be selected for field data collection.

Initial Hypothesis to be Tested

Hypothesis 1

PAF model (direct funding for open menus, social mobilization, participatory planning, ownership, and community contribution) have been effective in addressing poverty in multiple aspects (consumption/income; women empowerment, social cohesion, school enrolment, health, job diversification, less dependency on migration and high cost loans). This hypothesis will be tested through household panel data of PAF (with technical support from the World Bank). Various sub-sample analysis will be made to isolate the impact of the receipt of the remittances.

Hypothesis 2

PAF's community level network and institutional architecture (implementation modality) has been effective reaching out the poorest of the poor and the most marginalized with cost effective delivery mechanism. This hypothesis will be tested through mixed methods of qualitative and quantitative and in comparison with other similar programs, including LGCDP, MEDEP and WUPAP³⁷.

Hypothesis 3

PAF's approach has built sustainable community level institutions for sustainable impacts. (PAF's Community Organisations started mobilizing funds on their own for their own development agenda). This hypothesis will be tested through mixed-methods of qualitative and quantitative and in comparison with the LGCDP, MEDEP and WUPAP (*Brief data source template is in Annex 4*).

5. Work Plan

This impact evaluation work will be carried out according to the following time-bound work plan:

Table 2: Work plan

SN	Description	Timeline
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³⁷ Ministry of Cooperative and Poverty Alleviation, Western Uplands Poverty Alleviation Project (WUPAP)

	First Steering Committee Meeting at the NPC	October 10
	Hiring of Consultants and Evaluation process starts	End of October
	Inception Report	November 15
	Data collection and Interview Process completed	December 15
	Analysis completed and report submitted	Third weeks of January
	Stakeholder Review workshop	End of January

6. Steering Committee

This CIE will be led by a Steering Committee constituted under the leadership of the National Planning Commission (NPC). As per decision made by PAF Board Meeting, NPC has formed a Steering Committee to lead, facilitate and control the quality of the CIE. The Committee is as follows:

- Coordinator - Hon'ble Member of National Planning Commission (NPC) Cooperative and Poverty Alleviation portfolio, Dr. Chandrakant Poudel
- Member - Poverty Alleviation related - Joint secretary, Office of the Prime Minister and Council of Ministers (OPMCM)
- Member - M&E Division Chief, NPC
- Member - Representative, PAF
- Member - Representative, World Bank
- Member - Independent Evaluation Expert, Dr. Giridhari Sharma Poudel
- Member Secretary - Result Management and Evaluation Section Chief, NPC

ToR for the Steering Committee

The NPC Steering Committee will lead the entire process of CIE and will finalize the report on the findings and provide long-term strategic recommendations to the Government of Nepal and the World Bank on the poverty alleviations and inclusive growth based on the results and learning from PAF and other related programs. The NPC steering committee will be supported by the team of consultants hired by PAF in terms of field data collection, literature review and consolidating results. Final conclusion and recommendations will be discussed and finalized by the NPC Steering Committee.

More specifically, the committee will:

- (i) Lead the entire process of CIE.
- (ii) Review and approve the TOR and the methodology of the evaluation.
- (iii) Provide overall guidance to the team of consultants.
- (iv) Review the questionnaires to be employed in the field data collection (focus group discussions) and approve them
- (v) Monitor the data collection processes
- (vi) Review the draft consolidate report prepared by the team of consultants and make a final conclusion and policy recommendations to the GoN

7. Consultant Team

To evaluate impacts of the PAF program, the theme-wise independent expert consultants will be hired and mobilized. The proposed experts and field level researchers are stated below. Their ToR is included in Annex 5.

- Independent Impact Evaluation specialist

- Economist
- Poverty expert
- Decentralization/Institutional Development Specialist
- Gender and Social Inclusion Specialist
- Statistician
- Qualitative method expert
- Data Manager
- Field researchers

The consultant for the above stated assignment will be selected in accordance with the procedures set out in the World Bank's Guidelines for the Selection and Employment of Consultants by World Bank Borrowers (January 2011, Revised July 2014”- Based on Consultant Qualification Based Selection (CVs Evaluation).

7. Main Deliverables

The Independent Impact Evaluation Specialist along with the consultant team will deliver the following products as per the Work Plan stated above:

- a. Inception Report
- b. Three Draft Specific Chapters related to each Hypothesis
- c. An Integrated Draft Report
- d. Final Integrated Report

Annex:A 1 Year-Wise PAF's Programme Extension in 55 Districts.

Rolling Year	No. of Districts	Name of Districts
2004	6	Darchula, Kapilbastu, Mugu, Pyuthan, Ramechhap, Siraha
2006	19	Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Dolpa, Doti, Humla, Jajarkot, Jumla, Kalikot, Mahottari, Rasuwa, Rautahat, Rukum, Rolpa, Sarlahi, Sindhuli
2009	15	Bara, Bardiya, Dhading, Dhanusha, Khotang, Okhaldhunga, Panchthar, Parsa, Salyan, Saptari, Sindhupalchowk, Solukhumbu, Taplejung, Terhathum, Udaypur
2015	15	Arghankhanchi, Banke, Bhojpur, Dang, Dolakha, Gorkha, Gulmi, Kailali, Lamjung, Morang, Myagdi, Nawalparasi, Nuwakot, Sunsari, Surkhet
Total	55	

Annex A2: Existing Literature on the Assessment of PAF Programme

Evaluation Type	SN	Title of the Study	Year	Conducted By/Authors	Commissioned by
Impact Evaluation	1.	Impact of Social Fund on the Welfare of Rural Households: Evidence from Nepal Poverty Alleviation	2012	Dilip Parajuli, et all	World Bank
	2.	Impact Evaluation of PAF I and II	2013	NAREC	NPC/SMES2
	3.	Economic Rate of Returns	2016	Akira Dhakwa	World Bank
	4.	Project Performance Assessment Report (PPAR)	2017		Independent Evaluation Group/WB
Baseline and Follow Up	5.	Baseline 2007	2007	CDPS TU	PAF
	6.	Follow Up I_2009_6 Districts	2009	CDPS, TU	PAF
	7.	PAF FOLLOWUP II_2010_FINAL REPORT_19 Districts.	2010	CEDA, TU	PAF
	8.	Baseline 2012	2012	CEDA	PAF
	9.	The Community Challenge Fund: Baseline 2014	2014	consultant
	10.	Follow Up Survey III Socio-economic changes in PAF intervention HHs (2007-2014)	2015	CEDA, TU	PAF
	11.	The community Challenge Fund: impact study	2017	CEDA, TU	World Bank
	12.	Follow - up Study	2017	PRENA	PAF
Studies/ Research	13.	A report on Rate of Return and Benefits of the completed CO Sub Projects 2007	2007	consultant	PAF
	14.	Study on IGAs in Kapilbastu and Rammechhap	2008	Mary Hobley & Bimala Rai Poudyal	SDC

Evaluation Type	SN	Title of the Study	Year	Conducted By/Authors	Commissioned by
	15.	Report of Flood Affected Community of Kailali and Kanchanpur Districts in Far-west	2009	PAF Team	PAF
	16.	Participatory Reflection Study of PAF programs in Bajura 2010	2010	Alliance for Social Mobilization	PAF
	17.	Study of various aspects on Urban Poverty and identification of appropriate implementation mechanism	2014	Dr. Bishambhar Pyakuryal & Omdharananda Rajopadhyay	PAF
	18.	Impact of the Poverty Alleviation Fund program in Nepal	2015	Atul Nepal	University of Illinois
	19.	An Empirical Study on Impact of 2015 Earthquakes on PAF Communities	2016	Man B Thapa	PAF
	20.	Learning from Livestock Investment in PAF Communities: A Case Study	2016	Purna Chemjong	PAF
	21.	Social Mobilization, Composition and performance of Cos	2016	Erisha Suwal	PAF
	22.	The impacts of Natural Disasters on PAF Programme	2016	NESS and ECoCoDE	PAF
	23.	A Study Report on Relationship between Climate Change and Poverty	2016	NESS and ECoCoDE	PAF
	24.	Review of performance of Revolving Fund	2010	M-CRIL India	World Bank
	25.	Technical Audit of Completed Infrastructure Sub-projects	2017	Civil Tech & Akara Materials Testing Lab.	PAF
Internal analysis reports	26.	Revolving Fund Status Analysis Report	2016	Buddhi Tamang	PAF
	27.	CO Maturity Analysis	2016	PAF MIS	PAF
	28.	Revolving Fund Status Analysis Report	2017	Buddhi Tamang	PAF

Annex A3: Available Baseline and Follow-up Survey Data

Phase	Group	No of District	Baseline	1st follow up survey	2nd follow up	Sample
PAF I	Group I : 6 pilot districts Siraha, Ramechhap, Kapilbastu, Pyuthan, Mugu and Darchula and Okhaldhunga [C], Dang [C] and Bajura [C]	6 pilot districts + 3 control districts	2006	2008 (Siraha, Ramechhap, Kapilbastu, Pyuthan) (Okhaldhunga [C]Dang [C]); 2010 Darchula; Mugu; Bajura [C]		1755
PAF I	Group II : 6 districts Rautahat, Rolpa, Dailekh, Jumla,	6 districts out of 19 additional districts	2007	2010	2014	3000

Phase	Group	No of District	Baseline	1st follow up survey	2nd follow up	Sample
	Humla and Doti					
PAF II	Group III : 5 districts Taplejung, Khotang, Dhanusha, Dhading, Bardiya	5 districts from 15 additional districts	2011	2017		1589
PAF II	Group IV : 5 new districts; Sunsari, Dolakha, Gulmi, Surkhet, and Kailali	5 districts from 15 additional districts	2011	2018 (<i>planned</i>)		1410
	Total					7754

Title of the Study:	Impact Evaluation of Poverty Alleviation Fund PAF, Program I and II
Conducted By:	National Council of Economic and Development Research Council (NAREC) Nepal
Commissioned By	National Planning Commission, Strengthening Monitoring and Evaluation System Project Phase II (SMES2)
PAF I: Rautahat, Jumla, Doti and PAF-II: Taplejung, Dhading, Bardiya	

Title of the Study:	Impact of Social Fund on the Welfare of Rural Households: Evidence from the Nepal Poverty Alleviation Fund.
Conducted By:	Parajuli, Dilip, et al. (2012)
Commissioned By	The World Bank
Rautahat, Rolpa, Dailekh, Doti, Humla, Jumla	

Annex A4: Data Collection Templates

Hypothesis	Research questions	Source of information
Hypothesis 1: PAF model have been effective in addressing poverty in multi-aspects.	Is PAF adapted model like; direct funding for open menus, social mobilization, participatory planning, and community contribution to create ownership? Is PAF effective in addressing poverty in multi-aspects like; consumption/income; women and marginal community empowerment, leadership development, social cohesion, school enrolment, health, job diversification, less dependency on migration and high cost loans? Is PAF intervention able to decrease migration?	25 districts Baseline and 15 districts follow up surveys (to be presented by WB's team for further review of the steering committee), IEG Report, PAF MIS, other impact studies Field verification (Focus group)
Hypothesis 2: PAF's community level network and institutional architecture (implementation modality) has been effective reaching out the poorest of the poor and the most	Is PAF in compare to other similar program: reaching poorest of the poor of the remote area? able to reach most marginalize community? cost effective in delivery? effective fund flow mechanism? institutional mechanism functioning?	PAF MIS, Follow up reports, IEG Report, Case studies, success stories of PAF LGCDP I & II reports, MEDEP Reports, WUPAP completion report.

marginalized with cost effective delivery mechanism.		<p>Focus Group Discussion and In Depth Interview with beneficiary and stakeholders</p> <p>Field verification including other similar programs</p>
Hypothesis 3: PAF's approach has built sustainable community level institutions for sustainable impacts.	<p>Are PAF's COs started mobilizing funds on their own for their own development agenda?</p> <p>Are COs mobilizing other agencies funds?</p> <p>Are COs decision making process transparent?</p> <p>Has any other programs same or different learnings?</p>	Same as above

Annex A 5: Proposed ToR for the Consultants

The ToR of the Expert is as below and working to detail out including qualification on progress:

I. Independent Impact Evaluation specialist

A renowned scholar with a PhD in economics, Management or Social Sciences and 10 years experience in poverty alleviation research, study and teaching, will compile relevant literature, reports and data and come up with conclusion and recommendations. S/he will perform as Team Leader and will guide and mobilize the team to achieve the objectives of this study. Coordinate with steering committee, expert team members and represent on behalf of Consultants. Prior experience as a team leader in poverty alleviation research and study would be an advantage (60 Days)

II. Economist

An Economist with Master degree education and 8 years experience in poverty alleviation research and study (quantitative specialist with knowledge of qualitative) will evaluate the economic aspects of the study. He/she will identify local economic development contribution of program interventions and also supports to compile report to Impact Evaluation Specialist. A PhD in economics of poverty and prior experience in poverty alleviation research and study would be an advantage (45 Days)

III. Poverty expert

A sociologist with master degree education and 8 years extensive experience in poverty analysis will work as a poverty expert. An Expert with experience of multi aspects of poverty will evaluate the programs impacts on poverty reduction. Likewise, the expert will check the targeting, empowerment, infra and IG activities contribution for poor livelihoods development etc. A PhD in economics/sociology of poverty and prior experience in poverty alleviation research and study would be an advantage. (25 Days)

IV. Decentralization and Institution Development Specialist

An incumbent with master degree education in development planning, decentralization and governance and 8 years experience in decentralization and governance research and study, community mobilization and poverty alleviation will work as decentralization and institution development specialist. The Decentralization and institutional development specialist will analyze COs in the context of subsidiary principle, institutional development, ownership, leadership development etc. decentralization perspectives. The specialist will also analyze the sustainability perspectives of the institutions. A PhD in governance/political science poverty and prior experience in poverty alleviation research and study would be an advantage (25 Days)

V. Gender and Inclusion Specialist

An incumbent with Master Degree in Gender and Development or any other relevant social science and 8 years experience in gender and inclusion related study and research will work as gender and inclusion specialist. The gender and inclusion specialist will analyze whether the PAF intervention sufficiently addressed the gender and inclusion issues. A PhD in Gender and Development and prior experience in poverty alleviation research and study would be an advantage. (25 Days)

VI. Statistician

Incumbent with Master Degree in Statistics and 8 years experience and data processing and analysis will work as a statistician. The Statistician will contribute to develop the data collection tools and analyze after the received from data manager. He/she will also support to Impact Evaluation Specialist to compile the statistical data and descriptive write up of qualitative and quantitative data. A PhD in Statistics and prior experience in poverty alleviation research and study would be an advantage (25 Days)

VII. Qualitative method expert

Relevant master degree and 8 years experience in qualitative teaching, study and research will work as qualitative method expert. The qualitative method expert will develop the data collection tools for qualitative data as per required. The expert will develop appropriate contents and provide training to field researchers, pilot test the tools and monitor field activities to ensure quality. A PhD in social sciences with qualitative methods and prior experience in poverty alleviation research and study would be an advantage. (25 Days)

VIII. Data Manager

An experienced data manager, with bachelor degree education in statistics and 10 years experience in data management will mobilize to support research tools development and field level data management. The data manager will manage field level data, clean and provides data in suitable format to analyze. (20 Days)

IX. Field researchers

Independent researchers with Minimum Bachelor's level and few years' experience in qualitative data collection will be hired. They will responsible for Focus Group Discussion (FGD), Semi-structured in depth interview with key informants, case studies etc. as per given survey tools. Five groups (with two members each) of researchers will mobilized to collect the field level impact data. A two days training including one day pilot test opportunity to them on survey tools will provided for common understandings and data quality. (10*20 = 200 Person Days)

Annex 2: Core Team Members & Field Researchers

SN	Name	Key Role in the CIE team (as per the TOR)	Areas of Expertise	Years of working Experiences	Education
1	Mr. Raghav Raj Regmi	Team Leader and Evaluation Expert	Public Policy Analysis Project Evaluation, Employment and Skill Development, Governance, sector reform in WASH, Health, and Education, Peace and Conflict program analysis	30 Years	Masters in Development Management
2	Prof. Javier Bronfman	Quantitative Impact Evaluation Expert	Public Policy Analysis, Microeconomic Development, Poverty, Inequality and Social Policy	15 Years	Ph. D in Public Policy
3	Mr. ShyamSundar Sharma	Institutional Performance Review Expert	Capacity Building and Government Reform of Public Sector Institutions	30 Years	MA
4	Ms. Sumedha Gautam Mainali	GESI, and Micro Enterprise Development Expert	Gender and Social Inclusion; Enterprise Development; Project Evaluation;	25 Years	Masters in Business Administration
5	Mr. Sanjay Rana	Community institution and Decentralization Expert	Institutional Development and Organizational Strengthening (IDOS) and Local governance and capacity building	25 years Plus	Masters' in Sociology and Executive MBA
6	Mr. Naveen Adhikari	Economist and Data Analyst	Household Data Analysis, Impact Evaluation, Use of Econometric Tools	12 years	MA in Economics
7	Ms. Sheela Shrestha	Data manager	Field Supervision and Data Management, Housheold Survey, Focused Group Discussion	20 Years	Masters in Education
8	Mr. Badri Mainali	Field Researcher	FGD Facilitation	8 Years	MA
9	Ms. Bhagwati Rijal	Field Researcher	FGD Facilitation	10 years	BA
10	Ms. Sabitri Tripathi	Field Researcher	FGD Facilitation	5 Years	MA
11	Ms. Tara Shrestha	Field Researcher	FGD Facilitation	17 Years	MA
12	Ms. Anita Sharma	Field Researcher	FGD Facilitation	7 Years	MA
13	Mr. Buddi Narayan Shrestha	Field Researcher	FGD Facilitation	12 Years	BBS
14	Mr. Satish Rayamajhi	Field Researcher	FGD Facilitation	10 Years	MA
15	Mr. Nabin Khatiwada	Field Researcher	FGD Facilitation	8 Years	BA
16	Mr. Rabin Malbul	Field Researcher	FGD Facilitation	3 Years	MA
17	Ms. Kalpana Mainali	Field Researcher	FGD Facilitation	4 Years	MA

Annex 3: PAF Household Data Characteristics**Group II: Attrition Analysis**

Category	Description of variable	Obs	Mean	Std. Dev.	Obs	Mean	Std. Dev.	T- Test	Statistical Significance
HH location	Dummy for Mountain	2336	.2174658	.4126103	633	.0916272	.2887271	7.209361	***
	Dummy for Hill	2336	.463613	.498781	633	.6271722	.4839393	-7.364224	***
	Dummy for Terai	2336	.3189212	.4661582	633	.2812006	.4499407	1.819131	*
HH demography	HH size	2336	5.804795	2.328392	633	5.315956	2.244828	4.720934	***
	Dummy for Male head HH (1=male)	2336	.8942637	.3075657	633	.8625592	.3445844	2.240376	**
	Age of Head HH	2336	44.40625	13.26142	633	44.42022	13.76511	-.0233198	
HH head caste	Dummy for Reading of Household Head (1=yes)	2336	.416524	.4930881	633	.4676145	.4993447	-2.306064	**
	dummy for Bramen and Chetri	2336	.4182363	.493375	633	.3159558	.465263	4.681998	***
	Dummy for Tarai	2336	.1596747	.3663825	633	.0884676	.2841983	4.533919	***
	Dummy for Dalit	2336	.1738014	.3790197	633	.1990521	.3996031	-1.46942	
	Dummy for Janajati	2336	.1793664	.383741	633	.314376	.464634	-7.488711	***
	Dummy for any migrants from HHs	2336	.3578767	.4794782	633	.3949447	.4892254	-1.717797	*
Migration	remittance amount (Rps)	2336	4177.239	15735.2	633	6461.295	20792.5	-3.009122	***
HH head occupation/livelihoods	farm employment (self-ag, self livestock, share cropping, wage ag)	2336	.78125	.4134872	633	.7314376	.4435622	2.646335	***
	self-in non farm (self in non farm wage in non farm)	2336	.1314212	.3379328	633	.1674566	.3736783	-2.325227	**
	household duties	2336	.0368151	.1883478	633	.0458136	.209246	-1.04057	
Housing condition	Dummy for pucca (made of mud bonded stones)	2336	.6785103	.4671483	633	.7187994	.4499407	-1.93971	*
	Dummy for kutcha (made of bumboo or mud)	2336	.2080479	.4059982	633	.1753555	.3805716	1.82072	*
	dummy for electirciy	2336	.1168664	.3213299	633	.1516588	.3589735	-2.354975	**
	dummy for Piped water	2336	.0492295	.2163931	633	.0821485	.274808	-3.192985	***
	dummy for water from public tap	2336	.3360445	.4724555	633	.328594	.4700735	.3523099	
HH asset indicators	size of landholcing (in ha)	2336	.4923021	.621705	633	.5113534	.5604352	-.6979395	
	total Livestock (value)	2336	189230.7	958983	633	115409.8	293200.7	1.912453	*
Food Security	Total Food Expenditure Per Capita	2336	6005.171	4063.218	633	5961.6	4164.573	.2380343	
	Months of Food Sufficiency	2336	7.872432	3.482227	633	8.296998	3.580044	-2.7046	*
Expenditure	Total Expenditure Per Capita	2336	11647.29	8536.65	633	13142.05	14247.3	-3.326039	***
education	school enrolment 5-15 years	1906	.7246178	.3678987	483	.7007937	.3898138	1.255744	
Health	% of children with birth complication	2155	.0942462	.2151919	558	.096457	.2288936	-.2134338	
	% of children fully immunized	2155	.2164005	.2810055	558	.22586	.296939	-.7003703	
Community Social Capital	Dummy for land disputes in the communities	2336	.2196062	.4140685	633	.2195893	.4142958	.0009111	
	Dummy for water disputes	2336	.2726884	.4454373	633	.2575039	.4376051	.7635944	
	Dummy for access disputes	2336	.1519692	.3590679	633	.1279621	.3343118	1.513713	
Women empowerment	dummy for women asked when property sold	2336	.8369007	.3695354	633	.8088468	.3935204	1.670546	*
	dummy for women Allowed to keep income	2336	.7230308	.4475969	633	.6935229	.4613948	1.461531	

Annex 3_2 Group III attrition Analysis									
Category	Description of variable	Remaining			Lost			T- Test	Statistical Significance
		Obs	Mean	Std. Dev.	Obs	Mean	Std. Dev.		
HH location	Dummy for Mountain	1372	.1406706	.3478082	217	.3548387	.4795707	-7.954932	***
	Dummy for Hill	1372	.4220117	.4940605	217	.3732719	.4847918	1.353785	
	Dummy for Terai	1372	.4373178	.4962363	217	.2718894	.445962	4.624102	***
HH demography	HH size	1372	5.914723	2.485996	217	5.359447	2.743649	3.01303	***
	Dummy for Male head HH (1=male)	1372	.7864431	.4099669	217	.7281106	.445962	1.923782	*
	Age of Head HH	1372	47.59038	13.91712	217	45.5023	16.42748	2.000867	**
	Dummy for Reading of Household Head (1=yes)	1372	.4744898	.4995309	217	.4516129	.4988038	.6269973	
HH head caste	dummy for Bramen and Chetri	1372	.2266764	.4188342	217	.2442396	.4306288	-.5717763	
	Dummy for Tarai	1372	.1931487	.3949126	217	.1612903	.3686489	1.114042	
	Dummy for Dalit	1372	.0896501	.2857841	217	.0737327	.2619397	.7708291	
	Dummy for Janajati	1372	.3797376	.4854985	217	.4746544	.5005118	-2.664721	***
Migration	Dummy for any migrants from HHs	1372	.4606414	.4986302	217	.437788	.4972617	.6275942	
	remittance amount (Rps)	1372	32546.99	80717.13	217	29025.12	115180.2	.5591179	
HH head occupation/livelihoods	farm employment (self-ag, self livestock, share cropping, wage ag)	1372	.7215743	.4483875	217	.718894	.4505785	.0817695	
	self-in non farm (self in non farm wage in non farm)	1372	.1814869	.3855616	217	.1612903	.3686489	.7212394	
	household duties	1372	.0648688	.246384	217	.0737327	.2619397	-.4881372	
Housing condition	Dummy for pucca (made of mud bonded stones)	1372	.5255102	.4995309	217	.5437788	.4992314	-.5006374	
	Dummy for kutcha (made of bumboo or mud)	1372	.3425656	.4747406	217	.3087558	.4630483	.9780799	
	dummy for electirciy	1372	.6209913	.4853172	217	.3778802	.4859785	6.855568	***
	dummy for Piped water	1372	.2631195	.4404873	217	.359447	.4809478	-2.954989	***
	dummy for water from public tap	1372	.2412536	.4279998	217	.2534562	.4359956	-.3892613	
HH asset indicators	size of landholcing (in ha)	1372	8.229541	147.9928	217	1.029192	6.905494	.7163963	
	total Livestock (value)	1372	190288	543524.1	217	152221	300061.5	1.007535	
Food Security	Total Food Expenditure Per Capita	1372	10612.05	6547.988	217	12977.87	10400.75	-4.501053	***
	Months of Food Sufficiency	1372	8.393586	3.748227	217	7.940092	3.839501	1.650587	*
Expenditure	Total Expenditure Per Capita	1372	23814.62	21727.27	217	65255.07	571709.5	-2.677158	***
education	school enrolment 5-15 years	1002	.8221985	.3424718	146	.768591	.3728012	1.746693	*
Health	% of children with birth complication	1146	.0491274	.1823407	169	.0329389	.129086	1.113572	
	% of children fully immunized	1146	.1686383	.2918393	169	.17786	.2874181	-.3842146	
Community Social Capital	Dummy for land disputes in the communities	1372	.1290087	.3353318	217	.1198157	.3254967	.3767438	
	Dummy for water disputes	1372	.0976676	.296973	217	.0921659	.2899288	.2544005	

	Dummy for access disputes	1372	.0590379	.2357816	217	.0414747	.1998463	1.039743
Women empowerment	dummy for women asked when property sold	1372	.8790087	.326236	217	.875576	.3308278	.143752
	dummy for women Allowed to keep income	1372	.8236152	.3812862	217	.8294931	.3769471	-.211343

**Annex 3_3 Descriptive statistics of
the Panel Households-CO member**

Category	Description of variable	Group II			Group III		
		Obs	Mean	Std. Dev.	Obs	Mean	Std. Dev.
HH location	Dummy for Mountain	1725	0.29	0.45	684	0.19	0.39
	Dummy for Hill	1725	0.36	0.48	684	0.33	0.47
	Dummy for Terai	1725	0.35	0.48	684	0.48	0.50
HH demography	HH size	1725	5.85	2.34	684	5.96	2.44
	Dummy for Male head HH (1=male)	1725	0.90	0.29	684	0.76	0.42
	Age of Head HH	1725	43.95	13.26	684	46.82	14.14
HH head caste	Dummy for Reading of Household Head (1=yes)	1725	0.40	0.49	684	0.49	0.50
	Dummy for Bramen and Chetri	1725	0.41	0.49	684	0.18	0.38
	Dummy for Tarai	1725	0.18	0.38	684	0.26	0.44
	Dummy for Dalit	1725	0.19	0.39	684	0.07	0.25
	Dummy for Janajati	1725	0.14	0.35	684	0.37	0.48
Migration	Dummy for any migrants from HHs	1725	0.34	0.47	684	0.45	0.50
	Remittance amount (Rps)	1725	3,769.51	14,438.66	684	32,997.32	76,606.91
HH head occupation/livelihoods	Farm employment (self-ag, self-livestock, share cropping, wage ag)	1725	0.78	0.41	684	0.71	0.45
	Self-in non-farm (self in non-farm wage in non-farm)	1725	0.13	0.34	684	0.20	0.40
	Household duties	1725	0.03	0.18	684	0.06	0.24
Housing condition	Dummy for pucca (made of mud bonded stones)	1725	0.66	0.47	684	0.48	0.50
	Dummy for kutcha (made of bamboo or mud)	1725	0.23	0.42	684	0.36	0.48
	Dummy for electricity	1725	0.12	0.33	684	0.63	0.48
	Dummy for Piped water	1725	0.04	0.19	684	0.25	0.44
	Dummy for water from public tap	1725	0.32	0.47	684	0.24	0.43
HH asset indicators	Size of land holding (in ha)	1725	0.44	0.56	684	7.22	123.74
	Total Livestock (value)	1725	216,761.80	1,103,257.00	684	192,465.10	690,029.30
	Total Food Expenditure Per Capita	1725	6,271.79	4,097.18	684	10,808.33	6,045.11
Food Security	Months of Food Sufficiency	1725	7.71	3.51	684	8.46	3.72
	Total Expenditure Per	1725			684		

		Capita		11,836.72	8,164.48		24,422.77	25,369.67
education		School enrolment 5-15 years	1410	0.70	0.38	502	0.82	0.34
Health		% of children with birth complication	1593	0.09	0.21	575	0.06	0.20
		% of children fully immunized	1593	0.22	0.28	575	0.18	0.30
Community Capital	Social	Dummy for land disputes in the communities	1725	0.23	0.42	684	0.15	0.36
		Dummy for water disputes	1725	0.29	0.46	684	0.12	0.32
		Dummy for access disputes	1725	0.17	0.38	684	0.07	0.25
Women empowerment		Dummy for women asked when property sold	1725	0.83	0.37	684	0.86	0.35
		Dummy for women Allowed to keep income	1725	0.72	0.45	684	0.82	0.38

Source: PAF Household Surveys.

Notes: size of landholding (in ha) for Group III shows a mean of 7.22ha with a std. dev. of 123.7. Analyzing the data, 3 observations have more than 7.22ha of land, with a mean of 1517,5ha and a std. dev. of 1335.3. These 3 observations have lands of 508, 1017 and 3033 ha. Excluding these 3 outliers from the analysis, mean size of landholding (in ha) for Group III drops to 0.57ha with a std. dev. of 0.67.

Annex 4: Coverage of Field Research

Table A4.1: FGD and Group Meetings Coverage

	FGD with PAF COs [total 36]			Consultative Group Meeting with Other Groups [total 19]		
Districts	IG	IG+INRA	INFRA	CAC	MEG	WUPAP
Darchula	2	1	1		1	
Dhanusha	3	1		1	1	
Kalikot	2	1		1		1
Nawalparasi	3		1	1	1	
Pyuthan	1	1	1	1		1
Rautahat	3	1	1	1	1	
Salyan	2		1	1	1	
Sindhuli	2		1	1	1	
Terathum	3		1	1	1	
Surkhet	2	1		1	1	
Total	23	6	7	9	8	2

Table A4.2 District level activities and coverage by core members

Districts		Darc hula	Dhan usha	Terhat hum	Pyut han	Nawalp arasi	Sind huli	Row Total
Meeting with POs	LDF		1	1				2
	Other POs	3	3	2	3	2	2	15
Meeting with COs	Cooperatives	1		1	1			3
	COs Network	1	1	1	1		1	1
	PG		1	1				2
	PA							0
	Co Visit	2	1	1	1	1	1	7
	PERI-U					1		1
Other Group	MEG			1	1	1	1	4
	CAC	1	1	1	1		1	5
KII District at	Municipality/ Village	1	1	1	1			4
	DCC/LDF/LGCD P/DPACC	1	1	1	1	1	1	6
	MEDEP/CSIO/C SIDB	1	1	1	1	1	1	6
Column Total		10	10	11	10	7	8	56

Annex 5: Tools of Data Collection

Poverty Alleviation Fund
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Tool Code: FGD-1	FGD Question checklist	Respondent Group : PAF CO IG Only
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Name of the respondent group	Place of Interview/FGD:	Date of Interview/FGD
Interviewer (s):	i.	ii.

1. What is your opinion about the selection process of the group member households? Has this process been able to select the proper households? Has it been the case where the right one has been left and the wrong one has been selected or not? If that being the case, what are the factors responsible for this?
2. Is there any limitation about the membership in the COs? If there is any group size limitations, what do think the merits and demerits of this limitation? If not do you think that there should be group size limitations?
3. a) Have you noticed any developmental changes in the last five years have you within your family, in the group and in your community notice any development and change?
 - i. What within oneself
 - ii. What in the household and family
 - iii. What in the group
 - iv. What in the village / community
- b) While considering the above changes, how directly responsible is PAF program (scale out of 100)
- c) Out of the above listed benefits are there any specifics that can be directly attributed to PAF, Please list five such benefits?
4. How the income generations activities for the members are selected? Who takes the decision? How much do you think that the selected activities are fit and appropriate to the respective members?
5. What are the direct and indirect benefits of income generation activities that you are implementing? Is there any thinking among the members and CO to increase the income at hh level in the future from their current level of income?
6. What is the status of operation and expansion of revolving fund? What are the financial sources of the revolving fund? What are the key challenges in increasing and managing the RF? How have they been addressed?

7. How is the revolving fund distributed? Do all the members have similar level of access to revolving fund?
8. What are your experience about the support received from the PAF, PO, and SM to your group regarding the group function (usefulness, quality and frequency etc..)?
9. How do you think the RF, FoC will be managed after the PAF support is over and PO is out?
10. How active are the members and what is the capacity of the group members? What type of group members are active? Which strata of the members are not active? What are the underlying reasons for not being active? How transparent and participatory are the group decisions?
11. What has been the key achievements and benefits from the CO activities on women empowerment, gender based violence, caste discrimination? Will these benefits will continue in the future or not? Do you think that these benefits will be spread in the community as well or remain within the group members only?
12. Are any of you involved in similar programs implemented by other organization? If yes what are the similarities and differences with PAF?
13. Based on your experience with PAF so far what do you think are the strengths-weaknesses, positive and negative aspects of PAF program?
14. What lessons did you learn from your involvement in PAF activities through your CO?
15. Is there anything to be included?

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code: FGD-2	FGD Question checklist	Respondent Group : PAF CO IG+ Infra
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Name of the respondent group	Place of Interview/FGD:	Date of Interview/FGD
Interviewer (s):	i.	ii.

1. What is your opinion about the selection process of the group member households? Has this process been able to select the proper households? Has it been the case where the right one has been left and the wrong one has been selected or not? If that being the case, what are the factors responsible for this?
2. Is there any limitation about the membership in the COs? If there is any group size limitations, what do think the merits and demerits of this limitation? If not do you think that there should be group size limitations?
3. a. Have you noticed any developmental changes in the last five years have you within your family, in the group and in your community notice any development and change?
 - i. What within oneself
 - ii. What in the household and family
 - iii. What in the group
 - iv. What in the village / community
- b. While considering the above changes, how directly responsible is PAF program (scale out of 100)
- c. Out of the above listed benefits are there any specifics that can be directly attributed to PAF, Please list five such benefits?
4. How the income generations activities for the members are selected? Who takes the decision? How much do you think that the selected activities are fit and appropriate to the respective members?
5. How infrastructure activities are identified, who takes the decision and how is demand made?
6. Who has taken what role and responsibility during the construction of the infrastructure projects of the group?
 - a) Group
 - b) Social Mobiliser
 - c) Technician and staff of the facilitating organization
 - d) PM of PAF

7. What are the direct and indirect benefits of income generation activities that you are implementing? Is there any thinking among the members and CO to increase the income at hh level in the future from their current level of income?
8. What positive and negative impacts have been observed by the group after the addition of infrastructure activities?
9. What is the status of operation and expansion of revolving fund? What are the financial sources of the revolving fund? What are the key challenges in increasing and managing the RF? How have they been addressed?
10. How is the revolving fund distributed? Do all the members have similar level of assess to revolving fund?
11. What are your experience about the support received from the PAF, PO, and SM to your group regarding the group function (usefulness, quality and frequency etc...)?
12. How do you think the RF, FoC will be managed after the PAF support is over and PO is out?
13. How will the maintenance of the physical infrastructure take place once PAF pulls out?
14. Are any of you involved in similar programs implemented by other organization? If yes what are the similarities and differences with PAF.
15. How active are the members and what is the capacity of the group members? What type of group members are active? Which strata of the members are not active? What are the underlying reasons for not being active? How transparent and participatory are the group decisions?
16. What has been the key achievements and benefits from the CO activities on women empowerment, gender based violence, caste discrimination? Will these benefits will continue in the future or not? Do you think that these benefits will be spread in the community as well or remain within the group members only?
17. Based on your experience with PAF so far what do you think are the strengths/weaknesses, positive and negative aspects of PAF program?
18. What are positive aspects and challenges faced during implementation of physical infrastructure activities by the group?
19. What lessons did you learn from your involvement in PAF activities through your CO?
20. Is there anything to be included?

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Tool Code: FGD-3	FGD Question checklist	Respondent Group : PAF Infra Group Only
Name of the respondent group	Place of Interview/FGD:	Date of Interview/FGD
Interviewer (s):	iii.	iv.

1. How did you come to know that PAF assists in physical infrastructure program?
2. How are physical infrastructure activities identified and how demand for such activities are forwarded?
3. Why PAF has to support infrastructure activities when VDC and other organizations are already supporting infrastructure activities at community level?
4. How groups are formed for the purpose of implementing infrastructure activities? What criterion are used, how are members selected? How inclusive is the composition of the group?
5. What measures are taken by the CO, PO and PAF to assure the quality, timeliness and transparency of economic activities related to the implementation of infrastructure projects?
6. What has been the role and involvement during construction of the followings:
 - a) Group Members
 - b) Social Mobiliser
 - c) PO and its staff (technician and staffs)
 - d) PM of PAF
7. How have the fund been collected for this infrastructure project? What are the funding sources for this project? What were the simple and challenging tasks while finding enough resources for this project? How the problem faced were solved?
8. What were the strengths and weakness felt while implementing these activities in procurement, quality assurance, timely completion, transparency and group engagement?
9. After the completion of the physical infrastructure activities what were the positive and negative effects/benefits felt by the beneficiaries because of this project?
10. How will the maintenance and operation of the infrastructure project will take place after PAF phases out?
11. Have these activities directly and indirectly benefited children, women, Dalit and other deprived groups? What has been the key achievements and benefits from the CO activities

on women empowerment, gender based violence, caste discrimination? Will these benefits will continue in the future or not? Do you think that these benefits will be spread in the community as well or remain within the group members only?

12. Are any of you involved in similar programs implemented by other organization? If yes what are the similarities and differences with PAF?
13. Based on your experience with PAF so far what do you think are the strengths/weaknesses, positive and negative aspects of PAF program?
14. What are your key lesson learnt being in this group?
15. Anything to be included.....

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code	FR-CM-1	Respondent Group :	CAC
Interviewer (s)			
Place of Interview		Date of Interview	

1. What is your opinion about the selection process of the group member households? Has this process been able to select the proper households? Has it been the case where the right one has been left and the wrong one has been selected or not? If that being the case, what are the factors responsible for this?
2. Is there any limitation about the membership in the COs? If there is any group size limitations, what do think the merits and demerits of this limitation? If not do you think that there should be group size limitations?
3. A) Have you noticed any developmental changes in the last five years have you within your family, in the group and in your community notice any development and change?
 - i. What within oneself
 - ii. What in the household and family
 - iii. What in the group
 - iv. What in the village / community

b) While considering the above changes, how directly responsible is CAC program (scale out of 100)

c) Out of the above listed benefits are there any specifics that can be directly attributed to CAC, Please list five such benefits?
4. How the income generations activities for the members are selected? Who takes the decision? How much do you think that the selected activities are fit and appropriate to the respective members?
5. What are the direct and indirect benefits of income generation activities that you are implementing? What has the individual / group thought about increasing the income in future, if yes how?
6. Are any of you involved in other similar type of activities implemented by organization other than LGCDP? If yes what are the similarities and differences with CAC?
7. a. Do you have any kind of Revolving Fund in the group? If yes, what is the status of operation and expansion of revolving fund? What are the financial sources of the revolving fund? What are the key challenges in increasing and managing the RF? How have they been addressed?

- b. How is the revolving fund distributed among the members? Do all the members have similar level of access to the revolving fund?
 - c. If there is no provision of revolving fund, how required resources for the group's activities are managed including income generating activities of the members?
8. How do you assess the quantity, quality, appropriateness, and timelines of the support and input from the facilitating organization, SMs, and LGCDP regarding the operation of CAC?
 9. After the termination of support from the external organization, how will the ongoing activities and the programs initiated by the group be impacted? What are key challenges in the continuation of the activities? How does the group foresee this?
 10. How active are and what is the capacity of the group members? What type of group members are active? Which strata of the members are not active? What are the underlying reasons for not being active? How transparent and participatory are the group decisions?
 11. Have these activities directly and indirectly benefited children, women, Dalit and other deprived groups? What have been the key achievements and benefits from the activities of CAC on women empowerment, gender based violence, caste discrimination? Will these benefits continue in the future or not? Do you think that these benefits will be spread in the community as well or remain within the group members only?
 12. What are the positive/strong and weaker aspects realized by the group members while engaging with LGCDP/CAC program?
 13. What is key learning while being engaged with this group?
 14. Is there anything left?

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code	FR-CM-2	Respondent Group :	MEG
Interviewer (s)			
Place of Interview		Date of Interview	

1. What is your opinion about the selection process of the group member households? Has this process been able to select the proper households? Has it been the case where the right one has been left and the wrong one has been selected or not? If that being the case, what are the factors responsible for this?
2. Is there any limitation about the membership in the COs? If there is any group size limitations, what do think the merits and demerits of this limitation? If not do you think that there should be group size limitations?
3. A) Have you noticed any developmental changes in the last five years have you within your family, in the group and in your community notice any development and change?
 - i. What within oneself
 - ii. What in the household and family
 - iii. What in the group
 - iv. What in the village / community

b) While considering the above changes, how directly responsible is MEG-MEDEP/MEDPA program (scale out of 100)

c) Out of the above listed benefits are there any specifics that can be directly attributed to MEG-MEDEP/MEDPA, Please list five such benefits?
4. How the income generations activities for the members are selected? Who takes the decision? How much do you think that the selected activities are fit and appropriate to the respective members?
5. What are the direct and indirect benefits of income generation activities that you are implementing? What has the individual / group thought about increasing the income in future, if yes how?
6. Are any of you involved in other similar type of activities implemented by organization other than? If yes what are the similarities and differences with MEG?
7. a. Do you have any kind of Revolving Fund in the group? If yes, what is the status of operation and expansion of revolving fund? What are the financial sources of the revolving fund? What are the key challenges in increasing and managing the RF? How have they been addressed?

- b. How is the revolving fund distributed among the members? Do all the members have similar level of assess to the revolving fund?
 - c. If there is no provision of revolving fund, how required resources for the group's activities are managed including income generating activities of the members?
- 8. How do you assess the quantity, quality, appropriateness, and timelines of the support and input from the MEDEP-MEDPA, DEMEGA, BDSPO, and EDF, regarding the activities of MEG?
- 9. After the termination of support from the external organization, how with the ongoing activities and the programs initiated by the group be impacted? What are the key challenges in the continuation of the activities? How does the group foresee this?
- 10. How active are and what is the capacity of the group members? What type of group members are active? Which strata of the members are not active? What are the underlying reasons for not being active? How transparent and participatory are the group decisions?
- 11. Have these activities directly and indirectly benefited children, women, Dalit and other deprived groups? What has been the key achievements and benefits from the activities of MEG-MEDEP/MEDPA on women empowerment, gender based violence, caste discrimination? Will these benefits will continue in the future or not? Do you think that these benefits will be spread in the community as well or remain within the group members only?
- 12. What are the positive/strong and weaker aspects realized by the group members while engaging with MEG-MEDEP/MEDPA program?
- 13. What is key learning while being engaged with this group?
- 14. Is there anything left?

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code	FR-CM-3	Respondent Group :	WUPAP Group
Interviewer (s)			
Place of Interview		Date of Interview	

1. What is your opinion about the selection process of the group member households? Has this process been able to select the proper households? Has it been the case where the right one has been left and the wrong one has been selected or not? If that being the case, what are the factors responsible for this?
2. Is there any limitation about the membership in the COs? If there is any group size limitations, what do think the merits and demerits of this limitation? If not do you think that there should be group size limitations?
3. a) Have you noticed any developmental changes in the last five years have you within your family, in the group and in your community notice any development and change?
 - i. What within oneself
 - ii. What in the household and family
 - iii. What in the group
 - iv. What in the village / community
- b) While considering the above changes, how directly responsible is MEG-MEDEP/MEDPA program (scale out of 100)
- c) Out of the above listed benefits are there any specifics that can be directly attributed to MEG-MEDEP/MEDPA, Please list five such benefits?
4. How the income generations activities for the members are selected? Who takes the decision? How much do you think that the selected activities are fit and appropriate to the respective members?
5. What are the direct and indirect benefits of income generation activities that you are implementing? What has the individual / group thought about increasing the income in future, if yes how?
6. Are any of you involved in other similar type of activities implemented by organization other than? If yes what are the similarities and differences with WUPAP?
7. a. Do you have any kind of Revolving Fund in the group? If yes, what is the status of operation and expansion of revolving fund? What are the financial sources of the revolving fund? What are the key challenges in increasing and managing the RF? How have they been addressed?

- b. How is the revolving fund distributed among the members? Do all the members have similar level of access to the revolving fund?
 - c. If there is no provision of revolving fund, how required resources for the group's activities are managed including income generating activities of the members?
- 8. How do you assess the quantity, quality, appropriateness, and timelines of the support and input from the WUPAP and its SM, regarding the activities of your group?
- 9. After the termination of support from the external organization, how with the ongoing activities and the programs initiated by the group be impacted? What are the key challenges in the continuation of the activities? How does the group foresee this?
- 10. How active are and what is the capacity of the group members? What type of group members are active? Which strata of the members are not active? What are the underlying reasons for not being active? How transparent and participatory are the group decisions?
- 11. Have these activities directly and indirectly benefited children, women, Dalit and other deprived groups? What has been the key achievements and benefits from the activities of WUPAP on women empowerment, gender based violence, caste discrimination? Will these benefits will continue in the future or not? Do you think that these benefits will be spread in the community as well or remain within the group members only?
- 12. What are the positive/strong and weaker aspects realized by the group members while engaging with WUPAP program?
- 13. What is key learning while being engaged with this group?
- 14. Is there anything left?

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code: SM-1 (POs SM)	Self-Administered Questionnaire	Name of COs:
Place of Interview:	Date of Interview:	Name of POs:

Name of the respondent:	
Age:	
Gender:	
Education:	
Experience with PAF (in years):	

1. What are the key tasks/ responsibilities that you hold as a SM?
2. What is your role in the selection process of IG/Infra activities? How much do you think that the CO members seek your help in the selection process?
3. Are potential IG/Infra activities identified through Social Mobilization process and facilitation, who among the members take lead (or dominate) in this selection process?
4. What is your overall impression on the quality of participation within this group? Are you satisfied with the composition of the group from GESI Point of view and the capacity of the members in managing the group's activities?
5. What is your opinion about the "Friends of Community" (समुदायकोसाथी) mechanism as a replacement of your role? Do you have any responsibility in transferring social mobilization skills to the "FoC"? If yes, then is this process taking place effectively?
6. What is your impression about the sustainability aspect of COs, IG activities implemented by individual members, and operation and maintenance of infrastructure activities in the group?
7. In your opinion what are the social and economic benefits that the community members are able to get from PAF support?
 - a. At individual level
 - b. At family level
 - c. At group level
 - d. At community level
8. Strength and weakness of working approach of PAF?

9. What challenges and issues that you have felt in facilitating the group (CO)? How you have been able to address those issues and challenges? Did you feel that you possess necessary skills?
10. If you are familiar with similar initiatives of other organizations, how do you think PAF is different from them, if any?
11. In your opinion what are the key lessons that can be learnt from PAF approach?
12. Because of your association with PAF program has there been any benefit to you at personal level?
13. Any additional information.

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code: SM-2 (FoC-SM)	Self Administered Questionnaire	Name of COs:
Place of Interview:	Date of Interview:	Name of POs:

Name of the respondent:	
Age:	
Gender:	
Education:	
Experience with PAF (in years):	

1. What are the key tasks/ responsibilities that you hold as Friends of Community "FoC", how do you think it is different from the task/ responsibilities of SM hired by PO's?
2. What is your overall impression on the quality of participation within this group? Are you satisfied with the composition of the group from GESI Point of view and the capacity of the members in managing the group's activities?
3. What type of support did you receive from PO and it's SM, how far that support has been helpful in developing your capacity and skills to work as "FoC"?
4. In your opinion what are the social and economic benefits that the community members are able to get from PAF support?
 - i. At individual level
 - ii. At family level
 - iii. At group level
 - iv. At community level
5. What is your impression about the sustainability aspect of COs, IG activities implemented by individual members, and operation and maintenance of infrastructure activities in the group?
6. Strength and weakness of working approach of COs?
7. What challenges and issues that you have felt in facilitating the group (CO)? How you have been able to address those issues and challenges? Did you feel that you possess necessary skills?

8. If you are familiar with similar initiative of other organizations, how do you think PAF is different from them, if any?
9. In your opinion what are the key lessons that can be learnt from PAF activities?
10. Because of your association with PAF program has there been any benefit to you at personal level?
11. Any additional information.

Poverty Alleviation Fund
Comprehensive Impact Evaluation
Data Collection Instrument by Field Team in Districts

Tool Code: FR PI-1	(Personal Information and Opinion form)	All FGD participants (PAF Only)
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Name of the respondent group:	Place of Interview/FGD:	Date of Interview/FGD :
Interviewer (s):	v.	vi.

1. If you have noticed any benefits or changes in your life and family over the period of within last five years? What are they?
2. What are the factors /contributors for those changes?
3. How much of the above benefits felt due to PAF? Please rate your response out of 100.
4. Are there any changes in the group/community or at your family/individual level that are solely attributable to PAF?

Individual Level	
Family Level	
Group Level	
Community Level	

5. a. Are you also involved in other similar group activities? What were the benefit from these activities? List any five, including PAF.

Group	Benefits Received
PAF	

[Facilitator probe the question towards development interventions]

5.B Please rank the groups based on the benefits you have received from them?

Rank	Name of Group
1	
2	
3	
4	
5	

Poverty Alleviation Fund Comprehensive Impact Evaluation

Interview checklist by Core Group Members in Districts

Tool Code : CG-CM-1F	Key Question checklist	Respondent Group : CO Networks
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1. What is the purpose of forming CO network? Do you think that the CO networks are needed?
2. How the decision to form CO network has been taken?
3. Who initiated the idea of forming CO network?
4. What is the current functional status of CO network? After the formation until now what has been activities taken by the CO network?
5. How do you think the CO network is going to benefit the CO's and individual beneficiaries?
6. What is the plan for institutionalization of CO networks?
7. How the current activities of CO networks and its administrative work is being financed? In future how the activities and operating cost will be financed?
8. Do you operate independently or dictated/ guided by SM/PO/PAF?
9. After withdrawal of PAF support, how do you think the future of CO network will be?
10. What are the strengths and weaknesses of CO network?
11. What are the membership criteria of CO network or all CO's by default are eligible for membership?
12. Does the CO graduation matrix fairly and truly assess the maturity and sustainability aspects?
13. Has attempts been made to collaborate with other local institutions?
14. Do you think that managing the CO network is within your capacity or will it be additional burden for the members?
15. Have you felt any issues and challenges so far in relation to the formation and operation of CO networks?
16. Any other ..

Poverty Alleviation Fund Comprehensive Impact Evaluation

Interview checklist by Core Group Members in Districts

Tool Code : CG-CM-2F	Key Question checklist	Respondent Group : POs
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1. Getting introduction of the organizations governance and institutional arrangements?
2. Overview of the program portfolio of the PO, what is the current financial portfolio?
Who are the major donors?
3. What was the main reason for your organization to apply for PAF program?
4. What is your impression about the PO selection process of PAF? What are strengths and weaknesses in the PO selection process that you have observed?
5. What is the approach and practice of the PO in coordination and collaboration with local government institutions, and other similar type of initiatives existed in the district (any specific example)?
6. Are there any arrangements and practice to bring cross contribution among the different programs or projects that the PO is implementing? (Inter program synergy, collaboration and additional contribution, any specific examples).
7. How would you assess the strengths and weaknesses of PAF approach/modality?
8. What are the similarities and differences between PAF and other similar initiatives that you are involved in in terms of program approach and modality?
9. What is your experience in terms of working with PAF and other donors? (In terms of Pros and Cons of functional relationship).
10. Do you have any internal evaluation system of the programs that you have delivered?
11. How do you observe PAF's impact (in comparison with other similar initiatives) at community level, CO level, household level and individual beneficiary level? In what socio-economic dimension?
12. Do you have any specific observation/ example of PAF's effectiveness in terms of GESI?
13. In your opinion how realistic and practical is the claimed CDD/DD approach within PAF's model? Over the period of the time are there any situation where the PO's are considered as leading/ directing role?
14. What is your impression about sustainability of local level institution created/ formed through PAF's intervention?
15. Will there be any possibility of future support and working relationship between your organization and PAF's created local institutions after the phase out of PAF?
16. Are there any best practices that you have noticed within PAF's intervention?
17. If any..

Poverty Alleviation Fund Comprehensive Impact Evaluation

Interview checklist by Core Group Members in Districts

Tool Code : CG-CM-6F	Key Question checklist	Respondent Group : Co-operative Group
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1. What is the purpose of forming cooperatives? Who inspired you to form cooperative, and how?
2. Are you identified as a PAF co-operative? If yes why so? Is it a pre PAF Co-op or formed by PAF CO members?
3. What is the difference between the PAF initiated CO-op and pre-existing co-ops in terms of providing services to their members? If you have to compare the performance in reaching the poorest of poor and creating visible benefits at household level what is your observation about the both categories?
4. What is the current functional status of the cooperatives working with PAF beneficiaries? After the formation until now what activities taken by the Co-ops?
5. What are the direct and indirect benefits that your members receive from you as a cooperative?
6. How the daily activities of the co-op is being managed, who takes care of the fund and books of account and other activities?
7. Do you think that managing a cooperative in a sustainable manner is within your capacity? Will you be able to sustain without any external support? What is the plan for institutionalization of co-operatives in future?
8. Do your co-ops have sufficient funds to lend and invest? What are your sources for funds? Are you linked with any banks or MFIs from where you get bulk fund (while sale lender) in small interest rate? Have you received any support from PAF in making such linkages?
9. How you would make sure that the lending and service delivery policy, and process are easily access to the most needy and underprivileged group among your members?
10. A) In the last five years have you within your family, in the group and in your community notice any development and change?
 - v. What within oneself
 - vi. What in the household and family
 - vii. What in the group
 - viii. What in the village / community

b) While considering the above changes, how directly responsible is PAF program (allocate number out of 100)

11. How would you see the strength and weaknesses of PAF's program?
12. Has attempts been made to collaborate with other local institutions?
13. Have you felt any issues and challenges so far in relation to the formation and operation of co-ops?
14. Any other ..

Poverty Alleviation Fund Comprehensive Impact Evaluation

Interview checklist by Core Group Members in Districts

Tool Code : CG KII-1F	KII questions checklist	Respondent Group : MEDEPA/MEDEP District Officer (CSIDB/CSIO& MEDEP)
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1. What are the Community Based Activities within MEDEP/PA -The MEG Model?
2. What type of support received by MEG- what are the sources?
3. Resourcing modality & sources: How financial resources are received at MEG, Who puts the resources? How much (size of the fund)?
4. What type of activities are undertaken by MEG members individually, and as a group? Who identifies the activities, how? What is the role of EDF/SM in this process?
5. Governance system of the group: how the group functions, how the GESI aspect surfaces within the group?
6. Issues related to the groups Functionality/ Governance
7. Sustainability of the Group.
 - Plan
 - Actual
 - Perceived by Members/dependency syndrome (?)
8. Benefits and Impacts
 - From Capacity Building Point of view
 - From Income Generating Point of view
 - From GESI Point of view
 - From Social cohesion Point of view
9. Any difference according to the group type (group composition)?
10. Effectiveness and sustainability of the function of BDSP/DMEGA after the project?
11. What are the strengths and weaknesses of institutions created at local level by MED model?
12. What is your impression about sustainability of local institutions formed during the program implementation/delivery process?

13. What issues and challenges have emerged over the period of time in relation to MEG?
How these issues and challenges have been addressed?
14. Comparative perspective with: What are the similarities and differences between?
 - LGCDP
 - MEDEP/PA
 - PAF
 - Others
15. Lessons from MEG experiences
16. Any others...

Poverty Alleviation Fund Comprehensive Impact Evaluation

Interview checklist by Core Group Members in Districts

Tool Code : CG KII-2F	KII questions checklist	Respondent Group : DCC/LDF
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1. Overview of the current status of social mobilization and poverty alleviation related activities undertaken by LDF?
2. What is your role in PAF's program in the district? As a coordinating local government body and as PO of PAF? How these two role does fits together?
3. How DDC/LDF was selected as PO of PAF, Why DDC decided to take the role of implementing agency for PAF?
4. As DDC/DCC what are the collaboration with PAF? What support is extended to PAF by DDC?
5. In the new local government structure the changed DDC into DCC how this is going to affect programs like PAF? What will the new role of DCC in PAF? Does the LDF will continue as 'delivery' agency?
6. Do you have any role in PO selection for PAF? How would you assess the performance of the POs of PAF? Do you monitor them? Do they report to you?
7. What are the similarities and differences between PAF, MEDEP/MEDPA, LGCDP/CAC, WUPAP and other similar activities that are implemented in the district?
8. If PAF is different or has some best practices what are those? Is there anything that PAF does but other similar initiatives don't?
9. How do you assess the strength and weaknesses of PAF? What is/are the significant success and failure of PAF's interventions so far in the district?
10. Has PAF been able to reach to the real target households?
11. PAF and others seem to be creating various local level institutions, how do you think that these are going to be sustainable, or do these structure are really demand driven? Do the community people have that capacity to manage, operate, and sustain these structures if they are really needed?
12. What are the noticeable changes in the life of ultra-poor people in the district during last 5-10 years? Do you thing PAF is one of the contributor in this? If you rank the contributors 1-5 (highest to lowest scale) where would you put PAF?
13. What specific benefits do you think PAF has been able to bring to the life/family/community of its beneficiaries? Are these benefits sustainable?

14. How the 'empowerment and inclusion' effects created by PAF's interventions transfers to the household level and community level? Any significant changes noticed in the community from GESI, and social cohesion point of view?
15. Are there any public criticism and comment regarding PAF? If yes in what issues there are complaints, and how valid are such complaints and comments?
16. Do you have any observation and feedback on the 'PAF model'?
17. Any other.....

Poverty Alleviation Fund Comprehensive Impact Evaluation

Interview checklist by Core Group Members in Districts

Tool Code : CG KII-3F	KII questions checklist	Respondent Group : LGCDP District Advisor at districts
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1. What are the Community Based Activities within LGCDP -The CAC Model?
2. What type of support received by CAC- what are the sources?
3. Resourcing modality & sources: How financial resources are received at CAC, Who puts the resources? How much (size of the fund)?
4. What type of activities are undertaken by CAC members individually, and as a group? Who identifies the activities, how? What is the role of SM in this process?
5. Governance system of the group: how the group functions, how the GESI aspect surfaces within the group?
6. Issues related to the groups Functionality/ Governance
7. Sustainability of the Group.
 - Plan
 - Actual
 - Perceived by Members/dependency syndrome (?)
8. Benefits and Impacts
 - From Capacity Building Point of view
 - From Income Generating Point of view
 - From GESI Point of view
 - From Social cohesion Point of view
9. Any difference according to the group type (group composition)?
10. IO/SM Role: effectiveness and sustainability of the function: After the project?
11. What is your impression about sustainability of local institutions formed during the program implementation/delivery process?
12. What are the strengths and weaknesses of CAC Model?
13. What issues and challenges have emerged over the period of time in relation to CAC? How these issues and challenges have been addressed?

14. Comparative perspective with: What are the similarities and differences between?

- LGCDP
- MEDEP/PA
- PAF
- Others

15. Lessons from CAC

16. Any others...

Perception Survey of PAF POs for CIE

Respondent Group	Methodology	Tools to be used	Tool Code	Remarks
All POs	e-Survey	Structured Questionnaire	PO Sur-1	By email before field

Name of PO:

District:

Name of Respondent (person filing this questionnaire):

Designation:

Contact Number:

Q.N	Question	Options
1.	तपाईंको संस्थाले विकास सम्बन्धीकार्यहरु कतिवर्षदेखि गर्दै आइरहेको छ । For how many years your organization is working in development field?	
2.	तपाईंको संस्थाले कतिवर्षदेखि गरिवीनिवारण कोषसँगको पार्टनर संस्थाको रुपमा काम गरिरहेको छ ? For how many years your institute is working with PAF as PAF PO?	क) प्रथम सम्भौता देखिसम्म ख) दोस्रो सम्भौता देखिसम्म ग) तेस्रो सम्भौता देखिसम्म घ) चौथो सम्भौता..... देखिसम्म ङ) पाँचौ सम्भौता देखिसम्म
3.	विगत ५ वर्षमा गरिवीनिवारण कोष बाहेक यो संस्थाअन्यकुन कुन संस्थाहरूसँग आवद्ध भएको छ ? । Please list other institutions that you are working with in addition to PAF in last five years?	
4.	गरिवीनिवारण कोषको पार्टनर संस्था छान्ने प्रक्यामा तपाईंले देखेका कमजोरी र बलियापक्षहरु के के हुन् ? What are the strengths and weaknesses of PO selection process of PAF?	
5.	गरिवीनिवारण कोषको मोडलमा भएका तपाईंलाई मन परेको कुराहरु के के हुन् ? What are the program elements that you like about	

	PAF Model?	
6.	<p>PO को रुपमा CO लाई तपाईंहरूले के के र कस्ता सहयोग प्रदान गर्नुहुन्छ ?</p> <p>Please List out the input and support that you provide as a PO of PAF to the COs.</p>	
7.	<p>PO को रुपमा सहकारी संस्थालाई (तपाईंहरूले के के र कस्ता सहयोग प्रदान गर्नुहुन्छ ?</p> <p>Please list out the input and support that you provide as a PO of PAF to the Cooperatives.</p>	
8.	<p>PO को रुपमा सामुदायिक संस्थाको सञ्जाललाई तपाईंहरूले के के र कस्ता सहयोग प्रदान गर्नुहुन्छ ?</p> <p>Please list of the input and support that you provide as a PO of PAF to the Co-networks.</p>	
9.	<p>सामाजिक परिचालन गर्ने क्रममा तपाईंहरूले भोगेका व्यवहारिक अपठ्याराहरू के के हुन् ? (सामुदायिक संस्थाको गठन, समूह परिचालनमा सबै वर्गको समान पहुँच आदी कुराहरूमा)</p> <p>Please list out practical difficulties you have faced during social mobilization process (Like formation of COs, social mobilization part, GESI dimension etc).</p>	
10.	<p>गरिवी निवारण कोषले जस्तै काम गर्ने अरु संस्थाहरू भन्दा गरिवी निवारण कोष के के कुरामा भिन्न देख्नु भएको छ ? तिनीहरूलाई बुँदागत रुपमा लेख्नुहोला (बढीमा पाँचवटा सम्म)</p> <p>If you have to list out distinctiveness of PAF model from other similar programs in the surrounding or you are working with, what would be they?</p>	
11.	<p>व्यक्ति, परिवार र समुदायमा गरिवी निवारण कोषको सहयोगको कारणबाट परेका प्रभावहरू के के हुन् ?</p> <p>What are the areas of impacts that PAF has created at community, household and at individual level?</p>	
12.	दायाँ कोलममा राखिएका कुराहरूमा गरिवी निवारण कोषले	1. Increased Income ____

	<p>पारेको प्रभावमा १ देखि ५ अंकदिनुपरेमाकुनलाई कति दिनुहुन्छ । (१ भनेको सबैभन्दा राम्रो र ५ भनेको सबैभन्दा नराम्रो ।)</p> <p>What are the areas of impacts that PAF has created at community, household or individual level?</p> <p>Please rate your response on 1 to 5 scale (1 high and 5 poor) for each of the categories listed in next column.</p>	<p>2. Food Sufficiency ____</p> <p>3. Health (Child and Mother) ____</p> <p>4. Education (enrollment and Literary) ____</p> <p>5. Empowerment ____</p> <p>6. Social Cohesion ____</p>
13.	<p>हालतपाईंको संस्थाकति वटा CO सँग कार्यरत रहेको छ ?</p> <p>With how many COs are you working as PAF's PO ?</p>	<p>1. COs created by your organization</p> <p>2. COs created by other POs and Transferred to your organization.</p> <p>Total.....</p>
14.	<p>तपाईंको विचारमाCO को स्तरिकरणको उद्देश्य के हो ?</p> <p>In your opinion what is the purpose of CO graduation?</p>	
15.	<p>तपाईंको संस्थाले कामगरिरहेका COमध्ये कतिCO Graduatedभइसके र कतिहुने वाला छन् ?</p> <p>(प्रश्न नं. १३ को कुलCO संख्या)</p> <p>How many COs that you are working with, graduated or in the process of graduation. (Out of the total number provided in question no 13.)</p>	<p>1. COs created by your organization</p> <p>2. COs created by other POs and Transferred to your organization.</p> <p>Total</p>
16.	<p>Graduated सामुदायिक संस्थाहरूलाई तपाईंको संस्थाबाट के कस्ता सहयोग प्रदानगरिन्छ ?</p> <p>What are the supports that you are delivering to the graduated COs?</p>	
17.	<p>Graduatedभएका र नभएकाCOहरूलाई PO ले प्रदानगर्ने सहयोगमा के फरक छ ?</p> <p>What is the difference in the support provided to the graduated and non-graduated COs.</p>	<p>Support to graduated Cos.</p> <p>Supported to non-graduated Cos.</p>
18.	गरिवीनिवारण कोषसँगमिलेर कामगरिरहेका सामुदायिक	

	<p>संस्था र सहकारी संस्थाहरुको दिगोपनबारे तपाईंको राय के छ ? गरिविनिवारण कोषको सहयोग प्राप्तहुन छाडेपछि पनि यिनीहरुले आफ्ना सदस्यहरुलाई सेवादिन सक्छन् भन्ने कुरामा तपाईं कतिको ढुक्क हुनुहुन्छ ?</p> <p>Are there clear indications that they will be sustainable and serving their members after PAF? What are those indicators?</p>	
19.	<p>गरिविनिवारण कोषको सहयोग प्राप्तहुन छाडेपछि सामुदायिक संस्थाका नेटवर्कले गर्ने गरेका गतिविधिहरु अगाडी बढ्छन् भन्नेमा तपाईंको राय के छ ? किन?</p> <p>Considering the capacity of the CO members, do you think that the CO-Networks formed through PAF support will be operational and sustained after PAF's support is over?</p>	
20.	<p>गरिविनिवारण कोषले सामुदायिक, घरधुरी र व्यक्तिगत स्तरमा सिर्जना गरेका विभिन्न प्रभावहरु (फाइदाहरु) अबै परिष्कृत हुदै जान्छन् र भविष्यमा दिगो हुन्छन् भन्नेमा तपाईंको राय के छ ?</p> <p>What do you think about the sustainability, retention and continuity with growth of the impacts created through PAF interventions at HH level, community level, and individual level?</p>	
21.	<p>समूहसंग भौतिक निर्माणका योजनाकार्यान्वयनकालागि आवश्यक दक्षता नहुने कारणले गर्दा त्यस्ता योजनाहरुको माग गर्ने, कार्य योजना बनाउने र कार्यान्वयन गर्ने प्रक्रियामा तपाईंको संस्थाले PAF सँगको सम्झौतामा उल्लेख भएभन्दा बढि काम गर्नु पर्यो कि परेन ? पर्यो भने त्यस्ता कामहरु के के थिए?</p> <p>In the case of infrastructure activities, how much does your organization and staff need to do additional works which are not spelt-out in ToR in order to help the COs during the planning, demand making, and implementation? Due to COs not having the required level of capacity to handle the infrastructure projects?</p>	
22.	<p>गरिविनिवारण कोषले सहयोग गर्न छाडेपछि अहिले सिर्जना गरिएका सामुदायिक संस्थाहरुसँग तपाईंको</p>	

	<p>संस्थाको सम्पर्क र समन्वयरहन्छ कि रहदैन ? रहन्छ भने कसरी ?</p> <p>Will your organization have any form of contacts and linkages with the COs in future after PAF? How?</p>	
23.	<p>संस्थाले अवलम्बन गरेका यस्तै प्रकृतिका अन्य कार्यक्रमहरुको अवधि सकिएपछि स्थानिय स्तरमा बनेका समुदायिक संस्थाहरुसँग तपाईंको संस्थाले सम्पर्क र समन्वय गर्ने गरेका केही उदाहरण दिनुहोला ।</p> <p>Are there any example of such practices from any other similar projects that you have implemented?</p>	
24.	<p>गरिवि निवारण कोषसँगको सहकार्यबाट तपाईंको संस्थामा परेका राम्रा र नराम्रा प्रभावहरु बुँदागत रुपमा लेख्नुहोस् ।</p> <p>Has there been any positive (or negative) impact within your organization because of your association with PAF?</p>	
25.	<p>PAF ले CO लाई प्रदान गरेको घुम्ती कोषको भविष्यमा वृद्धि र संचालन तथा दिगोपनासँग जोडिएका केही समस्याहरु महसुस भएका छन् कि ?</p> <p>Have you felt any issues and problems regarding the growth, operation and sustainability of PAF supported revolving fund at the CO level?</p>	
26.	<p>के भविष्यमा तपाईंको संस्था गरिवि निवारण कोषसँग काम गर्न इच्छुक छ ? छ भने किन? छैन भने किन?</p> <p>Will your organization intend to work with PAF in future also? If yes/no, why?</p>	
27.	<p>तपाईंको विचारमा गरिवि निवारण कोषलाई निरन्तरता दिनु आवश्यक छ कि छैन ? छ भने किन?</p> <p>If you think that PAF should be continued, what are the suggestions you like to make?</p>	

Did you have any internal discussion while filling this questionnaire within your organization? If so please list the participants of the discussion.

Please return the completed form before March 5, 2018 directly to the team leader of CIE in electronic file in the email given below. Please do not send it to PAF or its any of PAF staff.

Raghav Raj Regmi, team leader

raghav@deccnepal.org

**For any clarification on this please call Mr. Sanjaya Rana,
CIE team member tel number 9851048433**

sanjaysrana@hotmail.com

Thank you very much.

Annex 6: List of Individuals consulted for KII**Tribeni, La. Na. Pa. -1, Terathum**

S.N	Name of Participant	Age	Sex	Ethnicity	Position	Contact No.
1	Dhak Maya Baral	46	F	Kshetri	Chair women	9842589193
2	Renuka Khadka	39	F	Kshetri	memembr	9842416603
3	Jhuma Basnet	25	F	Kshetri	memembr	9825311065
4	Rachana Gurung	30	F	Janjaati	memembr	9815390968
5	Maya Devi Subedi	52	F	Kshetri	Treasure	9842599253
6	Gyanendar Basnet	45	M	Kshetri	Secretary	9842312754
7	Nain Kumari Bishta	38	F	Kshetri	memembr	9843405604
8	Mina kumari Ale	45	F	Janjaati	memembr	9825306692
9	Sukumaya Tamang	38	F	Janjaati	memembr	9807026091
10	Nirmala Khadka	39	F	Kshetri	memembr	9807347441
11	Kala Pande	40	F	Kshetri	memembr	9817358987
12	Goma basnet	39	F	Kshetri	memembr	9842044853

Meg

S.N	Name of Participant	Age	Sex	Ethnicity	Position	Contact No.
13	Susmita Limbu		F	Janajaati		9824076959
14	Nirmala Limbu		F	Janajaati		9815344281
15	Sangita Sibhagu		F	Janajaati		
16	Susmita Nepali		F	Dalit		9824312745
17	Sandhya Rai		F	Janajaati		9812332938
18	Kopila Limbu		F	Janajaati		9861671912
19	Ram kumari Limbu		F	Janajaati		9842217537

cooperatives

S.N	Name of Participant	Age	Sex	Ethnicity	Position	Contact No.
20	Krishna Prad. Ghimire		M	Brahman	Execute Secretary	9842381811
21	Prem Raj Phago	42	M	janjaati	Program Coordinator	9842381707
22	Shivakarna Kandangwa		M	janjaati	Program superviso	9842488450
23	Bir Bdr. Thapa		M	Kshetri	Social Mobilizer	9842379191
24	Dilli Ram Dhamala		M	Brahman	Manager	9842513289
25	Kirshna Prd. Baskota		M	Brahman	Manager	9852060410
26	Dambar Prad. Baskota		M	Brahman	Manager	9842109135
27	Dhan Bdr. Das		M	Dalit	Chair Person	9842096436
28	Ambika Thapaliya		F	Brahman	Member	9862621691

Dhachne Community Institution

S.N	Name of Participant	Age	Sex	Ethnicity	Position	Contact No.
29	Mana Maya Limbu		F	Janjaati		
30	Purna Bdr Limbu		M	Janjaati		
31	Asha Limbu		F	Janjaati		
32	Ram Prd Ghimire		M	Brahman		
33	Rupa Thapa		F	Kshetri		

34	Ranjana Ghimire	F	Brahman
35	Phulmaya Chongwang	F	Janjaati
36	Ram mati Chongwang	F	Janjaati
37	Keshar Singh Thapa	M	Kshetri
38	Kalpana Chongwang	F	Janjaati

Phalothe Community Organization						Contact No.
S.N	Name of Participant	Age	Sex	Ethnicity	Position	
39	Sita Rai		F	Janajaati	Chair women	
40	Nish Bdr Rai		M	Janajaati	Secretary	
41	Mahendra Rai'		M	Janajaati	Member	
42	Ran Bdr. Rai		M	Janajaati	Member	
43	Prem Kumar Rai		M	Janajaati	Member	
44	Bachari Rai		M	Janajaati	Member	
45	Ram Kumar Rai		M	Janajaati	Member	
46	Maya Rai		F	Janajaati	Member	
47	Lokmaya Rai		F	Janajaati	Member	
48	Tara Rai		F	Janajaati	Member	

Annex 7: Districts covered by PAF under its Regular Program

Rolling Year	No. of Districts	Name of Districts
2004	6	Darchula, Kapilbastu, Mugu, Pyuthan, Ramechhap, Siraha
2006	19	Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Dolpa, Doti, Humla, Jajarkot, Jumla, Kalikot, Mahottari, Rasuwa, Rautahat, Rukum, Rolpa, Sarlahi, Sindhuli
2009	15	Bara, Bardiya, Dhading, Dhanusha, Khotang, Okhaldhunga, Panchthar, Parsa, Salyan, Saptari, Sindhupalchowk, Solukhumbu, Taplejung, Terhathum, Udaypur
2015	15	Arghankhanchi, Banke, Bhojpur, Dang, Dolakha, Gorkha, Gulmi, Kailali, Lamjung, Morang, Myagdi, Nawalparasi, Nuwakot, Sunsari, Surkhet
Total	55	+ 2 Eastern Nawalparasi and Rukum

