

Disability Inclusion Helpdesk Report No: 138

Query title	Good practice examples on Value for Money incorporating consideration of equity in the analysis in Business Cases and Annual Reviews
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Query	To collect good practice examples from Business Cases (BCs) and from Annual Reviews (ARs) which show how equity can be incorporated into VfM analysis across a range of contexts that FCDO work in.
Enquirer	Equalities Impact Unit

Case Study: Nepal Local Infrastructure Support Programme

Programme summary

The Nepal Local Infrastructure Support Programme (LISP) is a £98.1 million programme being implemented from 2023 to 2029. LISP aims to improve the ability of Nepal's local and provincial governments to respond to citizens' demands for local infrastructure, with an emphasis on the empowerment of women and marginalised communities. Alongside the UK's grant-based support, local governments are expected to invest up to £40 million to co-finance a capital and resilience component of the programme. LISP incentivises local governments to improve performance on infrastructure service delivery by strengthening existing government systems, applying systems-building approaches, enabling innovation, and learning to improve policy and practice at both national and local levels.

Equity and VFM on LISP

The LISP **Strategic Case** uses global, national, and FCDO Nepal-generated evidence to set out why infrastructure development is in itself an equitable investment. For example:

- Nearly half of rural Nepalis live over 2 km from all-season roads; this disproportionately impacts women and girls. Evidence shows the strong social and economic impacts of rural roads in lifting people out of poverty in economically lagging rural areas of China, Thailand, Uganda, and Tanzania.¹
- National evidence demonstrates widespread benefits of investing in trails and trail bridges. In the most remote and poorest villages, demand for foot-trails and foot trail bridges is high. Trails and trail bridges strengthen the resilience of remote and vulnerable communities; average time savings per trail bridge = 45 minutes/day².

The **Strategic Case** also makes the case for adopting an equity lens in infrastructure programming, including the following points:

- Evidence demonstrates the benefits of worker selection based on poverty, inclusion, and at least 40% women in the workforce; it shows how wage payments for road workers immediately increase the resilience of households; and it reveals that maintained roads are open for 26 days per month

¹ Fan S, Brzeska J, and Shields G, 2007: Investment Priorities for Economic Growth and Poverty Reduction, 2020 Focus Brief on the World's Poor and Hungry People, International Food Policy Research Institute, Washington, D.C.

² Swiss Cooperation Strategy Nepal 2018-2021.

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compared to 11 days per month without maintenance, contributing to improved service access and economic growth activities.

- It is important that local government responds to citizen demand in an inclusive way in order to build legitimacy and help Nepal complete its transition out of conflict. Women and girls are the most likely to be left out of these decision-making processes.
- Evidence from Nepal shows focusing on improving accountability, inclusiveness and sustainability of local level development planning and investment will help local governments to deliver more effectively, to support successful transition to new federal structures, to mitigate conflict risk, and to promote inclusion and gender equality.

In the LISP **Appraisal Case**, the VfM assessment sets out numerous ways in which equity will be considered across the programme, including:

- Support to women's leadership in local governance.
- Removing local distortions in wage rates for women, older people, and people with disabilities.
- Ensuring that participation of women, Dalits, and ethnic minorities in LISP helps to drive employment opportunities.

These commitments are embedded within the LISP Theory of Change, which integrates equity considerations from impact level down. This includes its two Impact Indicators: '*% local governments that demonstrate evidence of ownership and sustainability to deliver better local infrastructure (including more inclusive local development)*;' and, '*% local populations (men, women, marginalised people and persons with disabilities) expressing confidence in the work of local government, including commitment to inclusive sustainable development*.' The Theory of Change also includes the outcome '*improved inclusion in local infrastructures for poor, vulnerable and disadvantaged groups*,' in addition to a cross-cutting priority focused on inclusion.

Four areas were considered regarding LISP's scope and approach: geographic/technical; technical assistance (TA) and integration with other programming; incentive mechanisms and financial management; and inclusion and resilience approaches. For each area, options were ranked using criteria from 1 (lowest impact/highest risk) to 4 (highest impact/lowest risk). The multi-criteria scoring was based on a cross-team panel of the FCDO design team and included criteria focused on transformative potential (with GESI included under the transformative umbrella). The assessment concluded by recommending LISP take a '*specific but integrated approach to inclusion that ensures explicit incentives are mainstreamed in LISP to promote inclusion and gender equity in investment decision making*.'

The LISP **Financial Case** sets out how the programme will ensure transparent, accountable transfer and expenditure of funds, while also supporting LISP's objective (as justified in the Strategic Case) of supporting inclusive infrastructure development, including more accountable and inclusive planning and delivery by local government. This approach pairs robust accountability and anti-fraud measures with a commitment to supporting and building the capacity of local governments. It includes:

- Provision of direct funding in parallel with TA to build the capacity and accountability of local governments

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- Gradual transition to financial aid (i.e., reimbursement of local government expenditures), with transition designed to incentivise and build capacity to deliver LISP programme results through local and province governments.
- Delivery of capital funding based on performance and assessment by LISP TA; 'if local governments have a low capacity to apply for [funding] the TA will help build their capacity to do so.'
- LISP TA to engage with local governments to support their prioritisation processes and decision-making in order to apply for funding.
- TA to support 'functional monitoring' to pick up any issues relating to quality of delivery, misallocated or ineffective investments, etc.

A key learning from the 2023/24 **Annual Review** emphasised the need for more systematic **monitoring and evaluation** around equity. The Review noted how LISP's progress towards its inclusion targets would benefit from more nuanced data disaggregation, both for those benefitting from job opportunities and those benefitting from infrastructure schemes. Such data disaggregation would also support more deliberate efforts to include the most disadvantaged across LISP activities (including people with disabilities and other extremely marginalised groups, such as Dalit women).

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