



Draft Design and Monitoring Framework

Project Number: P40554
September 2007

NEP: Rural Reconstruction and Rehabilitation Sector Development Program

A design and monitoring framework is an active document, progressively updated and revised as necessary, particularly following any changes in project design and implementation. In accordance with ADB's public communications policy (2005), it is disclosed before appraisal of the project or program. This draft framework may change during processing of the project or program, and the revised version will be disclosed as an appendix to the report and recommendation of the President.

Asian Development Bank

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets / Indicators	Data Sources / Reporting Mechanisms	Assumptions and Risks
<p>Impact Reduce rural poverty in hill, mountain and Terai districts where isolation and hardship are common</p>	<ul style="list-style-type: none"> Poverty levels drop by 1 percent per year 	<ul style="list-style-type: none"> National Census and Statistics (NCS) Survey of project area households 	<p>Assumptions</p> <ul style="list-style-type: none"> Government development expenditure grows at 14% to 15% during the program <p>Risks</p> <ul style="list-style-type: none"> Political instability
<p>Outcome: Program Greater inclusion, good governance, and accelerated service delivery in rural infrastructure</p> <p>Outcome: Project Improved connectivity of rural communities, enhanced economic and employment opportunities, and increased access to market and social services for rural communities</p>	<ul style="list-style-type: none"> Inclusive development promoted through adoption/implementation of legislation, policies and focused programs Institutional capacity of District Technical Office (DTO) enhanced Public expenditure tracking system institutionalized Gazetted Procurement Act and Regulations and Local Bodies Financial Administrative Rules (LBFAR) to strengthen financial and procurement management, including district development committee (DDC) procurement authority Public Procurement Monitoring Office (PPMO) effectively monitors all public procurement Management for development results (MfDR) practices gradually institutionalized in government organizations Private sector investment attracted in infrastructure development Rural infrastructure significantly rehabilitated and reconstructed <ul style="list-style-type: none"> Reduction in proportion of population in project districts that have to walk 4 hours in hill and 2 hours in Terai to reach the road head from about 36% to less than 25% Average household (HH) travel time to market centers in road-influence area (RIA) reduced by 50% Average number of annual HH trips to market centers in RIA doubled Traffic counts and/or passenger movements in RIA increased by at least 30% Improved access to assured supply of drinking water for about 25,000 households Reduced average time for accessing water (-50%); increased HH supplies (+100%); reduced HH incidence of gastro-related disease (-30%) 	<ul style="list-style-type: none"> National Planning Commission (NPC) monitoring reports Public Service Commission (PSC) reports Financial Controller General's Office (FCGO) reports on public expenditure tracking Cabinet decisions and gazette publications Reports of PPMO Federation of Nepalese Chambers of Commerce and Industry (FNCCI) reports NPC reports <ul style="list-style-type: none"> NCS National geographic information system (GIS) database on population access (Department of Roads) TBMFI surveys and reports <ul style="list-style-type: none"> Targeted benchmark, midterm, and final impact evaluation surveys and reports Project Completion Report (PCR) Subproject worker days listed in attendance sheets Government reports on gender and ethnic 	<p>Assumptions</p> <ul style="list-style-type: none"> Government's support to inclusive development and decentralization Surveys data and finding used by Ministry of Finance (MOF) to improve public expenditure Procurement Regulations and LBFAR are clear and support devolution Government committed to institutionalizing results-based management Private sector attracted to investment in infrastructure development Relevant capacities are developed in PPMO <p>Risks</p> <ul style="list-style-type: none"> Government's intransigence on devolution Political instability shies away private sector investment <p>Assumptions</p> <ul style="list-style-type: none"> Project areas remain safe and secure for development project implementation DDCs give priority to poverty reduction and good governance District development initiatives under the Project are not diverted or politicized in the run-up to elections <p>Risks</p> <p>District-level political parties are unable to reach consensus on development priorities</p>

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	<ul style="list-style-type: none"> • Employment of 15.8 million person-days in civil works provided • Increasingly proportional representation of women and minorities in governing bodies • Increased development expenditure efficiency and quantum 	<p>make-up in elected and civil service positions (2008 vs. 2012)</p> <ul style="list-style-type: none"> • Budget and development expenditure (2008 vs. 2012) 	
Outputs			
A. The Program			
<p>Pillar 1: Enhancing poverty reduction and inclusive development</p> <p>Pillar 2: Improved governance and decentralization</p> <p>Pillar 3</p>	<ul style="list-style-type: none"> • Gazetted Interim Constitution and Constituent Assembly Member Electoral Act include proportional representation provisions for women, vulnerable and marginalized groups • Ratified International Labor Organization (ILO) Convention on Indigenous nationalities by Interim Parliament • Gazetted Civil Service Act and Regulations include social inclusion provisions • Programs on inclusion and access to benefits and opportunities included in approved 3 Year Interim Plan • Gazetted Citizenship Act includes provisions on granting citizenship through maternal line • Action plan for strengthening universal vital events registration system • Approved/finalized action plans and organizational set-up for development programs targeted on deprived regions and groups • Approved gender strategies in Ministry of General Administration (MOGA), Ministry of Education and Sports (MOES) and Ministry of Agriculture and Cooperatives (MOAC) • PSC's public announcement on recruitment of vacant technical positions in DTOs. • MOF directive on public expenditure tracking survey • MfDR training modules developed and adopted in government training • Gazetted Procurement Act and Regulations • Gazetted LBFAR that is compatible with Procurement Act and Regulations • Functional and well-resourced Public Procurement Monitoring Office • Computerized DDC accounts and electronic networking between Ministry of Local Development (MLD) and DDCs • Gazetted Non Resident Nepali (NRN) Act; draft Regulations 	<ul style="list-style-type: none"> • Parliamentary Reports • Gazetted legislation and regulations • NPC documentation and reports • Gazetted legislation • MLD reports • NPC reports • Copies of approved gender strategies from ministries • PSC's directives and announcements • MOF's directive • Nepal Administrative Staff College's (NASC) reports • Gazette notices • Cabinet decision on the PPMO and PPMO reports • Report on computerized system • Gazette notices 	<p>Assumptions</p> <ul style="list-style-type: none"> • Political commitment to inclusive development • Obligation to ILO Convention is honored • Resources are allocated to three-year interim plan (TYIP) and targeted programs • Resources made available to implement action plans on vital registration and gender strategies <p>Risks</p> <ul style="list-style-type: none"> • Weak commitment on implementation of new legislation and regulations • Institutional weaknesses in implementation of development programs <p>Assumptions</p> <ul style="list-style-type: none"> • Government committed to decentralization • PSC expedites the recruitment process • MOF take remedial steps to improve public expenditure • Compatible provisions in Procurement Act and LBFAR • Regular maintenance of computerized system and electronic network <p>Risks</p> <ul style="list-style-type: none"> • Frequent transfers of DTO staff • Weak institutional capacity of PPMO • Public expenditure tracking not widely institutionalized <p>Assumptions</p> <ul style="list-style-type: none"> • Government committed to

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Support to rural infrastructure development	<ul style="list-style-type: none"> Approval of policy to facilitate establishment of Infrastructure Development Bank Task Force on PPP policy and regulations established Approved Rural Infrastructure Reconstruction and Rehabilitation (RIRR) and Strategic Action Plan for Rural Infrastructure Revised MLD paper on 'Approach for the Development of Rural and Agriculture Roads' Approved MLD guidelines for resettlement, social mobilization, gender sensitization and community development 	<ul style="list-style-type: none"> Nepal Rastra Bank (NRB) decision NPC directive NPC document/directive MLD/department of Local Infrastructure (DOLIDAR) reports MLD guidelines 	<p>attract private sector investment in infrastructure development</p> <ul style="list-style-type: none"> Private sector widely consulted during policy formulation Rural infrastructure features as priority in development programs Guidelines are well designed and can be operationalized <p>Risks</p> <ul style="list-style-type: none"> Slackness in implementation of plans and guidelines Resource constraints
B. The Project			
<p>1. Improved rural roads</p> <p>2. Developed and improved community-based supplementary rural infrastructure</p> <p>3. Enhanced equity, employment and income opportunities for the poor and disadvantaged</p>	<ul style="list-style-type: none"> Improvement of 800 km of rural roads Construction of 1,200 meters bridges 700 supplementary rural infrastructure projects (village trails, trail bridges, micro irrigation, micro hydro power, market building, primary school, and health posts) undertaken based on community demands 550 water supply schemes constructed, rehabilitated and functional At least 75% of the District infrastructure coordination committee, Village Infrastructure User Groups (VIUG), and building groups are formed with at least 50% women and proportionate representation of major disadvantaged groups At least 75% of the self help groups (SHG) with at least 70% women and proportionate representation of major disadvantaged groups formed Members of building groups receive full wages within 30 days of completed works; members of building groups are all insured Members of SHGs receive demand-driven skill training (600 training programs) 50%-representation of women in building groups, user groups and coordination committees; and proportionate representations of disadvantaged, castes ethnic groups 	<ul style="list-style-type: none"> Quarterly Project Performance Report (QPPR) review mission reports PCR QPPR review mission reports PCR QPPR statistics based summaries of attendance sheets and meeting minutes that account for gender and disadvantaged classification Profile of members of user groups, building groups, and committees from district Benefit Monitoring and Evaluation (BME) summaries review mission reports PCR 	<p>Assumptions</p> <ul style="list-style-type: none"> Subprojects selected by DDC (Jun/Jul '07), screened and prioritized are confirmed for implementation District implementation support team in place by June 2008 <p>Assumptions</p> <ul style="list-style-type: none"> Subprojects selected by DDC by July 2007 are confirmed for implementation District implementation support team in place by June 2008 <p>Risks</p> <p>Training opportunities are diverted from poor and disadvantaged to upper strata of villagers</p>

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	to their population in the project areas		
<p>4. Strengthened institutional capacity of MLD, DOLIDAR, and DDCs of project districts</p> <p>5. Improved project management</p>	<ul style="list-style-type: none"> • 20 DDC trainings in project orientation and awareness in year 1 • 5 regional workshops held for DDCs on standards, requirements, and procedures for financial management, procurement, resettlement, and environment • 5 regional workshops held on strengthening quality control and operation and maintenance (O&M) • Progress made toward sector/subsector integration (towards program-based approaches[PBA]) • Advanced procurement action (from October '07) initiated for 5 individual start-up consultants; same fielded by January '08; manuals/updates and training delivered to DDCs by individual consultants by March '08 • Central Implementation Support Consultants (CISC) under DOLIDAR fielded by April '08 (advanced procurement action started from October '07) • Districts Implementation Support Teams (DISTs, with 33% women) recruited (from February-May '08) in 20 districts; additional 18 WSS engineers fielded in Decentralized Rural Infrastructure and Livelihood Project (DRILP) districts • CISC-prepared project procedures and guidelines for project implementation, supervision and monitoring by May '08 • Regular Project Coordination Unit (PCU) / CISC and District Implementation Unit (DIU) / DIST supervision, monitoring, and guidance activities • The public audits of all completed works under subprojects carried out by December 2012 	<ul style="list-style-type: none"> • QPPR account summarizing training sessions and attendance • review mission reports • PCR • QPPR • review mission reports • PCR 	<p>Risks</p> <ul style="list-style-type: none"> • Trained staff are transferred before serving 2 or more years of service for the DDC <p>Risks</p> <ul style="list-style-type: none"> • Delegation of authority to DTO is hindered by extended government procedures
<p>Activities and Milestone</p> <p>A: The Program: policy and institutional reform accomplished and loan disbursed by December 2007</p> <ol style="list-style-type: none"> 1. Gazette Civil Service Regulations 2. NPC submits 3 Year Interim Plan for Cabinet approval 3. Approve Action Plan for strengthening universal vital events registration system 4. Complete actions plans and institutional arrangements for implementing targeted 			<p>Inputs:</p> <p>A. The Program ADB: \$ 50 million equivalent</p>

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<p>development programs for deprived regions and vulnerable groups</p> <ol style="list-style-type: none"> 5. Implement gender strategies in three ministries 6. Recruit and post technical staff in DTOs 7. Issue directives to FCGO on public expenditure surveys 8. Gazette Procurement Regulations and LBFAR 9. Develop training packages on procurement and LBFAR 10. Establish a functional PPMO 11. Develop and adopt MfDR training modules developed and adopted in public sector training 12. Draft NRN Regulations for discussion in NRN Convention 13. Establish task force for developing PPP policy and legislation 14. Approve Interim Strategic Plan for Rural Infrastructure 15. Revise 'Approach for the Development of Rural and Agriculture Roads' and issue directives on its use 16. Issue social and safeguard guidelines for rural infrastructure projects <p>B: The Project</p> <ol style="list-style-type: none"> 1. Rural roads <ol style="list-style-type: none"> a. Survey, investigation and design; resettlement assessment and plan; environmental assessment and mitigation plan; and social mobilization and participation b. Land acquisition c. Contractors and/or Building Groups procured / trained d. Equipment, tools and materials procured e. Construction f. O&M plan, training and implementation 2. Supplementary infrastructure <ol style="list-style-type: none"> a. Survey, investigation and design; environmental assessment and mitigation plan; and social mobilization b. Contractors and/or Community Building Groups procured / employed c. Equipment, tools and/or materials procured d. Construction e. O&M plan, training and implementation 3. Community empowerment <ol style="list-style-type: none"> a. Community and Group facilitation/organization b. SIDs facilitated / rural roads monitored c. Training needs for SHGs identified and provided 4. Institutional capacity development <ol style="list-style-type: none"> a. District and community awareness campaign on Project b. Preparatory capacity-building through manual revisions and workshop presentations to DDCs c. Trainings on Quality Control and on Operations and Maintenance d. Progress made towards sector integration (PBA) 5. Project management services <ol style="list-style-type: none"> a. PCU and DIUs staffed and equipped b. Individual capacity-building consultants fielded c. CISC and DIST firms recruited d. Project operational procedures, monitoring and reporting established e. PCU/CISC support and guidance of DIUs/DISTS f. Implement, monitor progress, adjust, complete, evaluate 			<p>B. The Project</p> <p>ADB: \$ 50 million equivalent Department for International Development (DFID): \$20 million equivalent OPEC Fund for International Development (OFID): \$10 million equivalent Government: \$21.8 million equivalent DDC: \$2.8 million equivalent Beneficiaries: \$4.0 million equivalent</p>

HH=household; RIA=road influence area (2-hours walking distance in Terai, and 4-hours walking distance in Hills); PCR=project completion report; DoR=Department of Roads; PBME=project benefit monitoring and evaluation; NPC=National Planning Commission; NRB= Nepal Rastra Bank; DDC=district development committee; MLD=Ministry of Local Development; LBFAR=Local Bodies Financial Administrative Rules; PPMO=Public Procurement Monitoring Office; FCGO=Financial Controller General's Office; FNCCI= Federation of Nepalese Chambers of Commerce and Industry; ILO= International Labor Organization; MOAC= Ministry of Agriculture and Cooperatives; MoES= Ministry of Education and Sports; MoGA=Ministry of General Administration; DTO=District Technical Office; MfDR=management for development results; MoF=Ministry of Finance;

NRN= non-resident Nepali; PPR=project performance report; DoLIDAR=Department of Local Infrastructure Development and Agricultural Roads; PCU=Project Coordination Unit; PSC= Public Service Commission; DIU=District Implementation Unit; NASC=Nepal Administrative Staff College; NCS=National Census Statistics; Targeted Benchmark, Midterm, and Final Impact Evaluation Studies (TBMFI); SHG=self-help groups; BME=Benefit Monitoring and Evaluation; RWSS=rural water supply and sanitation; PBA=program-based approach

Frederick C. Roche
Director, SANS

Kunio Senga
Director General, SARD