

**NEPAL DECENTRALIZED FINANCING  
AND  
DEVELOPMENT PROGRAMME  
FINAL EVALUATION DRAFT REPORT**



**Evaluation Team**

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## *Summary Draft Final Evaluation*



UNITED NATIONS  
CAPITAL DEVELOPMENT FUND

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### **SUMMARY DRAFT FINAL EVALUATION**

Country:	Nepal
Programme Number:	NEP/99/C01
Programme Title:	Decentralized Financing and Development Programme (DFDP)
Executing Agency:	Ministry of Local Development
Implementing Agencies:	Ministry of Local Development
Programme approval date:	21 April 2000 (Substantive Budget Revision – January 2003)
Programme Start Date:	December 1999 (Substantive Budget Revision – January 2003 after DFID)
Programme End Date:	December 2005 (No cost extension until December 2006)
Total programme cost:	USD10.0 million
Financing breakdown:	UNCDF: USD 5.0 million DFID: USD 5.0 million
Mid-term evaluation date:	January 2004

## 1. The Objectives of a UNCDF Final Evaluation include:

- To assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the efficiency, effectiveness, relevance and impact of the programme,
- to assess the sustainability of programme results, the level of satisfaction of programme stakeholders and beneficiaries with the results, and whether UNCDF was effectively positioned and partnered to achieve maximum impact;
- To analyze the effects of the programme and contribute to UNCDF and partners' learning from programme experience.
- To help programme stakeholders assess the value and opportunity for broader replication of the programme.
- To help programme stakeholders determine the need for follow-up on the intervention, and general direction for the future course.
- To ensure accountability for results to the programme's financial backers, stakeholders and beneficiaries.
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy.

Further, the evaluation was to provide its findings and recommendations as a resource for the next phase of project formulation.

## 2. TOR: Methodology

The evaluation team developed a methodological framework, which attempted to ensure appropriate, complete, rigorous, fair and unbiased analysis. The team used the following approaches:

- Quantitative data collection through the project MIS, National, District and field based reports including Project Books which are an innovative element of the project audit process. A list of documents reviewed is attached to the full final report.
- Field visits that included Focus Groups Discussions with DDCs, VDC Secretaries, Community Groups, District 'Consultative councils' established as an interim district decision-making group.
- Structured Interviews with donors and national government department staff.
- Outcome/Impact surveys of data and review of before and after conditions at project sites.
- Client satisfaction questions incorporated into all discussions.
- Infrastructure/service utilisation observation of both DFDP and DDC projects using consistent criteria

The team met with a variety of stakeholders ensuring that data and information came from different sources to ensure validity and reliability through corroboration/triangulation: These included: District Development Committee's, Village Development Committee Secretaries, Community Groups, District Political Party Representatives, National Government Stakeholders (Ministry of Local Development, National Planning Commission, Local Government Training Academy, ADDC/N, Ministry of Finance, SNV/Dutch NGO, UNDP, DFID, , DANIDA. A full list of participants and those interviewed is attached to the main report.

The data collection, focus group discussions and interviews all incorporated issues of gender and social inclusion and an attempt was made to have all data disaggregated by gender, socio economic and ethnic status.

Baselines data from the DFDP Project sources was used, primarily relying on the DFDP / UNCDF MIS system.

As this was a final evaluation, the analysis considered key issues of sustainability, impact on beneficiaries, institutions, policy replicability and potential for 'roll out' into another phase.

### 3. Programme Profile

The aim of DFDP according to its log frame is to “Reduce Poverty in the Pilot Districts through provision of rural infrastructure and human resource opportunities”. Underlying this Development Objectives is the expectation that DFDP would:

- Have a direct local impact on socio-economic development and poverty alleviation through the improved sustainable provision of basic public and community infrastructure and services;
- Strengthen the capacities and legitimacy of local governments including elected representatives (they have been absent since 2002) and thus contributing to improved local democratic governance; and
- Contribute to evolving procedures, practices and policies of wider relevance for decentralisation processes in Nepal.

### 4. Findings and Recommendations

#### 4.1 Achievement of Log Frame requirements

Using a multi dimensional definition of poverty that includes empowerment through institutional reform and income generation, the project has succeeded in essentially achieving its overall goal of reducing poverty in the pilot districts through the provision of rural infrastructure and human resource development opportunities.

The project is seen as a mixture of:

- Infrastructure delivery mechanism.
- Income generation opportunity creation through provision of time saving infrastructure which allows people increased opportunities for farming or doing small business.
- A policy reform mechanism that has provided lessons and knowledge in specific policy areas.
- An institutional reform programme which has transformed the local government administration process and introduced a governance process from central ministries to communities.

The combination of activities has been most valued by the stakeholders. The project has achieved its overall objectives, outcomes and results and the lessons learned from the past implementation should continue to be applied to the new project. There is an obvious trend toward poverty reduction support as a result of the DFDP project implementation.

**Recommendation: The essence of DFDP should not change, but the evolving political context should be considered in a new programme. There are issues that need to be reviewed and certain aspects of the Programme revised, but institutional reform and infrastructure delivery continue to provide elements for poverty reduction.**

#### 4.2 Political Climate and Governance

The context of the project has affected all areas of implementation. It was notable to the evaluation team that the project was able to continue with its activities at the community level during the conflict; this does say a great deal about the commitment of the project participants to the provision of services to rural communities. Yet, because of the political situation, decisions were no longer being made by a legitimately elected local government, but rather by civil servants, which is not compliant with either the spirit or the letter of the project agreements.

The lesson is that, under duress, the project participants were able to ensure that services continued to be provided to the communities by being flexible and innovative in their interpretation of the project objectives. Some said that without political influence the process of implementation actually became more efficient! In any case, since April, based on a letter of instruction from MLD to all districts, defacto consultative councils, made up of all party representatives including Maoists, were practiced in several districts. This innovation has allowed for a return to a

semblance of local government decision-making and can continue to be a good modality for consultative decision-making until the proposed interim government is in place.

Currently discussions are ongoing between the Seven Party Alliance and the CPN/M (Maoists) toward a political solution to the conflict. It is apparent that all parties are interested in maintaining some form of a decentralised, democratic local government. There is still no clarity as to the form it will take, its acceptance of the LSGA as a framework or the type of constituent assembly to be established, but all indications are that, should the parties come to an agreement, the climate for a DFDP-type project will be positive.

**Recommendations: a) Future project formulation should follow the current government negotiations closely and develop a programme that is flexible and innovative and able to adapt to the changing political environment without losing the basic principles of commitment to human rights, participation of communities in their own decision making, transparent and accountable planning and financial management, implementation, monitoring and evaluation of projects. b) Support the approach of using 'consultative councils' in the districts to provide a form of 'local government'. c) A Decentralisation Programme would be effective, that incorporates key aspects of Planning, Financing, Governance, Gender, Monitoring and Evaluation.**

#### **4.3 Financing Mechanisms and Fiscal Decentralisation:**

An effective Fiscal Transfer Mechanism has been established and is operational under the DFDP. There is a consistent accounting system across districts and internal auditors are in place. Use of block grant funding as an instrument to raise DDC performance (through Minimum Conditions & Performance Measures) has been effective. Though the DFDP grant amount constitutes a relatively small share of District funding, the processes and procedures have been generally efficient, effective and instrumental in policy considerations for replication of the DFDP process nationwide, especially the MC/PM. The MoF has initiated a process of replicating MC/PM in all 75 districts through the 2006/07 Nepal Government Budget Speech. The modalities for implementation have not yet been worked out but options are in place and all should be considered as a means to continue this effective and efficient system.

Though a Fiscal Decentralisation Strategy has not yet been established, fund disbursements have been decentralised to a certain extent. DFDP (and most other project) funds go through the DDF, which is simply a conduit for already earmarked funds and not a discretionary development fund of the district. The MLD has a devolution plan in place that has accommodates a fiscal decentralisation strategy.

Use of the 6% of block grants to employ full-time technical staff (rather than to contract expert-consultants for specific schemes) has been effective in the short term, but is not sustainable.

**Recommendation: The next phase of the project should give priority to supporting the fiscal decentralisation policy in the context of the Government of Nepal devolution plan and the political environment. This policy would continue the current DFDP funding arrangements (formula based disbursements, internal audits, a consistent accounting procedure) with the establishment of a district block grant, unconditional basket fund that would be used by the district to implement its periodic plan. The fund would be tied to a MC/PM assessment.**

#### **4.4 Transparency in the Planning Process**

Currently because of the political situation and absence of local governments, districts have had to be innovative and flexible in operationalizing the mechanisms for decision-making in project selection. Civil servants / Local Development Officers have become the ultimate decision maker. This made the planning process relatively non-transparent. Persons with direct access to the LDO could present projects and get relatively quick support for project implementation. Though this process has in some cases made the project selection process more efficient, it contravenes the essence of a participatory planning process that ensures all communities an equal right to consideration of its project proposals through the VDC DDC mechanism.

Frequent transfer of LDOs from district to district further complicates the process. New staff requires a full orientation to the DFDP process. There are a number of cases in which an LDO was transferred more than once a year. This lack of consistency in leadership is a significant problem for the districts, creating unsustainable practices and procedures and difficulties for all parties to have consistent, coherent, comprehensive planning, implementation, monitoring and evaluation.

**Recommendation:** a) Support LDOs in maintenance some form of democratic decision making to assist in the overall planning and project selection process. b) Continue the Social Auditing process currently operational in the project and replicate where possible. c) MLD should consider enforcing the provision in the Civil Service Regulations which require an LDO to remain in place for at least a year, preferably two years d) A DFDP orientation should be organized at least once a year for VDC secretaries, local NGOs and other line agencies. e) Create a comprehensive Communication Strategy f) As one of the Performance Measures, the planning system should be improved and strengthened, with support to the preparation of the Second Periodic Plan which is scheduled for preparation in 2006/07.

#### 4.5 Gender and Social Inclusion

Despite a requirement for a 30% allocation to women and disadvantaged groups, DFDP projects have not been able to address gender and social inclusion adequately. The concept of women and disadvantaged focused group is not clear at the district level nor national levels, with focused projects generally interpreted as women or disadvantaged groups as recipients, not as decision makers. (Maternity wards are considered the main women focused projects). Further, gender issues are not usually considered while planning, designing and implementing infrastructure development projects. It is perceived that all projects benefit both women and men, and therefore gender issues are naturally built in. Though officials of demonstrate strong competencies in their technical fields, most had little idea about the differential impacts of any infrastructure project on women and men.

**Recommendation:** a) Gender Focused and disadvantaged programmes should be clearly defined, including programmes for the disabled. b) Participation of women and disadvantaged groups should be included at all levels of the project cycle as decision makers, not simply recipients. This includes responsibility in planning, implementation, management and monitoring and evaluation. c) DFDP should work in coordination with DWDOs to utilize their expertise and to support better implementation of targeted projects. d) An impact assessment of the project from a gender perspective, as recommended by the Mid Term Evaluation, should be initiated. e) The next phase of the project should include a Gender and Social Inclusion Specialist on the Project Team and in the Ministry of Local Development, to ensure sustainability. f) Training in Gender Analysis should be provided to all project participants at the national, district, agency, village and community levels, with priority given to decision makers. The training should be followed by the development of a Gender Action Plan and Gender Responsive Budgets during the DFDP successor project. g) Addressing gender and social inclusion issues should be one of the key conditions in the MC/PM rather than incorporating it as one of the parameters of the planning process.

#### 4.6 Social Mobilisation in the Districts.

The DLGSP advisors, facilitators and social mobilizers have been the most visible in mobilizing the communities for project planning, implementation and reporting. The DLGSP Community Organisations are often also the most comprehensive in their presentation of project proposals to the DDC and thus are the most likely recipients of DFDP funding in a district. Further, the history of the link between DLGSP and DFDP remains because of past history between LDF/PDDP and LGP. Because of the DLGSP presence, the DDCs are not interacting with or involving the many other social mobilisation groups, projects, CBOs, Users Groups, etc., which are present in the districts. One MLD Under Secretary noted that it is important to have a DDC Social Mobilisation

Programme and that dependence on one group for all Social Mobilisation support is counter productive, non-transparent and not sustainable.

**Recommendation: The planning and project selection process should include a more universal coverage of community organisation in the District for decision-making and when the political situation becomes stable, a consideration should be made for VDC and /or ward based planning.**

#### **4.7 Infrastructure Delivery**

Quality of construction was generally good and demonstrated a positive before to after result, though quality of workmanship varied from place to place depending upon the availability of skilled workers and technical support provided by the District Field Officers and Regional Support Team. The incorporation of Users Committees rather than Contractors continues to provide a win-win approach to project construction: Communities are in control of project decision making/ ownership; the project provides communities with income; the likelihood of sustainability and follow-up increases. There were concerns expressed, though that some users committees may be receiving funds from two sources for one project. The evaluation team could not verify this but future monitoring of projects should look into the possibility of this happening in some of the more remote districts. Though five infrastructure delivery manuals have been prepared, (Financial Management, Operations and Maintenance, Planning, Users Book and Monitoring and Evaluation). They remain in the MLD for approval and final distribution. Though community contributions have been relatively high, there has been no consideration for giving special support to the poorest of the poor. All communities are treated equally in terms of contributions to the project, with the minimum being 10%

#### **Recommendation**

**Continue the infrastructure delivery process as currently implemented with a greater emphasis on operations and maintenance and more stringent monitoring and evaluation activities.**

#### **4.8 Operations and Maintenance**

There is no clear understanding of O&M by project participants. Most consider O&M to refer only to an operations and maintenance fund, but as the DFDP O&M study points out, an O&M system should be established for both district and DFDP projects.

**Recommendation: a) DFDP in conjunction with MLD should consider creating operational and maintenance systems which include human, physical and financial resources that ensure sustainability of a project. b) User's committees have to be trained at local community level to operate, repair and maintain productive micro-infrastructure to achieve sustainability. In non-productive infrastructure services, separate arrangement of operation and maintenance fund has to be established at DDC.**

#### **4.9 Capacity Building**

The generally accepted definition of capacity building under DFDP refers mainly to training and provision of manuals/materials related to training. The current Capacity Building Strategies were developed within this limited framework. Capacity Building Strategies have been completed in twenty districts, but none included gender as a capacity to be built. Though some training has taken place, none of the CBS have become operational in the districts.

**Recommendation: a) There is a need to develop a more comprehensive Capacity Building Strategy/Framework which constitutes systems, institutions, human financial, technical and material resources and that includes a gender analysis from the DDC to the User Committee Level. b) There should be a direct link between the MC/PM assessment and Capacity Building. c). Capacity Building should include a mix of demand and supply driven training, with the latter directly connected to the Performance Measures. Monitoring and Evaluation**

**Monitoring and Evaluation.**

There is an good system and practice of M&E at the DFDP central office. Information is collected consistently and is able to be presented in various report formats. On the other hand, there is less consistency from the regional office and in the districts. Though there is checklist for site visits, there are no requirements for monthly reporting and only Annual Review Meetings for results and problem analysis, often leaving too much time between events to deal with project problems on an immediate basis.

Further, the UNCDF MIS has not been found to be easily linked or appropriate to the MLD monitoring system, though the MLD requested support in establishing a comprehensive M&E system. The Social Audit System with signboards at every project site showing the contribution of DFDP, the Village and the community is an excellent element of M&E that has been institutionalised by the project, DDC, VDC and community. Project books are also an excellent form of social audit. Unfortunately, other projects are not yet replicating the practice, but many said it was a good approach to be replicated for all donor and DDC / VDC projects. There has been no system or mechanism established for conducting Impact Assessments for the DFDP or DDC projects. *The Evaluation Team had access to a large number of studies and reports, but it was not clear if the studies were widely disseminated and discussed.*

There was considerable impact from the development and implementation of the MC/PM System.

**Recommendation: a) Establish a comprehensive M&E system with MLD and Districts including mechanisms for baseline data collection, regular formative and summative evaluations at the completion of every project. This should be done in conjunction with the Decentralised Poverty Monitoring Assessment System in all districts. b) Then, most importantly, establish a system to apply the lessons learned from M&E to future project implementation at all levels. Continue the ARM's and include stakeholders in some of the discussions, rather than limiting those meetings only to DFDP 'staff'. c) THE MC/PM SHOULD BE CONTINUED IN ALL PROJECT DISTRICTS AND BE EXPANDED TO NEW DISTRICTS IN COOPERATION WITH THE MINISTRY OF FINANCE. d) The UNCDF MIS should comply with government system, as much as possible e)**

#### **4.10 Management Arrangement**

The DFDP programme management unit, with limited staff, has managed to implement the project efficiently and effectively. Over the past six years it has ensured that there are operational procedures which have been fully agreed to for implementation by the MLD and the participants in the districts. The process has been effective and MLD and MoF have noted that such procedures should be replicated in all 75 districts. Under the current project, the Coordination mechanism from bottom level to central level could be improved; the current set up of an under secretary as NPD does not give the project adequate leverage at the MLD and outside the MLD; any expansion would require a comprehensive plan, especially with regard to management arrangements and capacity building. Currently, the main coordination mechanism is through the Secretary's office in MLD. The general view received by the evaluation team is that there is lack of full participation among the various units of MLD regarding the problems, prospects and operations of DFDP and that coordination could be improved.

The Evaluation Team found that the Project Staff at Central and Region were inadequate in number to cover all 20 districts and the absence of a Gender and Social Inclusion expert has been a problem. At the District level, it was found that provision a District Engineer/Field Officer was in some cases redundant to the responsibilities of the District Technical Officer. The DTO should be an integral counterpart in the DFDP process in the districts. The DTO is now working under the District structure and is responsible to the LDO and can be deputized as Officer-In-Charge.

The main function of a PMU is to create systems for sustainability and this is still in process. Final approval of DFDP projects is decided by a DFDP and MLD Steering committee. Eventually, in a truly decentralised project the District would be the Executing Agency with funding authority at central level decentralized to DDC level. Though the political situation would not allow for district execution at this time, it is something to consider in the development of a project mainstreaming strategy in the next phase.



**Recommendations:** a) For effective coordination within ministry there should be a Technical Advisory Committee or Programme Coordination Unit established in MLD comprised of Planning, Monitoring, Administration and Local Governance and LBFC to support sustainability and better linkages with all stakeholders. In the context of a Decentralization Programme, A Joint Secretary should be NPD. c) PMU name and functions should be changed. The PMU should be called the Programme Coordination Unit with its functions reverting to a counterpart relationship with MLD and district staff, so that a mainstreaming strategy is established and the MLD and districts are fully capacitated to taken on comprehensive national execution. d) The PMU should be operating under a full NEX modality as soon as the MLD capacities, procedures and institutional arrangements demonstrate their consistent ability to manage the DFDP processes.

e) The 6% Technical funding should go to a project operational fund managed by the DTO and the LDO to enhance the capacity of the District, so that they can provide M&E field support and encourage greater sustainability in the process. f) A District Technical Office (DTO) capacity assessment should be conducted in every district before placing any additional DFDP project field officer in the district.

#### **4.12 Policy Impact**

The DFDP has made a substantial and substantive impact on many levels of government programmes and decision-making. The DFDP is well known and respected throughout institutions, government departments, line agencies, NGOs, Districts, Villages and communities. The DFDP has had a demonstrated impact on a widespread recognition of the importance of a transparent decentralised Public Expenditure Management System for infrastructure and service delivery to communities. This includes formula based block grants, etc.

Government of Nepal is in the process of establishing a full Devolution Plan which awaits political decisions from central government as to the nature, structure and requirements of the proposed interim government. MLD is ready to extend the devolution process as soon as the new government and its policies are in place. As well, the Ministry of Finance is initiating full replication of the Minimum Conditions and Performance Measures to all 75 districts.

As noted, there is every expectation that any new government will support a decentralised democratic approach to decision-making and support and possibly enhance the current LSGA/Regulations and Financial Regulations. The CPN/M members interviewed during the FE made it clear that they are against a feudal system and want to develop a Nepalese form of a decentralised democracy that will ensure peoples' participation at all levels.

**Recommendation: DFDP should continue to document its findings and share these with all stakeholders, especially the National Planning Commission, Ministry of Finance, and other high-level decision makers.**

#### **4.13 Geographic Focus**

The inclusion of 20 districts in this phase of DFDP has provided both positive and problematic features. Positively, the expanse of districts across the country has allowed for varied levels of experience to inform the DFDP process. At the same time the wide expanse of districts with limited regional staff and *the absence of a comprehensive M&E system* (there IS a comprehensive MIS system, but that must be clearly separated from an M&E system) has prevented intensive monitoring of lessons learned and support to district based staff and projects. Overall it has been difficult to focus on specific piloting activities with the districts given these conditions. The decentralised field officers have provided the best project support possible given the difficulty of travel to project sites in most districts.

**Recommendation: a) Based on the HDI and piloting opportunities, review and re-select districts a) Select certain districts for piloting of innovations and work closely with the M&E section in MLD to establish baselines information and monitoring procedures. b) Cluster districts as much as possible so that districts can assist each other in project**

**development and analysis of lessons learned. c) Support Capacity Building in the weakest districts to support their successful achievement of the MC/PM assessments.**

## **5. Sustainability of results**

The FE team incorporated sustainability analysis in all discussions, interviews and observations, with issues of sustainability incorporated into every recommendation. The question of sustainability with regard to DFDP refers mainly to the capacity of the MLD and Districts to sustain the elements of the projects which have been successful and which the government chooses to replicate. In order to do this, there must be sufficient understanding, capacity, management arrangements, skills, knowledge and commitment to continue the selected project elements. If the project continues on its current track with the implementation of some of the evaluation recommendations, there is a good likelihood that the results will be sustainable in the longer term, independent of external assistance. Thus far the systems have been accepted. There is an evident impact on policy and replicability. Institutions are gradually being established which have the potential to continue. Infrastructure is in place with some level of operations and maintenance systems beginning to be established. Though capacity building measures will need to be increased, the process has commenced. The risk will be the political climate that allows for a fully decentralised, democratic system of local governments to implement Decentralised Financing and Planning for Development.

Formulation should start with a mainstreaming strategy.

**Recommendation: It is essential that the next phase of DFDP include an mainstreaming strategy / sustainability plan. One of the new project's results should be to ensure sustainability of the successful and replicable project elements.**

## **6. Factors affecting successful implementation and results achievement**

### **External factors:**

There are two key factors that have affected successful project implementation:

The Political Environment of Nepal: With the conflict situation and absence of a local government, decision-making did not include elected representatives in the latter stages of the project. Civil servants became the de facto government with the final say in project selection, support for implementation, monitoring and management. There is hope now that, with a potential political solution, there will be a return to full representative government and the project design will once again fit into a Local Self Governance system.

Staff Transfers: The impact of the frequent transfers of LDOs and other staff cannot be underestimated. With frequent management transfers, it is difficult to ensure consistency, coordination, coherence of planning, financial management, monitoring and evaluation. It takes time to learn about a district especially in Nepal where some district villages take days to reach for monitoring and project support. Without at least a 1-year assignments, LDO's are unable to provide the kind of leadership and support districts require.

### **Programme-related factors: Programme Design**

The overall programme design unfortunately could not predict the future in terms of political changes in the country and the impact of the strong links with the PDDP/LGP programmes. At the same time, it was flexible enough to be modified as conditions required. There were a number of changes to the log frame that were responsive to both the Mid Term Evaluation and changing project conditions. The willingness of DFID to accept the full project design, with the only amendments referring to project site selection, demonstrates the quality and clarity of the evolving project design. That being said project implementation again points to needs in revision of the basic design during reformulation with the following recommended changes/additions:

Institute a Programme Approach: The next Programme has the potential to be a National Decentralisation Programme, incorporating aspects of Fiscal Decentralisation, Decentralised Transparent Planning, Capacity Building, Gender, Infrastructure Delivery, Policy Impact and Monitoring and Evaluation with varied donors providing support to different components.

Gender and Social Inclusion continues to be a neglected component. The MTE pointed this out, but there was no action to correct the complete absence of gender and social inclusion analysis in the project. It is therefore recommend that the next phase of the project include a gender and social inclusion *component* with a full budget to support capacity building in gender analysis, full time gender and social inclusion monitoring and a defined gender and social inclusion result in the log frame.

Capacity Building: Though an underlying assumption that Capacity Building should be included, it was related only to infrastructure delivery in the original project design. In a new project, the definition of Capacity Building should be expanded to incorporate all aspects of the MC/PM and support sustainability of the project in the MLD and districts by providing comprehensive training in all project areas.

## **7. Strategic positioning and partnerships:**

### **UNDP**

The project originally had a partnership with UNDP and its PDDP/LGP support programmes which grew into a continued relationship with the DLGSP Social Mobilisation programme. As the DLGSP is coming to a close, there should be new discussions with UNDP on joint programming options, with sustainability of process in mind. In other UNCDF funded projects, a partnership with UNDP has involved UNDP support for Capacity Building, Gender, Social Inclusions and UNCDF support for Local Planning Systems, Fiscal Decentralisation, and Infrastructure delivery. This could be considered in future programming agreements.

### **DFID**

The partnership with DFID has been excellent. There have been joint monitoring meetings / visits and consistent ongoing discussions on project progress, especially during the height of the conflict when no donor was certain it would be well advised to provide continued development support to the GoN. DFID studies on fiduciary risk and development space have been well linked with the DFDP project and the management team meets regularly with DFID to provide full reports. DFID also attends the ARM and has conducted field-monitoring visits to many of the districts.

It is hoped that this good relationship will thrive and that both UNCDF and DFID will continue to support a Decentralisation Programme, incorporating the appropriate changes as recommended by this evaluation. The process of peace will be well served by the smooth continuation of provision of infrastructure and services through a demonstrated consultative process. Ending the project now could be, problematic to the peace process and leave the MLD and districts with a reform process that has not been fully completed. That being said, it is important to repeat the need for the development of a mainstreaming strategy for the project in the next phase so that eventually the MLD and the Districts can fully execute the 'DFDP process' as Government of Nepal Decentralisation Programme. This will leave they way open for the introduction of Decentralised Direct Budget Support to districts.

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## **Programme Summary Page**

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We have enjoyed the experience of reviewing the DFDP process and look forward to news of continued progress of the programme!

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Nepal

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## List of Abbreviations<sup>1</sup>

ADDN	Association of District Development Committees/Nepal
CARP	Conflict-sensitive Action Research Programme
CO	Community Organisation
CPN(M)	Communist Party of Nepal (Maoist)
CSO	Civil Society Organisation
DAG	Disadvantaged Group
DANIDA	Danish International Development Agency
DASU	Decentralisation Advisory Support Unit
DDA	District Development Adviser (PDDP/LGP)
DDC	District Development Committee
DDF	District Development Fund
DEX	Direct Execution (of a project)
DFID	Department for International Development
DFDP	Decentralised Financing and Development Programme
DIMC	Decentralisation Implementation & Monitoring Committee
DLGSP	Decentralisation and Local Governance Support Programme
DOLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DTO	District Technical Office
DWDO	District Women Development Officer
FE	Final Evaluation
FY	Fiscal Year
GON	Government of Nepal
GTZ	German Technical Assistance Organisation
HDI	Human Development Index
HMG/N	His Majesty's Government of Nepal
IDP	Indicative Planning Figure
LBFC	Local Bodies' Fiscal Commission
LDF	Local Development Fund
LDO	Local Development Officer
LG	Local Government
LGP	Local Governance Programme (of UNDP)
LSGA	Local Self-Governance Act
M&E	Monitoring and Evaluation
MC/PM	Minimum Conditions and Performance Measures
MLD	Ministry of Local Development
MoU	Memorandum of Understanding
MTE	Mid-Term Evaluation
NEX/CO	National Execution/Committee
NPC	National Planning Commission
NR	Nepali Rupee
O&M	Operations and Maintenance
PDDP	Participatory District Development Programme (of UNDP)
PFM	Project Funding Matrix
PMC	Project Management Committee
PMU	Project Management Unit
PO	Programme Officer
PRSP	Poverty Reduction Strategy Paper
RR	Resident Representative
SPA	Seven Party Alliance
TA	Technical Assistance
UC	User Committee
UG	User Group
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
VDC	Village Development Committee
WDO	Women's Development Officer

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<sup>1</sup> All abbreviations are written in full form in their first instance of use.

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## 1. Executive Summary

As the Decentralised Finance and Development Programme (DFDP) was coming to an end in December 2006, a summative evaluation was conducted for the programme in Nepal from September 14<sup>th</sup> through October 14<sup>th</sup> 2006. The objectives of the evaluation were to:

- assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the efficiency, effectiveness, relevance and impact of the programme,
- assess the sustainability of programme results, the level of satisfaction of programme stakeholders and beneficiaries with the results, and whether UNCDF was effectively positioned and partnered to achieve maximum impact;
- analyze the effects of the programme and contribute to UNCDF and partners' learning from programme experience.
- help programme stakeholders assess the value and opportunity for broader replication of the programme.
- help programme stakeholders determine the need for follow-up on the intervention, and general direction for the future course.
- ensure accountability for results to the programme's financial backers, stakeholders and beneficiaries.
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy.
- Provide background information for programme formulation of the next phase of the programme, should the recommendation be to continue.

The evaluation methodology included: extensive Data Review: programme studies, mission reports, background documentation, annual reports, etc.; Field Visits: Salyan, Kailali, Rupandehi and Kaski; Focus Group Discussions: national districts village community; Key Informant Interviews: all levels; Participation in the Annual Review Meeting/ARM.

### DFDP Overall Objective

*To Reduce Poverty in the Pilot Districts through provision of rural infrastructure and human resource opportunities. The underlying expectations within this goal assumed that the programme would:*

- Have a direct local impact on socio-economic development and poverty alleviation through the improved sustainable provision of basic public and community infrastructure and services;
- Strengthen the capacities and legitimacy of local governments including elected representatives and thus contribute to improved local democratic governance; and
- Contribute to evolving procedures, practices and policies of wider relevance for decentralisation processes in Nepal.

In the context the programme was seen as a combination of mechanisms including infrastructure delivery, income generation through provision of time saving infrastructure which allows people increased opportunities for farming or doing small business and institutional reform that has transformed the local government and governance process from central ministries to communities. It is the combination of infrastructure delivery and system development has been most valued by the beneficiaries.

## **Programme Overall**

Using a multi definition of poverty that includes empowerment, income and institutional reform, the programme has succeeded in essentially achieving its overall goal of reducing poverty in the pilot districts through the provision of rural infrastructure and human resource development opportunities. The main results achieved include:

- The local authorities (District Development Committees/DDCs, Village Development Committees/VDCs) and grass root institutions (User Committees/UCs, Community Organizations/COs) in the programme Districts have implemented and for the most part are maintaining small-scale rural infrastructure and other public investments.
- 1491 Projects have been approved; 1322 micro infrastructure projects have been completed in 578 VDCs by the end of September 2006 with approximately 2.3 million beneficiaries at a cost of \$7 Million.
- The amount of government funding to the districts has increased yearly with the 2006 budget doubling support to VDCs, from 500,000 to 1,000,000 per VDC.
- The number of donors active in the DFDP districts has increased from 8-11
- The data shows an increase in real revenue collected by the DDCs, though there was a drop in 2005.

Significantly, the programme was able to continue with its activities at the community level during a time of political insecurity and conflict in Nepal. This says a great deal about the commitment of the programme participants to the provision of services to rural communities. The lesson is that, under duress, the programme participants were able to ensure that services continued to be provided to the communities by being flexible and innovative in their interpretation of the programme objectives.

**Recommendations: a) The programme should be re-formulated, taking into account the recommendations of the final evaluation and the political climate at the time of re-formulation. b) Future programme formulation should follow the current government negotiations closely and develop a programme that is flexible and innovative. c) Support the approach of establishing ‘consultative councils’ in the districts to provide a form of ‘local government.**

## **Financing Mechanisms and Fiscal Decentralisation**

An effective fiscal transfer system has been established and is operational under the DFDP. There is a consistent accounting system across districts and internal auditors are in place. Use of block grant funding as an instrument to raise DDC performance, through Minimum Conditions & Performance Measures (MC/PM) has been effective. The block grant formulation does not apply to the VDC at this time. Though DFDP grant amount constitutes a relatively small share of District funding, the processes and procedures have been efficient, effective and instrumental in policy considerations for replication of the DFDP process nationwide, especially the MC/PM.

**Recommendations: a) The current fiscal transfer system should be maintained and enhanced with the inclusion of VDCs under the block grant process. b) The**

**next phase of the programme should give priority to supporting the establishment of a comprehensive fiscal decentralisation strategy in the context of the Ministry of Local Development/MLD devolution plan and the evolving political environment.**

### **Transparent Planning**

Despite the systematic participatory planning process stipulated in the Local Self-Governance Act/LSGA, the reality has been a largely theoretical exercise from 2002 onwards as the VDCs and DDCs, without elected representatives, are administered by government appointees/ civil servants; VDC secretary, health assistant and agriculture assistant appointed by the government are functioning as the VDC council. As well, the Local Development Officer/LDO has to discharge the responsibility of both DDC chairperson and LDO. Frequent transfer of LDOs from district to district is a significant problem for the districts, creating unsustainable practices and procedures for all stakeholders and limiting consistent, coherent, comprehensive planning and implementation. Currently because of the political situation and absence of local governments, districts have had to be innovative and flexible in operationalizing the mechanisms for decision making in project selection utilizing a ‘consultative council’ of political members, Non-Government Organization/NGOs, and other local leaders forming a de facto District Council. Social Auditing was effective overall, but has been diminishing overtime due to lack of consistent monitoring and evaluation.

**Recommendations: a) Assist LDOs in establishing some form of democratic decision making to assist in the overall planning and project selection process: Consultative Council. b) Continue the entire Social Auditing process currently operational in the programme and replicate where possible. c) MLD should enforce the requirement of one to two-year postings for LDOs ensuring that they have the opportunity to complete the implementation of at least one annual plans. d) Create a Comprehensive Communication Strategy. e) The Planning system should be improved and strengthened.**

### **Gender and Social Inclusion**

Despite a requirement for a 30% allocation to women and disadvantaged groups, DFDP projects have not been able to address gender and social inclusion adequately. The concept of women and disadvantaged focused group is not clear at all levels, with focused projects generally interpreted as women or disadvantaged groups as recipients not decision makers. (Maternity wards are considered the main women focused projects). Further, gender issues are not usually considered while planning, designing and implementing infrastructure development projects. It is perceived that all projects benefit both women and men, and therefore gender issues are naturally built in. Though officials demonstrate strong competencies in their technical fields, most were unaware of the differential impacts of an infrastructure project on women and men.

**Recommendation: a) Participation of women and disadvantaged groups should be defined and included at all levels of the project cycle as decision makers, not simply recipients. This includes responsibility in planning, implementation,**

**management and monitoring and evaluation. b) DFDP should work in coordination with District Women Development Officers/DWDOs to utilize their expertise and to support better implementation of targeted projects. c) Impact assessment of the programme from gender perspective, as recommended by the Mid-Term Evaluation, should be initiated. d) The next phase of the programme should include a Gender and Social Inclusion Specialist on the Programme Team and in the Ministry of Local Development, to ensure sustainability. e) Training in Gender Analysis should be provided to all programme participants at the national, district, agency, village and community levels, with priority given to decision makers. The training should be followed by the development of a Gender Action Plan and Gender Responsive Budget during the DFDP successor programme. f) Addressing gender and social inclusion issue should be one of the key conditions in the Performance Measures rather than incorporating it as one of the parameters of planning process.**

### **Social Mobilisation**

The DFDP initially relied on the Decentralised Local Government Support Programme/DLGSP (Formerly Participatory District Development Programme/PDDP and Local Governance Programme/LGP) for mobilizing the communities for project planning. The DLGSP Community Organizations were often the most comprehensive in their submission of project proposals to the DDC and thus were often the most likely recipients of DFDP and DDC funding in a district. Over time, the DDCs and DFDP have become more interactive with many other social mobilisation groups, projects, Community Based Organizations/CBOs, Users Groups, etc., present in the districts. This wider coverage for social mobilisation will be important to maintain. Though support for Ward and VDC projects were to be considered in the original DFDP planning process, the political situation did not allow for this.

**Recommendation: The DDC's have access to many organizations/community groups in the districts. The planning and project selection process should continue to include a more holistic coverage of community organisation in the District for decision-making, guaranteeing sustainable social mobilization. Further, once the political situation has stabilized, the community decision making process should be fully linked to the ward and VDC planning process, with Ward and VDC focused projects also considered for funding.**

### **Infrastructure Delivery**

Quality of construction was generally good and demonstrated a positive before to after result, though quality of workmanship varied from place to place depending upon the availability of skilled workers and technical support provided by the District Field Officers and Regional Support Team. Technical support in highly conflict-affected areas was sporadic. Department of Local Infrastructure Development and Agricultural Roads/DOLIDAR norms have been used for cost-estimate and estimates are recorded in Nepali.

All of the construction work is carried out by the Users Committees/UC. Communities are in control of project decision making/ ownership; the project provides communities with income; the likelihood of sustainability and follow-up

increases. There were concerns expressed though that some users committees may be receiving funds from two sources for one project. The evaluation team could not verify this but future monitoring of project should look into the possibility of this happening in some of the more remote districts.

There is no clear understanding of, or institutional basis for, Operations and Maintenance/O&M by programme participants. Most consider O&M to refer only to an operations and maintenance fund, but as the DFDP O&M study points out, an O&M system should be established for both district and DFDP projects.

**Recommendations: a) Continue the infrastructure delivery process as currently implemented with a greater emphasis on operations and maintenance and more stringent monitoring and evaluation activities. b) DFDP in conjunction with MLD should consider creating operational and maintenance systems which include human, physical and financial resources that ensure sustainability of a programme. c) Projects that are not income generating should have a special arrangement for O&M.**

### **Capacity Building**

A widely accepted understanding of capacity building involves systems and processes, human, financial, technical and material resource development. The generally accepted definition of capacity building under DFDP refers mainly to training and provision of manuals/materials related to training. Twenty District Capacity Building Strategies have been completed, but none included gender as a capacity or focused on VDCs and User Committees. Though some training has taken place, none of the CBS have become operational in the districts.

**Recommendations: a) There is a need to develop a more comprehensive Capacity Building Strategy/Framework for the programme and districts that includes resource assessment and gender analysis and reaches the VDCs and UCs. b) There should be a direct link between the MC/PM assessment and Capacity Building. d) Capacity Building should include a mix of demand and supply driven training, with the latter directly connected to the Performance Measures.**

### **Monitoring and Evaluation**

There is an excellent system and practice of Monitoring and Evaluation/M&E at the DFDP central office. Information is collected consistently and is able to be presented in various report formats. On the other hand, there is less consistency from the regional office and in the districts. Though there is a format for site visits, there are no requirements for monthly reporting and only Annual Review Meetings to consider results, often leaving too much time between events to deal with programme problems on an immediate basis. Further, the UNCDF Management Information System/MIS has not been internalised and sustained in the government system. The MLD has requested support in establishing a comprehensive M&E system. The Programme based Social Audit System, including signboards and project books, is an excellent element of M&E that is an integral part of the programme. Unfortunately, other programmes are not yet replicating the practice, though many said it was a good approach to be replicated for all donor and DDC projects. There was considerable positive impact from the development and implementation of the MC/PM System. The District Poverty Monitoring and Assessment System/DPMAS

and Decentralized Monitoring and information system/DMIS are initiated by the National Planning Commission/NPC and MLD.

**Recommendation: a) Establish a comprehensive, gender responsive M&E system with MLD including mechanisms for baseline data collection, regular formative and summative evaluations at the completion of every programme. b) Then, most importantly, establish a system to apply the lessons learned from M&E to future programme implementation at all levels. Continue the ARM's and include beneficiaries in some of the discussions, rather than limiting those meetings only to DFDP 'staff'. c) The MC/PM should be continued in all programme districts and be expanded to new districts in cooperation with the Ministry of Finance and Ministry of Local Development's district poverty monitoring and assessment system**

#### **Management Arrangements**

*The DFDP programme management unit, with limited staff, has managed to implement the programme efficiently and effectively, but the coordination mechanism from bottom level to central level could be improved. The absence of a Gender and Social Inclusion expert has been a limitation. At the District level, the provision a District Engineer/Field Officer was in some cases redundant to the responsibilities of the District Technical Office / Engineer. The mixed National Execution/ NEX and Direct Execution/DEX modality is confusing to the participants in National ministries and the districts.*

**Recommendations: a) Programme NPD should be a Joint Secretary, for effective coordination within ministry and with donors. b) A Programme Coordination Committee should be established in MLD, based on the Programme Scope: for DFDP it could include Planning, Monitoring, Administration and Local Governance and Local Bodies Fiscal Commission/LBFC. c) The PMU should be called the Programme Coordination Unit with its functions reverting to a counterpart relationship with MLD and district staff d) establish a mainstreaming strategy so that MLD and districts are fully capacitated to taken on comprehensive national execution. e) The PMU should operate under a NEX modality when the MLD demonstrates a consistent capacity to coordinate and manage the programme. f) A District Technical Office (DTO) capacity assessment should be conducted in every district.**

## Policy Impact

*MLD has established a comprehensive Devolution Plan that is awaiting the solution to the current political situation. Proposed Replication of DFDP process includes replication of the MC/PM to all 75 districts and the MLD has already encouraged the establishment of consultative councils to temporarily and unofficially replace local governments.*

**Recommendations: a) DFDP should continue to document its findings and share these will all stakeholders, especially the National Planning Commission, Ministry of Finance, and other high level decision makers. In this context the overall auditing process is crucial to verify results throughout. b) DFDP should work with the Policy Coordination Committee, for greater policy impact.**

## Geographic Focus

*The inclusion of 20 districts in this phase of DFDP has provided both positive and problematic features, but overall the expansion has been well managed.*

**Recommendation: a) Based on the HDI and piloting opportunities, review and re-select districts. b) Work closely with the M&E section in MLD to establish baseline information and monitoring procedures. c) Cluster districts for activities so that districts can assist each other in programme development and analysis of lessons learned. d) Support Capacity Building in the weakest districts to support their successful achievement of the MC/PM assessments.**

## Sustainability

The question of sustainability with regard to DFDP refers mainly to the capacity of the MLD and Districts to sustain the elements of the programme which have been successful and which the government chooses to replicate. In order to do this, there must be sufficient understanding, capacity, management arrangements, skills, knowledge and commitment to continue the selected programme elements.

**Recommendation: It is essential that the next phase of DFDP include a mainstreaming strategy / sustainability plan. One of the new programme's results should be to ensure sustainability of the successful and replicable programme elements.**

## Factors affecting successful implementation and results achievement

The key external factors that affected programme results were the political instability from 2003 onwards and the frequent management staff transfers at the district level. Both are beyond the programme's control, but should be noted and considered in future programming as programme risks. The overall programme design, though it had flaws, was flexible enough to change with changing political conditions. It provided a framework for planning and implementation that was eventually modified. That being said, future formulation should include a programme approach that incorporates the substantial lessons learned from the first phases and include specific results related to fiscal decentralization, local planning procedures, capacity building, gender mainstreaming and monitoring and evaluation. Gender mainstreaming was particularly neglected in the original programme and subsequent revisions.

### **Strategic Partnerships**

The partnerships between UNCDF and UNDP and DFID (British Department of International Development) should be continued and enhanced. It is proposed that UNDP support capacity building and gender reform while UNCDF support Planning, Infrastructure and Fiscal Decentralisation elements of a future programme. DFID's support is essential overall. There is potential for partnerships with DANIDA (Danish Department of International Development), SNV (Dutch Development Assistance Organization), GTZ (German Technical Assistance Organisation) and UNICEF (United Nations Children's Fund) if there is a comprehensive national decentralisation programme developed

### **Overall Conclusion**

The evaluation team recommends that the programme is re-formulated while the peace process evolves. If the programme were to withdraw, important local governance institutional strengthening mechanisms, community based resources and capacities would be lost creating a void that could potentially have a negative impact on the peace process. If the essence of the programme is maintained, in the imperfect political decentralisation environment, it has the opportunity to continue to build decentralisation systems that could be in place once the political machinations are worked out.



## **2. PURPOSE OF THE EVALUATION**

### **2.1 The objectives of a UNCDF Final Evaluation (FE) are:**

- To assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the efficiency, effectiveness, relevance and impact of the programme,
- To assess the sustainability of programme results, the level of satisfaction of programme stakeholders and beneficiaries with the results, and whether UNCDF was effectively positioned and partnered to achieve maximum impact;
- To analyze the effects of the programme and contribute to UNCDF and partners' learning from programme experience.
- To help programme stakeholders assess the value and opportunity for broader replication of the programme.
- To help programme stakeholders determine the need for follow-up on the intervention, and general direction for the future course.
- To ensure accountability for results to the programme's financial backers, stakeholders and beneficiaries.
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy.

### **2.2 Relationship of Evaluation to Programme Cycle**

Since November 2005 the programme has been implemented within the framework of a no- cost extension agreement with the Government of Nepal and DFID. This arrangement will end by December 2006, which is one year later than originally planned. The final evaluation of DFDP was conducted from Sept 14, 2006 through October 14, 2006 as a requirement for programme completion.

UNCDF in conjunction with UNDP and DFID is planning the formulation of a new programme to follow on to DFDP should the evaluation results point the process in that direction, so that there is as much continuity as possible between the current DFDP and any new programmes. The final evaluation should feed into the formulation process. A final evaluation immediately preceding a programme formulation mission will hence allow UNCDF to learn from the achievements of DFDP and identify areas for potential future intervention.

## **3. EVALUATION METHODOLOGY**

The evaluation team developed a methodological framework, which provided the basis for addressing the evaluation questions. In all cases, the team attempted to create a framework that ensured appropriate, complete, rigorous, fair and unbiased analysis. The team used the following methodological approaches,

- Quantitative data collection through the programme MIS, National, District and field based reports including Project Books which are an innovative element of the project audit process. A list of documents reviewed is attached to the full final report.

- Focus Groups Discussions with DDCs, VDC Secretaries, Community Groups, District political party representatives, organized into an interim district decision-making group.
- Structured Interviews with donors, national government department staff,
- Outcome/Impact surveys of data and review of before and after conditions at project sites.
- Client satisfaction questions incorporated into all discussions.
- Infrastructure/service utilisation observation using consistent criteria

The team met with a variety of stakeholders ensuring that data and information came from a variety of sources to ensure validity and reliability through corroboration / triangulation: These included: District Development Committee's, Village Development Committee Secretaries, Community Groups, District Consultative Councils, National Government Stakeholders (Ministry of Local Development, National Planning Commission, Local Government Training Academy, Ministry of Finance, SNV/Dutch NGO, UNDP, DFID, Norwegian Aid, DANIDA, etc.). A full list of participants and those interviewed is attached to the main report.

The data collection, focus group discussions and interviews all ensured that issues of gender and social inclusion were covered and all data was disaggregated by gender, socio economic and ethnic status, as much as possible depending on the data source.

Baselines data from the DFDP sources was used, primarily relying on the DFDP / UNCDF MIS system.

As this was a final evaluation the analysis considered key issues of sustainability, impact on poverty reduction for the beneficiaries, institutional and policy impact, replicability, and potential for 'roll out' of some aspects of the programme nationally.

## **Work plan See Annex 1**

## **Methodological issues encountered, and any qualifiers relating to findings**

The timing of the evaluation partially coincided with the high festival time in Nepal, Dashain. To readers not familiar with Nepali culture, Dashain is a week long festival as important as Christmas/New Year is in the Western countries or Eid in Muslim Countries. The Dashain holidays directly affected our ability to arrange meetings with government officials. Field visits were not as affected as programme team members were gracious enough to give of their holiday time to assist the team in project visits. Overall, it would be recommended that in the future, DFDP technical and or monitoring visits not be conducted immediately before, during or immediately after the Dashain festival.

## **Evaluation Team:**

The evaluation was conducted together with the programme partner, DFID. The team worked in a participatory manner and relied on the varied expertise that each team member brought to the work. The participatory nature resulted in important contributions from all members. Team members included:

Ms. Joyce Stanley, Team Leader

Dr. Yagya P. Adhikari, Local Governance Specialist

Ms. Neeta Thapa, Gender and Social Inclusion Specialist

Mr. Vishwa N. Khanal, Infrastructure Specialist

Mr. Mukunda Raj Prakash Ghimire, Representative from the Government, M&E Section Head in the Ministry of Local Development

## **4.0 PROGRAMME PROFILE**

### **4.1 Country context/status of decentralization in terms of strategy, policy and implementation**

Nepal is one of the poorest countries in the world with a per capita income of US\$ 270 in 2006. Poverty is widespread and multi-dimensional. It is deeper, more intense and severe in rural areas, and more so in the hills and mountains of mid and far western region. There are also clear gender, caste and ethnic disparities.

Nepal has only just begun recovering from ten years of armed insurgency carried out by the Communist Party Nepal/Maoist (CPN/M) against the Government of Nepal, which severely disrupted indigenous forms of social networks and institutions. Deep-rooted social discrimination in terms of caste, ethnicity, gender, region, culture and religion provided fertile ground for the escalating conflict. The response of the king, who assumed executive power, complicated the decentralization reform process and actually pushed the country closer to an even more centralized deconcentrated approach of government. Following mass protests during April 2006, the King stepped down and dissolved his Royal government. The protests were organised by Seven Party Alliance (SPA) and the CPN/Maoists. The SPA is a group of mainstream political parties who have been opposing the previous direct rule of the king and advocating a negotiated solution to the armed conflict and political stalemate with the CPN/Maoists. Following the handing over of power by the King, through the reinstatement of democracy and the previous parliament, negotiations between the CPN/Maoists and the SPA for a durable peace and political process has been ongoing. To date, the groups have established a working arrangement through various mechanisms - the Twelve Point and Eight Point Agreements - but they have not reached full consensus on the next steps to arms management and political settlement, including the issues of interim statute, size and model of interim legislature and formation of an interim government that would give national and district administration direction on how to operate in the future. An important element in this process is the proposal for the formation of a Constituent Assembly (CA), hoping to pave the way to resolve all the outstanding issues including state restructuring, shaping the democratic system and creating equal rights and opportunities for all the ethnic groups, Dalits and women, through consensus. Following the UN Secretary General's assessment mission to Nepal in July and August 2006 the GoN and the CPN/Maoists have agreed on a mutual request for UN assistance to the peace process, which is ongoing. At this writing the Government, Seven Party Alliance and Maoists have agreed to plan for constituent assembly elections for April 2007, with the Assembly in place by November 2007.

### **4.2 Decentralisation in Nepal: A Brief Sketch**

The Government of Nepal (GoN) has formulated Acts and by-laws to promote decentralised governance as a strategy to improve the economic lives of the people. In this regard, GoN has promulgated a Local Self-Governance Act 1999 (LSGA 1999) and supporting regulations, which represented a milestone in the annals of decentralisation in Nepal. Structurally, the Act introduced two-tier system of local

governance, with village and municipal bodies as the lower tier and district bodies as the higher tier through indirect elections. Each district is divided into from nine to seventeen Ilakas, which cover clusters of VDCs and municipalities. There are today 75 DDCs, 3915 VDCs and 58 municipalities. Each VDC and Municipality is divided into a number of wards.

LSGA1999 envisages full devolution of central level development functions and authorities to the local bodies. With the introduction of the LSGA in 1999, the authorities and responsibilities of local bodies have significantly increased. The LSGA has devolved authority for planning, programming, implementing and coordinating development interventions to local bodies. Central level line agencies used to carry out these functions directly through their district level offices. While technical support would come from the line agencies, the local bodies would provide leadership and take management decisions. Under the full devolution scenario, the local bodies would fully internalise the functions of the line agencies, and manage all the administrative functions and budgets. Though the Ministry of Local Development has prepared a comprehensive devolution strategy and though a few roles and responsibilities have been devolved to the Local Bodies (LBs), there is neither comprehensive devolution strategy, nor can there be one until an interim government is established?

Following the promulgation of the LSGA, the Decentralization Implementation and Monitoring Committee (DIMC) has been a key body chaired by the Prime Minister to drive the decentralization agenda forward; it designed and approved the Decentralization Plan (DIP) and secured the gradual transfer of the programs of three sectors (primary education, health and agriculture) in a phased manner. More than 50 DDCs have prepared their periodic plans as initiated by NPC. For their part, the local government associations- Association of District Development Committees, Nepal (ADDC/N), Municipal Association, Nepal (MUAN) and National Association of Village Development Committees in Nepal (NAVIN) emerged to play some role in the process including:

- Advocacy: Placing pressure on the central government to move proactively and more quickly in support of the decentralization process and
- Service Delivery: Transferring skills and knowledge to the local government bodies and community organizations with respect to the implementation of the LSGA and associated reforms and practices.

Other achievements in the reform process have included establishment of the Local Bodies Fiscal Commission (LBFC); the completion of poverty mapping at village level and urban poverty mapping started; limited areas of local taxation transferred to local government and moves towards a system of negotiated central revenue allocation started; the preparation of amendments to sector legislation not in line with the LSGA; the inclusion of representatives of Local Government Associations in national forums to participate in policy formulation and bills preparation.

Moreover, the process and progress of local democratisation was seriously disrupted in 2002 when the government could not hold the local elections in time following the

expiry of the tenure of office of elected representatives of local bodies. Since then temporary alternative arrangements have been made to operate local bodies through deputed personnel or nominated individuals by the central government. Increased incidences of conflict and political events at the national level have further compounded these problems. The unpleasant reality is that local level service provision has deteriorated subsequently due to poor participation in planning, poor monitoring and evaluation, and poor resource mobilisation. However, it should be stressed that many of the problems at local government level relating to effective and efficient implementation of local development projects and participation, transparency and responsiveness of local planning and budgeting processes predates the conflict. These problems have without a doubt been intensified by ten years of conflict but not caused by it.

### **4.3 Present Status**

The reform processes for improving local governance seems to be slowly gaining in pace since the Royal abdication of power in April 2006 and the subsequent change of government. The Ministry of Local Development (MLD) and the Ministry of Finance (MoF) have both taken initiatives towards revitalising the decentralisation agenda as well as announcing new policies on fiscal decentralisation. In the recent budget speech by the Minister of Finance for the fiscal year 2006/2007 the issue of devolution in 14 pilot districts was again put forward. The government has for a long time talked about piloting “full devolution” in a number of districts but this could not be implemented due to the political and conflict situation. Partial devolution has taken place in agriculture, education, health and livestock sectors, but it is very limited. There appears to be commitment, with an MLD plan waiting for full implementation. Everything will now depend on the agreements reached for an interim government by the SPA and CPN/M

In the current budget for 2006/07, the government has announced to double its grants to the VDCs and also to introduce a performance based grant allocation system for the local bodies. The Budget Speech Para 79 said: *“It has been a practice to support the local bodies with conditional and unconditional additional grants through various programs every year. Local bodies have at times used such additional grants in contravention to approved policies. Hence a performance based grant system will be introduced with a view to increasing local resource mobilisation and enhancing the effectiveness of allocated resources. The grant under this system can increase or decrease based on performance.”*

The political and decentralisation context is currently optimistic with discussions and field visits demonstrating a commitment to peaceful settlement of political issues. The programme has been able to operate somewhat efficiently and effectively under less than optimal political decentralisation conditions over the past three years. Under the current peaceful and conciliatory political situation, the operations should improve. The anticipated democratic government and the administrative decentralisation capacities currently being established through DFDP mechanisms should provide a solid foundation and starting point for less encumbered decentralised, democratic, participatory development.

#### 4.4 Programme summary

The aim of DFDP according to its logical framework to “Reduce Poverty in the Pilot Districts through provision of rural infrastructure and human resource opportunities. Underlying this Development Objectives is the expectation that DFDP would:

1. Have a direct local impact on socio-economic development and poverty alleviation through the improved sustainable provision of basic public and community infrastructure and services;
2. Strengthen the capacities and legitimacy of local governments including elected representatives (they have been absent since 2002) and thus contributing to improved local democratic governance; and
3. Contribute to evolving procedures, practices and policies of wider relevance for decentralisation processes in Nepal.

An Addendum was made to the programme in September 2002 reflected in the following changes to the logical framework (placing more specific emphasis on building the governance and management capacities of DDCs, VDCs, COs and UCs)

**Table 1: Log Frame Modification from 2000 to 2002**

	Original (2000)	Programme Addendum (2002)
<i>Development Objective</i>	To alleviate poverty through funding of rural infrastructure, income earning and human resource development opportunities identified by participatory planning processes	Poverty reduced in the Programme Districts through provision of rural infrastructure and human resource development opportunities
<i>Immediate Objective</i>	Small-scale infrastructure and other public investment needs identified by the community are delivered on a sustainable basis	The local authorities (DDCs, VDCs) and grassroots institutions (UCs, COs) in the Programme Districts implement and maintain small-scale rural infrastructure and other public investments in an effective, responsive and accountable manner
<i>Result 1</i>	Transparent project selection processes are institutionalised within the participatory planning framework	Transparency in project selection processes for micro-projects is strengthened within the participatory planning framework (LSGA)
<i>Result 2</i>	Financial management and reporting capacities at District and sub-district levels are institutionalised	Funding mechanisms and fund management and reporting capacities of DDCs, VDCs, and UCs are improved
<i>Result 3</i>	LDF financed infrastructure and other public investments are delivered, operated and maintained	Management capabilities of DDCs/VDCs for the implementation and maintenance of infrastructure enhanced
<i>Result 4</i>	Sustainable monitoring and evaluation of community-based project performance	Monitoring and evaluation system of DDCs and VDCs strengthened

An Inception Workshop, District Orientation Workshops and a Technical Backstopping Mission reflected the reform focus of the programme on the management and good governance capacity of DDCs, VDCs, UCs and COs.

**Table 2: Log Frame Summary and Revision 2002 with Indicators**

	Programme Addendum (2002)	Indicators
<i>Development Objective</i>	Poverty reduced in the Programme Districts through provision of rural infrastructure and human resource development opportunities	% of population with increased access to public goods and services (break down according to gender, disadvantaged groups and human poverty)
<i>Immediate Objective</i>	The local authorities (DDCs, VDCs) and grassroots institutions (UCs, COs) in the Programme Districts implement and maintain small-scale rural infrastructure and other public investments in an effective, responsive and accountable manner	<p><i>Sustainable Funding / Replacement of UNCDF Funds</i></p> <ol style="list-style-type: none"> <li>1. % increase in intergovernmental fiscal transfers to the District Development Fund (DDF)</li> <li>2. % increase in donor funds to the DDF</li> <li>3. % increase in DDC local revenues</li> <li>4. % of VDCs' resources allocated for the implementation of Village Development Plans</li> <li>5. UNCDF's funding as a share of DDC total resources declines according to plan</li> </ol> <p><i>Increased Capacity to Deliver Basic Infrastructure</i></p> <ol style="list-style-type: none"> <li>6. # of basic infrastructure and basic services delivered at community level</li> <li>7. # of projects where line agencies provide technical support for implementation</li> </ol> <p><i>Increased capacity to Maintain Basic Infrastructure</i></p> <ol style="list-style-type: none"> <li>8. % of rural infrastructure being maintained 2 years after completion</li> </ol> <p><i>Accountability / Responsiveness</i></p> <ol style="list-style-type: none"> <li>9. % of DDCs informing VDCs / local communities of local public budgets (including Indicative Planning Figures)</li> <li>10. % of DDC and VDC accounts audited as per LSGA</li> <li>11. % of DDC and VDC accounts compliant with LSGA / Financial Regulation (confirmed by Audit)</li> </ol>

Based on the recommendation of the Mid Term Evaluation the Logical Framework was again revised in 2004 to add Outputs related to Policy Support, Technical Backstopping and Management Arrangements. The revised Results/Outputs and indicators of success are shown below.

**Table 3: Log Frame 2004 Results, Outputs, and Indicators**

Result/Output	Indicators
<i>Result 1</i>	<p>Transparency in project selection processes for micro-projects is strengthened within the participatory planning framework (LSGA)</p> <ol style="list-style-type: none"> <li>1.1 # of DDCs in which at least 90% of projects proposed for DFDP funding are compliant with DFDP selection criteria</li> <li>1.2 # of DDCs publish final decisions on DFDP supporting projects and also inform to all VDCs .</li> </ol>
<i>Result 2</i>	<p>Funding mechanisms and fund management and reporting capacities of DDCs, VDCs, and UCs are improved</p> <ol style="list-style-type: none"> <li>2.1 % of Districts where expenditure reports are submitted in time and compliant with standard agreement</li> <li>2.2 # of projects where local communities have access to project spending records;</li> <li>2.3 # of micro-project having public (social) audit conducted</li> <li>2.4 # of DDCs where funds are used according to the</li> </ol>



Result/Output		Indicators
		<p>conditions of project agreement.</p> <p>2.5 # of DDCs meeting project defined minimum conditions for access to DFDP</p> <p>2.6 (<i>excluded in Annual Work Plans</i>) Allocation formula, minimum conditions, and performance criteria developed and applied for capital development grants under the Programme</p>
<i>Result 3</i>	Management capabilities of DDCs/VDCs for the implementation and maintenance of infrastructure.	<p>3.1 # of commenced DFDP projects completed within planned time (25 %margin)</p> <p>3.2 # of commenced DFDP projects completed within the planned budget</p> <p>3.3 # of projects having O&amp;M Plans and Provision for Financing them prior to construction</p> <p>3.4 # of micro-projects completed passing a technical inspection (eligible for final payment)</p>
<i>Result 4</i>	Monitoring and evaluation system of DDCs and VDCs strengthened	<p>4.1 # of DDCs able to monitor and assess implementation performance for DFDP projects based on NPC guidelines</p> <p>4.2 Lessons learnt for best practice in the DFDP analyzed by PMU and disseminated to the stakeholders and others agencies.</p>
<i>Result 5</i>	Policy Support and Advocacy: Capability of LBFC/MLD to formulate fiscal decentralisation policies enhanced	<p>5.1 # of studies and trainings conducted in the area of fiscal decentralization (LBFC/MLD/DFDP)</p> <p>5.2 MC for funds to access DFDP grant established</p> <p>5.3 DDC's performance measurement annual system established</p>
<i>Result 6</i>	Output and Technical Backstopping	UNCDF monitoring missions visited Nepal
<i>Result 7</i>	Management Support	<p>Guidelines, Manuals and Information Materials produced</p> <p>Coordination and Review Meetings held</p> <p>Monitoring and Reporting taking place.</p>

Activities were defined according to the Results/Outputs stated within the revised logical framework and formed the basis of the Annual Work Plans and monitoring system. As such, activities were determined each year and can be traced through Annual Reports and Work Plans. (See complete log frame in Annex 6)

Further changes included the addition of a full time M&E person to the PMU staff and the provision of administrative and finance associates. The Title of the Project was changed to 'Decentralised Financing and Development Programme'.

A revision to the Project Document and Programme Addendum was made in June 2003 to provide for an expansion of the DFDP to a further 12 districts<sup>2</sup> with co-funding of £3,200,000 from DFID for the remaining 3 years of the programme. The revision set out the means for selecting the new districts based on the UN HDR regional HDI, institutional capacity and levels of other donor funding. The objective was to work, as far as practical, with the poorest and most conflict affected districts while taking into account criteria of institutional capacity to absorb programme inputs, likelihood of compliance with a participatory decision making process and the

<sup>2</sup> Darchula, Bajhang, Baitadi, Kailali, Humla, Mugu, Jumla, Jajorkot, Rukum, Salyan, Solukhumbu and Taplejung.

presence of other donor support. The revision also provided for additional programme support through two National Specialists: One in Finance/Planning one in infrastructure plus additional short-term specialists, additional transport and office costs. The programme is as of the FE operating in all regions of Nepal.

The logical framework, implementation and management arrangements remained unchanged with the exception of DFID representation on the Annual Review Committee. DFID made annual payments of its contribution to UNCDF headquarters, the first on satisfactory selection of districts, the two subsequent payments in January 2004 and 2005.

DFDP was designed to build upon and strengthen the participatory planning process, financial management system, service delivery capacity and overall accountability of the District Development Committees (DDC) and the Village Development Committees (VDCs). The programme provides formula based block grants to the DDCs for small-scale infrastructure projects. The formula based approach, which was developed by DFDP and adopted by the Government of Nepal, was established to ensure transparency and equity. The grants aimed at increasing access to basic public infrastructure for poor people living in remote and rural areas. However, and more importantly, DFDP also aims to leverage institutional change within the local government system, by improving the local government capacities in planning, infrastructure delivery and management, financial management, and overall accountability and responsiveness.

This has been reinforced by an incentive mechanism in which the provision of the block grants to DDCs are linked to an annual review of their compliance with Minimum Conditions and Performance Measures (MC/PM), derived from the Local Self-governance Act (LSGA), Local Self-governance Regulations and Local Body Financial and Administration Regulations. The MC/PM have been assessed in 2004 and 2005. The 2006 MC/PM Assessment has not yet taken place because there are negotiations to expand the system into all 75 districts, linked to the government block grant system.

Another major component of DFDP was to develop the capacity at DDC and VDC level for implementing and maintaining infrastructure projects. DFDP has therefore developed a comprehensive Capacity Development Strategy (CDS), which was approved by MLD in 2004. The strategy was to be implemented in partnership with the Association of District Development Committees in Nepal (ADDC/N). The strategy was proposed to help the DDCs to comply with the minimum requirements for good management, financial transparency and efficiency, planning and assist the DDCs to identify needs and plans for capacity development. Though the Capacity Building Strategy was established, it remains 'on hold' due to the conflict situation. The current strategy refers only to the DDC's not the VDCs.

DFDP was originally scheduled to end by 31<sup>st</sup> December 2005. However, in November 2005 DFID and GoN agreed to accept a request by UNCDF for a no cost extension for an additional 9 months, until September 31<sup>st</sup> 2006. Hence, since January 2006 the programme activities have been undertaken within the existing DFDP budget ceiling. A UNCDF Technical Advisory mission in April/May 2006

recommended that this no cost extension be continued until end of 2006. The reason for a further extension was that preparation work for a follow on programme to DFDP would likely take somewhat longer than originally planned, in light of the changing political context in Nepal, and that any gap between DFDP and its follow on programme would be detrimental – risking a loss of momentum. This last no cost extension was accepted by all stakeholders involved and is currently operational. Thus far there have been no proposals for any further extensions.

## **5. EVALUATION RESULTS ACHIEVED AS PER THE LOGICAL FRAMEWORK**

This section provides the factual basis for much of the evaluation. It provides a summary synthesis of the achievement, or not, of the proposed objectives, outcome, outputs and results. The factual information will be followed by a presentation of the qualitative findings that underlie the data, the lessons learned and recommendations for future programming.

Field visits to Salyan, Kailaii, Rupandehi and Kaski helped the team to verify some of the results achieved. Reports of those field visits are in Annex 11. As it was impossible to visit all of the districts to verify results, the Evaluation Team used the extensive experience of the Nepali team members to confirm the information provided in programme reporting and comparing it to information available on non DFDP districts. Further key informant interviews at the national level and review of programme documentation, contributed to our verification of the reported results achieved. As will be noted, overall, the factual findings demonstrate a good level of success in infrastructure implementation, according to the current version of the Log Frame. Actions were generally taken based on the Mid Term Evaluation that resulted in a closer completion to the programme agreements as the programme comes to a conclusion.

The process followed in collecting and verifying the data included:

- Assessment of progress by output (validate monitoring data, plus evaluative evidence)
- Assessment of progress in achieving outcome/immediate objective and development objective achievement, or likelihood of achieving the same
- Review of other critical issues related to results achievement

### **5.1 Development Objective: Poverty reduced in the project districts through provision of rural infrastructure and human resource development opportunities.**

#### **Results Achieved**

The programme is working under a multi-dimensional definition of poverty, which includes elements of empowerment, income generation, and institutional reform. As noted in the Nepal HDI, “ Growth becomes pro-poor, when it uses the assets that the poor own, favours the sectors in which the poor work and takes place in areas where

the poor live” We would add that growth becomes pro poor when the development decisions are made by the poor themselves.

In this context, the DFDP has supported a pro-poor, community-based decision making process for the selection, construction, management and monitoring of infrastructure projects, which in some cases, indirectly support income poverty reduction. During a meeting in Saijewal Takura Village #6 , Salyan district, where DFDP had assisted in the provision of a Water Tank and Pipe System, the villagers claimed that a significant success of the project was that the time saved collecting water by the women was now used for agricultural production and sale of products, increasing their family income.

Further in the presentation of district reports during the Annual Review Workshop, 2006, there was a significant discussion on the link between infrastructure delivery and poverty reduction. The consensus was the empowerment and reform factors are crucial to poverty reduction, but at the same time infrastructure delivery provides evidence though indirect poverty-reduction results.

The problem faced by the Final Evaluation Team was the lack of consistent empirical data which proved a direct link between infrastructure delivery and poverty reduction. All of the cases showed a link, but no study that was available to the team looked at the relationship. The team therefore attempted to look at general poverty statistics nationwide and by district over the life of the project. National statistics showed a decrease in poverty from 48% to 32% of the population over the past six years, but there was no data, using consistent criteria or parameters which looked at poverty data by districts.

From the cases and from the assumption that infrastructure has an indirect impact on poverty reduction, the Final Evaluation Team concluded that the 1322 infrastructure projects, developed in a participatory manner had an indirect impact on poverty reduction in the participating districts.

The lack of consistent poverty monitoring and statistics nationally and by district was an issue which should be noted. Various studies used varied parameters; time frames were inconsistent and generally information was not available in any reliable form. It could be useful in future projects to encourage poverty monitoring tools which would allow for development of more useful poverty monitoring data.

**Table 4: Summary of Project status**

<b>Description</b>	<b>Status</b>
No. of VDCs covered	586 (60% of 20 Districts)
No. of people trained (Approx.)	5000
No. of Micro Infrastructure Projects (Drinking Water and Sanitation, Rural Roads, Schools and Health Post, Productive Infrastructures, Environmental Protection and Others) Completed	1322
Total Cost of the Completed Projects Rs.	524,791
Focused projects (Women and Disadvantaged Groups)	452 (34%)
Internal auditors (permanent staff as per LSGA)	18 districts
District Capacity Development Plan	20 districts
Guidelines for systems and procedures (Local Planning and Project Prioritisation; Financial Management; Operations and Maintenance; Monitoring and Evaluation; User Committee Formation and Project Implementation	5 generic guidelines

**5.2 Outcome 1: Immediate Objective: The local authorities (DDCs, VDCs) and grass root institutions (UCs, COs) in the project districts implement and maintain small scale rural infrastructure and other public investments in an effective, responsive and accountable manner**

**Results Achieved**

The local authorities (DDCs, VDCs) and grass root institutions (UCs, COs) in the project Districts have implemented and for the most part are maintaining small-scale rural infrastructure and other public investments.

1322 micro infrastructure projects have been completed by end of September 2006. The total eligible fund/approved for project costs to be funded by DFDP is USD seven million five thousand of which five million, four hundred and eighteen (77%) has been utilized to date. These projects have benefited more than two million people (multiple counted).

The projects have increased people's access to public services. Projects are Implemented through "User's Committees" (UC), which are responsible for construction and maintenance of the projects. In most cases the UC system has been a preferred approach, which promotes transparency and accountability and in most cases improved infrastructure.

**Sustainable Funding/Replacement of UNDP Funds**

The amount of government funding to the districts has increased yearly since the initiation of the programme as per the following table:

**Table 5: Amount of Annual Block Grants to DFDP Districts<sup>3</sup>**

Year	Rupees in Mln.
2001	80.1
2002	372.8
2003	760.1
2004	975.4
2005	1379.

Donor Support: Donor funds to the DDF should have also increased over time during the programme life. The operational indicator in the Log Frame was the number of donors active in the 20 DFDP districts and their increase in funding through the DDF. The number of donors active in the DFDP districts has increased from eight to eleven, with projects that focus specifically on decentralised infrastructure and service delivery, with all of the donors channelling their funds through the DDF. It should be noted though that the DDF has not yet been established as a devolved, discretionary fund of the district, but rather as a conduit for disbursement of specifically earmarked funds for specific projects.

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<sup>3</sup> Since FY 2003 records have been collected from 20 DDCs. The source of data from 2002 is UNCDF MID.

Revenue Generation: The data shows an increase in real revenue collected by the DDCs. In a meeting with the LBFC it was determined that drop in revenue in 2005 could be attributed to the conflict situation, but at the same time, the 2005 amount was still higher than 2003, before serious conflict activities began.

**Table 6: Amount of Annual Revenue collected by DDC<sup>4</sup>**

Year	Rupees in Mln.
2001	56.2
2002	138.7
2003	138.4
2004	195.5
2005	144.6

The next factor evaluated was the percent of VDC resources allocated for the implementation of Village Development projects. It is interesting to note that in the data collected by the DFDP, the count was made of the real number of VDCs, which were involved in the DFDP projects, not the amount of contribution. Other data sources were able to provide the percentage of contribution to projects. That amount for all Districts follows:

**Table 7: Programme Investment by Group:** The planned expenditure from DFDP was approximately \$7 million.

Number of VDCs participating 2001-2005	DFDP Contribution \$	DDC Contribution \$	VDC Contribution \$	Community Contribution \$	Other Contributions \$	Total Investment
586	5,228,058	633,681	600,104	1,894,956	175,756	8,532,557
Percent of contribution	61%	7%	7%	22 <sup>^</sup>	2%	100%

It should be noted further that all VDCs have not been able to report how their budgets have been allocated to implement their Village Development Plans because Village Development councils have not been operational since 2003 and VDC secretaries have not been stationed in their respective VDCs since that time. Currently over 60% of all VDC secretaries reside in the district center and are unable to return to their villages. 2200 VDC centers were destroyed during the conflict. Essentially community-based projects have proceeded directly to the DDC/LDO for consideration and funding since the dissolution of the VDCs. It is significant to note that in the 2006 budget the allocation to the VDC development fund was doubled from R500,000 to R 1 Million. It will be important to follow the progress of this disbursement and note what projects will be implemented since there has not been a Village Development Plan established since 2003. It is likely that many of the

<sup>4</sup> Since FY 2003 records have been collected from 20 DDCs. The source of data from 2002 is UNCDF MID.

projects from the 2003 have not been implemented and that the VDCs will simply pick up where they left off in 2003, but the process should be closely monitored and possibly incorporated into the next phase of the DFDP.

According to the programme plan, UNCDF's funding should have shown a significant decline over the life of the programme. UNCDF funding was as follows:

**Table 8: UNCDF and Other Donor District Level Funding** (all Donors disbursement to DDF) 2001 – 2005: UNCDF's yearly planned expenditure was from 2001-02 was approximately \$750,00 and from 2003 onwards was \$1.8 million.

Year	UNCDF/DFD Funding \$	Other Donor Funding \$
2001	442,881	n/a
2002	543,046	1,945,157
2003	630,991	3,517,923
2004	2,103,125	3,920,804
2005	543,990	3,168,020

These figures show an growth in funding through 2004 and then a significant drop in 2005. The funding decline should have been in comparison to a relative increase in either other donor or government funding. DFID funds were added in 2003.



### Increased Capacity of DFDP to Deliver Basic Infrastructure

The Operational Indicator evaluated is the number of basic infrastructure and public service the projects delivers. The following table provides the number of projects, cost per category, and the number of beneficiaries. Since there was no breakdown of percentage of beneficiaries by sex, the FE took cumulative percentages given for men and women beneficiaries from another analysis of beneficiaries by households and sex. The total number of beneficiaries in both analysis was consistent: 2,363,812. The table showing a disaggregated beneficiary breakdown by district by households and sex can be found in Annex 8.

**Table 9: Infrastructure by Type**

	<b>Infrastructure Type</b>	<b>No of projects</b>	<b>%</b>	<b>Total Cost (Rs. '000)</b>	<b>%</b>	<b>DFDP cost (Rs. '000)</b>	<b>%</b>	<b>Bene-ficiaries</b>	<b>Men</b>	<b>Women</b>	<b>%</b>
1	Drinking Water Supply and Sanitation	227	17.2	74,553	14.3	42,277	13.5	103,397			4.3
2	Rural Transport	241	18.2	114,158	21.7	68,204	21.6	664,966			28.2
3	Social Services (Health, Education, etc)	443	33.5	184,974	35.3	113,217	36.0	1,231,389			52.2
4	Productive Infrastructure	322	24.4	112,300	21.3	69,648	22.0	282,934			11.9
5	Environment Scheme	53	4.0	28,735	5.5	15,645	4.9	54,572			2.3
6	Human Resource Management and Others	36	2.7	10,071	1.9	6,276	2.0	25,554			1.1
<b>Total</b>	<b>Total</b>	<b>1322</b>	<b>100</b>	<b>524,791</b>	<b>100</b>	<b>315,267</b>	<b>100</b>	<b>2,362,812</b>	<b>48%</b>	<b>52%</b>	

Another indicator of programme success was related to the number of Line Agencies, which provided technical support and funds for implementation and maintenance. Though the data shows participation by four line agencies in 2001 and 2002, it shows zero participation in subsequent years. It is not clear if the lack of numbers is a failure of the data collection or of the line agencies participation, because during district visits, the evaluation team saw a participation of the departments of education, health, roads, agriculture and others in the planning and implementation of the projects.

Infrastructure delivery was also measured by the percent of rural infrastructure being maintained after two years. The evaluation team was able to visit two districts from the first phase of the programme and observed good maintenance for the older projects. It should be noted though that any maintenance system/arrangements was completely at the discretion of the project user's committee. There were no operations and maintenance guidelines established for the programme and it is not evident that the recommendations in the DFDP O&M Study<sup>5</sup> were utilized by the programme after completion of the report. There is still no O&M system established under the programme or its guidelines.

Another important factor under infrastructure delivery relates to accountability and responsiveness. The evaluation team looked at the percent of DDCs and VDCs/ local communities receiving public information of local budgets, including indicative planning figures. The programme provides comprehensive IDPs to the districts. (see below). The question was: does the district provide the same to the VDCs and /or communities in the absence of the VDC.

According to the data received, the DDCs provided the VDCs with consistent information until the VDCs system collapsed and the VDC secretaries were forced out of the villages. It should be noted that in only one case in 2005 did the DDC take over the responsibility of providing information to the VDC secretary and/or communities. In most cases it appears that the communities heard about the DFDP or knew about it from earlier interactions. There was a significant drop in spending in 2005 though, reflecting the lack of information sharing. The table showing the IDP allocations per district in 2005 is shown below.

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<sup>5</sup> Kafle, Shesh Kanta and Ranbhat, Ram B., Operation and Maintenance System of the DFDP Funded Micro Infrastructural Projects, February 2005

**Table 10: IDP Allocations per Districts**

*Yearly Budget Ceiling Provided to Districts*

Rs. in '000'

Districts	Total Allocated Budget (In US \$)	Total Budget in Nepali (In Rs)	Technical Assistant (In Rs)	Emergency Fund 5% (In Rs)	Total Eligible Investment Budget (In Rs)	Minimum Allocation for Women Focused Projects (In Rs)	Minimum Allocation for DAG focused Projects (In Rs)	Balance Available for other Projects (In Rs)	Maximum Allocation for District Level Projects (In Rs)	Minimum Required Allocation for VDC level Projects (In Rs)
Taplejung	87,268	6,458	387	323	5,748	862	862	4,024	2,299	3,449
Terhathum	63,864	4,726	284	236	4,206	631	631	2,944	1,682	2,524
Udayapur	77,403	5,728	344	286	5,098	765	765	3,569	2,039	3,059
Solukhumbu	88,108	6,528	391	326	5,811	872	872	4,068	2,324	3,487
Dhanusha	101,234	7,491	449	375	6,667	1,000	1,000	4,667	2,667	4,000
Dolakha	85,783	6,348	381	317	5,650	848	848	3,955	2,260	3,390
Kavre	82,098	6,075	365	304	5,406	811	811	3,784	2,162	3,244
Kaski	85,808	6,350	381	317	5,652	848	848	3,956	2,261	3,391
Rupandehi	106,601	7,888	473	394	7,021	1,053	1,053	4,915	2,808	4,213
Salyan	84,032	6,218	373	311	5,534	830	830	3,874	2,214	3,320
Rukum	87,525	6,477	389	324	5,764	865	865	4,035	2,306	3,458
Jajarkot	85,315	6,313	379	316	5,618	843	843	3,933	2,247	3,371
Jumla	91,718	6,787	407	339	6,041	906	906	4,229	2,416	3,625
Mugu	92,233	6,825	410	341	6,074	911	911	4,252	2,430	3,644
Humla	99,894	7,392	444	370	6,578	987	987	4,605	2,631	3,947
Achham	85,169	6,303	378	315	5,610	842	842	3,927	2,244	3,366
Kailali	107,847	7,981	479	399	7,103	1,065	1,065	4,972	2,841	4,262
Bajhang	103,300	7,644	459	382	6,803	1,020	1,020	4,762	2,721	4,082
Baitadi	88,792	6,571	394	329	5,848	877	877	4,094	2,339	3,509
Darchula	96,008	7,105	426	355	6,324	949	949	4,427	2,530	3,794
<i>Total</i>	<b>1,800,000</b>	<b>133,208</b>	<b>7,993</b>	<b>6,659</b>	<b>118,556</b>	<b>17,783</b>	<b>17,783</b>	<b>82,989</b>	<b>47,422</b>	<b>71,134</b>

The existence of DDC and VDC audits was another indicator of infrastructure delivery success according to the log frame. . As of 2005 all of the 20 DFDP districts had audited accounts through the AG. The introduction of the MC/PM was a definite incentive to ensure that the accounts were audited. Approximately 50% of the VDC accounts were audited by 2005, but again any failure to audit was a result of the lack of VDC budgets and ability to work in the communities due to the political situation.

By 2005, all 20 districts were in compliance with the LSGA financial regulations. *Again the review of the MC/PM assessments proved invaluable in the accumulation of this data.*

The Mid Term Evaluation made certain recommendations with regard to infrastructure delivery. The recommendation, action and current status are provided below:

**Table 11: MTE Report Recommendations and Current Status: Improve quality of capital investments**

Recommendations	Actions Taken	Status at Final Evaluation
Adoption of standard design and construction guidelines	Manuals on design and costing prepared.	Though manuals have been prepared they have not been approved and appear to be ‘stuck’ in the MLD.
Training of DDC staff on feasibility design and construction guidelines	Only Field Officers (focal persons for DFDP) have received some trainings	Same status at FE
Training for local people on supervision and procurement	User's Committee members trained.	Not all users committees have been trained.
Formal arrangements for operation and maintenance	Some of DDC has opened O/M fund. MLD from this FY instructed to open a separate O/M fund in all DDCs	There is mixed understanding of O&M. Though it should be a system, it is usually considered only as a fund. The consultant report on O&M should be more widely distributed and followed. There have been no technical audits.

### **5.3 Outcome 2: Fiscal Decentralisation policies and strategies enhanced at MLD LBFC**

#### **Results Achieved**

The indicators under this outcome show that two of the four proposed outcomes have been accomplished, one has been partially accomplished and one has not been accomplished:

- A Performance Based Grant System has been established with MC/PM assessment being implemented in 2004 and 2005. Though another should have taken place in September 2006, it has not yet been planned or implemented.
- A formula based grant system to the DDCs has been fully enacted.
- A Road Map for decentralisation has been endorsed but it has not yet been fully implemented due to the political conditions. The Road Map will have to be re-evaluated based on the new constitution and government structures established when the political parties have worked out the details of the interim government. The formulation of a fiscal decentralisation strategy has not been accomplished, though a study to assess the adequacy of the District level public financial management (PFM) structure in Nepal, and identify areas for improvement in the perspective of the formulation of a successor programme to the DFDP was done that should contribute eventually to such a strategy<sup>6</sup>

With certain aspects of Fiscal Decentralization in place there has been a good start - improving design and costing of infrastructure projects; training of UCs; setting up of consistent accounting systems; placement of internal auditors; social audit and project information boards. According to those interviewed, these initiatives are well respected by the GoN and other donors and there is consideration for replication of the already implemented aspects of Fiscal Decentralisation, but there is no Fiscal Decentralisation Policy or National Strategy yet in place.

#### **5.3.1 Outcome 2: Result 1: Planning; Transparency in project selection processes for DFDP projects are strengthened within the participatory planning framework (LSGA).**

#### **Results Achieved**

Programme districts have improved their planning and communication processes. DDCs are required to submit project-funding matrix along with the decisions from district council meetings and project prioritization charts to DFDP for approval.

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<sup>6</sup> El Mensi, Mohammed, Review of Local Public Financial Management, February 2006.

The DFDP has been effective in supporting decentralization, participatory planning and financing basic rural infrastructure projects and service delivery for poverty reduction. It has upheld the principles of local self-governance, through maintaining a participatory planning process, despite the conflict situation and the absence of elected representatives.

The participatory planning process emphasizes origination of need-based projects from the community level. In order to finance the most essential and deserving projects with the available financial resources, DFDP has developed selection criteria that are designed to ensure transparency and participatory planning as stated by the LSGA. In this way, DFDP's support for micro rural infrastructure project not only enhances the access of the poor and deprived community to basic infrastructure but also supports development of democratic, decentralized and participatory planning process at the local level to strengthen local governance.

The DFDP's selection criteria are based on the LGSA 14 point participatory planning strategy. In alignment with the LSGA, the DFDP requires project identification at the community level and a two-step screening at the VDC and the DDC level. Adhering to this approach DFDP has approved 1491 project and implemented 1322 micro infrastructure projects in 586 VDCs in 20 districts. Currently though the process sidesteps the VDC and DDC, with projects moving directly from the communities to the LDO.

**Table 12: Projects approved vs. projects implemented by DFDP**

Year	2001	2002	2003	2004	2005	206	Total
Number of projects approved	367	307	309	255	253		1491
Number of Projects implemented	150	241	235	247	253	196	1322

### **Contribution of 10% matching fund to DFDP fund from DDC/VDC**

The DFDP has become increasingly successful in mobilizing local resources through its mandatory provision of ten percent contribution of matching fund from the DDC and ten percent of total project cost from the VDC, creating a sense of local ownership.

Since 2003, only one DDC has not been able to contribute its matching fund, while 13% and 1% of the VDCs were unable to meet their mandatory contribution requirement in the years 2001 and 2002 respectively.

DFDP has been successful to achieve this target as more than 85% of DDCs have been publishing final decisions on project selection of DFDP.

**Table 13: Participation of VDC in contributing matching fund**

Year	2001	2002	2003	2004	2005	2006
Number of participating District on DFDP	8	8	20	20	20	
Number/percentage of DDC contributing matching fund	8 100%	8 100%	20 100%	20 100%	19	
Number of participating VDC on DFDP	181	191	259	208	229	
Number/percentage of VDC contributing matching fund	157 87%	189 99%	259 100%	208 100%	229 100%	

### **VDC level projects come through COs holding maturity certificate and/or registered at VDC**

DFDP has been mostly working in VDCs where social mobilization has been done by the DLGSP. In such places, the COs send their proposals to the CMCs who forward selected projects after screening proposals received by them. Where CMC has not been formed, the COs send their proposal directly to the VDC. Where no CO exists, users' committees are formed and proposals are submitted to the VDC.

To ensure maximum participation of people at various levels of project planning and selection at the community level, it seeks initial proposal from COs and User Committees, possessing Maturity Certificate<sup>7</sup> provided by the VDC. Maturity certificate is an evidence of capability of COs to manage the project with proper procedures. (This could be considered a community's set of Minimum Conditions). Maturity certificates do not apply to projects that directly benefit women and dalits in line with DFDP priority for the promotion of women and disadvantaged focused programs.

**Table 14: DFDP funded projects through COs possessing maturity certificate**

Year	2001	2002	2003	2004	2005	Total
Number of DFDP funded projects	367	307	309	255	253	1491
Number/percentage of project through matured COs	303 82.56	227 73.94	109 35.27	97 38.03	111 43.87	847 56.80

Out of the total project funded by the DFDP 56.8% hold maturity certificate. COs holding maturity certificate has decreased from 2003.

<sup>7</sup> Condition to acquire Maturity Certificate: Member should be 15 to 25, Objective and regulation in written form, formation of executive committee, regular meeting from last six months, regular saving/credit, community fund of minimum Rs. 2000/-, having transparent account system and regular auditing.

## Contribution “in kind” in all projects

As the possibility of obtaining maximum contribution from the community, in the form of labor or locally available resources is one of the most important project selection criteria, DFDP has been successful in creating community based ownership of projects in all the 20 districts where it has implemented its programs. Contribution in kind from community members has reached 22 %.

## DDC/VDC publishing final decision on project selected for DFDP funding

DFDP focuses on transparency and accountability, as they are key factors in strengthening local governance. All DDCs and participating VDCs need to publish a notice/list of selected and approved projects within the one month of their approval. Despite very high demand for infrastructure support projects, only a few projects are funded. Thus, a list of selected projects is published to let the people know which projects are being implemented in which VDCs.

DFDP has been successful to achieve this target as more than 85% of DDCs have been publishing final decision on project selected for DFDP..

**Table 15: Notices of DDC vs. VDC in participating district**

Year	2001	2002	2003	2004	2005
Number of DDC which published a notice	8	7	8	17	18
Number of VDC which published a notice	0	216	464	380	146

Similarly in the first year, not even a single VDC published a single notice. In the second and third year, the numbers increased because of follow-up by the project staff, but then again the publishing decreased dramatically in 2005. This lack of consistency points to inconsistent M&E by the project staff.

The Mid-Term Evaluation made recommendations with regard to Transparent Planning. The current status of the recommendations follows:

**Table 16: Enhance the Planning Process by providing tools for the improvement:**

Recommendations	Actions Taken for MTE	Status at Final Evaluation
Transparency of project selection and decision making	Planning guidelines are developed and this has become a crucial agenda for review at district council meeting	Though there are planning guidelines, there are no district councils, so all planning is now done by administrators
Inclusion of women and the	15% of the total DFDP funding has	Though 30% budget has been



Recommendations	Actions Taken for MTE	Status at Final Evaluation
poorest	become mandatory to spend on women focused projects and another 15% for Disadvantaged groups	allocated for women and disadvantaged group, projects in most districts reach the 15% for disadvantaged focused but only 8% budget has been spent for women focused projects. The numbers do not reflect the qualitative decision making participation by these groups.
Gender and poverty targeting	Covered by the actions mentioned above	There is poverty and gender targeting by numbers at the villages only.

## Gender and Social Inclusion

### Results Achieved

The significance of gender and social inclusion as a vital element of the DFDP program is demonstrated by the fact that 30% of a district DFDP budget *should* be allocated for women and disadvantaged focused projects. In order to encourage and promote these focused projects, DFDP has relaxed some mandatory provisions that are generally applicable for other projects such as maturity certificates of COs which are not required and the contribution from the community level which can be less.

Despite this requirement, many Field Officers do not know exactly how to identify a women focused projects. *This was highlighted by the fact that some FO's said that the only project they can think of which benefit only women is a maternity ward*<sup>8</sup>. In such a situation of confusion and lack of conceptual clarity, districts are finding it difficult to identify women focused projects and utilize the 15% allocated budget. From 2001 to 2005kn districts have only been able to expend only 8% of the budget allocated for this purpose in the period 2001 to 2005.

**Table 17: DFDP Projects completed from 1/1/2001 to 9/18/2005 by expenditure and type**<sup>9</sup>. The complete district breakdown can be found in Annex 7.

	Disadvantaged Focused	Women focused	Other	Total
Number of project	276 (25.25%)	76 (6.95%)	741 (67.8%)	1093 (100%)
Amount expenditure	82,053,606 (20.%)	32,224,249 (8%)	290,261,882 (72%)	404,539,737 (100%)

Only 12 DDCs have been able to spend 15% budget for disadvantaged focused project and only 4 DDCs have been able to spend 15% budget to women focused projects

<sup>8</sup> View expressed by the FOs in Annual Review Meeting, 26/09/06

<sup>9</sup> Summary of completed projects provide by DFDP, MIS: Complete summary is in Annex 7.

**Table 18: Total expenditure in focused projects from 1/1/2001 to 9/18/2005**

Fund Spend Type of project	District funding less than 5% of total expenditure	District funding less than 10% of total expenditure	District funding less than 15% of total expenditure	District funding above 15% of total expenditure
DAG focused	2	2	4	12
Women focused	4	8	4	4

The Mid-Term Evaluation specifically recommended that a Gender Assessment of programme impacts and implementation modalities be made. To date no action has been taken on that recommendation.

**5.3.2 Output 2: Result 2: Financing: financial management and reporting capacities of DDCs, VDCs and UCs are improved.**

The baseline for analysis was that financial management and reporting was poor across all districts prior to the DFDP project. There was no consistent software / accounting package across all districts and in many cases there was no accountant in place.

**Results Achieved**

The programme focused on recruiting permanent staff in the internal audit section. Permanent staff for the internal audit sections now exists in 18 out of 20 programme districts. Capacity enhanced of DDC accountants and internal auditors enhanced through training (e.g. training in the use of computer software packages).

Key factors evaluated under this result were:

- 18 out of 20 districts are providing adequate quarterly expenditure reports which are compliant with the signed DFDP agreement with the district.
- All communities where projects have been approved have full access to review project funding and spending records. They may look at the ledgers and make comments. The project books also provide detailed funding and expenditure reports.
- 586 of the VDC projects / based on observation and reporting from the district staff practice a public auditing system as per the DFDP public auditing guidelines. Public auditing is defined as all records are made public in a special notification even to the public. There should be at least 3 events noted in the project book. All have done this according to project reports. The Evaluation team sample saw excellent record keeping in the project books.
- There are 1120 village level projects. Of those 846 User Committees are keeping/maintaining financial records of village level project final costs.
- User committees implement all 1120 village level projects.

- All 20 Districts Used DFDP funds which fulfilled the criteria indicated in the DFDP operational guidelines.

**Table 19: MTE Recommendations and Status to Improve DFDP funding arrangements:**

Recommendations	Actions Taken	Status at Final Evaluation
Enhance transparency and financial management performance at DDC and UCs level	Project signboards, project books and social audit practice have improved transparency at user's committee level  Review and monitoring process shows that there is improvement on transparency and financial management of DDCs	There continues to be good implementation in regard to social audit transparency.  Reviews and monitoring indicate there continues to be improvement in financial management. Transparency has weakened due to political conditions.
Integrate with HMG/N budgetary cycle and seasons for micro project implemented	DFDP funding cycle is now fully integrated with the government budget cycle	completed
Provide sectoral support to develop closer integration with sectoral planning and budgeting	Sectoral planning and budgeting processes at the district development council meetings has been initiated	There is a good link to sectoral planning in most districts
Develop Performance based funding system	Two assessments conducted and grant allocated according to performance measures in all 20-programme districts. Manuals are being developed.	In the 2006 FY budget speech, MoF made provision to roll out performance based funding systems to all local bodies. Manuals have been developed and are being used.
Link funding to service delivery responsibilities	Performance measures are capturing this.	Completed
Develop VDC block grant mechanism	No action taken due to absence of VDC secretaries and dysfunctional VDCs because of the conflict	This continues to be the case at the time of the FE

**5.3.4 Outcome 2: Output 3: Capacity Building: Management capacities of DDCs/VDCs for implementation and maintenance of DFDP financed infrastructure enhanced**

**Results Achieved**

At the Annual Review Meeting September 2006 all districts presented reports, which demonstrated an increased capacity in all areas of programme performance.

Capacity development strategies for 20 programme districts and 5 generic manuals for DDCs have been developed in collaboration with the Association of District Development Committees of Nepal (ADDC/N). ADDC/N has so far completed three components of the capacity development strategy, organized one event on training for internal auditors, developed five sets of operation manuals for systems and procedures and generic capacity assessment of 20 districts. The Capacity Building Strategy does not include CD for VDCs or Users Groups, only central and district personnel.

Since programme initiation 5000 people have received various kinds of trainings or participated in exposure programmes.

**Table 20: MTE Recommendations, Action and Current Status: Enhance effectiveness of DFDP Capacity Building**

Recommendations	Actions Taken	Status at Final Evaluation
Development of capacity building strategy	Developed with the support of the Association of District Development Committee in Nepal( ADDC/N)	Capacity Building strategies developed, but there is no mechanism or funds to implement these strategies. Many are shopping lists of training requests. There is need to improve the quality of the CB assessments. None considered gender analysis or budgeting as a capacity requirement

**5.3.5 Outcome 2: Result 4: Monitoring and Evaluation; Monitoring and Evaluation systems of DDCs and VDCs strengthened**

## **RESULTS ACHIEVED**

Monitoring and evaluation is a core activity of the DFDP. The reporting, monitoring and evaluation system of DFDP has two elements: for DFDP System and the Government System.

For the DFDP System, reporting of micro projects starts from the user's committee level and moves to DDC. Information is then consolidated at the district level and sent to PMU where national level compilation is done and submitted to the government (MLD and NPC as well as MOF) and UNDP and UNCDF. The difficulty arises in reconciling the formats. The UNCDF MIS does not currently coordinate with the MLD and UNDP systems, requiring the PMU to revise the reporting format for each user.

DFDP Interventions for reporting, monitoring and evaluation have included:

- The preparation of Guidelines for Reporting (Program specific),
- A Study of M&E System of DDCs,
- Orientation and training on monitoring and evaluation (for VDC secretaries and DDC personnel),
- Assessment of Minimum Conditions and Performance Measures manuals and the actual conducting of the MC/PM
- A checklist developed for district supervision and monitoring.
- Annual review meetings and regular meetings of National Executive Committee with invitees from important sections of MLD, NPC and MOF.
- At community level Project Book, Internal monitoring committee, Community meetings, Social audit have been introduced for transparency and effective project implementation and O&M.
- Some DDCs have developed their monitoring and evaluation guidelines but they are still to be brought into action.
- Not all tools have disaggregated information from a gender perspective

Due to the conflict this output has been seriously affected. Although programme staff have been able to visit programme sites outside district head quarters this has been impossible for government staff. DDCs capacities have been enhanced to organize annual and periodic review meetings, public hearing systems and improve documentation.

The MTE recommended that M&E systems be enhanced but as noted this has not been possible. Only three districts, Kailali, Terthum, and Acchamm have used lessons learned from the MC/PM process and project book feedback to consciously improve project implementation, as noted in their project reports. Lessons learned by DDCs are not replicated to other projects funded under DDC resources. The linkage between the program reporting and general government system reporting is minimal, so as to meet only the minimum condition for financial and annual review purposes.

The micro projects are not evaluated for their impact. They are not evaluated as pro poor or gender focussed projects interventions except on the basis of general observations. Because of the lack of VDCs in respective VDC areas, the VDCs are not linked with project interventions or for overall system improvements.

### **5.3.6 Outcome 2: Output 5: Policy Support and Advocacy; Capability of LBFC/MLD to formulate fiscal decentralization policies enhanced**

#### **Results Achieved**

According to the LF the indicator is for the number of Fiscal Decentralisation Studies, training conducted. There has been one study, but the impact of that study has not been seen at any level. LBFC staff received training in Fiscal Decentralisation from Georgia State University and attended a Revenue Mobilisation Workshop at Duke University. Because of the lack of a fiscal decentralisation strategy the LBFC has been able to do little to apply their learning to the current situation.

DFDP has been able to pilot and replicate initiatives such as the performance based budget allocation system for local governments; improved public expenditure management and transparency during implementation of micro-infrastructure projects (social audit, project books and project information boards). The block grant allocation formula is being replicated in the municipalities. Please note that is output remains related specifically to Outcome 2: Fiscal Decentralisation Policy only.

### **5.3.7 Outcome 2 Output 6: Technical Backstopping**

#### **Results Achieved**

This outcome specifically focused on backstopping mission from UNCDF. There were 8 in total over the 5 years, according to the LF from Bettina Furhman, Kadmiel Wekwete, Stefan Rummel-Shapiro and Roger Shotton. Other information indicates that Hitomi Komatsu, Henrik Larson and Mike Winter also visited the programme, though these missions were not recorded in the log frame. Back to Office Reports are available from UNDP and UNCDF.

### **5.3.8 Outcome 2: Output 7: Management Support**

#### **Results Achieved**

In the early stages of the programme information was distributed through brochures; no such brochures were utilized during the second/DFID phase of the project. DFDP working directives were developed and approved.

Three review meetings were held in 2003; no review meeting was held in 2004 and Annual Review Meetings were once each year in 2005 and 2006. There were 5

management meetings in 2003, no management meetings in 2004 and three management meetings yearly in 2005 and 2006.

An annual report has been prepared yearly, though the 2005 report is still in draft and hasn't been made available widely.

Through the MIS reflects an well established approach to collecting data as required, a field based Monitoring and Evaluation system has yet to be established in the programme. Technical support to the districts is relatively ad hoc and a case-by-case, as needed basis. Though there is a format for district visits, it does not appear that these are used.

## 6.0 INPUTS

### 6.1 Financial Inputs

The DFDP has a total approved budget of \$10,000,000 which should cover support to 20 districts. As of September 2006, USD Seven Million Five Thousand (\$7,005,000) been disbursed to date (77% of the total budget), leaving a balance of \$2,995,000.

**Table 21: Current Status of Financial Inputs for UNCDF/DFID as of September 20<sup>th</sup> 2006.**

Output Type	Annual Budget	Total Expenditure			Cumulative Expenditure	Budget Balance
		Qtr 1	Qtr 2	Qtr 3		
1: Planning	28000	2992	-	-	2992	25008
2: Financing	1580000	575403	340905	282388	1198696	381304
3: Capacity Building	200000					200000
4. M&E	24000	(877)	13995	2604	15722	8278
5: Policy and Support	164200	2311	16794	(36)	19069	145131
6: Technical Backstopping	109000					109000
7: Management	175100	4926	12111	15852	32899	142211

Note: this does not include direct cost mode through UNCDF Headquarters.

**A table showing the financial status and expenditure by outputs from 2001 through 2006 can be found in Annex 10. Note again that the numbers do not reflect expenditures managed by UNCDF.**

## **6.2 Other Inputs**

The PMU remains fully operational. It is staffed by a Programme manager supported by a National Programme Director, and Under-Secretary in MLD. There is an M&E Specialist, Admin and Finance Associate, Database Programme Assistant, Secretary, one driver and a messenger at the Central office. At the Regional office in Nepalganj, there is a Planning and Finance Specialist, Infrastructure Specialist and driver.

Under the 6% technical assistance grant, each district has a DFDP field officer engineer to support infrastructure delivery

External Missions have provided backstopping with an aim at monitoring and evaluating the process. There have been two backstopping missions since the Mid Term Review.

Further there have been specific studies on Fiscal Decentralisation and the establishment and review of the Minimum Conditions and Performance Measures System.

The PMU currently operates under a National Execution modality for the programme and a Direct Execution Modality for the PMU.



**Table 22: The DFDP Process**

<p><b>The DFDP Process:</b></p> <p>The DFDP DDC's sign a memorandum of understanding including a commitment to provide a 10% matching fund for all projects. VDCs are also required to provide a 10%. Communities are also expected to contribute an unspecified amount to the projects in cash or kind/materials, labour, etc.</p> <p>The DFDP block grant allocation to DDC's is announced to the DDCs at the start of the planning cycle, coinciding with the government's planning and budgeting cycle. Allocations are according to a formula developed with the LGFC, which considers population, poverty, and access.</p> <p>Funds are approved by the Annual Review Committee and transferred in three tranches to the DDC District Development Fund account following confirmation that the DDC and VDC have deposited their own 10% contribution. It is transferred from the DDF account to the DDC DFDP Account. Funds are further transferred to the User Committee Bank account in three tranches according to the DFDP guidelines, including physical inspection by DFDP funded and DDC recruited Field Officers/ Engineers. An open meeting of the users is held/ required to establish the project book and create the social audit mechanisms.</p> <p>DFDP funds are available for District and VDC/village projects. The former are intended for larger, public good projects which support a larger number of VDCs. These may be identified by the DDC and should not exceed 40% of the district budget. The VDC projects should comprise 60% of the DFDP district budget and respond to community and village identified needs.</p> <p>A minimum of 30% of the DFDP allocation must be expended on women and disadvantaged group projects with a proposed distribution of 15% each.</p> <p>DFDP project should be identified through the 14-step LSGA local planning process building on social mobilisation activities of NGOs, Users Groups and other social mobilization project in the district. According to the LSGA project should be identified at the Ward level for submission to the VDC, Ilaka and DDC, but this process has not been operational for 3 years due to the conflict.</p> <p>Projects are approved by the DDC/LDO for inclusion in the annual development plan.</p> <p>DDC are allowed to use 6% of their funding for Technical Assistance. This budget pays the salary of the Field Officer and all M&amp;E activities for the projects.</p> <p>This process has been truncated due to the political situation in the country. Currently community requests go directly to Local Development Officer. As noted in the Himalayan news in June 2006, Local bodies as essentially being run by civil servants in the absence of Local governments.</p> <p>In April, MLD requested that all districts establish 'consultative councils' of elected political leaders and other community leaders to provide advice and support to the LDO in project selection, implementation, monitoring and evaluation (i.e. Salyan, Kailali). This innovative approach has been useful in returning the political leadership to its former involvement on District Councils and allowed for a type of 'local government'. In Salyan at a meeting of this organisation the participants contended that since they were elected by their constituents and since all political parties were represented, the group was, de facto, an elected local government. They agreed that since there was no law allowing the forming of the group, they were not in fact legal, but they did provide a good model for a consultative council.</p> <p>The current DFDP Operational Procedures have been essentially affective in providing infrastructure and service delivery to the communities: Currently the operating procedures are in the context of the LSGA and Regulations and the MC/PM which were established as of 2004.</p>
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**Table 23: Minimum Conditions and Performance Measures.**

## **Performance Based Funding: A Minimum Conditions and Performance Measures System**

The MC/PM was introduced in 2004 as a system linking certain conditions and performance to the provision of infrastructure grants to the districts.

The Local Self Government Act (LSGA, 1999) and its regulations were used as the basis for the MC/PM Indicators and assessment methodologies. The establishment of a MC/PM system linked to funding was established to ensure transparency, accountability, and the provision of better services to communities.

Two MC/PM assessments have been successfully conducted and the Ministry of Finance has recommended that the MC/PM be fully replicated in all 75 Districts in Nepal.

## **7. FINDINGS / LESSONS and RECOMMENDATIONS**

The recommendations in this document are provided in the current context of political reforms and decentralisation. Though there is an absence of representative government at the local level there is an apparent commitment of all parties to eventually establish a decentralised democratic state.

The National Planning Commission has noted to MLD that DFDP is a primarily a reform program not an infrastructure program and has instructed MLD to tie its budget with MC/PM. As a comprehensive programme, the government is recommending that DFDP continue to pilot decentralisation processes that can be potentially adopted in a Nepali context.

### **7.1 Achievement of Log Frame requirements**

Using a multi definition of poverty that includes empowerment, income and institutional reform, the programme has succeeded in essentially achieving its overall goal of reducing poverty in the pilot districts through the provision of rural infrastructure and human resource development opportunities.

The programme is seen as a mixture of:

- infrastructure delivery mechanism,
- income generation opportunity creation through provision of time saving infrastructure which allows people increased opportunities for farming or doing small business
- an institutional reform programme that has transformed the local government administration process and introduced a governance process from central ministries to communities.

It is the combination of infrastructure delivery and system development has been most valued by the beneficiaries. As noted by respondents at the central, district and village levels, infrastructure delivery is important, but the process that goes with that installation of infrastructure is what makes it sustainable.

As noted in the above sections on results, the programme has achieved its overall objectives, outcomes and results and the lessons learned from the past implementation should continue to be applied to the new programme. There is an obvious trend toward poverty reduction support as a result of the DFDP implementation.

**Recommendation: The essence of DFDP should not change in any new phase. There are issues that need to be reviewed and certain aspects of the programme revised, but the essence of the programme should be maintained.**

## **7.2 Political Climate and Governance**

As noted above, the context of the programme has affected all areas of implementation. It was notable to the evaluation team that the programme was able to continue with its activities at the community level during the conflict. It does say a great deal about the commitment of the programme participants at all levels, to the provision of services to rural communities. Yet because of the political situation decisions were not longer being made by a legitimately elected local government, but rather by civil servants, which is not compliant with either the spirit or the letter of the programme agreements.

The lesson is that, under duress, the programme participants were able to ensure that services continued to be provided to the communities by being flexible and innovative in their interpretation of the programme objectives. In many cases the spirit, not letter of the law had to be followed to ensure that services got to the communities. Some said that without political influence, the process of implementation actually became more efficient! In any case, since April the MLD instructed districts to call consultative councils to temporarily take the place of the elected bodies. This innovation has allowed for a return to a semblance of local government decision-making.

Currently, discussions are ongoing between all political parties, including the CPN/M (Maoists) toward a political solution to the conflict. It is apparent that all parties are interested in maintaining some form of a decentralised, democratic local government. There is yet no clarity as to the form it will take, its acceptance of the LSGA as a framework or the type of constituent assembly to be established, but all indications are that, should the parties come to an agreement, the climate for a DFDP-type programme will be positive.

### **Recommendation:**

**Future programme formulation should follow the current government negotiations closely and develop a programme that is flexible and innovative and able to adapt to the changing political environment without losing the basic principles of commitment to human rights, participation of communities in their own decision making, transparent and accountable planning and financial management, implementation, monitoring and evaluation of projects. A Decentralisation Programme would be effective, that incorporates key aspects of Planning, Financing, Governance, Gender, Monitoring and Evaluation.**

**Support the approach of establishing ‘consultative councils’ in the districts to provide a form of ‘local government’. The consultative council could be further modelled after the National Planning Council, which meets every two years and**

**include, for example, elected party members, NGO, CBO and UC representatives, women and disadvantaged groups, farmers, and any other member that might represent the constituency of a given district. As operational in some districts, this Consultative Council could assist LDO's in project selection and general decision making in the district.**

### **7.3 Financing Mechanisms and Fiscal Decentralisation:**

An effective fiscal transfer system has been established and is operational under the DFDP. There is a consistent accounting system across districts and internal auditors are in place. Use of block grant funding as an instrument to raise DDC performance (through Minimum Conditions & Performance Measures) has been effective. Though DFDP grant amount constitutes a relatively small share of District funding, the processes and procedures have been efficient and effective and instrumental in policy considerations for replication of the DFDP process nationwide, especially the MC/PM.

Though a Fiscal Decentralisation Strategy has not yet been established, fund disbursements have been decentralised to a certain extent. DFDP (and most other programme) funds go through the DDF which is simply a conduit for already earmarked funds and not a discretionary development fund of the district. The MLD has a devolution plan in place that could accommodate a fiscal decentralisation strategy.

Use of the 6% of block grants to employ full-time technical staff (rather than to contract expert-consultants for specific schemes) has been effective in the short term, but is not sustainable.

The caveat of course, will be the political conditions established under the future interim government.

#### **Recommendation:**

**The next phase of the programme should give priority to supporting the establishment of a fiscal decentralisation policy in the context of the MLD devolution plan and the political environment. This policy would continue the current DFDP funding arrangements (formula based block grant disbursements, internal audits, a consistent accounting procedure) with the establishment of a district discretionary development fund that would be used by the district to implement its periodic plan. Rather than simply a conduit for others' money, the DDF would be a basket fund of the district that would allow for decentralised direct budget support to districts which had completed comprehensive minimum conditions and performance measure assessments. A form of Local Government would have to be in place, but the current DFDP financing system provides a good basis for the development of a comprehensive Fiscal Decentralisation Strategy.**

### **7.4 Transparency in the Planning Process**

Theoretically, all the projects, which come from the community, are need based and contribute to poverty reduction by providing access to basic infrastructure to the poor people. As the communities' demand for DFDP supported projects is very high, many

community-based projects compete for limited resources which cannot meet the entire demand. Currently because of the political situation and absence of local governments, districts have had to be innovative and flexible in operationalizing the mechanisms for decision making in project selection. Despite the systematic participatory planning process stipulated in the LGSA, the reality has been a largely theoretical exercise from 2002 onwards as the VDCs and DDCs, without elected representatives, are administered by government appointees/ civil servants. In the absence of elected bodies at the VDC and district levels, the VDC secretary, health assistant and agriculture assistant appointed by the government are functioning as the VDC council, and LDO have to discharge the responsibility of both DDC chair-person and LDO as well.

The VDC secretaries are no longer stationed at the VDC office because of the conflict and operate from the district offices. All the authority previously vested in the DDC Committee and the Council is now exercised by the LDO. Currently the only form of participatory planning currently taking place is at the community level. This has adversely affected transparency and accountability because of the nominal interaction between the VDC secretaries and LDOs with the local women and men.

This makes the planning process potentially non-transparent at the VDC and DDC levels. Friends or acquaintances of the LDO can present projects and get relatively quick support for project implementation. Thus the letter and the spirit of the participatory planning process in the LSGA is not longer able to be followed.

Though some would say that this civil servant project selection process has in some cases made the process more efficient, it contravenes the essence of a participatory planning process, which is supposed to ensure all communities an equal right to consideration of its project proposals.

The process is further complicated by frequent transfer of LDOs from district to district. In one case the evaluation team met an LDO who had been transferred seven (7) times in one year! This lack of consistency in leadership is a significant problem for the districts, creating unsustainable practices and procedures and difficulties for all parties to have consistent, coherent, comprehensive planning and implementation.

Social Auditing has been effective overall with the DFDP required project sign board displaying name of the project, number of user committee members, and name of the chairperson of UC and Cost Sharing details by the DFDP/VDC/DDC. But the project has decreased in its general outreach and communication about the availability of resources for communities. Some say this is because the programme is so well known in the operating districts. This should not limit continued open communication on the programme activities.

#### **Information Sharing**

During the meeting with VDC secretaries of Rupandehi district, the evaluation team was informed that an orientation workshop had been organized in 2001 for the VDC secretaries to disseminate information about the DFDP's approach, objectives and funding mechanism. Since then, no such program has been held. As there were many

new VDC secretaries who have been appointed after 2001, they know very little about the program. In fact many of them did not even know about DFDP's provision regarding 30% budget allocation for targeted program

### **Recommendation**

**Support LDOs in establishing some form of democratic decision making to assist in the overall planning and project selection process.**

**Continue the Social Auditing process currently operational in the programme and replicate where possible.**

**MLD should enforce the requirement of one to two-year assignments for LDOs ensuring that they have the opportunity to complete the implementation of an annual plan.**

**Orientation about program should be organized at least once a year for VDC secretaries, local NGOs and other line agencies.**

**Create a comprehensive Communication Strategy: Project announcements should be published. Project signboards should be verified as accurate.**

**Planning system has to be improved and strengthened. It will be necessary to support the development of the second periodic plan in all districts. This is one of the performance measures and should be fully supported.**

### **7.5 Gender and Social Inclusion**

Despite a requirement for a 30% allocation to women and disadvantaged groups, DFDP projects have not been able to address gender and social inclusion adequately. The concept of women and disadvantaged focused group is not clear at the district level nor national levels, with focused projects generally interpreted as women or disadvantaged groups as recipients not as decision makers. DFDP Program Operation Manual has defined it as “... *all those projects in which benefit goes to 70% of target population are focused projects. Similarly, any project that are implemented in the area having majority of dalit population and some specific projects for women such as community building, maternity home, child care center, fishery, market shed and other time and drudgery reducing projects are also fall in this category*”. This definition is broad, lacks clarity and is interpreted differently in different districts.

#### **Women Focused?**

In Salyan all drinking water projects are taken as women focused assuming that drinking water facility gives benefit to women. Whereas in Terthum, all projects, which are demanded and operated by the women groups, are taken as women focused. While in Rupandehi, some community building and wall construction projects were rejected on the basis they are not the type of projects that benefit only women.

Further, gender issues are not generally considered while planning, designing and implementing infrastructure development projects. It is perceived that all projects benefit both women and men, and therefore gender issues are naturally built in. Though officials of this sector demonstrate strong competencies in their technical fields, most had little

idea about the differential impacts of any infrastructure project on women and men. They were generally unaware that gender issues should be analyzed and incorporated while planning, designing and implementing 100% of the infrastructure development projects.<sup>10</sup> Expertise in gender and social inclusion appears to be lacking in the DFDP structure overall and to date there has been no gender training provided in the districts.

A similar situation exists with reference to disadvantaged groups. Projects implemented in areas where majority of the population are dalits is perceived as disadvantaged focused projects. In districts where there is no dalit community focus is given to the minority ethnic community. In places where there exist equally poor non dalit household in dalit community, the district level project officials are not clear about whether these households should be included or not. Extending support for these people depends upon the resource available rather than socio-economic condition of the households. Further the dalits continue to be recipients not decision makers.

**Unwanted result**

In Mulpani VDC, ward no. 2 of Salyan district, DFDP had funded Biogas plants to a poor community comprising disadvantaged people. There were 33 households in the community out of which four were non-dalit households of the same economic status. However Bio gas plants were provided to all the dalit household while the remaining four households were excluded. This has set off a conflict in the community. While installing the bio gas plants, the excluded households, who were dissatisfied for being left out, refused to provide a few tools and some animal dung when they requested to do so.

Similar to the provision of the LSGA, DFDP also incorporated a provision that sets 30% membership of women in the user committees. However, this is not mandatory clause as user committees have been formed without the required proportion of women members.<sup>11</sup>

**Recommendation:**

**Define Gender and Social Inclusion, including addressing disabled peoples' issues.**

**Participation of women and disadvantaged groups should be included at all levels of the project cycle as decision makers, not simply recipients. This includes responsibility in planning, implementation, management and monitoring and evaluation.**

**DFDP should work in coordination with DWDOs to utilize their expertise and to support better implementation of targeted projects.**

**Impact assessment of the programme from gender perspective, as recommended by the Mid Term Evaluation, should be initiated.**

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<sup>10</sup> Caution should be taken that women and disadvantaged groups are not excluded in the 70% budget because there is the 30% regulation.

<sup>11</sup> In a women-focused drinking water project of Sejaltakura VDC of Salyan there were only 2 women member out of total 15-member committee.

**Addressing gender and social inclusion issue should be one of the key conditions in the MC/PM rather than incorporating it as one of the parameters of planning process.**

**The next phase of the programme should include a Gender and Social Inclusion Specialist on the Programme Team and in the Ministry of Local Development, to ensure sustainability and more extensive social inclusion.**

**Training in Gender Analysis should be provided to all programme participants at the national, district, agency, village and community levels, with priority given to decision makers. The training should be followed by the development of a Gender Action Plan for the DFDP successor programme.**

## **7.6 Social Mobilisation in the Districts.**

The DFDP has traditionally worked with the DLGSP as social mobilizers. This is based on history of the LDP/PDDP/LSG partnership. The difficulty has been extending the partnership to other social mobilizing groups in the districts. The DLGSP advisors, facilitators, social mobilizers are well versed in techniques for mobilizing the communities for project planning, creating community based forums to share experiences, similarities and differences, supporting capacity building of local level administration, encouraging civil society involvement in decision making and providing technical assistance to the DDC.

The DLGSP Community Organisations are often the most organized in their presentation of project proposals to the DDC and thus often are the most likely recipients of DFDP funding in a district. DLGSP staff is ubiquitous in the district (4 of the 7 members of the Kailali DDC meeting were DLGSP staff) and in their CMC offices and in most cases were extremely helpful to the evaluation team during the site visits. It became obvious, though, that the district staff deferred to the DLGSP representatives for information and decision-making. The DLGSP evaluation points out, and the site visits verified, that the DLGSP process is not sustainable. Though it was not in the FE TOR to evaluate the DLGSP, it was impossible to avoid interactions with the DLGSP staff in the field and develop some views on the sustainability of the process.

Because of the DLGSP presence, the DDCs are interacting less with or involving the myriad of other social mobilisation groups, projects, CBOs, Users Groups which are present in the districts. The LBFC director noted that it is important to have a DDC Social Mobilisation Programme and that dependence on one group for all Social Mobilisation support is counter productive, un-transparent and not sustainable.

### **Recommendation:**

**Social mobilisation is an essential element in the DFDP process. The DDC's have access to many organizations/community groups and in the districts. The planning and project selection process should emphasize a more holistic coverage of community organisation in the District for decision-making.**



## 7.7 Infrastructure Delivery

DFDP has managed the successful implementation of 1322 projects in the difficult situation of on-going Maoist insurgency because of active participation and strong ownership at the community level when the local government was among their targeted institutions. Some projects were cancelled because of Maoist activity, some cancelled because matching funds were not available.

Quality of construction was generally good and demonstrated a positive before to after result, though quality of workmanship varied from place to place depending upon the availability of skilled workers and technical support provided by the District Field Officers and Regional Support Team. Technical support in highly conflict-affected areas was sporadic. DOLIDAR norms have been used for cost-estimate and estimates are recorded in Nepali.

Construction works was carried out by users committees. Overall, the use of Users Committees rather than Contractors continue to provide a win-win approach to project construction:

- Communities are in control of project decision making / ownership
- The project provides communities with income
- The likelihood of sustainability and follow-up increases

There were concerns expressed though that some users committees may be receiving funds from two sources for one project. The evaluation team could not verify this but future monitoring of project should look into the possibility of this happening in some of the more remote districts.

Though community contributions have been relatively high, there has been no consideration for giving special support to the poorest of the poor. All communities are treated equally in terms of contributions to the project, with the minimum being 10%

### **A Project Success Story: The Bridge**

Villagers had requested support for a culvert that would allow them to cross over a seasonal river. DFDP was able to support the request with Rs. 300,000. When the villagers reviewed their proposal, they decided that they really needed a bridge with a cost estimate of Rs. 1 million. As the bridge would assist a number of VDCs, the area VDCs pooled their resources and requested donations from groups and individuals. The joint VDC committee raised the additional Rs700,000. The bridge was completed below the estimate and remaining funds are now used for road maintenance

### **A Project Problem Story: The Bio Gas Toilets**

A community was presented with an offer to receive biogas toilets for every household

which had at least one cow. The toilets would improve sanitation while providing fuel. The idea was to save women time collecting firewood, which they collected at no cost to them. As many of the men in the village are working overseas, the women had to hire labourers to assist with the personal contributions of digging the pit, bringing sand etc. In order to do this the villagers took out loans. If the people had been paying for firewood the exchange of cost for firewood, the loan would have made sense. Three years later the villagers are still paying off the loan from a project which provides no income.

**Recommendation:**

**Continue the infrastructure delivery process as currently implemented with a greater emphasis on operations and maintenance and monitoring and evaluation.**

**Potential supervisors in the User's Committee should be trained before the infrastructure starts.**

### **7.8 Operations and Maintenance**

There is no institutional process for O/M so that there is not a clear understanding of O/M by participants. Most consider O&M to refer only to an operations and maintenance fund, but as the DFDP O&M study points out, an O&M system should be established for both district and DFDP projects.

In productive infrastructure, local community have raised O/M fund. For example, the irrigation project at Bangai, Khadga VDC of Rupandehi community has managed O&M fund by imposing a water tax @ Rs. 1500 per 2.25 hector and Rs. 100 penalty for absenteeism during repair and maintenance. Sedi Bagar Drinking Water Project, Sarangkot VDC of Kaski have managed O& M fund by raising Rs. 1000 per tap stand. Ownership plays important role for O&M. For example the Biogas project at Tamangbasti of Sardikhola VDC, Kaski has agreed to take on full maintenance of the technology after the 'warranty' by the service provider and are in the process of learning maintenance techniques.

Currently, there is no monitoring system for O&M. The DFDP study points out that O&M system comprises human, physical and financial resources that ensure the sustainability of a project, but it is not implemented by the DFDP.

**Recommendation:**

**The M&E Unit of MLD should consider supporting the creation of operational and maintenance systems for all district projects. The O&M system would include provision of human, physical and financial resources that ensure the sustainability of a programme.**

**User's committees have to be trained at local community level to operate, repair and maintain productive micro-infrastructure to achieve sustainability. In non-**

**productive infrastructure services, separate arrangement of operation and maintenance fund has to be established at DDC.**

## **7.9 Capacity Building**

A widely accepted understanding of capacity building involves systems and processes, human, financial, technical and material resource development. The generally accepted definition of capacity building under DFDP refers mainly to training and provision of manuals/materials related to training. The current Capacity Building Strategies were developed within this more limited framework. Twenty District Capacity Building Strategies have been completed, but none included gender as a capacity to be built and none include any focus on capacity building for the VDCs and User Committees. Management capabilities of DDCs and VDCs need still to be enhanced for the implementation and maintenance of infrastructure. Though some training has taken place, none of the CBS have become operational in the districts.

### **Recommendation:**

**There is a need to develop a more comprehensive Capacity Building Strategy/Framework which constitutes systems, institutions, human financial, technical and material resources and that includes a gender analysis. – from the DDC to the UC level.**

**There should be a direct link between the MC/PM assessment and Capacity Building. If the objective is for Districts to succeed, those districts with problems should be given more capacity building support so that they have greater potential to succeed. Capacity Building should include a mix of demand and supply driven training, with the latter directly connected to the Performance Measures.**

## **7.10 Monitoring and Evaluation**

There is a good system and practice of M&E at the DFDP central office as an input to the project. Information is collected consistently and is able to be presented in various report formats. On the other hand, there is less consistency from the regional office and in the districts. Though there is checklist for site visits, there are no requirements for monthly reporting and only Annual Review Meetings to process results, often leaving too much time between events to deal with programme problems on an immediate basis.

The DFDP MIS system could not be internalised and sustained in the government system because the systems were not compatible. District Poverty Monitoring and Assessment System/DPMAS has been designed by NPC and decentralized Monitoring and Information System (DMIS) was initiated with DFDP participation, but that system was not continued or sustained in the districts due to lack of MLD staff to follow-up. The MLD now has a staffed M&E Unit and has requested support in maintaining a comprehensive M&E system. This system should be supportive to the M&E system of DDC and linked with the DPMAS and DMIS. As noted earlier, a consistent poverty monitoring system for all participating districts should be established at the start of any new project to ensure reliable monitoring and evaluation of poverty impact at the conclusion of a project.

The Social Audit System with signboards at every project site showing the contribution of DFDP, the Village and the community is an excellent element of M&E that has been institutionalised by the programme. Project books are also an excellent form of social audit. Unfortunately, other projects are not yet replicating the practice, but many said it was a good approach to be replicated for all donor and DDC / VDC projects. The lessons learned are not replicated though they are appreciated. An example can be found at the maternity center in Kailali District, funded by DFDP plus contributions from VDC and DDC funds. There is another building funded by DDC/VDC only on the same premises. There is a project information board where DFDP funds are involved, but no project board for the DDC/VDC funded building. This shows that programme specific social auditing is taking place, but that the system has not been institutionalised.

There has been no system or mechanism established for conducting Impact Assessments for the DFDP or DDC projects.

The Evaluation Team had access to a large number of studies and reports, but it was not clear if the studies were widely disseminated and discussed. The Annual Review Meeting is an excellent vehicle for M&E and could be used more effectively for dissemination of DFDP findings and lessons learned by expanding the participants to include all LDOs.

There was considerable impact from the development and implementation of the MC/PM System. MC/PM is recognized as a system to encourage efficient, effective and transparent project management in the districts. MC/PM promotes competitiveness, ensures accountability and create pressure on district leadership to perform well. In Nepal, it is interpreted to also measure the performance of LDOs. A strong feature of the MC/ PM is that it is the same for all districts, remote and accessible. Though there was some argument that remote districts should be given less stringent Performance Measures, it is generally believed that since the MC/Pm are based on the law there should be no concessions. Also, in past assessments, remoteness did not appear to affect performance as Darchula's performance was assessed as better than Baitadi in the first MC/PM.

Though the focus was on DDC system development, the sustainability of practices initiated under the DFDP are less likely to continue without a comprehensive monitoring and evaluation system that looks at project plans, implementation management and administration in place.

There remains no apparent connection between the DFDP M&E system, especially the UNCDF MIS and the government M&E system. The MLD has requested support in establishing a comprehensive M&E system; it is not clear if the UNCDF MIS will be able to be modified to support the development of the government system.

### **Recommendations:**

**Establish a comprehensive and regularised M&E system within MLD including mechanisms for baseline data collection and regular formative evaluations at the district level. Though there appears to be some good baseline data, this should be further verified.**

**This Central M&E system should support the Internal Monitoring and Evaluation system of DDCs and VDCs which need to be strengthened to match the system along with the DPMAS and DMIS.**

**Then, most importantly, establish a system to apply the lessons learned from M&E to future programme implementation at all levels. Continue the ARM's and include beneficiaries in some of the discussions, rather than limiting those meetings only to DFDP 'staff'.**

**The MC/PM should be continued in all programme districts and be expanded to new districts in cooperation with the Ministry of Finance. The process of MC/PM should ensure qualitative review of performance rather than simply a checklist of results i.e. rather than checking if there is a periodic plan the quality of the plan should be reviewed and documented.**

### **7.11 Management Arrangements**

The DFDP programme management unit( PMU), with limited staff, has managed to implement the programme efficiently and effectively. Over the past six years it has ensured that there are operational procedures, which have been fully agreed to for implementation by the MLD and the participants in the districts. The process has been effective and MLD and MoF have noted that such procedures should be replicated in all 75 districts. The difficulty of course, will be rolling out the procedures as efficiently and effectively as they have been devised. In that regard, the Coordination mechanism from bottom level to central level could be improved. Currently, the main coordination mechanism is through one office in MLD that is not at the highest level. The general view received by the evaluation team is that there is lack of full participation and coordination between and among the various units of MLD regarding the problems, prospects and operations of DFDP.

The Evaluation Team found that the Programme Staff and Central and Region were adequate, though the absence of a Gender and Social Inclusion expert has been a problem. At the District level, it was found that provision a District Engineer/Field Officer was in some cases redundant to the responsibilities of the District Technical Officer. When the DTO was active and involved in the decision making and technical support process, there was no need for an additional engineer. In one district it was surprising to learn from the DTO that he 'knew absolutely nothing about the workings of DFDP". The DTO should be an integral counterpart in the DFDP process in the districts. The DTO is now working under the District structure and is responsible to the LDO and can be deputized as Officer-In-Charge. It would be important to work closely with the DTO's office in the future.

The KEY to the PMU now is to create systems for sustainability. DFDP and MLD Steering committee decides final approval of DFDP. Eventually, in a truly decentralised programme the District would be the Executing Agency with funding authority at central level decentralized to DDC level. Though the political situation would not allow for district execution at this time, it is something to consider in the development of a programme mainstreaming strategy in the next phase.

### **Recommendations:**

**For better coordination, It is recommended to have a Programme Coordination Committee established in MLD be comprised of Planning, Monitoring, Administration and Local Governance, LBFC and other appropriate groups to support sustainability and better linkages with all stakeholders. In the context of the recommendation to have a full programme on decentralisation, the NPD would be a joint secretary.**

**PMU name and functions be changed during the next phase of the programme . The PMU should be called the Programme Coordination Unit with its functions reverting to a counterpart relationship with MLD and district staff, so that an mainstreaming strategy is established and that by the end of the next phase of the programme the MLD and districts are fully capacitated to taken on comprehensive national execution.**

**The PMU should be operating under a full NEX modality as soon as the MLD capacities, procedures and institutional arrangements demonstrate their consistent ability to manage the DFDP processes.**

**A District Technical Officer (DTO) capacity assessment should be conducted in every district before placing an additional DFDP programme field officer in the district.**

### **7.12 Policy Impact**

The DFDP programme is well known and respected throughout institutions, government departments, agencies, NGOs, Districts, Villages and communities. The DFDP has made a substantial and substantive impact on many levels of government programmes and decision-making. The DFDP has had a recognizable impact on the recognition of the importance of a transparent decentralised public expenditure management system for infrastructure and service delivery to communities. As noted the MC/PM have been recommended for nationwide replication;

In conjunction with the DFDP policy impact results, MLD is in the process of establishing a full Devolution Plan which awaits political decisions from central government as to the nature, structure and requirements of the proposed interim government. We were told that there are currently four programmes, which have been devolved: Agricultural Extension, Health Posts, Primary Schools and Roads.

With further investigation though it was apparent that comprehensive devolution is not yet in place in these areas. For example, the payment of primary school teachers' salaries has been devolved to the districts, often without an adequate budget to meet the salary requirements. At the same time the Districts are not in control of curriculum development, hiring and firing of the same staff. There is a substantial need to fully define devolution in the Nepali context and ensure that all aspects of devolution are in place: devolved revenue training capacity, budgeting, planning, implementation and management.

As noted, there is every expectation that any new government will support a decentralised democratic approach to decision-making and support and possibly enhance the current LSGA/Regulations and Financial Regulations.

The CPN/M members interviewed during the FE made it clear that they are against a feudal system and want to develop a Nepalese form of a decentralised democracy that will ensure peoples' participation at all levels.

MLD is ready to extend the devolution process as soon as the new government and its policies are in place.

**Recommendation:**

**DFDP should continue to document its findings and share these with all parties, especially the National Planning Commission and the Ministry of Finance and other high-level decision makers.**

**7.13 Geographic Focus**

The inclusion of 20 districts in this phase of DFDP has provided both positive and problematic features. Positively, the expanse of districts across the country has allowed for varied levels of experience to inform the DFDP process. At the same time the wide expanse of districts with limited regional staff and the absence of a comprehensive M&E system has prevented intensive monitoring of lessons learned and support to district based staff and programmes. The decentralised field officers have provided the best programme support possible given the difficulty of travel to project sites in most districts.

Overall it has been difficult to focus on specific piloting activities with the districts given limited staff and a lack of a comprehensive MM&E system (there IS a comprehensive MIS system, but that must be clearly separated from and M&E system)

**Recommendation**

**Based on the HDI and piloting opportunities, review and re-select districts:**

- **Select certain districts for piloting of innovations and work closely with the M&E section in MLD to establish baselines information and monitoring procedures.**
- **Cluster districts for activities so that districts can assist each other in programme development and analysis of lessons learned.**
- **Support Capacity Building in the weakest districts to support their successful achievement of the MC/PM assessments.**

**8. Sustainability of results**

Generally, sustainability should be an issue related to any development programme. As every programme has an end date, the question of how the programme will be sustained should be the first question asked during planning, not the last question in a final evaluation. Every programme should start with a mainstreaming strategy!

The FE team incorporated sustainability analysis in all discussions, interviews and observations, with issues of sustainability incorporated into every recommendation. From our observations, if the programme continues on its current track with the implementation of some of the evaluation recommendations, there is a good likelihood that the results will be sustainable in the longer term, independent of external assistance. Thus far the systems have been accepted. There is an evident impact on policy and replicability. Institutions are gradually being established which have the potential to continue. Infrastructure is in place with some level of operations and maintenance systems beginning to be established. Though capacity building measures will need to be increased, the process has commenced. The risk will be the political climate that allows for a fully decentralised, democratic system of local governments to implement Decentralised Financing and Planning for Development.

The questions of sustainability with regard to DFDP refer mainly to the capacity of the MLD and Districts to sustain the elements of the programme which have been successful and which the government chooses to replicate.

In order to do this, there must be sufficient understanding, capacity, skills, knowledge and commitment to continue the selected programme elements.

It is recommended that a Mainstreaming Plan be incorporated in programme formulation and that one of the new programme's results should be to ensure sustainability of the successful and replicable programme elements. In order to do this there must be a gradual transition of programme management from the programme team to the MLD and districts, as noted above. There must also be full documentation of systems and procedures and capacity building programmes which ensure that all participants are fully involved as decision makers as the programme continues.

## **9. Factors affecting successful implementation and results achievement**

### **External factors:**

There are two key factors which have affected successful programme implementation:

1. **The Political Environment of Nepal:** with the conflict situation decision-making had to bypass any involvement of a local government for decision-making. Civil servants became the de facto government with the final say in project selection, support for implementation, monitoring and management. There is hope now, that with a potential political solution, there will be a return to full representative government and the project design will once again fit into a Local Self Government system. Any future programme should remain innovative and flexible in design to allow for the eventual political solution that will evolve. As noted above a number of times, it is anticipated that the new government will continue to support decentralised democratic governance.
2. **Staff Transfers:** The impact of the frequent transfers of LDOs cannot be underestimated. With frequent management transfers it is impossible to ensure consistency, coordination, coherence of planning, financial management, monitoring and evaluation. It takes time to learn about a district especially in Nepal where some district villages take days to reach for monitoring and project



support. Without at least 2-year assignments, LDO's are unable to provide the kind of leadership and support districts required.

## **Programme-related factors**

### **Programme Design**

The overall programme design unfortunately could not predict the future in terms of political changes in the country and the impact of the strong initial links with the PDDP/LGP programmes. At the same time, the design was flexible enough to be modified as conditions required. There were a number of changes to the log frame that were responsive to both the Mid Term Evaluation and changing programme conditions. The willingness of DFID to accept the full programme design, with the only amendments referring to programme site selection, demonstrates the quality and clarity of the evolving programme design.

That being said programme implementation again points to needs in revision of the basic design during reformulation with the following recommended changes/additions:

- a. Institute a Programme Approach: The next Programme has the potential to be a National Decentralisation Programme, incorporating aspects of Fiscal Decentralisation, Decentralised Transparent Planning, Capacity Building, Gender, Infrastructure Delivery, Policy Impact and Monitoring and Evaluation with varied donors providing support to different components. In this context ensure that the overall objective actually reflects the outcomes proposed and that there is understanding of the difference between a programme and project.
- Gender and Social Inclusion continues to be a neglected component. The MTE pointed this out, but there was no action to correct the complete absence of gender and social inclusion analysis in the programme. It is therefore recommend that the next phase of the programme include a gender and social inclusion component with a full budget to support capacity building in gender analysis, full time gender and social inclusion monitoring and a defined general and social inclusion result in the log frame.
- Capacity Building: Though an underlying assumption that Capacity Building should be included, it was related only to infrastructure delivery in the original programme design. The definition of Capacity Building should be expanded to incorporate all aspects of the MC/PM, support sustainability of the programme in the MLD and districts by providing comprehensive training in all programme areas.

## **10. Strategic positioning and partnerships**

Among the donors supporting the decentralisation process in Nepal the climate is positive but hesitant. There is general agreement that local governments could play an important role in any rehabilitation/ reconstruction effort following a peace agreement between the

GoN and the CPN/Maoists. Development agencies are therefore willing to support the local governments and the decentralisation process, but there remains some level of uncertainty on the outcome of the ongoing negotiations between the GoN and the Maoists. As noted, the peace negotiation meetings were postponed three times during the FE mission.

## **UNDP**

The programme originally had an informal partnership with UNDP and its PDDP/DSG support programmes which grew into a continued informal relationship with the DLGSP Social Mobilisation programme. As the DLGSP is coming to a close there should be new discussions with UNDP on joint programming options, with sustainability of process in mind.

In other UNCDF funded projects, a partnership with UNDP often involves UNDP support for Capacity Building and UNCDF support for PEM and infrastructure delivery. As it is proposed that the next phase of the programme have a substantial Capacity Building Component, there is potential for the same division of labour to be established in Nepal. UNDP could also fund the proposed Gender and Social Inclusion component and staff.

The programme remains well rooted in the UNDP Country Cooperation Agreement.

## **DFID**

The partnership with DFID has been excellent. There have been joint monitoring meetings and consistent ongoing discussions on programme progress, especially during the height of the conflict when no donor was certain it would be well advised to provide continued development support to the GoN. DFID studies on fiduciary risk and development space have been well linked with the DFDP and the management team meets regularly with DFID to provide full reports. DFID also attends the ARM and has conducted field-monitoring visits to many of the districts.

It is hoped that this good relationship will continue and that both UNCDF and DFID will continue to support the DFDP, incorporating the appropriate changes as recommended by this evaluation. The process of peace will be well served by the smooth continuation of provision of infrastructure and services through a demonstrated consultative process. Ending the programme now could be frankly disastrous to the peace process and leave the MLD and districts with a process that has not been fully completed. That being said, it is important to repeat the need for the development of a mainstreaming strategy for the programme in the next phase so that eventually the MLD and the Districts can fully execute the DFDP 'process's a Government of Nepal Decentralised Financing and Development Programme. This will leave they way open for the introduction of Direct Budget Support to districts.

## **DANIDA**

DANIDA is awaiting the results of the political negotiations between the political parties and Maoists before committing itself further to support to local government / governance

programmes. When there is an interim local government in place they will consider re-establishing their support to DFDP type programmes. In the meantime, they will remain with the majority of bi-laterals – cautiously optimistic on the sidelines. They still support sector programmes in education and health.

## **UNCDF**

Overall UNCDF, through this programme has optimally positioned itself strategically, with respect to UNDP and other UN/donor/government efforts in the decentralisation sector. UNCDF's implementation has linked well with national priorities, even during the conflict, as reflected in proposed national development strategies i.e., devolution strategy of the MLD and proposed replication of the MC/PM nationwide by the Ministry of Finance.

### **11. A Way Forward**

Some would contend that if the Maoists continue to control the decision making process in the districts, preventing the VDC secretaries from working in communities, establishing ad hoc systems and structures, UNCDF should not provide funding support to the DDFs. Programme continuation should wait until there are legitimate constituent assemblies in place, which can establish and/or verify structures and systems for local level decision making that fully reflect principles of democratic governance and accountability. Others would argue that the DFDP reform process has essentially operated without interference during the entire conflict period, providing infrastructure to communities, encouraging empowerment of user groups and establishing ad hoc governance operations that support community level decision making and poverty reduction.

The evaluation team would lean towards the latter analysis and recommends that the programme continues, while the peace process is working being finalized. If the programme were to withdraw, important community based resources and capacities would be lost creating a void that could actually negatively impact on the peace process. If the programme remains, in the imperfect political decentralisation environment, it has the opportunity to continue to build administrative decentralisation systems that could be in place once the political machinations are worked out. As one donor said: Better a half world than no world at all!

There will be a need for flexible and innovative programmes that respond to the evolving political climate.

### **12. Risks**

Though CPN/M leadership assured us during discussions in Salyan and Nepalganj, that there would be no interference with development projects/funding in the future, recent OCHA reports present some reason for concern. Maoist groups are relatively autonomous; the central level discussions toward political solutions were postponed three times during the period of the evaluation due to continuing concerns and disagreements over arms management. There is no guarantee that the peace will continue though there is a likelihood given the commitment by all parties.

The programme is operational in this context and any continuation will have to be flexible and innovative establishing processes and procedures, while ensuring human rights are not abused and democratic principles are maintained.

Districts of concern from the August OCHA report Udayapur and Tehrathum where the CPN-Maoist cadres conducted systematic campaigns to raise funds from the local populations in preparation for their planned national conventions; the donations ranged from NRS. 20 to NRS. 10,000,000. Those targeted included farmers, teachers, businesses and NGO workers. However, CPN-Maoist regional leaders insisted that their donation drive is purely 'voluntary.'

The activities of a number of District Development Committees (DDCs) were interrupted as CPN-Maoist diverted revenue resources. The party seized control of revenues collected from local resources; it also asked DDC officials to set aside a portion of district budget to support PLA.

The Siraha DDC, for example, has suffered severe financial crisis after CPN-Maoist issued parallel public tenders to collect local revenues; it also issued threats to potential contractors who were planning to bid for the DDC contracts. In Syanja district, CPN-Maoist asserted that a portion of the DDC and VDC budgets must go toward supporting the PLA. Revenue collection in Ilam district has been suspended after the Minister for Local Development reportedly rejected a deal agreed between the DDC and the CPN-Maoist to provide PLA 50% of the total revenue collection.

Sources vary, but at least 60% of VDC secretaries are still working from the district headquarters, though some have started visiting their VDC offices. In the Eastern region, a VDC secretary has settled himself in his own VDC office because of fear of taxation and lack of office infrastructure. One of the biggest challenges noted by VDC secretaries who were interviewed during the FE, was how they would be able to manage the NRs. 1 million grant each VDC has been allocated by the government for the fiscal year 2006-07. It will be important to follow the progress of this disbursement and note what projects will be implemented since there has not been a Village Development Plan established since 2003. It is likely that many of the projects from the 2003 have not been implemented and that the VDCs will simply pick up where they left off in 2003, but the process should be closely monitored. The DDCs will release the grant to the VDCs only upon receiving project details, but the VDC secretaries are unable to draw up plans without leaving their current bases in the district headquarters.

## **Operational Space**

During the reporting period CPN-Maoist issued public statements in at least two districts—Parbat and Dadeldhura—urging I/NGOs to obtain permission from the local CPN-Maoist leadership to run their programmes. Various local CPN-Maoist leaderships have asked grassroots user groups to provide them a share of their revenue, and requested NGOs to employ their cadres and provide contributions for their convention and cultural programmes.

The CPN-Maoist cadres in the Eastern region were actively collecting money from I/NGOs, government offices, and community user groups as reported from Panchthar, Ilam, Taplejung, Jhapa, Terhathum, Sankhuwasabha, Dhankuta and Sunsari districts. CPN-Maoist demanded donation of NRs. 20,000 each or 20% of their annual revenue from Community Forest Users Group of Itahari, Sunsari district. CPN-Maoist cadres have also been reported to demand contributions from the NGO Federation and four other local NGOs in Morang district.

Surkhet district has established a development round table to replace the DDC. The Maoist leader chairs this. Maoists have attempted to stop all development outside of the district area, ensuring that all funding comes to them. This is in advance of the coming constituent elections. It is apparent that those who appear to have the resources and provide the most services to the communities will be those who are elected. The Maoists are beginning a widespread and strategic drive to ensure the communities see them in control and especially in control of development resources.

Current CPM violations include, collecting and controlling taxes, limiting access to certain areas, limiting the completion of some development and establishing their own coordination mechanisms.

The problem is no longer security, but rather the policies which violate the 25 point code of conduct agreed to by all parities: Maoists, SPA and government. It is apparent that the Maoists and communities see the cease fire as a simple victory for the Maoists and that all other parties are working within an environment controlled by the Maoists agenda. There is really no one to control them in the districts so they can, in each of the 9 autonomous regions, control the direction of development according to their analysis.

That being said, in some districts, their analysis is dedicated to community development with support for schools, water services, roads, etc. But they have not been elected and in their prioritization process, do not necessarily take the community needs or priorities into account.

The political situation remains a risk to be considered in the development of any follow on project.

## **Overall Conclusion**

The DFDP has come a long way in supporting inclusive participatory democracy at the community level while providing services and infrastructure to the poorest communities. Its impact has been also felt at the national level in terms of policy impact increasing the overall understanding of a what is required to actually operate a full decentralisation process, taking it from the letter to the spirit of the law. The formulation of a new programme which supports decentralised local governance, finance and planning through a managed decentralisation reform process could continue to assist the people of Nepal in the achievement of their poverty reduction goals.

## Annexes

### Annex 1: Final Evaluation Mission (ever evolving) Timetable

Date	Time	Description	Remarks
<b>Weds 14 Sept.</b>		Background reading for team members	
<b>Sun. 17 Sept.</b>	12:30 hrs	Arrival of Team Leader in Kathmandu and proceed to Hotel Summit	Team Leader
<b>Mon. 18 Sept</b>	1000-1200	Security Briefing at UN House	All
	1400 hrs	Meeting with MLD Officials: Secretary and Under Secretaries	All
	1630 hrs	Meeting with Mr. Matthew Kahane (RR), Mr. Sean Deely, Sr. Peace & Dev Adviser, Shantam S. Khadak (Governance Unit OIC), Thomas Skov (UNCDF PO)	All
<b>Tues. 19 Sept.</b>	0900-1400	DFDP (prepare methodology)	All
	1630 hrs	Departure to Nepalgunj by air	All
<b>Wed 20-Fri 22 Sep</b>		Field Visit in Salyan district	All
<b>Sat 23 Sep. through 25<sup>th</sup> Sept</b>		GROUP A Kailali District departure Field visit and meetings with DDC, elected party officials, VDC secretaries, Users Groups.	Joyce Stanley. Mukunda Raj Prokash, Yegya Prasad Adhikari, Ram Chandra Amatya
25 <sup>th</sup> Sept.	10:00 Hrs	Departure from Kailali	Confirmed
	13:00 Hrs	Arrive in Nepalgunj	
	14:00 Hrs	Meeting with PON/OCHA and CPN/M Maoist Representative	Joyce Stanley Ramm Chandra Amatya
	16:00 Hrs	Departure to Kathmandu	
<b>Sat 23 Sept thru 25<sup>th</sup> Sept.</b>	am	Departure from Salyan, arrive in Rupandehi Field visits, meetings with DDC, political leaders and VDC secretaries.	Ms. Neeta Thapa, Mr. Bishwo Nath Khanal and Mr. Deo Krishna Yadav
	15:00-16:00 Hrs	Departure to Kathmandu by Air or Car	
<b>Tues 26 Sep</b>	0900	Meeting to review the separate field trips and to plan for the discussion with the DFDP team	DFDP Office
	11:00	Meeting with SNV Representative	DFDP Office
	1400-1530 Hrs	Interaction meeting with participants of Annual Review Meeting at Hotel Marshyandi, Thamel	confirmed
<b>Wed 27 Sep</b>	0915-0945	Meeting with Ghulam M. Isaczai, DRR/P	Confirmed
	1300 hrs	Mr. Rameshwor Khanal, Act Secretary MOF	Cancelled due to day of mourning related to the helicopter crash
<b>Thurs 28 Sep. 1500 hrs</b>	12:30	Dr. Jagadish Chandra Pokharel, Vice Chairman, NPC, Ph. #s 4229070 - <b>confirmed</b> Ms. Mandira Poudyal, Under Secretary, 4211022 ( <b>still on process</b> )	team

Date	Time	Description	Remarks
	1500	Mr. Krishna P. Sapkota, Chairperson and Mr. Hemraj Lamichhane, Act. Exe. Sec. Gen., ADDC/N	team
Friday 29 September		Daishan Festival R&R	
Saturday 30 Sept.		Daishan Festival R&R	
Sunday: 1 October		Report Writing	
Monday 2 October		Report Writing	
Tuesday – Friday October 3 – 6ths		Travel to Kaski District : Field visits, meeting with the DDC, Political leaders and VDC Secretary	Team
Saturday October 7 <sup>th</sup> Sa		Team Meeting to consolidate findings and recommendations	
Sunday October 8th		Ministry of Local Development LBFC and Ministry of Finance	
Monday October 9 <sup>th</sup>		Donor Meetings: Norway and DANIDA	
Tues/Weds October 10 - 11		Any final meetings Team to consolidate findings and recommendations and prepare for presentation of findings.	
October 12	AM	Presentation of findings to UNDP RR	
	PM	Presentation of Findings to Stakeholders	
October 13		Team meeting to consolidate responses to findings	
October 14	AM	Team Leader Departs.	



**Annex 2: List of people interviewed/focus group discussions**

<b>United Nations Development Programme/ United Nations Capital Development Fund</b>		
<b>S.N.</b>	<b>Name</b>	<b>Designation</b>
1.	Mr. Matthew Kahane	Resident Representative/Resident Coordinator
2.	Mr. Ghulam Isaczai	Deputy Resident Representative (Programme)
3.	Mr. Sharad Neupane	Assistant Resident Representative / Governance Unit
4.	Mr. Sean Deely	Sr. Peace and Development Advisor
5.	Mr. Thomas Skov-Hansen	UNDP / UNCDF Programme Officer
6.	Ms. Heather Bryant	M&E and Knowledge Management Officer
<b>Ministry of Local Development</b>		
1.	Mr. Bhagabati Kumar Kaphle	Secretary
2.	Mr. Ganga Dutta Awasthi	Joint-Secretary, Planning and Foreign Aid Coordination Division
3.	Mr. Bishnu Nath Sharma	Joint-Secretary, Local Governance Co-ordination Division
4.	Mr. Som Lal Subedi	Joint-Secretary, Municipal Management Division
5.	Mr. Surya Prasad Silwal	Joint-Secretary, General Administration Division
6.	Mr. Mahesh Prasad Dahal	Under-Secretary (NPD, DFDP)
7.	Mr. Dipendra Nath Sharma	DG DOLIDAR
<b>National Planning Commission</b>		
1.	Dr. Jagdish Chandra Pokharel	Vice Chairperson
<b>Ministry of Finance</b>		
1	Mr. Rameshwar Khanal	Secretary, Revenue
<b>Association of District Development Committees in Nepal (ADDC/N)</b>		
1.	Mr. Mr. Krishna P. Sapkota	Chairperson. ADDCN
2.	Mr. Mr. Hemraj Lamichhane	Acting Executive General Secretary, ADDC/N
<b>Decentralized Financing and Development Programme</b>		
1.	Mr. Mahesh Prasad Dahal	National Programme Director
2.	Mr. Bishnu Puri	National Programme Manager
3.	Mr. Krishna Babu Joshi	Monitoring and Evaluation Advisor
4.	Mr. Deo Krishna Yadav	Planning and Finance Specialist
5.	Mr. Ram C. Amatya	Infrastructure Specialist
6	Ms. Radikha Shrestha	Data Administration
7.	Ms. Sumita Shrestha	Secretary
<b>Ministry of Local Development and Local Bodies Fiscal Commission (MLD/LBFC)</b>		
1.	Mr. Som Lal Subedi	Joint-Secretary, MLD (Member Secretary)
2	Gopi K. Khanal	Under-Secretary
<b>Department for International Development (DfID)</b>		
1.	Mr. Robert J. Smith	Deputy Head
2.	Mr. Alan Whaites	Senior Governance Advisor
3.	• Mr. Simon Arthy	Conflict Advisor
	•	
<b>United National Office for the Coordination of Humanitarian Affairs: OCHA</b>		
	Gregory Grimsich	Humanitarian Affairs Officer
<b>Local Development Training Academy (LDTA)</b>		
1.	Mr. Narayan Bahadur Khadka	Act. Executive Director

2.	Mr. Binaya Kaphle	
3.	Mr. Shanti Ram Bimali	
<b>SNV Netherlands Development Organisation, Nepal</b>		
1.	Ms. Sylvie Gallot	Senior Local Governance Advisor
<b>DANIDA/HUGOU</b>		
1.	Dr. Hikmat Bista	Senior Advisor Governance
<b>Department of Irrigation</b>		
1.	Dr. Khem Raj Sharma	Director
<b>Ministry of General Administration</b>		
1.	Mr. Youba Raj Pandey	Secretary (Former Secretary of MLD)
2.	Mr. Ananda Dhakal	Under-Secretary (Former Under-Secretary of MLD/LBFC)
<b>District Development Committee, Kaski</b>		
<b>S.N.</b>	<b>Name</b>	<b>Designation</b>
1.	Mr. Narahari Baral	LDO
2.	Mr. Ram Krishna Sapkota	District Engineer, DTO
3.	Ms Bhabana Shrestha	Field Officer
4.	Mr. Tilak Bahadur Chhetri	Planning officer
5.	Ms.Indira Adhikari	Overseer
6.	Narayan Prasad Gautam	Former Field Officer
7.	Mr. Lal Bahadur Thapa	Accountant officer
8.	Mrs. Usha Baruwal	Sr. Social Mobilizer
9.	Mr. Punya Prasad Paudel	Former president of Kaski DDC
10.	Mr. Shree Nath Baral	Ex. vice-president of Kaski DDC
11.	Ms Sita Giri	Akhil Nepal Mahila Sangh
12.	Mr. Iman Singh Gurung	Bam Morcha
13.	Mr. Harka Bahadur Gharti	Ex-chairperson of Sardi Khola VDC
<b>Site: Bio-gas plus Toilet Project, Sarangkot VDC, Ward No.: 1, 3</b>		
1.	Mr. Bal Bahadur Bi. Ka	Chair-person (User's Committee)
2.	Mr. Buddiman Bi. Ka.	
3.	Ms. Parbati Bi. Ka.	
4.	Ms. Biba Bi. Ka.	
5.	Ms. Bgagabati Bi. Ka.	
6.	Ms. Sabita Bi. Ka.	
7.	Mr. Prem Bahadur Bi. Ka	
8.	Mr. Dil Bahadur Bi. Ka.	
9.	Mr. Ramesh Bi. Ka	
10.	Mr. Mahendra Bi. Ka.	
11.	Mr. Tek Bahadur Bi. Ka.	
12.	Mr. Tul Bahadur Bi. Ka.	
<b>Site: Bio-gas plus Toilet Project, Sardikhola VDC, Ward No.: 1, Tamangbasti</b>		
1.	Mrs. Nan Shree Tamang	Chair-person (User's Committee)
2.	Mr. Harka Bahadur Tamang	Secretary (UC)
3.	Mr. Kamal Bahadur Tamang	Treasurer (UC)
4.	Mr. Bhaba Raj Tamang	
5.	Ms. Gau Maya Tamang	
6.	Ms. Mishree Tamang,	
7.	Mr. Harka Bahadur Gharti	
8.	Ms. Meena Tamang	

9.	Mr. Man Bahadur Tamang	
10.	Mr. Bhim Bahadur Tamang	
11.	Mr. Ram Bahadur Tamang	
12.	Mr. Dhan Bahadur Tamang	
13.	Mr. Dal Bahadur Tamang	
14.	Ms. Gyan Kumari Tamang	
15.	Ms. Maya Tamang	
16.	Ms. Sumitra Tamang	
17.	Ms. Daya Tamang	
18.	Ms. Nirmaya Tamang	
19.	Ms. Sunita Tamang	
20.	Ms. Sita Tamang	
21.	Ms. Hari Tamang	
<b>Site: Bhurjung Khola Motor Bridge Project, Sardikhola VDC, Ward No.: 9</b>		
1.	Mr. Harka Bahadur Gharti	chair-person (UC) and Former Chair-person of Sardikhola VDC
2.	Mr. Narahari Baral	LDO
3.	Ms. Indira Adhikari	Overseer
<b>Site: Sedi Bagar Drinking Water Supply Project, Sarangkot VDC, Ward No.: 9, Sedibagar</b>		
1.	Mr. Akkal Bahadur Thapa	chair-person (UC)
2.	Mr. Raman Bahadur Thapa	vice chair-person (UC)
3.	Mr. Tirtha Bahadur Thapa	
4.	Mr. Nil Kantha Pahari	
5.	Ms. Laxmi Thapa	DLGSP ( Social Mobilizer)
6.	Ms. Sunita Thapa	
7.	Mr. Bhuban Bahadur Thapa	
8.	Mrs. Yam Kumari Pahari	
9.	Mr. Surendra Thapa	
10.	Mrs. Madhu Maya Pahari	
11.	Mrs. Anita Thapa	
12.	Mr. Krishna Bahadur Thapa	
13.	Mr. Raju Bishwakarma	
14.	Mr. Vishwa Baral	
15.	Mr. Vishwa Raj Thapa	
16.	Mr. Rajan Pahari	
17.	Mr. Dinesh Pahari	
18.	Mr. Surya Bahadur Kunwar	
19.	Mr. Laxmi Chandra Pahari	
20.	Mr. Jhapat Bahadur Thapa	Former elected VDC chair-person
<b>Site: Sedi Library Project, Sarangkot VDC, Ward No.: 9, Sedibagar</b>		
1.	Mr. Laxmi Chandra Pahari	chair-person (UC)
2.	Mr. Raman Bahadur Thapa	vice chair-person (UC)
3.	Mr. Tirtha Bahadur Thapa	
4.	Mr. Nil Kantha Pahari	
5.	Ms. Laxmi Thapa	DLGSP ( Social Mobilizer)
6.	Ms. Sunita Thapa	
7.	Mr. Bhuban Bahadur Thapa	
8.	Mrs. Yam Kumari Pahari	
9.	Mr. Surendra Thapa	
10.	Mrs. Madhu Maya Pahari	
11.	Mrs. Anita Thapa	
12.	Mr. Krishna Bahadur Thapa	

13.	Mr. Raju Bishwakarma	
14.	Mr. Vishwa Baral	
15.	Mr. Vishwa Raj Thapa	
16.	Mr. Rajan Pahari	
17.	Mr. Dinesh Pahari	
18.	Mr. Surya Bahadur Kunwar	
19.	Mr. Akkal Bahadur Thapa	
20.	Mr. Jhapat Bahadur Thapa	Former elected VDC chair-person
<b>Institution: District Development Committee, Rupandehi</b>		
1.	Mr. Shankar Prasad Pandit	Acting LDO (District Engineer, DTO)
2.	Mr. Prem Narayan Khanal	Account Officer, DDC
3.	Mr. Yagya Prasad Panthi	Planning, Monitoring & Administration Officer
4.	Mrs. Radha Chaudhari	VDC Secretary, Chilhiya
5.	Mrs. Janaki Kafle	VDC Secretary, Tenuhawa
6.	Mr. Rishiram Subedi	VDC Secretary, Dayanagar
7.	Mr. Ghanashyam Kafle	VDC Secretary, Aanandaban
8.	Mr. Gaucharan Prasad Chaudhari	VDC Secretary, Jageda
9.	Mr. Gopal Prasad aryal	VDC Secretary, Basantapur
10.	Mr. Om Prakash lal Shrivastav	VDC Secretary, Patkhauli
11.	Mr. Binod Gyawali	VDC Secretary, Tikulighar
12.	Mr. Mahabir Prakash	VDC Secretary, Asurina
13.	Mr. Maggan Prasad Chaudhari	VDC Secretary, Siktahan
14.	Mr. Rajram Prasad Kahar	VDC Secretary, Chho Ramnagar
15.	Mr. Ramhari Sharma	VDC Secretary,
<b>Site: Pumpset Boring plus Dhiki Pump Project, Masina VDC, Ward No.:9, Sano Muglaha</b>		
1.	Mrs. Sajrunnisa Fakir	Chair-person (User's Committee)
2.	Mrs. Fulmati Paswan	
3.	Mrs. Radhika Yadav	
4.	Mrs. Jasibunnisa Banjara	
5.	Mrs. Shanti Paswan	
6.	Mrs. Mulhi Pasawan	
7.	Hariram Yadav	
8.	Mrs. Majibulla Fakir	
9.	Mrs. Chandravati Yadav	
10.	Mr. Deo Krishna Yadav	
11.	Akthar	Overseer
<b>Site: Sub-Health Post Building Construction Project, Semlar VDC, Ward No.: 3, Bagia</b>		
1.	Thaneswoe Khrel	Chief of Health Post (HP)
2.	Mrs. Laxmi Paudel	Treasurer (UC)
3.	Mr. Dor Nath Aryal	
4.	Mrs. Meena Kumari Dahal	
5.	Mr. Deo Krishna Yadav	
6.	Mr. Akther	Overseer
<b>Site: Irrigation Dam and Canal Project (1<sup>st</sup> &amp; 2<sup>nd</sup> Phase), Khadwa VDC, Ward No.: 6, Bangai</b>		
1.	Mr. Mandali Tharu	Chair-person (UC),
2.	Mrs. Aaitibari Tharu	
3.	Mrs. Firiya Chaudhari	
4.	Mrs. Bidya Devi Purbiya	
5.	Mrs. Krishna Kumari Thapa	
6.	Mr. Deo Krishna Yadav	
7.	Mr. Akhatar	Overseer

<b>Site: Market Shed Construction Project (1<sup>st</sup> &amp; 2<sup>nd</sup> Phase), Padsha VDC, Ward No.: 5, Thuti Pipal</b>		
1.	Mr. Achyut Bhattarai	VDC Secretary
2.	Mr. Deo Krishna Yadav	
3.	Mr. Akhatar	Overseer
<b>Site: Gravel Road and Drain Construction Project, Patkhauli VDC, Ward No.: 1, Dhanchhi</b>		
1.	Mrs. Laxmi Chaudhari	Chair-person (UC)
2.	Mr. Yogendra Chaudhari	Secretary (UC)
3.	Mr. Deo Krishna Yadav	
4.	Mr. Akhatar	Overseer
<b>Site: School Building Construction Project, Dhakdai VDC, Ward No.: 6</b>		
1.	Mr. Bir Bahadur Chhetri	Chair-person (UC) and (School Management Committee)
2.	Mr. Idris Khan	Head Master
3.	Mr. Taranath Tripathi	
4.	Mr. R. Mohamod Khan,	
5.	Mr. Ram Nath Chaudhari	
6.	Mr. Krishna Chandra Mishra	
7.	Mr. Jaya Prakash Yadav	
8.	Mr. Pashupati Yadav	
9.	Mr. Deo Krishna Yadav	
10.	Mr. Akhatar	Overseer
<b>Institution: District Development Committee, Salyan</b>		
1.	Mr. Sher Bahadur Dhungana	LDO
2.	Mr. Prakash Jwala	Member, Parliament
3.	Mr. Dilli Raj Regmi	President, Nepali Congress
4.	Mr. Rajendra Bahadur Shah	Former State Minister
5.	Mr. Lok Bahadur Dangi	Secretary, CPN (UML)
6.	Mr. Dhruva Raj Puri	President, Nepali Congress (Democratic)
7.	Mr. Ghanashyam Bohara	Coordinator, CPN (ML)
8.	Mr. Khopiram Bhandari	Samyukta Jana Morcha
9.	Mr. Tikaram Oli	Secretary, CPN (Maoist)
10.	Mr. Kamal Kanta Jha	DADO
11.	Mr. Harilal Kushbaha	DFO
12.	Mr. Prakashman G.C.	District Program Associate, DLGSP
13.	Mr. Ganesh Chand	Former DDC Vice-President
14.	Mr. Shiva Kumar Pradhan	DPA (Dfid/APPSP)
15.	Mr. Bed Bahadur K.C.	
16.	Mr. Falendra D.C.	
17.	Mr. Kishi Adhikari	
18.	Mr. Bhairab Bahadur Shah	Former DDC Vice-President
19.	Mr. Mohan Poudel	
20.	Mr. Suresh Adhikari	
21.	Mr. Indra Prasad Poudel	
22.	Mr. Krishna Bahadur Khadka	Former DDC Member
23.	Mr. Surya Bahadur Dangi	Former DDC Member
24.	Mr. Heramba Bilash Lohani	Engineer
25.	Mr. Bhola Nath Khadgi	
26.	Mr. Rabi Raj Sharma	
27.	Mr. Dharendra Bhandari	VDC Secretary
28.	Mr. Lal Bahadur Khadga	VDC Secretary
29.	Mr. Balaram Bastola	VDC Secretary
30.	Mrs. Krishna Gurung	
31.	Mr. Hari Prasad Pandey	

32.	Mr. Shiva Narayan Jha	
33.	Mr. Mohan Bhandari	
34.	Mr. Biplab Maharjan	
35.	Mr. Nim Bahadur Nepali	
36.	Mr. Suman Rai	
37.	Mr. Tulsi Ram Khadka	VDC Secretary
38.	Mr. Netra Prakash Sharma	VDC Secretary
39.	Mr. Uttam Kumar Rajbhandari	
40.	Mr. Bishnu Prasad	
41.	Mrs. Durga Pun	
42.	Comrade Karna Bahadur Budhathoki,	Chief, District council
43.	Comrade Dharshan	, Secretary, District Committee
44.	Comrade Arun	Member, District Committee Secretariat
<b>Shanti Nagar Drinking Water Project, Shanti Nagar VDC, Ward No.:</b>		
1.	Mr. Kamala Pun Magar	
2.	Mr. Prem Bahadur Rana	
3.	Mrs. Samjhana Nepali	
4.	Mrs. Meera Tiwari	
5.	Mr. Deo Krishna Yadav	Planning and Finance Specialist
6.	Mr. Nirajan Dhakal	Field Officer
<b>Dhara Pani Drinking Water Project, Shejawal Takura VDC, Ward No.: 7</b>		
1.	Mr. Bijuli Prasad Sejwal	Chair-person (UC)
2.	Mrs. Nanda Giri	
3.	Mrs. Deepa Kunwar	
4.	Mr. Hurmat Giri	
5.	Mr. Buddhi Ram Sejwal	
6.	Mr. Damber Bahadur Rawat	
7.	Mrs. Krishna Giri	
8.	Mr. Sukshma Sejwal	
9.	Mrs. Bhairabi Yogi	
10.	Mr. Basudev Giri	
11.	Mrs. Ratna Rajguru	
12.	Mr. Chitra Bahadur Giri	
13.	Mrs. Laxmi Sejwal	
14.	Mr. Hari Bahadur Bali	
15.	Mr. Brish Bahadur Sejanaru	
16.	Mrs. Sushila Rigi	
17.	Mrs. Kamala Wali	
18.	Mr. Deo Krishna Yadav	Planning and Finance Specialist
19.	Mr. Nirajan Dhakal	Field Officer
<b>Bagchaur Irrigation Project, Marke VDC, Ward No.:</b>		
1.	Mrs. Heera Manta	
2.	Mrs. Devi Manta	
3.	Mrs. Dhani Manta	
4.	Mrs. Buddhi Manta	
5.	Mr. Surbir Bi.Ka	
6.	Mr. Rewut Bahadur Bi.Ka	
7.	Mr. Bel Bahadur Pariyar	
8.	Mr. Bel Bahadur Pariyar	
9.	Mrs. Nirmal Kumar Nepali	
10.	Mr. Gyan Bahadur Nepali	
11.	Mr. Jahar Singh Manta	
12.	Mrs. Premi Manta	

13.	Mr. Deo Krishna Yadav	Planning and Finance Specialist
14.	Mr. Nirajan Dhakal	Field Officer
<b>Janata Higher Secondary School Building Project, Marke VDC, Ward No.:</b>		
1.	Mr. Deo Krishna Yadav	Planning and Finance Specialist
2.	Mr. Nirajan Dhakal	Field Officer
<b>Toilet plus Bio-gas Project, Dhanabang VDC, Ward No.: 2</b>		
1.	Mr. Bhumpa Bishwakarma	
2.	Mr. Man Bahadur Bishwakarma	
3.	Mr. Karna Bahadur Bishwakarma	
4.	Mr. Hem Bahadur Sen Thakuri	
5.	Mr. Top Bahadur Bishwakarma	
6.	Mr. Deo Krishna Yadav	Planning and Finance Specialist
7.	Mr. Nirajan Dhakal	Field Officer
<b>District Development Committee, Kailali</b>		
1.	Mr. Yagam Kandel	Executive Secretary (LDF)
2.	Mr. Sunder Mulepati	Monitoring Specialist
3.	Mr. Bhagirath Bhatta	District Development Advisor (DLGSP)
4.	Mr. Yogendra Ojha	Program Officer (PO)
5.	Mr. Yogendra Bahadur Chand	IAO
6.	Mr. Shiva Raj Pokharel	ASTM
7.	Mr. Ganesh Man Shresta	Overseer
8.	Mr. Bhoj Ram Chaudhary	Sub-Accountant
9.	Mr. Shiva Raj Bhatta	Computer Operator
11.	Mr. Prem Raj Joshi	Nepali Congress
12.	Mr. Bir Bahadur Hamal	Nepali Congress
13.	Mr. Khadga Sawad	CPN (UML)
14.	Mr. Prakash Bahadur Bam	NC (D)
15.	Mr. Nanda Raj Bhatta	Jana Morcha Nepal
16.	Mr. Tilak Bahadur Singh	Jana Morcha Nepal
17.	Mr. Ram Dev Sharma	Nepal Sadbhawana Party (Anandi Devi) (NSP)
18.	Mr. Mahesh chand Gupta	Fish Development Officer (FDO)
19.	Mr. Megha Raj Sharma	District Program Health Officer (DPHO)
20.	Mrs. Punam Regmi	Supervisor-WDO
21.	Mr. Dila Raj Pant	Cottage and Small Industry
22.	Mr. Shiv Raj Upreti	District Education Officer (DEO)
23.	Mr. Bhupendra Thapa	DLSO
24.	Mr. Deepak Bahadur Singh	VDC Secretary, Geta VDC
25.	Mr. Prem Bahadur Thakulla	VDC Secretary, Urma VDC
26.	Mr. Deepak bahadur Khadka	VDC Secretary, Gadariya VDC
27.	Mr. Krishna Bahadur Rawal	VDC Secretary, Pratap Pur VDC
28.	Mr. Sarba Nanda Chapai	VDC Secretary, Narayan Pur VDC
29.	Mr. Shyam Prasad Joshi	VDC Secretary, Bela Devi Pur VDC
30.	Mr. Bishnu Raj Bhatta	VDC Secretary, Shree Pur VDC
31.	Mr. Raja Ram Chaudhary	VDC Secretary, Darakha VDC
32.	Mr. Pradeep Kumar Chaudhary	VDC Secretary, Joshi Pur VDC
33.	Mr. Rup Bahadur khati	VDC Secretary, Hasuliya VDC
34.	Mr. Khadak Bahadur Shah	VDC Secretary, Malakheti VDC
35.	Mr. Ganesh Prasad Ojha	VDC Secretary, Basauti VDC
<b>Maternity Ward Construction Project, Balia VDC, Ward No.: 3 Balia</b>		
1.	Mr. Bharat Shah	Sub-Overseer

2.	Mr. Jayanti BC	Sub-Health Post In charge (AHW)
<b>Maternity Ward Construction Project, Phulbari VDC, Ward No.:</b>		
1.	Mr. Krishna Prasad Chaudhary	President , Maternity Building Construction Committee
2.	Mr. Meen Kumar Adhikari	Committee Member
3.	Mr. Jayakala Raut	In Charge(SHP)
4.	Mr. Dharendra Bahadur Singh	Community Member
5.	Mr. Khagendra Sitaula	Community Member
6.	Mr. Indra Bahadur Bishwakarma	Community Member
7.	Mr. Indra Adhikari	Community Member
<b>Gravelling Road Project, Pahalmanpur VDC, Ward No.:</b>		
1.	Mrs. Rita Chaudhary	Social Mobilizer (DLGSP)
2.	Mrs. Menuka Paudel	LDF Board Member
3.	Mrs. Apsara Chaudhary	Member Of CBO (Kopila Community Organization)
4.	Mrs. Pavitra Devi Mishra	Member
5.	Mrs. Tulsa Baral	Member
6.	Mrs. Mayinya Gyawali	Member
7.	Mrs. Shanta Khanal	Member
8.	Mrs. Bimala Baral	Member
9.	Mrs. Devi Baral	Member



### Annex 3: Documentation List

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## **Annex 4: Evaluation TOR: Section C**

### **1. Consultant profiles and responsibilities**

The Final Evaluation is to be conducted by a team of 3 consultants, one international and two national, with the profiles outlined below. As the project partner, DFID, will field one of the national team members. In addition to this a representative from the government will participate in all or parts of the mission.

#### Evaluation Team Leader profile

- International consultant with strong international comparative experience in the field of decentralization and local development including: fiscal decentralization; decentralized infrastructure and service delivery; local government capacity building for decentralized public expenditure management and operationalization of decentralized systems of planning and budgeting; policy, legal and regulatory reform related to decentralization; rural development.
- Experience in leading evaluations of decentralization and local development support programmes, including experience using a range of qualitative and quantitative evaluation methodologies to assess programme results at individual/household, institutional, sector and policy level.
- Experience in assessing issues related to gender and social inclusion.
- Thorough understanding of key elements of results-based programme management.
- Demonstrated capacity for strategic thinking, and excellent analytical and writing skills.
- Strong task management and team leading competencies.
- Country/regional experience an advantage.

The team leader will be responsible for:

- Documentation review
- Leading the evaluation team in planning, conducting and reporting on the evaluation
- Deciding on division of labour within the evaluation team
- Use of best practice evaluation methodologies in conducting the evaluation
- Leading preparation of Summary of Key Findings and Recommendations and presentation of the same at the in-country Evaluation Consultation Meeting
- Conducting the evaluation debriefing for UNCDF HQ and regional staff Leading the drafting and finalization of the evaluation report

#### Local governance specialist

- Specialised knowledge of local governance and decentralisation history, process and issues in Nepal.
- Experience in working with fiscal decentralisation and local governance in Nepal
- Good understanding on issues related to gender, social inclusion and participation, ability to assess programme performance with respect to participation and inclusiveness of the various stages in the planning and infrastructure and service delivery process, level of satisfaction with the process and results, and outcome and impact of the programme, disaggregated by gender, socio-economic, ethnic status, etc.
- Experience in conducting evaluations – applied knowledge of evaluation methods and tools.

The local governance specialist will be responsible for:

- Contributing to the development of the evaluation plan and methodology
- Conducting those elements of the evaluation determined by the team leader
- Contributing to presentation of the evaluation findings and recommendations in-country
- Contributing to the drafting and finalization of the evaluation report.

#### Infrastructure/service delivery specialist

- Locally based qualified civil engineer/chartered surveyor with specialised knowledge of infrastructure and service delivery, including design and construction of small-scale infrastructure projects, assessment of technical quality and cost effectiveness of infrastructure and services, appropriateness and quality of procurement processes, provisions for recurrent costs, operations and maintenance systems, and community participation in procurement, delivery, operations and maintenance of infrastructure and services delivered.

- Good local knowledge of decentralization history, process and issues in the country an asset.
- Experience in conducting evaluations – applied knowledge of evaluation methods and tools.

The infrastructure delivery consultant will be responsible for:

- Contributing to the development of the evaluation plan and methodology
- Conducting those elements of the evaluation determined by the team leader
- Contributing to presentation of the evaluation findings and recommendations in-country
- Contributing to the drafting and finalization of the evaluation report.

### 3. Evaluation plan

*The fieldwork for the assignment will be take place in September/October 2006. An indicative work plan detailing the schedule and number of workdays can be found in Annex 2.*

*The evaluation will be conducted as follows:*

- 2.1 **HQ phone briefing:** The Evaluation Team Leader will be briefed by telephone prior to the fieldwork by the relevant evaluation, technical and programme staff at UNCDF HQ and Regional Office.
- 2.2 **Review of relevant documentation:** A list of key reference documents is provided in **Annex 3**.
- 2.3 **Finalisation of evaluation work plan:** On the first day of the evaluation mission, the Evaluation Team and in-country evaluation focal point will review the tentative evaluation work plan (**see Annex 2**), and make any adjustments they see fit, taking into account practical and logistical considerations.
- 2.4 **In-country briefing:** The Evaluation Team will be briefed on the first day of the evaluation mission by UNDP/UNCDF representatives, project staff, and relevant government and other stakeholders. All relevant documentation not already sent in advance to the Evaluation Team will be provided by the in-country evaluation focal point.
- 2.5 **The evaluation:** The Evaluation Team will design and conduct the evaluation employing best practice evaluation planning and methodologies, and with reference to the guidance provided in **Annex 4**. As far as possible the evaluation team will triangulate evaluation findings using multiple sources/methods. Wherever possible, all evaluation data should be disaggregated by gender, caste and ethnicity. The evaluation should include all key stakeholders, and a representative sample of districts and communities in which the project is operating, and, where feasible, non-programme areas to provide a counterfactual. As far as possible, the Evaluation Team should discuss findings with beneficiaries and stakeholders at each stage of the evaluation and obtain their comments. In the case of potential compromise of the objectivity and independence of the evaluation, the Team Leader has the authority to determine who should/should not be present for the various parts of the evaluation.
- 2.6 **Preparation of Summary of Key Findings and Recommendations:** On the basis of its findings, the Evaluation Team will prepare a Summary of Key Findings and Recommendations, which will be shared, through the in-country evaluation focal point, with all key stakeholders and with the UNCDF Evaluation Unit prior to the in-country evaluation consultation meeting. The Summary of Key Findings and Recommendations becomes the basis of discussions at the evaluation consultation meeting.
- 2.7 **In-country evaluation consultation meeting:** At the meeting the Evaluation Team will present their key findings and recommendations to key stakeholders for discussion. The in-country evaluation focal point will take minutes of the meeting, which will be submitted promptly to the UNCDF Evaluation Unit, all key stakeholders, and to the Evaluation Team, for their consideration in drafting the evaluation report.

- 2.8 An in-country debriefing session between the Evaluation Team and/or the UNDP Resident Representative and Government focal point may be held upon request.
- 2.9 Draft evaluation report: The Evaluation Team Leader will submit a draft evaluation report to the UNCDF Evaluation Unit, which will be circulated to all key stakeholders for comment.
- 2.10 An evaluation debriefing by phone will be provided by the Evaluation Team Leader to UNCDF management, technical and programme staff, for comment and discussion. The Evaluation Unit will take minutes of the debriefing which will be submitted promptly to all key stakeholders and to the Evaluation Team Leader, for his/her consideration in finalizing the evaluation report.
- 2.11 The Final Evaluation Report will be submitted by the Evaluation Team Leader to the UNCDF Evaluation Unit.

**4. Reporting arrangements and administrative/logistical support**

Overall, the evaluation team reports to the UNCDF Evaluation Unit. In country, the evaluation team reports to the UNCDF representative (i.e. UNDP Resident Representative). The in-country evaluation focal point will ensure that the evaluation team is provided with all necessary administrative and logistical support to arrange and carry out the evaluation

## Annex 5: Evaluation Follow-up Matrix

### Purpose and Use of the Evaluation Follow-up Matrix

- **The Evaluation Team Leader** will use this Evaluation Follow-up Matrix to summarize the key findings and recommendations of the evaluation, and propose responsibilities and timeline for follow up.
- **The Portfolio Manager** will subsequently discuss the recommendations and proposed follow-up responsibility and timeline with programme stakeholders and record agreed follow-up actions, responsibilities, and timelines in this matrix, and use it monitor their implementation.
- **The Director of Practice Division** is responsible for oversight, to ensure timely implementation of agreed follow up actions.
- **The Evaluation Unit** will periodically report to UNCDF Senior Management and the Executive Board on progress in implementing agreed follow up to evaluations, as part of its accountability function.

Issue area	Evaluation finding	Evaluation recommendation	Responsible	Timeline	Agreed follow up	STATUS
<b>Organized as per evaluation structure</b>  <i>(Completed by evaluator)</i>	<b>List key evaluation findings</b>  <i>(Completed by evaluator)</i>	<i>(Completed by evaluator)</i>	<b>Who is responsible for follow up?</b>  <i>(Completed by evaluator)</i>	Monitorable timeframe for follow up.  <i>(Completed by evaluator)</i>	Either: <ul style="list-style-type: none"> <li>▪ <b>Yes</b> (agree to recommendation, responsibility and timeline, and describe follow up action to be taken)</li> <li>▪ <b>No</b> (provide justification for rejecting recommended follow up)</li> <li>▪ <b>Alternative</b> (state alternative follow-up action, responsibility and/or timeline to be taken and justification)</li> </ul> <i>(Completed by programme manager)</i>	
<b>Results achievement</b>	Using a multi definition of poverty that includes empowerment, income generation, the project has succeeded in essentially achieving	The essence of DFDP should be maintained in the development of a National Programme on Decentralisation. There are issues that need to be reviewed and certain	UNCDF / UNDP / DFID in project design	As soon as possible to ensure continuity of project results		

Issue area	Evaluation finding	Evaluation recommendation	Responsible	Timeline	Agreed follow up	STATUS
	its overall goal of reducing poverty in the pilot districts through the provision of rural infrastructure and human resource development opportunities.	aspects of the project revised.				
<b>Political</b>	The political climate: Currently discussions are ongoing between all political parties, including the CPN/M (Maoists) toward a political solution to the conflict. It is apparent that all parties are interested in maintaining some form of a decentralised, democratic local government. There is still no clarity as to the form it will take, its acceptance of the LSGA as a framework or the type of constituent assembly to be established, but all indications are that, should the parties come to an agreement, the climate for a DFDP-type project will be positive.	a) Future project formulation should follow the current government negotiations closely and develop a programme that is flexible and innovative and able to adapt to the changing political environment without losing the basic principles of commitment to human rights, participation of communities in their own decision making, transparent and accountable planning and financial management, implementation, monitoring and evaluation of projects. b) Continue the approach of supporting 'consultative councils' in the districts to provide a form of 'local government'.	Formulation team	Immediately		
<b>Fiscal Decentralisation</b>	An effective fiscal transfer system has been established and is operational under the DFDP. Though DFDP grant amount constitutes a relatively small share of District funding, the processes and procedures have been efficient, effective and instrumental in policy considerations for replication of the DFDP process nationwide, especially the MC/PM.	a) The current FTS should be maintained and enhanced. b) The next phase of the project should give priority to supporting the establishment of a comprehensive fiscal decentralisation policy in the context of the MLD devolution plan and the evolving political environment. MoF Recommendation to extend MC/PM to all 75 districts should be supported.	Formulation Team in conjunction with MLD and MoF	Immediately		
<b>Planning</b>	Transparent Planning has not always taken place during the political conflict because civil servants are the only decision makers. Some social auditing has	a) Assist LDOs in supporting current form of democratic decision making to assist in the overall planning and project selection process: Consultative	MLD Planning Section Full system must await elected officials	Immediately		



Issue area	Evaluation finding	Evaluation recommendation	Responsible	Timeline	Agreed follow up	STATUS
	been maintained.	Council. b) Continue the entire Social Auditing process currently operational in the project and replicate where possible. c) MLD should implement the requirement of one-two-year postings for LDOs ensuring that they have the opportunity to complete the implementation of at least one annual plan. d) Create a Comprehensive Communication Strategy. e) The Planning system should be improved and strengthened overall				
Gender	Despite a requirement for a 30% allocation to women and disadvantaged groups, DFDP projects have not been able to address gender and social inclusion adequately.	a) Gender mainstreaming needs to be defined in the DFDP context. b) Participation of women and disadvantaged groups should be included at all levels of the project cycle as decision makers, not simply recipients. c) DFDP should work in coordination with DWDOs. d) Impact assessment of the project from gender perspective, as recommended by the Mid Term Evaluation, should be initiated. e) A Gender and Social Inclusion Specialist should be on the Project Team and in the Ministry of Local Development, to ensure sustainability. f) Training in Gender Analysis should be provided to all project participants at the national, district, agency, village and community levels, with priority given to decision makers. The training should be followed by the development of a Gender Action Plan and Gender Responsive Budget. g) Addressing gender and social inclusion issue should be one of the key conditions in the MC/PM rather	Formulation Team and MLD	Immediately		

Issue area	Evaluation finding	Evaluation recommendation	Responsible	Timeline	Agreed follow up	STATUS
		than incorporating it as one of the parameters of planning process.				
Social Mobilisation	The DDC's have access to many organizations/community groups in the districts. Because of the DLGSP presence, the DDCs interact less with the other social mobilisation groups, projects, CBOs, Users Groups, etc., present in the districts.	The planning and project selection process should include a more universal coverage of community organisation in the District for decision-making, guaranteeing sustainable social mobilization.	Formulation Team and MLD	Immediately		
Infrastructure Delivery	Generally infrastructure delivery has been good, with some problems technical capacity for project finishing work. There has been inadequate procedures for O&M established.	a) Continue the infrastructure delivery process as currently implemented with a greater emphasis on operations and maintenance and more stringent monitoring and evaluation activities. b) DFDP in conjunction with MLD should consider creating operational and maintenance systems which include human, physical and financial and material resources that ensure sustainability of a project.	MLD and Formulation Team	Immediately		
Capacity Building	There is a Capacity Building Strategy in place, developed by ADDC/N, with strategies for all of the 20 districts, though capacity building under the current DFDP referred mainly to training for infrastructure delivery (see the log frame).	a) Develop a more comprehensive Capacity Building Framework for the project and districts that includes systems, institutions, human, financial and material resources and gender. b) Management capabilities of DDCs and VDCs should be enhanced for the implementation and maintenance of infrastructure. c) There should be a direct link between the MC/PM assessment and Capacity Building. d) Capacity Building should include a mix of demand and supply driven training, with the latter directly	Formulation Team and MLD	Immediately		

Issue area	Evaluation finding	Evaluation recommendation	Responsible	Timeline	Agreed follow up	STATUS
		connected to the Performance Measures.				
M&E	M&E has been comprehensive in the project but not adequately connected to MLD. There is no systematic M&E process	a) Establish a comprehensive M&E system with MLD including mechanisms for baseline data collection, regular formative evaluations and summative evaluations at the completion of every project. b) Then establish a system to apply the lessons learned from M&E to future project implementation at all levels. Continue the ARM's and include stakeholders in some of the discussions, rather than limiting those meetings only to DFDP 'staff'. c) The MC/PM should be continued in all project districts and be expanded to new districts in cooperation with the MoF and MLD		Immediately		
Management Arrangements	Management Arrangements have been adequate in the current phase of the project but there was not enough emphasis on creating sustainable management systems overall	b) There should be a Programme Coordination committee established in MLD comprised of Planning, Monitoring, Administration and Local Governance and LBFC to support sustainability and better linkages with all stakeholders. NPD should be a Joint Secretary c) PMU name and functions should be changed to Programme Coordination Unit with its functions reverting to a counterpart relationship with MLD and district staff, so that an mainstreaming strategy is established and that by the end of the next phase of the project, the MLD and districts are fully capacitated to taken on comprehensive national execution. d) The PMU should operate under a NEX modality when the MLD demonstrates capacity	MLD and Formulation Team	Immediately		

Issue area	Evaluation finding	Evaluation recommendation	Responsible	Timeline	Agreed follow up	STATUS
		to do project management e) A District Technical Officer (DTO) capacity assessment should be conducted in every district before placing any additional DFDP project field officer in the district.				
Policy Impact	MLD has established a comprehensive Devolution Plan that is only awaiting the solution to the current political situation. Proposed Replication of DFDP process includes replication of the MC/PM to all 75 districts and the MLD has already encouraged the establishment of consultative councils to temporarily and unofficially replaces local governments.	DFDP should continue to document its findings and share these will all parties, especially the National Planning Commission, Ministry of Finance, and other high level decision makers. In this context the overall auditing process is crucial to verify results throughout.		Immediately		
Geographic Focus	The inclusion of 20 districts in this phase of DFDP has provided both positive and problematic features, but overall the expansion has been well managed.	Use HDI and piloting considerations to select districts for piloting of innovations and work closely with the M&E section in MLD to establish baselines information and monitoring procedures. b) Cluster districts for activities so that districts can assist each other in project development and analysis of lessons learned. c) Support Capacity Building in the weakest districts to support their successful achievement of the MC/PM assessments.	MLD Formulation	Immediately		
Sustainability of results	MLD and Districts will have to sustain the elements of the projects which have been successful and which the government chooses to replicate. In order to do this,	Ensure that a mainstreaming strategy / sustainability plan is incorporated. One of the new project's results should be to ensure sustainability of the successful and replicable project elements.	MLD Formulation	Immediately		

<b>Issue area</b>	<b>Evaluation finding</b>	<b>Evaluation recommendation</b>	<b>Responsible</b>	<b>Timeline</b>	<b>Agreed follow up</b>	<b>STATUS</b>
	there must be sufficient understanding, capacity, management arrangements, skills, knowledge and commitment to continue the selected project elements.					
<b>1. Factors affecting successful implementation and results achievement</b>	Political Climate Transfers of LDOs Project Design that did not include gender implications and a wide enough definition of Capacity Building	Take political climate into consideration during formulation, being flexible and innovative. Ensure LDO's stay in place for at least one year Extend the definition of Capacity Building to include systems, institutional development, resources and training.	MLD and Formulation Team	Immediately		
<b>2. Strategic positioning and partnerships</b>	There has been positive interaction with UNDP and DFID and other donors support the DFDO approach (DANIDA, SNV, UNICEF)	Develop a National Decentralisation Programme that builds on DFDP	MLD and Formulation Tem	Immediately		
<b>3. Future UNCDF role / Other issues</b>	UNCDF has been instrumental in supporting Decentralised Financial and Planning Development in Nepal.	Develop a National Decentralisation Programme that builds on DFDP with revisions proposed through the Final Evaluation. Formulation should involve current DFDP Programme Staff.	Formulation Team and MLD	Immediately		

## Annex 6: Beneficiaries by Type and Category of Project

## DECENTRALIZED FINANCING AND DEVELOPMENT PROGRAMME (DFDP)

**BENEFICIARIES BY TYPE AND CATEGORY OF PROJECT**

AS September 18, 2006

S.N.	District	Beneficiaries by type and category													
		Project Type								Project Category					
		DAG		Women		Other		Total		District Level		VDC Level		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	Achham	4963	8	886	1	55441	90	61290	100	9117	15	52173	85	61290	100
2	Baitadi	1192	5	884	4	19787	91	21863	100	13361	61	8502	39	21863	100
3	Bajhang	3485	14	1550	6	19912	80	24947	100	11700	47	13247	53	24947	100
4	Darchula	2863	8	2986	9	28705	83	34554	100	26591	77	7963	23	34554	100
5	Dhanusha	20326	10	1313	1	180271	89	201910	100	53285	26	148625	74	201910	100
6	Dolakha	70135	22	14389	4	236920	74	321444	100	186164	58	135280	42	321444	100
7	Humla	353	1	21598	43	28800	57	50751	100	39815	78	10936	22	50751	100
8	Jajarkot	650	8	700	8	7000	84	8350	100	3200	38	5150	62	8350	100
9	Jumla	1750	23	1390	19	4359	58	7499	100	0	0	7499	100	7499	100
10	Kailali	22480	9	74456	30	147773	60	244709	100	100905	41	143804	59	244709	100
11	Kaski	20374	7	9360	3	252659	89	282393	100	97892	35	184501	65	282393	100
12	Kavre	16247	10	6960	4	136751	85	159958	100	38958	24	121000	76	159958	100
13	Mugu	3744	22	2382	14	11120	64	17246	100	8620	50	8626	50	17246	100
14	Rukum	2150	8	9714	37	14624	55	26488	100	17417	66	9071	34	26488	100
15	Runadehi	31112	16	11021	6	149112	78	191245	100	57592	30	133653	70	191245	100
16	Salyan	2330	1	217803	88	27872	11	248005	100	232222	94	15783	6	248005	100
17	Solukhambu	2125	6	5258	14	29285	80	36668	100	19708	54	16960	46	36668	100
18	Taplejung	1070	7	1246	8	14024	86	16340	100	5903	36	10437	64	16340	100
19	Terhathum	23584	16	5322	4	121369	81	150275	100	48869	33	101406	67	150275	100
20	Udaypur	27758	11	2286	1	226833	88	256877	100	94965	37	161912	63	256877	100
	Total	258691	11	391504	17	1712617	72	2362812	100	1066284	45	1296528	55	2362812	100

## Annex 7: Beneficiaries by Household and Sex

**BENEFICIARIES BY HOUSEHOLDS AND SEX**

AS September 18, 2006

S.N.	District	Beneficiaries by Households and Sex											
		Benefited Households						Benefited Population					
		DAG		Other		Total		Male		Female		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1	Achham	2215	<b>21</b>	8323	<b>79</b>	10538	100	28932	<b>47</b>	32358	<b>53</b>	61290	100
2	Baitadi	1589	<b>38</b>	2603	<b>62</b>	4192	100	10550	<b>48</b>	11313	<b>52</b>	21863	100
3	Bajhang	1894	<b>40</b>	2880	<b>60</b>	4774	100	12352	<b>50</b>	12595	<b>50</b>	24947	100
4	Darchula	1586	<b>18</b>	7138	<b>82</b>	8724	100	17351	<b>50</b>	17203	<b>50</b>	34554	100
5	Dhanusha	11779	<b>24</b>	38277	<b>76</b>	50056	100	99628	<b>49</b>	102282	<b>51</b>	201910	100
6	Dolakha	17052	<b>29</b>	42353	<b>71</b>	59405	100	157773	<b>49</b>	163671	<b>51</b>	321444	100
7	Humla	2548	<b>25</b>	7702	<b>75</b>	10250	100	19852	<b>39</b>	30899	<b>61</b>	50751	100
8	Jajarkot	2360	<b>36</b>	4130	<b>64</b>	6490	100	4750	<b>57</b>	3600	<b>43</b>	8350	100
9	Jumla	720	<b>44</b>	932	<b>56</b>	1652	100	3896	<b>52</b>	3603	<b>48</b>	7499	100
10	Kailali	9914	<b>23</b>	32387	<b>77</b>	42301	100	123305	<b>50</b>	121404	<b>50</b>	244709	100
11	Kaski	16375	<b>30</b>	37847	<b>70</b>	54222	100	109546	<b>39</b>	172847	<b>61</b>	282393	100
12	Kavre	6599	<b>15</b>	38825	<b>85</b>	45424	100	78812	<b>49</b>	81146	<b>51</b>	159958	100
13	Mugu	845	<b>30</b>	1964	<b>70</b>	2809	100	9427	<b>55</b>	7819	<b>45</b>	17246	100
14	Rukum	1357	<b>28</b>	3493	<b>72</b>	4850	100	12334	<b>47</b>	14154	<b>53</b>	26488	100
15	Runadehi	20266	<b>50</b>	20261	<b>50</b>	40527	100	96947	<b>51</b>	94298	<b>49</b>	191245	100
16	Salyan	9524	<b>21</b>	34774	<b>79</b>	44298	100	123730	<b>50</b>	124275	<b>50</b>	248005	100
17	Solukhumbu	1044	<b>12</b>	7425	<b>88</b>	8469	100	18557	<b>51</b>	18111	<b>49</b>	36668	100
18	Taplejung	785	<b>3</b>	26374	<b>97</b>	27159	100	8314	<b>51</b>	8026	<b>49</b>	16340	100
19	Terhathum	2710	<b>11</b>	22143	<b>89</b>	24853	100	68349	<b>45</b>	81926	<b>55</b>	150275	100
20	Udaypur	6709	<b>14</b>	40724	<b>86</b>	47433	100	122111	<b>48</b>	134766	<b>52</b>	256877	100
	Total	117871	<b>24</b>	380555	<b>76</b>	498426	100	1126516	<b>48</b>	1236296	<b>52</b>	2362812	100

Annex 8: Planned vs. Actual Expenditure by Districts

Decentralized Financing and Development Programme

**Planned VS Actual Expenditure**

**As of September 21, 2006**

S.N.	District	Planned amount in NRs	Actual expenditure in NRs	Percentage
1	Achham	33,695,615.00	20,695,276.00	<b>61</b>
2	Baitadi	14,523,491.00	13,112,282.00	<b>90</b>
3	Bajhang	22,695,358.00	13,329,132.00	<b>59</b>
4	Darchula	24,885,412.00	20,596,389.00	<b>83</b>
5	Dhanusha	37,691,824.00	29,310,328.00	<b>78</b>
6	Dolakha	50,366,280.00	45,632,338.00	<b>91</b>
7	Humla	17,828,199.00	11,223,216.00	<b>63</b>
8	Jajarkot	12,239,668.00	4,775,549.00	<b>39</b>
9	Jumla	19,213,232.00	6,246,168.00	<b>33</b>
10	Kailali	28,093,345.00	22,705,616.00	<b>81</b>
11	Kaski	68,888,748.00	63,317,720.00	<b>92</b>
12	Kavre	55,082,390.00	49,861,703.00	<b>91</b>
13	Mugu	18,159,975.00	11,146,643.00	<b>61</b>
14	Rukum	17,264,607.00	15,579,044.00	<b>90</b>
15	Rupandehi	44,595,691.00	42,568,213.00	<b>95</b>
16	Salyan	24,344,016.00	22,547,525.00	<b>93</b>
17	Solukhambu	20,652,119.00	19,128,514.00	<b>93</b>
18	Taplejung	23,515,372.00	24,487,133.00	<b>104</b>
19	Terahthum	43,501,780.00	42,490,272.00	<b>98</b>
20	Udaypur	51,185,728.00	46,038,109.00	<b>90</b>
	<b>Total</b>	<b>628,422,850.00</b>	<b>524,791,170.00</b>	<b>84</b>



**Decentralized Financing and Development Programme NEP/99/001****Financial Status (Budget and Expenditure by Outputs)**

Outputs Type	Planned Budget	Total Expenditure						Cumulative Expenditure	Budget Balance	Delivery %
		Year 2001	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006			
<b>Output I: Planning</b>	<b>122,500</b>	6,880	10,675	5,983	20,760	3,833	2,992	<b>51,123</b>	<b>71,377</b>	41.73%
<b>Output II: Financing</b>	<b>6,597,500</b>	444,906	548,389	631,912	2,112,972	552,745	1,198,696	<b>5,489,621</b>	<b>1,107,880</b>	83.21%
<b>Output III: Capacity Building</b>	<b>380,700</b>	4,586	4,552	6,909	9,068	879	- 0	<b>25,994</b>	<b>354,706</b>	6.83%
<b>Output IV: Monitoring and Evaluation</b>	<b>97,783</b>	2,294	1,501	13,386	14,663	14,098	20,426	<b>66,368</b>	<b>31,415</b>	67.87%
<b>Output V: Policy and Support</b>	<b>546,900</b>	- 0	- 0	- 0	28,171	45,877	19,069	<b>93,117</b>	<b>453,783</b>	17.03%
<b>Output VI: Programme Management</b>	<b>938,781</b>	58,466	104,788	146,476	140,324	46,052	33,941	<b>530,047</b>	<b>408,734</b>	56.46%
<b>Output VII: Technical Backstopping</b>	<b>199,000</b>	- 0	- 0	- 0	- 0	4,750	- 0	<b>4,750</b>	<b>194,250</b>	2.39%
<b>TOTAL</b>	<b>8,883,164</b>	<b>517,132</b>	<b>669,905</b>	<b>804,666</b>	<b>2,325,958</b>	<b>668,235</b>	<b>1,275,124</b>	<b>6,261,020</b>	<b>2,622,144</b>	70.48%

Sources: DFDP Annual Progress Reports, 2001 to 2004 and NEXFIM generated financial reports for Year 2005 and 2006.

**Note:**

(1) The expenditure for Year 2006 is as of September 30, 2006.

(2) The expenditures in above table do not include expenditure managed by the UNCDF country office and by UNCDF Head Office, although such expenditures are budgeted in the annual plan.

## **Annex 10 : District Reports**

### **District Visit Report: Salyan: Team Report**

Population (According to Census 2001):

Female: 111494

Male: 117685

Total: 235179

Households: 38084

Family size: 6.17

Population growth rate :1.63

Number of VDC: 47

Adult Literacy Rate:

Female: 40.77%

Male: 48.13%

Total: 44.45%

Human Empowerment Index as per the UN HDI 2004: .0336

Per capita income:

#### Narrative Report of Meetings and Field Visits

##### 1. Background on the District

Salyan is located in Mid Western Nepal and is one of the districts that was added to the project in 2003 under DFID funding. It was known to be in one of the areas most heavily affected by the conflict during Maoist activities. The DDC did not meet from 2003 until 2006. An interim DDC was functioning, appointed by the central government

Salyan is a remote district with a single lane unpaved road connecting it to the rest of Nepal. Our 225-klm trip took approximately 7 hours (with stops for meals and broken down buses, which blocked the road.) In one case the delay was 20 minutes, in another about an 1.5 hours. Apparently, broken down buses are a common delay faced by the users of the road).

##### 2. District Priorities as stated in their Development Plan

District priorities focus on poverty reduction through greater income generation. The district plan focuses on roads, water and...as priorities. The DDC did not fully understand the connection between poverty reduction and infrastructure provision. Their definition of poverty reduction was more directly related to income poverty. The villagers made an immediate connection between infrastructure and poverty reduction i.e. in .....village where a water tap had been provided, the villagers explained that the time they saved in collecting water was now used for agricultural production and thus sales of goods, increasing their income.

##### 3. DFDP Status including description of the understanding of DFDP by DDC, VDC and communities”

There were 53 DFDP project planned, 48 have been implemented.

##### 4. Findings

Even under the conflict situation development activities have taken place in Salyan. There appears to be a dedicated district staff led by an energetic and committed LDO (who has been there only 3 months and has been transferred 7 times in two years). The DFDP staff has provided consistent technical assistance to the projects throughout the project activities, led by the staff in Nepalganj and supported by the district Engineer.

During a meeting with DDC, (Sept. 20, 2006) which was fully attended by all political parties including the MALE, the ULM, the Maoists and all NCP representatives, there was open dialogue on the political process. The participants stated that, though they had not been involved in the DFDP project selection because of their absence from the DDC over the past three years, they were fully supportive of the projects that were developed to assist the members of their communities. They requested full reports from the DDO in the future regarding DFDP and as long as they stay fully informed they will continue to be involved with and support the DFDP process. They noted that also that it was important to work within the LGSA guidelines and to follow the 14-step project selection process. According to the LDO, DFDP during the previous DDC/appointed used the 14-step process for

project selection. The DDC members strongly requested to be involved in the coming DFDP formulation.

Additionally the team met with three representatives of the CPN/M who expressed their commitment to supporting the local people with development support. They said they, as others, were waiting for the interim government to be established.

MC/PM: The district was aware of but not fully involved in this process. The reason given by the Maoist representative during the meeting was that they had not been well informed of the MC/PM activities. They said that they did not have a problem with the MC/PM in theory, as they understood it, but that they needed much more information and training before they could fully support it.

Financial Management Arrangements: According to the DDC/administration internal audits had been conducted and that all accounting procedures were in place. There is a full district annual report in Nepali, which provides accounting information including financial reports. There is an internal auditor in place.

Transparency in Planning: It was apparent that transparent planning is not yet taking place in the district. Though it was stated that the 14 step LSGA guidelines were followed there was no evidence of this at the district level. Many of the projects (solar, biogas toilets) appear to be the vision of well-informed DFDP staff and though the projects provide a very useful service to the people in many respects, it is obvious that the ideas for the project were not generated through a participatory planning process. There was also clear evidence of influence in the planning process in one village with a DFDP water tap installed. The UC chair when asked what the process was in project selection, pointed to another man in the group and said: 'My friend works in the district; he heard about the DFDP and he prepared a project proposal and managed the process for us in the district'. Again the project was of benefit to the community but the selection, planning and implementation process were not transparent to all members of the community.

Infrastructure Investments: The projects visited appeared to be of good quality, with adequate support provided by the district engineer. (As in other DFDP districts, 6% of project funds have been put in place to support the DFDP engineer.) At the same time the DTO, who should be the engineer's counterpart made a statement that he was not fully involved in the DFDP process. It was not apparent during the DDC/administration discussions that the general membership/line agencies were involved in the DFDP.

Result 4: Capacity building: Some training has taken place in the areas of internal audit, accounting and planning through the regional office. **Still necessary to get a full report from the Regional Office Staff. Check with Deo Krishna Yadav. Planning and Finance Specialist, DFDP, Nepalgunj.**

Gender: The participation of women has been only as required. Though 30% of the projects are recorded as women or DAG focused, it is apparent that all decisions are made by the all male DDC who said they 'hoped that the women focused projects were useful to the women of Salyan'. When asked if the women or DAGs were involved in the selection and decision making process, the response was that they were not. Women make up the user's committees, but again not as leadership or decision makers, but only as the required 33 % in attendance.

Relationship to DLGSP: The project is dependent on DLGSP social mobilization for project selection in many cases. The DLGSP team led us during one of the project visits and it was obvious that the entire community institutional structure had been developed through the DLGSP process.

## 5. Recommendations

Should DFDP continue, Salyan should be considered for continued project support. Their successful project planning, implementation, monitoring, and evaluation during the conflict, in one of the areas most strongly affected, bodes well for continued successful implementation once an interim government is in place. At the same time there should be strong emphasis on capacity building of the

district staff so that the DFDP process becomes more transparent, sustainable, less dependent on project staff for implementation and more committed to involving women and men equally in the decision making process.

The project formulation team should visit Salyan as a priority district for planning the next phase of DFDP.

Project	Persons Met
Saijewal Takura Water Tap Project Good construction Project Book available for review	Users Committee members
Marke VDC Ward No. 2 Baychar Irrigation project Adequate construction; DFDP engineer visited the project once or twice. Though the canal is inconsistent in size/width, it is of good construction	Users Committee Members
Dhanabang Biogas toilet project Advanced technology serving a dhalit community. Issue is that 10 of the 14 families in the community are dhalit, so only those 10 received the biogas toilets. The other families of the same economic condition did not.	Users Committee Members

Documents Reviewed and/or Attachments:

List of Persons Met

Annual Plans and Reports

Project Financial Statements and Reports

Records of meetings with the DDC

Project Books at all field visits report from FET Engineer

Salyan Project Implementation Matrix prepared by District Engineer: Nirajan Dhakal

Project Code	Name of project	Address	Type	Pre project status	Current project status	Process for selection	Cost		O&M	Super-vision And TA	Ranking	Remarks
							Plan	Actual				
2003/SAL/001	Toilet with bio gas	Dhanabang	Dag	Disease problem due to the smoke from wood, environmental problem	Bio gas plant with toilet established. May reduce the diseases due to smoke problem.	All Projects followed the normal planning process of LSGA. Adopted steps from VDC level meeting to district council as per LSGA but it was held within the district headquarters. At last the project was selected by DDC board and sanctioned by district council	676006	611902	There is kept the provision of Operation and Maintenance fund of about 1 % of total cash.	Supervision is provided by DFDP Field officer and DDC TA are provided by DFDP. There is system of doing pre and during the construction supervision and monitoring but there is still no mechanism developed for post monitoring in the field level. Impact is taken by asking the community people when they come at the district	Excellent	Protect the 25DAG households are benefited quality maintained

Project Code	Name of project	Address	Type	Pre project status	Current project status	Process for selection	Cost		O&M	Super-vision And TA	Ranking	Remarks
							Plan	Actual				
2003/SAL/002	Peltric Set operator training		Dag	No such manpower available	2 Dag members received the training. Involved in resource finding for rural electricity.		70000	37546			Good	2 Dag manpower has developed
2003/SAL/003	Haukhola Santinagar DWS	Khalanga	Women	Problem of safe drinking water No sufficient water.	Easy and sufficient availability of water		344546	297994			good	though quality is good . Active participation of women is not available
2003/SAL/004	Naula Harelee DWS	Dadagaoun	Women	No water near the community. The community was ready to transfer in other place	Availability of Water. Happy to settle there.		591275	576484			Good	Good in quality but women are just as staying as a member in UCs
2003/SAL/005	Shiva Saraswoti primary school maintenance	Tribeni	Others	Not sufficient room	Sufficient and good condition room		198829	198829			Good	Quality is good/Active participation of community
2003/SAL/006	Kajeri Majkulo irrigation canal Maintenance	Kajeri	Others	Problem of irrigation due to seepage problem.	No such problem as such.		514715	303143			Good	Quality is good/Active participation of community
2003/SAL/007	Irrigation canal maintenance	Kupindee	Others	Problem of irrigation due to seepage problem.	No such problem as such.		528910	354897			Fair	Quality of finishing is not good due the unavailability of local skilled manpower.
2003/SAL/008	Devsthal Rural road construction											

Project Code	Name of project	Address	Type	Pre project status	Current project status	Process for selection	Cost		O&M	Super-vision And TA	Ranking	Remarks
							Plan	Actual				
2003/SAL/009	Bagarlamichhane irrigation maintenance	Dadagaoun	Others	problem due to the rock in between the canal for full flow of water	Full flowing of water due the construction of retaining wall in the rock portion side		157020	151119			Fair	No sufficient community participation is found in field. No ownership
2003/SAL/010	Shakti Kamalaxi Bhagawati Primary School Building	Laxmipur	Others	Room not sufficient .They used to study at the ground	sufficient room		291819					
2003/SAL/011	Solar Panel installation programme	Kalagoun	Dag	problem of light. Used kerosene lamp. Problem of diseases	easy availability of solar electricity ,control of diseases.		984124	798000			Excellent	38 HHs including 26 Dag are benefited
2003/SAL/012	Tri Za Ma.Vi school building construction	Chhyachhetra	Others	Problem of room	sufficient room with good condition		375196	361316			Fair	Not constructed by the community. They gave the construction part to one person of the community
2003/SAL/013	Nera Ma.Vi School building construction	Phalabang	Others	Problem of room			734086					
2003/SAL/014	Bash Khola Sprinkal irrigation	Marke										
2003/SAL/015	Janata Primary School Building Construction	Rampur	Dag	Problem of room. Students used to study at the ground.	Sufficient room .So students get the easy access of study.		303977	303977			Good	Quality maintained .Active participation
2003/SAL/016	Mason Training to 5 DAG members		Dag	No skilled manpower available	5 Dag received the training and now skilled manpower is available		162500	136730			Excellent	5 Dag benefited

Project Code	Name of project	Address	Type	Pre project status	Current project status	Process for selection	Cost		O&M	Super-vision And TA	Ranking	Remarks
							Plan	Actual				
2003/SAL/017	Solar Panel installation to 25 DAG HH	Korbanghimpe	Dag	problem of light. Used kerosene lamp. Problem of diseases	easy availability of solar electricity ,control of diseases.		550000	550000			Excellent	25 DAG HHs are benefited



## **Project Narrative from Salyan prepared by the District Engineer: Nirajan Dhakal**

### **1. Poverty Reduction Analysis:**

DDC has implemented the following nature of rural micro-infrastructure through DFDP fund. Through the construction of such projects following changes has been seen for poverty reduction.

#### **Drinking water supply project**

DDC has implemented altogether 7 DWS project in 3 years which helps to reduce the poverty in the following way:

- Access to safe drinking water.
- Reduces diseases like diarrhoea, cholera, and other water borne diseases due to this reduce money from being expense-buying medicine. The amount saved from this utilized in child education and food security.
- Water fetching time is saved and could be managed for looking after the houses, income generation activities and recreation purpose.

#### **School building construction**

DDC has implemented altogether 20 school building project in 3 years which helps to reduce the poverty in the following way:

- Access to the schooling to the children, which ultimately reduces the illiteracy.
- Good environment for education.
- Help to raise the living standards, especially of the backward communities and women by carrying out programmes of literacy.

#### **Irrigation canal construction**

DDC has implemented altogether 7 irrigation project in 3 years which helps to reduce the poverty in the following way:

- Raise the crop production and help for the food security.
- Helps to produce off-season cash crops.
- Earned money by selling the production commodities.

#### **Solar electrification**

DDC has implemented altogether 3 programme (103 DAG HHs) in 3 years which helps to reduce the poverty in the following way:

- Save money from buying non-renewable energy like kerosene.
- Helps to protect environment.
- Easy access for studying child at night.
- Access to the communication and information due to the TV and Radio, which ultimately helps to empower the rural population.

#### **Rural road**

DDC has implemented altogether 2 rural road project in 3 years which helps to reduce the poverty in the following way:

- Access to the market helps them to sell their local agricultural production.
- Ultimately helps to increase income of the household.

#### **River training**

DDC has implemented altogether 3 river training project in 3 years, which helps to reduce the poverty in the following way:

- Protection of productive land from being erosion, which ultimately secures the production of the agricultural commodities.

**Maternity ward**

DDC has implemented altogether 1 Maternity ward construction project in 3 years, which helps to reduce the poverty in the following way:

- Reduces the child and mother mortality rate.
- Access to the pregnant mother for reproductive health.

Gender and Social Inclusion analysis:

- From the very beginning of the project selection, implementation DFDP made a mandatory for meaningful gender and social inclusion issues. There must be at least 30 % of total DFDP grant earmarked for those disadvantages groups (Women and DAG).
- In the User’s committee formation there must be at least 30% of women and DAG groups.

Additional comments as required:

- Local elite’s dominance over project selection and implementation.
- Rebellion party forced to register programme as well as user’s committee in their so-called JANASATTA.
- Sometimes political parties influence the project selection.

District: **Salyan**

VDC: Mulpani

Ward No.:

Date of visit

**Observation**

Just observed and took a photograph.

Quality of material	Good
Quality of workmanship	Good
Gas production	Excellent
Technical support	Good

**Note:**

3. Time to fetch fuel wood has been saved.

District: **Salyan**

VDC: Marke

Ward No.:

Date of visit

21.09.2006

Name of Community

Laligurans Samudaik Sanstha

User's committee chair-person

Length of irrigation canal

720 meter

Area of Land

150 Ropani

Date of start

19/11/61

Date of completion

25/3/62

Disadvantaged house hold

24

Other house hold

52

Beneficiaries population

414

Cost Sharing

in %

in amount Rs.

DFDP

56.00

415,219.00

DDC

7.00

51,902.00

VDC

7.00

51,902.00

Community

30.00

222,438.00

Total

**100.00**

**741,461.00**

Social audit

Done

Maintenance fund collection

Rs. 5/month/household

Utilization of fund

No misuse

Satisfaction of community

Full satisfaction

**Observation**

Quality of material

Good

Quality of workmanship

Fair

Alignment

Fair

Technical support

Poor

**Note:**

1. Inadequate supervision from Technical persons.  
after the construction of Irrigation canal.
4. Production of Paddy has also been increased.  
labour as their contribution.

District: **Salyan**

VDC:

Ward No.:

Date of visit 20.09.2006

Name of Community

User's committee chair-person

Date of start 13.01.2063

Date of completion 14.03.2063

Tap stand 10 nos.

Disadvantaged house hold 10

Other house hold 52

User's Committee 9 persons

Male

Female

	Cost Sharing	in %	in amount Rs.
DFDP		80.00	238,396.80
DDC		10.00	29,799.60
VDC		10.00	29,799.60
Community			33,110.67
Total		<b>100.00</b>	<b>331,106.67</b>

Social audit

Done at 13.01.2063

Maintenance fund collection

Rs. 10/month/household

Satisfaction of community

Full satisfaction

**Observation**

Quality of material Good

Quality of workmanship Good

Technical support Good

**Note:**

health hazards.

District: **Salyan**

VDC: Sejawal Takura

Ward No.: 7

Date of visit 21.09.2006

Name of Community Tin Chaur Community

User's committee chair-person Mr. Bijuli Prasad Sejawal

Date of start 16.02.2062

Date of completion 11.02.2063

Disadvantaged house hold 10

Other house hold 52

Beneficiaries population 55

User's Committee 15 persons

Male 13

Female 2

	Cost Sharing	in %	in amount Rs.
DFDP		60.00	76,827.00
DDC		7.50	9,603.00
VDC		7.50	9,603.00
Community		25.00	32,011.00
Total		<b>100.00</b>	<b>128,044.00</b>

Social audit Done

Maintenance fund collection Rs. 25/year/household

Utilization of fund No misuse

Satisfaction of community Full satisfaction

**Observation**

Quality of material Good

Quality of workmanship Fair

Technical support Good

**Note:**

half an hour walking distance.

2. Project approved within 2.5 months of demand.

## **Kailali District Report: Yagaya P. Adhikari and Vishwa N. Khanal**

Name of the District: Kailali  
Date of visit: 23 - 25 Sept, 2006.  
Population: 616697(Male 49.4% and Female 50.6%)  
Number of VDCs: 42

### **Narrative Report of Meetings and Field Visits**

#### **1. Back Ground on the district:**

Kailali district is situated in the southern part of Far-Western Development Region of the country. The district is surrounded by Kanchanpur and Dadelhdhura in west, India in south, Banke in east, and Surkhet and Doti in north respectively. It covers an area of approximately 3,284 square kilometres and altitude ranges from 140 meters in the south to 1960 meters in the north. Politically, Kailali has 42 VDCs, two Municipalities, thirteen Ilakas and five electoral constituencies. The major motorable road networks are noted east to west and south part of the district. Mahendra Raj Marga (East- West Highway) passes through centre from east to west and is one of the districts that were added to the DFDP in 2003 covering 30 VDCs with the total budget of Rs. 1, 96, 62045 for three years. It is also a district known as heavily conflict affected.

#### **2. District priorities as stated in their development Plan**

As stated in the District Periodic Plan (DPP), Kailali district has focused on poverty reduction through agriculture, health, education and infrastructure development. Rehabilitation of the kaimaiyas and forest conservation are other priority areas of the district. The interactions of the team with DDC and other stakeholders also corresponds it. Kailali DDC has prepared its DPP, DTMP, and ESMP and tried to incorporate annual District Development Plan to DPP.

#### **3. DFDP status including description of the understanding of DFDP by DDC, VDC and communities**

Total 51 DFDP projects were approved. 47 projects completed and 4 were cancelled. In course of field visit it is the impression that most of the populace of the district know about the contribution of DFDP in development endeavor, however, there some areas and communities who do not understand DFDP. In DFDP funded projects, a board containing name of the project, number of user committee members, name of the chairperson of UC, amount funded by the DFDP/VDC/DDC and full name of the DFDP is displayed. It seems that DFDP has been able to raise awareness within the community to understand participatory planning process that starts from the community level to VDC and DDC.

#### **4. Findings**

- Kailali district seems more advance in terms of capacity development in contrast to Salyan. Numbers of capacity development efforts have been made. DDC has prepared Monitoring Guideline and Citizen Charter, established District Information and Documentation Center, produced Poverty and Resource Maps, developed Human Resource Development Policy Guideline, conducted Capacity Development Study and established DDC website and Internal Audit Section.
- In spite of being heavily conflict-affected district, DFDP projects have been implemented smoothly. It is remarkable that programs were approved at the critical time of Maoist insurgency and are completed within the same given situation. Team members of the field visit were highly impressed with the implementation of DFDP projects.
- There are some of the significant examples of partnership and inter-agency coordination in regard with DFDP project. Sub-Health Post of Balia VDC can be an unique example of it to

ensure local governance.( coordination and partnership between Community, VDC,DDC, Line Agency of GON and DFDP)

- For the first time team members of the field visit found the women in decision making to implement the development project at Pahal Manpur VDC. A group of the women claimed with the team that they have made 35-kilometre road at the cost of five million. It is the excellent example of raising awareness within women at the community level.
- The study team was concentrated to find out the impact of the DFDP projects. The program has been able to deliver the basic services to the community and to strengthen the institutional development of the local government. Impact was measured taking into account the situation before and after DFDP project implemented.
- As in Salyan, none of the women were in the decision making of DDC'. Organizational structure.
- During a meeting with DDC (Sept.24, 2006) the concerned persons expressed their positive experiences of DFDP process. Their view was that formula based block grants, social audit, hoarding board; project book and MC/PM system are providing basic ground to ensure transparency, accountability and institutional development of local governance as well.
- At the same day, team met with the representatives of mainstream political parties (NC, NCD,UML,United Janamorcha).The participants stated that they were fully supportive of the projects. In addition, all political participants strongly requested to continue DFDP in future.
- Most of the VDC secretaries are not in their duty station. Among 42 VDC secretaries only five are in their concerned VDCs due to Maoists' threat and fear
- DDC has made compulsory provision to include women in UCs among three major posts (president, secretary and treasurer).

### Kailali Field Visits

Name of the Project	<b>Maternity Ward Construction</b>	
District	Kaikali	
VDC	Baliya	
Ward No.	3	
Date of visit	Sept.24, 2006	
Name of Community/Village Settlement	Valka	
User's committee chair-person		
Date of start	1/28/06	
Estimated Date of completion	Jun-06	
Disadvantaged house hold	2500	
Other house hold	3400	
Beneficiaries population	5900HH	
<b>Cost Shearing</b>	Nrs.	%
		(Percentage)
DFDP	480000	65.63
DDC	48736	6.66
VDC	70000	9.57
Community	132661.13	18.14
<b>Total</b>	<b>731397.13</b>	<b>100.00</b>
Social audit	Carried out timely	
Maintenance fund collection	Rs.2 per entry ticket and other contributions including the rental charges of the meeting hall..	
Utilization of fund	No misuse reported. Additional expenses requested	
Satisfaction of community	Full satisfaction of the community	
<b><u>General Observation</u></b>		
Quality of material	Good	
Quality of workmanship	Very Good	
Technical support	well supervised	
Financial management	Well in time	

#### **Notes:**

1. Social audit carried out as per the plan.
2. Supervision by Technical staff met the time sequence.
3. Construction works and the ward is functioning well
4. 5900.house hold benefited



Name of the Project	Construction of the Maternity Ward and Health Post
District	<b>Kailali</b>
VDC	Balia
Ward No.	3
Date of visit	Sept.24, 2006
Name of Community/Village Settlement	Valka
User's committee chair-person	
Date of start	28.01.2006
Estimated Date of completion	Jun-06
Disadvantaged house hold	2500
Other house hold	3400
Beneficiaries population	5900HH

<b>Cost Sharing</b>	Nrs.	% (Percentage)
DFDP	480000	65.63
DDC	48736	6.66
VDC	70000	9.57
Community	132661	18.14
<b>Total</b>	<b>731397</b>	<b>100.00</b>

Social audit	Carried out timely
Maintenance fund collection	Rs.2 per entry ticket and other contributions including rental charges of meeting hall.
Utilization of fund	No misuse reported. Additional expenses requested
Satisfaction of community	Full satisfaction of the community

#### **General Observation**

Quality of material	Good
Quality of workmanship	Very Good
Technical support	well supervised
Financial management	Well in time

#### **Notes:**

1. Social audit carried out as per the plan.
2. Supervision by Technical staff met the time sequence.
3. Construction works and the ward is functioning well.
4. 5900 household benefited from this facilities.

Name of the Project	Construction of the Maternity Ward and Health Post	
District	<b>Kailali</b>	
VDC	Phulbari	
Ward No.	3	
Date of visit	Sept.24, 2006	
Name of Community	Hari Mahila Samuha	
User's committee chair-person		
Date of start	28.01.2006	
Estimated Date of completion	Jun-06	
Disadvantaged house hold	500	
Other house hold	1100	
Beneficiaries population	1600HH	
<b>Cost Sharing</b>	Nrs.	% (Percentage)
DFDP	733039	71.61
DDC	91630	8.95
VDC	91630	8.95
Community	107293	10.48
<b>Total</b>	<b>1023592</b>	<b>100.00</b>
Social audit	Carried out timely	
Maintenance fund collection	Rs.1 per entry ticket and other contributions.	
Utilization of fund	No misuse reported. Additional expenses requested	
Satisfaction of community	Full satisfaction of the community	

#### **General Observation**

Quality of material	Good
Quality of workmanship	Very Good
Technical support	well supervised
Financial management	Well in time

#### **Notes:**

1. Social audit carried out as per the plan.
2. Supervision by Technical staff met the time sequence.
3. Construction works including the painting completed fitting of shutters commenced.
4. 1600.house hold benefited from the this facilities

The existing Sub-Health post will be shifted to new bldg. by mid Oct. 2006

**Name of the District: Rupandehi: Neeta Thapa and Vishwa N. Khanal**

Date of visit: 23 September to 25 September

**Back Ground on the district<sup>12</sup>:**

Rupandehi, located in the Western Development Region, was one of the districts included in the first phase of the project. It is the third most populous district in the country and has population density of 521 per square km. The major occupation of the people in this district is agriculture.

Population (According to Census 2001):

Female: 347,646

Male: 360,773

Total: 708,419

Household: 117,856

Family size: 6.01

Population growth rate: 3.05

Number of VDC: 69

Municipality: 2

Adult Literacy Rate:

Female: 49.6%

Male: 74.5%

Total: 62.2 %

HDI ; 0.546 ( 5<sup>th</sup> in 75 district)

HPI: 29.2

Per capita income: \$249

**Narrative Report of Meeting and Field Visit**

As the LDO and the field officer of the DFDP had already left for Kathmandu to participate in the Annual Review Meeting of DFDP, the DTO was the working as acting LDO of the district. The team received full support and cooperation from him but many documents could not be collected due to the absence of the concern personnel. Likewise, representatives of political parties and line agencies were not called for meetings. Only two meetings, one with the DDC officials and other with VDC secretaries,<sup>13</sup> were organized for the team.

**District priorities as stated by the participants**

On account of the political instability, this is a crucial period for the entire nation. Though system, rules and regulations exists, many of them are not applicable in the present situation. For example, there is a provision of 14 step participatory planning process in the LSGA. This requires that the process commence from the community moving up to the VDC and ultimately culminating with the DDC. However on account of the absence of people representatives at the VDC and district levels, the VDC secretary, health assistant and agriculture assistant, who are all appointed by the government, are functioning as the VDC council and the LDO, who is a staff of MLD, functions as both the DDC Chairperson and the council as well.

All the projects, which come from the community, are need based and contribute to poverty reduction by providing access to basic infrastructure to the poor people. As the communities' demand for DFDP supported projects is very high, many community-based projects compete for limited resources which cannot meet the entire demand. In this way implementation of infrastructure projects supported by this program in one or two settlements in a few VDCs become invisible in the district. Thus, even though the project selection process in the community level is participatory, accessibility to power structure at the higher level is one of the key influencing factors while prioritizing project selection.

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<sup>12</sup> Source of information is brochure published by Information, research and publication branch of DDC Rupandehi. Website [www.ddcrupandehi.org](http://www.ddcrupandehi.org)

<sup>13</sup> List of person participated is available in the Appendix

There are about 1000 km of road within the district majority of which has to be repaired and maintained every year. Demand for school is very in the district due to growing population. Flood relief activity is another pressing need of the district.

### **DFDP status including description of the understanding of DFDP by DDC, VDC and communities**

As LDF (DLGSP) has a separate secretariat, it is working as parallel body to the DDC but DFDP is internalized within the DDC. Many VDC secretaries do not know about the DFDP Budget and its priorities. They did not even know that 30% of the budget is being allocated for women and disadvantaged group. An orientation workshop was held for VDC secretaries in 2000/01 regarding the program. Thereafter, such program has not been conducted.

As in every DFDP funded project, a board containing name of the project, number of user committee members, name of the chairperson of UC, amount funded by the DFDP/VDC/DDC and full name of the DFDP is displayed. Thus most of the community members know about the DFDP. But some member who can't read get mixed up and think it is LDF. However, it has been able to raise awareness level of community members who understand that a participatory process which requires them to move upward from the community level to the CBO and VDC to apply for DFDP funded thereby strengthening local governance.

### **Findings**

- Project funds is inadequate in comparison to the demand of district. The project has not been able to invest 15% budget set aside for women focus project. It also seems that there was no conceptual clarity regarding women/disadvantaged-focused project (Some projects such as community buildings and wall construction had originated from women groups from some of the villages. However, these were rejected on the basis that they were not projects used by women only.)
- Planning process is participatory in community level but lack transparency at the district level
- Infrastructure:
- Capacity building: Capacity development of the DDC is limited to internal auditing and account training to some DDC staff. No program for capacity development of VDCs.
- Monitoring is done by the technical staff during the construction phase. After the handing over the third instalment of the fund, there is no monitoring for maintenance. Monitoring from gender perspective does not exist at all.
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### **Recommendation:**

- As Rupandehi district has substantial resources of its own in comparison to the DFDP's financial support, DFDP's support for micro infrastructure should be model projects so that it can be replicated in all 69 VDCs to facilitate participation, transparency and sustainability.
- Gender and social inclusion training should be provided to field officers of DFDP, other related staff of DDC and the VDC secretaries.

### **Appendix**

#### A. Documents collected

1. Brochure
  2. Annual Development Plan 062/63 (2006/07)
- #### B. List of person met
- I. DDC meeting

## **Name of the District: Kaski: prepared by Neetha Thapa**

Date of visit: 4<sup>th</sup> October to 6<sup>th</sup> October

Back Ground on the district<sup>14</sup>:

Kaski, located in the Western Development Region, was one of the districts included in the first phase of the project. Out of 43 VDC in Kaski, DFDP projects are implemented in 42 VDCs. Kaski is one of the major tourism centers of the country.

Population (According to Census 2001):

Female: 195,532

Male: 184,995

Total: 380,527

Households: 85,075

Population growth rate: 2.64

Number of VDC: 43

Sub Metropolitan City: 1

Municipality: 1

Adult Literacy Rate:

Female: 57.49%

Male: 78.21%

Total: 67.76 %

HDI ; 0.593 ( 3<sup>rd</sup> in 75 district)

HPI: 24.9

Per capita income: \$313

### **Narrative Report of Meeting and Field Visit**

Though the visit to Kaski district took place during the GoN holiday on the occasion of Dashain festival, the LDO, who was deputed in the Kaski district just two months ago, fully supported the team. The team was able to visit five project sites and meet DDC officials, VDC secretaries, local political leaders and former elected representatives<sup>15</sup>. However, many documents could not be collected due to closure of the DDC office. The sites visited comprised both DDC level (bridge) and VDC level (drinking water, bio gas, and library) projects. The project sites were selected to cover as many diverse communities, such as Tamang ethnic community, dalit community and non-dalit (Majority of Brahmin/chetri) community, during the limited time period available to the Evaluation Team (ET).

Distinct differences were noticed in these three types of user communities. Both male and female members of the Tamang user community could be deduced to be actively involved in the project activities as all of them well aware of the project activities and could explain it in detail to the ET. An elderly female, who was chairperson of the community, was well aware of the processes and was able to handle the delicate matters raised during the meeting with the ET.

Though women were also represented in the meeting of the user committee of the non- dalit community with the ET, none of them occupied key positions in the user committee. Only men were doing the talking while women were passive participants in the meeting with the ET.

In the dalit community, where DFDP funded bio gas plants, none of the community members, men as well as women, knew about the amount of fund allocated for their project and the implementation process. This project was directly implemented by the VDC. Though a user committee was formed, the chairperson of the committee did not know about who and how many members comprised the committee. He also had never seen the project book. Many poorest of the poor in this settlement were excluded as they were unable to contribute labor or

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<sup>14</sup> Source of information is brochure published by Information center of DDC Kaski. Website [www.ddckaski.org](http://www.ddckaski.org)

material as required by the project. Many of the households, which has installed the biogas has taken loan to make contribution from their side and are still paying 24% interest for that loan.

### **District priorities as stated by the participants**

In some communities, becoming the chairperson of the user committee is considered more important than becoming the chairperson of the VDC. The participants were of the opinion that as some user committees have not done their job with honesty, thus fund should not be given directly to the user's committee rather it should be channelled through the VDC so as to maintain a check and balance process. Furthermore, as VDCs are permanent institutions while user committee are, VDCs would be ideal institutions for this purpose. The VDCs should be given the responsibility of acting as the local authority that should take the ownership of project and be responsible for its operation and maintenance. The planning officer of the DDC recounted his experience in Jajarkot district where user's committee had misused the fund provided to community.

It was also reported, initially when groups comprising only women and groups comprising only the poorest of the poor had been formed they were not been able to produce the desired result and were not successful. Thus in both the cases, mixed groups were formed and they were successful. Thus, the participants generally concluded that addressing issues from the perspective of just one section of the community may not be the appropriate way to achieve success.

On account of on the going conflict, monitoring had been the weakest part of the DDC. According to the LDO, for smooth operation and monitoring of the projects, a technical person (overseer), who will be responsible to implement and monitor the infrastructure projects, should be given the responsibility to look after four VDCs.

### **DFDP status including description of the understanding of DFDP by DDC, VDC and communities**

As need based projects cannot only be implemented without the allocation of adequate fund at the community level, financial decentralization, the ultimate form of decentralization in the true sense, is essential to fulfil the requirements of people at the grass root level. DFDP, which has been implementing micro infrastructure projects at the grass root level, is a fine example of decentralization. The DFDP not only provides micro infrastructure support but also establishes a participatory and transparent planning and implementing process. Theoretically DFDP's approach and working modality is excellent and effective to strengthen local governance. If any practical difficulties exist or prevail, they should be promptly corrected.

Village Development Program has been effective and a great deal of social mobilization has taken place in the district. DFDP has been successful in implementing projects in the district due to social mobilization. Women and DAG focused projects are given priority in the selection process, in accordance with the LSGA provision, but often such projects forwarded to the DDC through participatory process are fewer than the required number as the demand for such projects originating at the community level itself is less than anticipated.

DFDP is well internalized within the DDC, but lacks coordination with the District Technical Office. At present, the technical officer hardly knows anything about the DFDP projects.

Social audit and the board containing details of the project are appreciated by the community. Majority of the community members know about DFDP and understands that participatory planning process and systematic approach is needed to get DFDP fund.

### **Findings**

- Infrastructure projects implemented through the user's group committees (for e.g. Bio gas of Sardi khola, Tamang Gaon) are of better quality than projects implemented by the VDCs (for eg. Bio gas of Sarangkot VDC , dalit community
- In places where projects have been directly implemented by the VDCs participation of the community people has been nominal.
- Monitoring and supervision has not been done adequately.

- DFDP has been well recognized in the district. Establishment of internal auditing system, information center has been done as per DFDP requirement.
- Some of the DDC official/former members do not have positive opinion regarding user committee.
- The DDC has not been able to allocate 15% budget for women focused project and many are not clear about which projects are to be taken as women focused.

#### **Recommendation**

- Monitoring and evaluation should be strengthened.
- VDC secretaries should be well oriented about goal and purpose of the DFDP.
- Gender sensitization training should be provided to DDC, VDC and DFDP staff.

#### **Kaski District Site Visits: Prepared by Vishwa N. Khanal**

##### **Interaction with DDC officials at Kaski**

##### **Findings:**

1. DTO is under the DDC organization.
2. Out of 43 VDC in Kaski, DFDP projects are implemented in 42 districts.
3. LDO of Kaski DDC said that money should not be given directly to the user's committee rather it should be given through VDC to the user's committee that strengthen DDC and become more transparent.
4. DTO said that there is no co-ordination and no relation of DTO with DFDP projects, and there is no assurance of budgets in DDC projects.
5. Planning officer said that his past experience in Jajarkot is that user's committee is not always 100% correct.
6. Money raised from District road goes to both DDC and VDC equally.
7. In the selection process of project, priority has to be given to the women/DAG-focused program as per the LSGA provision but often such programs forwarded to DDC are less.
8. LDO of Kaski DDC said that DDC is thinking to authorize VDC for the implementation of small projects amounting up to Rs. 200,000.00

##### **Interaction with District Political Leaders at Kaski**

##### **Findings:**

1. Ex-president of Kaski DDC said that Financial decentralization is the ultimate decentralization in true sense. DFDP is a sample of decentralization. Theoretically DFDP is good and if practical difficulties prevail it should be corrected accordingly. Social mobilization has taken place.
2. Group having only women have been formed and observed that it could not achieve success. Similarly, Group having only Poorest of the poor have been formed and observed that also it could not achieve success. In both cases again mixed group was formed and found that it was a success.
3. Village Development Program is an excellent program.
4. DDC must delegate authority to the VDC, and DDC should play the role of Coordinating and Monitoring all activities of DDC that will be the true Decentralization.
5. Local authority must be VDC, it should take the ownership of project and also take the responsibility of Operation and Maintenance.
6. One technical person (Overseer) should be given the responsibility to look after four (4) VDCs and he will be responsible to implement and monitor the infrastructure projects.
7. It has been observed that government officials are not accountable towards the people and also observed the misuse of resources.

**Kaski District Name of the project : Bio-gas plus Toilet Project**

District : **Kaski**  
VDC : Sarangkot  
Ward no. : 1, 3  
Date of visit : 5.10.2006  
Name of Community :  
User's committee chair-person: Mr. Bal Bahadur Bi. Ka.  
Date of start : 19.12.2060  
Date of completion : 15.03.2061  
Total house hold : 37  
Beneficiary's population :  
User's Committee : 9 persons  
Male : 6  
Female : 3

Cost sharing	in %	in amount Rs.
DFDP	22.31	247,176.00
DDC	2.79	30,897.00
VDC	2.79	30,897.00
Other organization	36.55	405,000.00
Community	35.56	393,993.00
<b>Total</b>	<b>100.00</b>	<b>1,107,963.00</b>

Social audit :  
Maintenance Fund collection :  
Utilization of Fund :  
Satisfaction of Community : Good

**Observation:**

Quality of Material : Good  
Quality of workmanship : Good  
Technical support : Good

**Note:**

1. Majority of the community is Dalit. Social mobilization in the village has not been effective.
2. User's Committee chair-person said that they did not get money for the construction and even does not know the name of members of the User's Committee but he had signed in the minutes as per the instruction of VDC chair-person.
3. Community said that Project Book may be in VDC office, they do not have it.



4. Bio-gas is not functioning in one house and function of other three houses is not good. In summer Bio-gas is adequate for 5 to 7 families but in winter it is not adequate.
5. Community contributed in collection of Sand, Aggregates, Stone and Earth excavation work.
6. Operation and maintenance fund has not been raised.
7. Prior to the project, they had to go 1.5 hour walking distance for fire-wood, there was a problem of toilet. Now the environment of village is neat and clean.

**Kaski District : Bio-gas plus Toilet Project**

VDC : Sardi Khola  
 Ward no. : 1, Tamangbasti  
 Date of visit : 5.10.2006  
 Name of Community : Kot Kasher Community Saving Group  
 User's committee chair-person: Mrs. Nana Shree Tamang  
 Date of start : 03.12.2061  
 Date of completion : 10.03.2062  
 Total house hold : 40  
 Beneficiary's population :160  
 User's Committee : 7 persons  
     Male : 4  
     Female : 3

Cost sharing	in %	in amount Rs.
DFDP	31.44	284,123.00
DDC	3.93	35,524.00
VDC	3.93	35,524.00
Community	60.70	548,712.00
<b>Total</b>	<b>100.00</b>	<b>903,953.00</b>

Social audit : Done  
 Maintenance Fund collection : 33 household are saving @ Rs. 30.00/month /house  
 Utilization of Fund : Fully utilized  
 Satisfaction of Community : Very happy

**Observation:**

Quality of Material : Good  
 Quality of workmanship : Good  
 Technical support : Good

**Note:**

1. Ethnic community is Tamang. Chair-person of user's committee said that Social mobilizer gave idea to put demand of project based on the need of the village.

2. DDC sent money to VDC and User's Committee get money for the construction through VDC.
3. Bio-gas is functioning excellent in all 19 houses.
4. Chair-person of user's committee said that there was a Maoist threat not to accept the project even then villagers unanimously decided to face the threat and launch the project.
5. She said that there is a 5 years guarantee from the Bio-gas company; they had provided one day training for operation and maintenance. Operation and maintenance fund has not been raised but they will repair and maintain from the saving fund of the community.
6. Prior to the project, they had to purchase fire-wood and there was no toilet in the village. Now villagers are happy, no nuisance in the village, environment is neat and clean.
7. This project brought difference in the protection of forest, improvement in health as bio-gas being smokeless and help in poverty reduction

### **Kaski: Bhurjung Khola Motor Bridge Project**

VDC : Sardi Khola  
 Ward no. : 9  
 Date of visit : 5.10.2006  
 Name of User's Committee : Bridge Construction Committee  
 User's committee chair-person: Mr. Harka Bahadur Gharti.  
 Date of start : 19.11.2058  
 Date of completion : 16.01.2059  
 Length of the Bridge : 17 meter  
 Width of the Bridge : 4.5 meter  
 User's Committee : 9 persons  
     Male : 6  
     Female : 3

Cost sharing	in %	in amount Rs.
DDC (LDF)	28.06	323,562.00
DDC (SDP)	6.25	72,000.00
VDC	13.00	150,000.00
Institutions/Individuals	34.06	392,755.00
VDC people in Hongkong	11.33	130,665
Community	7.30	84,060.00
<b>Total</b>	<b>100.00</b>	<b>1,153,347.00</b>

Social audit : Done  
 Maintenance Fund collection : No  
 Utilization of Fund : Excellent  
 Satisfaction of Community : Excellent

**Observation:**

Quality of Material : Good  
 Quality of workmanship : Good  
 Technical support : Good

**Note:**

1. 113 individuals contributed donation.
2. User's Committee chair-person said that it is an excellent project implemented in the district.
3. Operation and maintenance fund has not been raised.
4. Prior to the project, this territory was considered as remote area due to in accessibility, now the Motor Bus service from Pokhara to village has brought tremendous improvement in life styles, education and economic activity of this area.

**Kaski: Sedi Bagar Drinking Water Supply Project**

VDC : Sarangkot  
 Ward no. : 7, Sedi Bagar  
 Date of visit : 6.10.2006  
 User's committee chair-person: Mr. Ram Bahadur Thapa.  
 Date of start : 10.11.2061  
 Date of completion : 01.03.2061  
 Total house hold : 90  
 Water Tank Capacity : 30 cubic meter  
 Tap Stand : 16 nos.  
 User's Committee : 7 persons  
 Length of pipe : 3000 meter  
     Male : 4  
     Female : 3

Cost sharing	in %	in amount Rs.
DFDP	59.55	237,348.00
DDC	7.45	29,668.00
VDC	7.45	29,668.00
Community	25.55	101,831.00
<b>Total</b>	<b>100.00</b>	<b>398,515.00</b>

Social audit : done

Maintenance Fund collection : no  
Utilization of Fund : Good  
Satisfaction of Community : Good

**Observation:**

Quality of Material : Good  
Quality of workmanship : Good  
Technical support : Good

**Note:**

1. User's Committee chair-person said that they constructed the Water Tank increasing the capacity from 10 to 30 cubic meters and also increase number of tap-stand from 8 to 16.
2. Owing to the increment in the capacity of water tank, more budgets required to complete the project so that they made a request to DDC for additional budget and also DDC gave approval for the additional budget to that project.
3. User's Committee chair-person said that the approved DFDP budget was given to User's Committee by DDC through VDC but the DDC did not provide additional approved budget to User's Committee.
4. User's Committee chair-person claimed that the Engineer and DDC personnel instructed to them to procure the additional High Density Polythene pipe from a particular supplier against the additional approved budget which they found of inferior quality in comparison to the pipe they had purchased earlier from the DFDP project.
5. Community has raised maintenance fund at the rate of Rs. 1000.00 from each tap stand as 5 to 7 household are sharing one tap-stand.
6. Now water is adequate for all 90 households and they use this water in vegetable production at Kitchen garden.

**Kaski: Sedi Library Project**

VDC : Sarangkot

Ward no. : 7, Sedi Bagar

Date of visit : 6.10.2006

User's committee chair-person: Mr. Ram Bahadur Thapa.

Date of start : 26.02.2059

Date of completion : 20.04.2059

Total house hold : 90

User's Committee : 9 persons

Male : 7

Female : 2

Cost sharing	in %	in amount Rs.
DFDP	40.26	122,240.00
DDC	4.47	13,590.00
VDC	8.45	25,670.00
Forest committee	2.30	7,000.00
Mother's group	1.65	5,005.00
Ambika Youth Club	7.00	21,249.00
Individuals	0.68	2,083.00
Community	35.19	106,815.00
<b>Total</b>	<b>100.00</b>	<b>303,652.00</b>

Social audit : done

Maintenance Fund collection : no

Utilization of Fund : Good

Satisfaction of Community : Good

**Observation:**

Quality of Material : Good

Quality of workmanship : Good

Technical support : Good

**Note:**

1. User's Committee chair-person said that they constructed the Library building to motivate youths in academic activity.
2. Now Library is conducted by Mamata Youth club.
3. Maoist had closed VDC office after the downfall of king's step which was open also during the conflict as to create pressure on the government for the success of peace process and election of constituent assembly.