

Social protection through public works in Nepal: Improving the Karnali Employment Programme

Briefing Note

Introduction

The Ministry of Federal Affairs and Local Development (MoFALD) of the Government of Nepal (GoN) has requested the UK Department for International Development (DFID) to provide technical assistance (TA) to support employment-led approaches to reducing poverty and vulnerability in Nepal. This assistance is provided through the Karnali Employment Technical Assistance (KEPTA) consortium led by Oxford Policy Management (OPM) and incorporating Cardno IT Transport and Deego Pvt Ltd. The main goal of the TA is to assess whether public works programmes (PWPs) could play a significant role in a national social protection strategy.

The Karnali Employment Programme (KEP) has been operating since 2006 and is the only programme designed specifically for the Karnali region. Performance to date has been mixed, with limited achievements in terms of employment creation, quality of works and level and regularity of payments for participants. The main problems identified are lack of clear programme vision, poor implementation capacity at the local level and very limited monitoring of implementation.

In this context, MoFALD has sought KEPTA support to redesign the KEP and strengthen its operations. This redesign aims to set a new standard in implementation and impact, both in providing social protection for the poorest households in the short term and supporting economic and social development and improved livelihoods in the longer term through improved infrastructure and skills development.

In the first half of 2014, KEPTA developed a revised model for the effective delivery of the KEP and implemented it on four Centre of Excellence Projects (CEPs) in Jumla and Kalikot. These CEPs operated under special arrangements, as the Karnali Regional Development Unit (KRDU) set aside special funding for the payment of workers and other inputs. This brief note describes the processes tested in the CEPs and the lessons learned from this experience for KEPTA's continuing support to the KEP.

Centre of Excellence Projects

A total of 811 households participated in the CEPs in Jumla and Kalikot and worked for an average of 53 days. The community infrastructures created with this work consisted of two roads and two irrigation canals. The main processes and features tested in the CEPs are summarised below.

Labour-based approach – CEPs were labour intensive and the use of machinery was not allowed. Moreover at least 70% of the operational budget was allocated to wages.

Selection of the projects - was based on technical and social assessments of the short list of projects approved by the village development committee (VDC) and/or the district development committee (DDC);

Awareness raising on CEPs - Communication campaigns were conducted for all four CEP sites to disseminate information about benefits, responsibilities and processes such as application and selection of participants. Posters and pamphlets were distributed and the programme was also advertised on FM radio stations. Four gatherings at local schools were held, with an average of 76 attendees.

Community-based approach for prioritising the poor – One of the key aspects of the new KEP is that it is poverty targeted. As a consequence, a methodology for identifying the poorest of the poor willing to work was developed and tested. Targeting under the CEPs was a combination of self-targeting and community selection, led by the Ward Citizen Forums (WCFs). The community prioritisation relied on criteria developed by KEPTA based on easily verifiable correlates of poverty and wealth such as household size, disability or asset ownership.

Job cards for participants – Each beneficiary household received a job card on which the attendance at the work site was recorded. This allowed participants to track their entitlements.

Regular and timely payments – Wages were paid fortnightly. KEPTA provided support and resources that allowed the DDCs to go to the sites every two weeks and pay beneficiaries directly, thus cutting out the need for any intermediaries.

Payment based on days worked and output produced – Beneficiaries were paid daily wages based on attendance and a supplement based on output. The regular and frequent payment of the daily wages had the objective of smoothing the consumption of households and preventing them from falling into poverty. The supplementary payments linked with work outputs were lump sums that households could use for investments.

Relevant training and oversight – Staff were trained on labour-based techniques and operational procedures. The work done at the sites was overseen by KEPTA staff.

Management Information System (MIS) - KEPTA designed a MIS, which is a major step for the implementation and monitoring of the KEP. The MIS stores all the data captured within the Registration Form, uploads the daily muster rolls, and calculates the corresponding payments. This system forms the basis for accurate and transparent payments. Moreover, the MIS produces different reports and indicators that allow stakeholders to monitor the operations.

Workers' welfare – Toilets, childcare and safety equipment such as helmets, masks, goggles and rubber boots were offered at site. Moreover, workers were insured against accidents and one person per site was trained on first aid assistance.

Gender balance - Female participation levels were very high. The proportions of female and male main cash recipients and workers were almost the same. This appears to be the result of a gender-sensitive methodology and a strong emphasis on gender equality.

As in any pilot, the CEP experience was very staff intensive. The challenge is to achieve similar results with fewer resources for the longer term sustainability of the KEP.

Lessons learned and implications

The lessons learned from the CEPs have been incorporated in the new KEP guidelines and will be rolled out by the programme in the fiscal year 2014/2015. However, there are still a number of issues which need to be considered further and implemented during the next phase of the TA.

Electronic payments – There is a strong need to develop a method for delivering cash electronically directly to recipients. The CEPs relied, due to time constraints, on manual transfers that were good enough for the pilot projects, but are not scalable. Manual payments are inefficient, insecure and prone to fraud. Other social protection programmes in Nepal are transferring cash electronically and it is recommended that the KEP follows the same route.

Payment modality – International experience has shown that the task rate system is popular with workers and promotes greater productivity than paying a daily wage for a given number of hours of attendance. Under the task rate system, a wage is paid for completing a daily task, which is typically defined as the amount of work that can be completed by an average individual in 5-6 hours of moderately hard work. In order to be effective, the task rate system requires skilled supervision and management since supervisors are required

to set daily tasks according to the productivity of workers, complexity of the activities, the terrain, weather and other conditions.

However, the CEP experience indicates that the site supervisors who are community members with some technical background do not have sufficient skills to manage a task rate system. Hence, a modality not often used on PWP, which combines a fixed daily subsistence wage with a lump sum payment linked to productivity paid at the end of the project, is proposed for further testing at this stage. For the supplementary payment to be an effective incentive, workers need to know beforehand how much money they will earn on delivery of the specified output and need to trust the programme. An added advantage of lump sum supplements is that they could be invested by recipients rather than consumed, enhancing livelihoods and economic activities. Nevertheless, given the unusual and untried modality, thorough research on this payment modality is required.

Employment wage – Different PWPs and districts in Karnali have different wage rates. It is recommended to set a standard “employment programme wage rate”.

Harmonisation – There are many PWPs operating in Karnali, most of them under MoFALD and supported by different donors. One common feature of these programmes is that they have limited capacity and resources, although there are variations between programmes. Improved coordination and harmonisation of all these programmes could result in more effective social protection and implementation. Some systems, processes and resources could be shared and allocated in a strategic way. Examples are unified job cards, same wage rates and targeting methods, interlinked if not unified MISs, same technical standards and increased collaboration among staff.

Demand side – The KEP is a supply-driven programme. Only one or at the most two projects requiring a given level of labour are implemented in each VDC in a given year and, only people living in the “area of influence” can apply to the programme. Therefore many poor households are excluded simply because they do not live close to the project site. In order to reduce this exclusion, it is proposed that the KEP tests a demand-driven approach, where first the demand for work is captured and then projects are identified to meet such demand. If resources do not allow for a pure on demand approach, then the demand can be reduced by imposing ceilings to the number of beneficiaries and asking communities to prioritise, as in the CEPs. The approach needs to be further developed and tested in the next phase of the TA. .

Seasonality – In order to be an effective safety net, the KEP must offer work during the lean seasons, typically from mid-December to March and from mid-August to mid-October. However inclement weather conditions in some areas of Karnali as well as other conditions and circumstances that undermine the implementation of the KEP when it is most needed. This is something that needs to be reviewed in the future.

Innovation in the types of projects – Given the remoteness and lack of transport infrastructure in Karnali, as well as the need for labour intensive projects, it is not surprising that many KEP projects are roads. However, based on the characteristics of the region, many other types of projects such as watershed and land management could improve the livelihoods of communities. It is therefore important to open the debate at the VDC, DDC and higher levels on different types of projects that could be implemented under the KEP and their compatibility with local and regional strategies for economic development.

Selection of projects – The annual process for selecting VDC projects needs to be tailored to the new requirements of the KEP (i.e. 70% of the budget for wages) and their technical assessments need to be improved.