



Grant Assistance Report

Project Number: 43118
September 2009

Proposed Grant Assistance Nepal: Capacity Building for the Promotion of Legal Identity among the Poor in Nepal (Financed by the Japan Fund for Poverty Reduction)

CURRENCY EQUIVALENTS

(as of 4 September 2009)

Currency Unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$.0127
\$1.00	=	NRs 78.26

ABBREVIATIONS

ADB	–	Asian Development Bank
CBS	–	Central Bureau of Statistics
DDC	–	district development committee
EA	–	executing agency
GIU	–	grant implementation unit
ICT	–	information and communication technology
JFPR	–	Japan Fund for Poverty Reduction
LDTA	–	Local Development Training Authority
MLD	–	Ministry of Local Development
MOU	–	memorandum of understanding
NGO	–	nongovernment organization
PVERMS	–	population and vital events registration management section (of the Ministry of Local Development)
TOT	–	training of trainers
UNCDF	–	United Nations Capital Development Fund
VDC	–	village development committee
VER	–	vital events registration

NOTES

- (i) The fiscal year (FY) of the Government ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2009 ends on 15 July 2009.
- (ii) In this report, “\$” refers to US dollars.

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JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR Grant Proposal

I. Basic Data

Name of Proposed Activity	Capacity Building for the Promotion of Legal Identity among the Poor in Nepal
Country	Nepal
Grant Amount Requested	\$2,000,000
Project Duration	4 years
Regional Grant	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Grant Type	<input type="radio"/> Project / <input checked="" type="radio"/> Capacity building

II. Grant Development Objective and Expected Key Performance Indicators

<p>Grant Development Objective: The objective of the JFPR Project is to provide beneficiaries in the project area with legal documentation that, by law or in effect, is required to gain access to services and opportunities, and thereby improve their access to such services and opportunities. The expected outcome is a functional computerized vital events registration system in 10 target districts, covering 80% of the population in those districts. The project area will consist of the following 10 districts: Jhapa, Ilam, Kathmandu, Bhaktapur, Latitpur, Palpa, Rupandehi, Mustang, Kailali, and Dang.</p>
<p>Expected Key Performance Indicators: By the end of the Project (i) vital events registration (VER) laws and regulations will have been approved; (ii) a VER manual will have been developed and approved; (iii) 80% of the population in the 10 target districts will have received their birth certificates and other certificates; (iv) an integrated computerized system for VER, connected to the Ministry of Local Development, will have been installed in the 10 target districts; and (v) 15 master trainers in VER and about 500 registrars will have been trained.</p>

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant Allocated (\$)	Percentage of Expenditures
1. Equipment and Supplies	886,000	44.3
2. Training, Workshops, Seminars, Public Campaigns	174,000	8.7
3. Consulting Services	273,000	13.7
4. Grant Management (other than Consulting Services)	45,000	2.3
5. Other Inputs (surveys, implementation campaigns)	480,000	24.0
6. Contingencies	142,000	7.1
TOTAL	2,000,000	100.0
Incremental Cost	100,000	

Note: Figures may not add up because of rounding.

JAPAN FUND FOR POVERTY REDUCTION

**JFPR Grant Proposal
Background Information**

A. Other Data	
Date of Submission of Application	6 March 2009
Project Officers	Jogendra Ghimire, Counsel Surya Shrestha, Governance and Capacity Development Specialist
Project Officers' Division, E-mail, Phone	jghimire@adb.org , OGC, ext. 4303 sshrestha@adb.org , RSGP, ext. 4105
Other Staff Who Will Need Access to Edit/Review the Report	not applicable
Sector	Public sector management
Subsectors	Public administration, law and judiciary, and decentralization
Theme	Governance
Subthemes	Public administration, civil society participation, law and judiciary
Targeting Classification	Targeted intervention
Was JFPR Seed Money Used to Prepare This Grant Proposal?	Yes [X] No []
Have SRC Comments Been Reflected in the Proposal?	Yes [X] No []
Name of Associated ADB-Financed Operation	not applicable
Executing Agency	Population and Vital Events Registration Management Section, Ministry of Local Development (MLD)
Grant Implementation Unit	Population and Vital Events Registration Management Section (PVERMS), MLD Sri Mahal, Pulchowk, Lalitpur, Nepal

B. Details of the Proposed Grant

1. Description of the Components, Monitorable Deliverables/Outcomes, and Implementation Timetable

Component A	
Component Name	Consultative Review and Revision of Legal Framework for Vital Events Registration and Legal Identity
Cost (\$)	59,500

Component Description	<p>The objective of this component is to review the current legal framework related to vital events registration, including birth registration. The following laws will be reviewed: (i) the Birth, Death, and Other Personal Events (Registration) Act, 1976; (ii) the Birth, Death, and Other Personal Events (Registration) Regulations, 1977; and (iii) the Personal Events Registration Directives of 1999. The review will also cover the Nepal Citizenship Act 2006; the Nepal Citizenship Rules, 2006; and the Citizenship Issuing Guidelines. The review of the Personal Events Registration Directives will include the preparation, reproduction, and distribution of a manual for registrars.</p> <p>The review will be consultative. The consultations, which will be led by the vital events registrar from the PVERMS, will include central and regional (five) workshops (with district representatives). A wide group of stakeholders will be consulted. The central consultations will involve other interested ministries such as the Ministry of Home Affairs; the Ministry of Education; the Ministry of Law, Justice, and Constitutional Assembly Affairs; the Ministry of Population and Health; the Ministry of Women, Children, and Social Welfare; the Election Commission; the Central Bureau of Statistics (CBS); national nongovernment organizations (NGOs) working on VER and citizenship matters; and relevant international donors working in this field. A second round of central consultations will be held once a draft revised VER act and draft revised VER regulations have been prepared. The local consultations will be held with officials from district development committees (DDCs), village development committees (VDCs), and municipalities; local registrars; and representatives of political parties, lawyers' groups, and civil society, including NGOs that represent marginalized groups in the area.</p>
Monitorable Deliverables/Outputs	(i) Seven consultation workshops; (ii) Parliament approval of revised Vital Events Registration Act; (iii) Council of Ministers approval of Vital Events Registration Regulations; and (iv) MLD approval of manual for registrars and its distribution to all vital event registrars.
Implementation of Major Activities: Number of months for grant activities	Consultations: Months 1–5 Formulation of draft law and regulations: Months 6–8 Preparation, reproduction, and distribution of manual: Months 8–12

Component B	
Component Name	Awareness Raising and Intensive Registration Campaign
Cost (\$)	665,000
Component Description	The objectives of this component are to make the general public more aware of the importance of VER and to conduct an intensive registration campaign in the target districts. The following activities will be carried out:

	<p>(i) Central and district VER committees and municipal and VDC working groups will be formed. The central VER committee will have representatives from key service-providing ministries such as the Ministry of Education; the Ministry of Population and Health; the Ministry of Home Affairs; the Ministry of Women, Children, and Social Welfare; the National Planning Commission; and the Election Commission. The governance division of MLD and the PVERMS will hold a policy dialogue with the concerned ministries to make sure that they give all registered citizens access to the available services, with no additional requirements. Service providers (e.g., schools) will also be expected to assist service seekers (e.g., students) who lack the documentation needed for access to services (e.g., education) in obtaining such documentation by guiding them to the right authorities, and not simply reject their service applications outright. This assistance from the service-providing agencies will be achieved in cooperation with the VER committees and working groups. The following officials will be in the district VER committees: (i) the DDC chairperson; (ii) the chief district officer; (iii) the local development officer; (iv) local registrars; (v) officials from other relevant local government offices in the district such as the Women Development Office, the Education Development Office, the Public Health Office, and the Children Welfare Committee; and (vi) a CBS representative. The district VER committees will also include representatives from the Dalit Coordination Committee and the Indigenous Peoples Committee in the district, local lawyers' groups, civil society, and local NGOs, in particular those that represent vulnerable groups. These VER committees will sign memorandums of understanding (MOUs) with the PVERMS to register their commitment to VER, including universal birth registration. In the VDCs and municipalities, the chairperson or secretary will set up a representative working group (including women and representatives of vulnerable groups) to implement the VER campaign and the door-to-door registration (see below). The VER committees and working groups will be provided with outreach and multimedia materials that they can use to raise awareness of VER in the districts, and with joint training under component D.</p> <p>(ii) A sample-based in-depth survey of VER and citizenship matters will clarify the extent of under-registration in the target districts. It will be carried out by the VER committees and working groups, under the overall guidance of the CBS, which will help construct the survey questions and train the enumerator supervisors. The enumerators will come from the area surveyed.</p> <p>(iii) On the basis of the survey results, a continuous</p>
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	<p>multimedia awareness-raising and advocacy campaign will be developed and implemented in the target districts. Information, education, and communication materials for print, radio, and TV, as well as other appropriate materials, will be used. The campaign will be designed to inform all members of the community, including dalits, indigenous people, and minorities, of the importance of VER and the steps they must take to register vital events and to drum up community involvement in VER. The campaign will be implemented in close coordination with the VER committees and working groups. As part of its contribution to the Project, the Government of Nepal will provide free airtime for the campaign on TV and radio. It will also hold a VER day across the country every year.</p> <p>(iv) Intensive registration will be waged in the target districts, to provide birth certificates and other certificates to at least 80% of eligible people in those districts, including dalits, indigenous people, and minorities. The registration approach may vary between districts to maximize effectiveness. Initial activities conducted by PVERMS in Kathmandu Valley suggest that door-to-door registration works best in urban and semi-urban areas, while focus group discussions may work better in areas with a more dispersed population. For more remote areas, VER camps or door-to-door mobile registration may be chosen. The intensive registration campaign will be implemented in close coordination and cooperation with the VER committees and working groups in the districts, and will be covered by prior MOUs between the district VER committees concerned and the PVERMS. Measures will be taken to ensure that the provisions of existing laws, such as the provision that all birth certificates must be signed by the central registrar, do not hinder efforts to achieve 80% coverage of the population in the target districts. The results and lessons learned from the intensive registration campaign will be shared with other districts in the country. No charge will be imposed for registration during the intensive registration campaign.</p>
<p>Monitorable Deliverables/Outputs</p>	<p>(i) MOUs between VER committees and PVERMS; (ii) a sample-based survey report on VER status in target districts; (iii) a public awareness campaign, including information, education, and communication materials; and (iv) birth records for 80% of population in the target districts.</p>
<p>Implementation of Major Activities: Number of months for grant activities</p>	<p>Formation of VER committees and signing of MOUs between VER committees and PVERMS: Months 1–5 Preparation and conduct of sample-based survey: Months 1–8 Preparation and implementation of advocacy and awareness-raising campaign: Months 1–48 Preparation and conduct of intensive registration campaign in 10 target districts: Months 15–36</p>

Component C	
Component Name	Computerization and Data Management
Cost (\$)	810,000
Component Description	<p>The objective of this component is to computerize all vital event records in the target districts and to connect those districts with the PVERMS. All people in the target districts will thereby gain better access to benefits and opportunities, such as education and social security benefits, that are directly or indirectly linked to the submission of one or more vital event records. Printouts of such records will be easier to obtain, even when people move to other districts, and both local and central government will have up-to-date population information for planning and budgeting government interventions.</p> <p>Activities under this component will include the following:</p> <ul style="list-style-type: none"> (i) VER software will be upgraded and linked with other databases at MLD. Plan International is in the process of conducting dry runs of a software package developed by it in two municipalities and three DDCs. Feedback from the testing will be considered in the further upgrading of the software to improve service delivery. Among the upgrades will be the inclusion of family folders containing information about families rather than individuals. All software will be developed to facilitate use at a later stage by other ministries such as the Ministry of Home Affairs, the Ministry of Education, and the Ministry of Population and Health, and by other stakeholders such as CBS and the Election Commission. (ii) A central server and information and communication technology (ICT) packages (computer, printer, scanner, and uninterruptible power supply [UPS]) at both central and decentralized VER locations in the target districts will be provided. Data and access links will be set up between VDCs and municipalities, on the one hand, and DDCs on the other, and between DDCs and the PVERMS. VDCs, municipalities, and DDCs that have sufficient ICT equipment will be asked to set aside one computer for VER. To support computerization, alternative sources of energy, such as solar panels, and other arrangements for the transfer of data from VDCs to DDCs will be explored as needed. (iii) Application forms, application registers, and good-quality paper will be supplied for the printing of certificates in the target districts, and steel cabinets will be provided to keep signed documents safe. (iv) Central data management of old records will be supported through the provision of some supplies for the safekeeping of these records, such as binders, steel cabinets, and covers.

	(v) In year 3 of project implementation, the PVERMS will start publishing an annual compilation of VER data.
Monitorable Deliverables/Outputs	(i) A fully equipped and integrated ICT system for vital registration in 10 target districts and at the center; (ii) basic supplies for printing and storing paper documents; (iii) central management of old data; and (iv) annual publication of VER data.
Implementation of Major Activities: Number of months for grant activities	Upgrading of VER software and integration of ICT system: Months 1–40 Provision of supplies: Months 1–40 Improvement of record keeping for old data: Months 1–24 Publication of VER data: Years 3 and 4

Component D	
Component Name	Capacity Building
Cost (\$)	123,500
Component Description	<p>The objective of the component is to strengthen the capacity of staff in the local self-governance coordination division of MLD and the PVERMS, and of decentralized officials and civil society stakeholders involved in VER.</p> <p>Activities under this component will include the following:</p> <p>(i) The PVERMS, as well as of the central, DDC, VDC, and municipal VER setup, will undergo an organizational audit by an independent national consultant, who will make restructuring and staffing recommendations, as appropriate.</p> <p>(ii) Capacity building activities will start with the training of trainers (TOT) in VER, including the legal requirements, the use of the VER manual, and ICT and data management. The first group of TOT participants will include staff of the PVERMS and staff involved in VER in the target districts. The TOT will be conducted by the Local Development Training Authority (LDTA), which will prepare the training materials together with the PVERMS. Training in VER will be part of the overall curriculum of LDTA for 2010. The new trainers will then provide further training in their respective districts, using the materials prepared by the LDTA. This training will be conducted for (i) local registrars (training in legal requirements, use of the VER manual, and ICT and data management); and (ii) VER working groups formed under component B (workshops and community activities to raise awareness of the importance and relevance of VER).</p> <p>(iii) Post-training evaluation by an independent evaluator will measure the impact of training on VER promotion by stakeholders. The evaluation outcomes will also be used to validate and update the training program and materials for the ongoing LDTA training in VER.</p>
Monitorable	(i) Organizational audit; (ii) training of about 15 master

Deliverables/Outputs	trainers; (iii) VER training materials prepared by LTDA; (iv) training of about 500 local registrars in the legal requirements of VER, use of the VER manual, and ICT and data management; (v) participation of members of about 500 VER committees in VER awareness-raising activities; and (vi) post-evaluation report on the effectiveness of the VER training and behavioral changes resulting from the training.
Implementation of Major Activities: Number of months for grant activities	Organizational audit: Months 1–6 Preparation of materials and training of trainers: Month 10 Training in districts: Months 11–16 Post-training effectiveness evaluation: Months 30–31

Component E	
Component Name	Grant Management, Monitoring, and Audit
Cost (\$)	200,000
Component Description	<p>The MLD will be the executing agency (EA) for the Project, and the PVERMS will serve as the grant implementation unit (GIU). The PVERMS undersecretary will be the project director, responsible for overall project implementation, supervision and monitoring of the consultants' work and outputs, coordination with other related government agencies and relevant donor partners, and regular reporting to the steering committee. Part of the incremental recurrent cost of the PVERMS (such as costs of progress report preparation and local travel, and the daily subsistence allowance) will be financed by the Project.</p> <p>One full-time national consultant in the PVERMS will support the project director in overall project planning, implementation, and monitoring. The consultant will prepare a report on results achieved by the Project and lessons learned, which will be disseminated at the end of the Project. The Project will also provide funds for external audit, and for midterm evaluation and impact evaluation by an independent party.</p>
Monitorable Deliverables/Outputs	Quarterly progress report from the EA (MLD), with information on overall project implementation, including a summary of difficulties and challenges faced during implementation and ways of overcoming them
Implementation of Major Activities: Number of months for grant activities	Continuous

2. Financing Plan for Proposed Grant to be Supported by JFPR

Funding Source	Amount (\$)
JFPR-	2,000,000
Government	90,000
Other Sources: Communities	19,000
Total	2,109,000

3. Background

1. Poor and vulnerable groups in Nepal have very little access to goods, resources, and opportunities. One of the grounds for their exclusion is the lack of legal identity documents (birth, citizenship, migration, marriage, and death certificates) that, by law or in effect, are required for access to benefits and opportunities. An identity document is required, for example, to receive social welfare benefits; to obtain free schoolbooks; to be eligible for a government scholarship; to sit for the school leaving certificate exam; to have access to government and professional employment opportunities; to acquire, own, sell, or dispose of personal and real property; to obtain travel documents; and to use the services of banks. Besides these individual benefits, proper registration allows more realistic central and local planning and budgeting.

2. Without a functioning civil registration system, exactly how many people have birth or citizenship certificates cannot be known. But the number of people with birth certificates cannot be more than 25% of the population, and the percentage is even lower among women, dalits, indigenous people, ethnic minorities, internally displaced people, and other vulnerable groups in the remote districts and regions. As for citizenship certificates, a conservative estimate would suggest that between 3 million and 5 million people who are entitled to citizenship (at least 16 years of age) do not have this document and are therefore excluded from benefits and opportunities. In addition, about 350,000 Nepalis reach the age of 16 yearly and thus become eligible for citizenship. While a birth certificate is not a legal requirement for citizenship, it is often required in fact. Further, ongoing discussions within the Government indicate that a birth certificate will soon become a legal requirement for citizenship.

3. There are many different reasons for the low birth registration—an outdated and complex legislative framework; burdensome procedures; low awareness among government officials involved in registration and among the general public; the relatively high cost of registration (which includes, apart from the real cost, the cost of traveling to other areas, particularly in mountainous and remote regions, to register; the opportunity cost; and, in some instances, illegal costs); discrimination; and low capacity. Moreover, records have not yet been computerized, and are issued handwritten and entered handwritten into registers. Given the poor quality of paper used and the fact that few measures have been taken so far to preserve documents, the result is data of very low utility.

4. The Government, in its drive to make Nepal a more inclusive society, is increasingly committed to providing legal identity to the population. In November 2006, the Government passed a revised Citizenship Act and thereby made it easier for more people born in Nepal to acquire citizenship. Mobile units issued citizenship certificates to about 2.6 million Nepalis in 2006–2007 giving them access to certain opportunities and benefits. The Action Plan on Vital Registration, linked to the Government’s Three Year Interim Development Plan (TYIDP), was

prepared by the Government under the ADB-funded Rural Reconstruction and Rehabilitation Sector Development Program (RRRSDP)¹ and now needs to be implemented. Held back from implementing the plan by budgetary constraints and limited institutional capacity, the Government has requested ADB for assistance. The JFPR grant will provide the needed implementation support.

4. Innovation and Knowledge Sharing

5. The Project takes several innovative approaches in responding to the needs of poor and vulnerable groups:

- (i) It addresses a root cause of poverty, rather than its symptoms or outcomes. By addressing the issue of legal identity, the Project will attempt to overcome one of the more fundamental obstacles to gaining access to a range of opportunities and services.
- (ii) It recognizes that poverty is not purely income related but is affected by many other factors, including government recognition of the existence of the individual.
- (iii) It will support a door-to-door registration campaign in Nepal's poor and remote districts, and will target the poor and vulnerable groups.
- (iv) It recognizes the importance of working across different levels of government, with distinct yet interlinked sets of responsibilities. The Project will work at these different levels.
- (v) It will support the computerization of VER in the target districts and introduce networking between the districts and the center.
- (vi) Knowledge will be shared through consultative workshops in the course of legislative revision. In addition, the relevant stakeholders (central, district, and village) will be encouraged to participate continuously during the awareness-raising and intensive registration campaigns, to increase VER knowledge and capacity.

5. Sustainability

6. Considering the design itself and discussions with stakeholders, the sustainability of the project activities is considered high. The following factors support the sustainability of the project activities:

- (i) The Government has confirmed its commitment to VER in the Three Year Interim Development Program and developed a VER action plan. The project activities will contribute directly to the implementation of the Government's policies and programs.
- (ii) Changes in the legal framework intended to make VER less complex, more predictable, and more consistent will support the sustainability of other activities.
- (iii) The VER training modules developed under the Project will be integrated into the LDTA curriculum, thereby improving the sustainability of the capacity building activities. The development of training materials and of a manual for registrars will support VER activities across the country, not just in the target districts.

¹ ADB. 2007. *Report and Recommendation of the President to the Board of Directors on Proposed Asian Development Fund Grants to Nepal for the Rural Reconstruction and Rehabilitation Sector Development Program*. Manila.

- (iv) The development of software, in such a way as to promote links with other databases, will increase the sustainability of the data and encourage the use of the data to gain better access to services and opportunities. The software will continue to be used after the Project.
- (v) Improved resource allocation to and within the 10 pilot districts, based on realistic, up-to-date VER information, will encourage other districts to follow suit.
- (vi) The formation of central and district VER committees, and of VER working groups in the VDCs and municipalities that will take part in the implementation of the Project, will increase awareness of the issue of legal identity and the registration of vital events.
- (vii) Some of the districts overlap with districts in which the United Nations Capital Development Fund (UNCDF) is planning a cash-transfer program using the system developed under the Project and immediately demonstrating its use.
- (viii) The project design provides for the sharing of information on the Project with nonparticipating districts in Nepal. The Government has indicated clearly that the Project, if successful, should be replicated in other districts.
- (ix) The project activities include a midterm and impact evaluation, which will provide recommendations for subsequent project activities.
- (x) Nepal is set to adopt a federal structure of government in 2010, with a substantially enhanced and strengthened role for local government. By supporting the capacity development of local government in VER, the Project will help strengthen local governance in preparation for the federal system. Vital registration records will be critical to improved service delivery to the poor and disadvantaged groups in a federal system.

6. Participatory Approach

7. The Project was designed in a consultative manner. Extensive consultations were held in Biratnagar, Chitwan, Kathmandu, and Nepalgunj. Separate focus group discussions were held with different stakeholders, including poor and vulnerable groups without legal identity documents, relevant NGOs, local registrars, DDC and VDC representatives, the EA, and service-providing ministries such as the Ministries of Education, Home, and Women and Social Welfare.

8. Each of the following key stakeholders identified will be included in project implementation and monitoring:

- (i) The **primary beneficiaries** (recipients of the legal identity documents) will be involved, either directly or through representation, through the VER committees in the DDCs, and the VER working groups in the VDCs. Both the VER committees and the VER working groups will be directly involved in the implementation of component B of the Project, in particular the door-to-door registration campaign and the awareness-raising campaign. They will also receive training under component D of the Project.
- (ii) **Local registrars** will implement the Project and sustain the VER in the districts after the Project. They will be included in project implementation, in particular through components C and D. Training them and providing them with the resources they need to implement VER in their respective DDCs and VDCs will make it less likely that they will resist the Project in the belief that it will increase their workload.

- (iii) **Service-delivering ministries, departments, and agencies** will be involved in the Project through the central and district VER committees.

9. The stakeholder groups, through their representatives, will also be consulted on the revisions in the legal framework.

7. Coordination

10. Consultations with Mr. Makoto Yoshino, First Secretary of the Embassy of Japan in Nepal, were held in November 2008. He expressed support for the Project.

11. Other donors working in this area or related areas have also been consulted. Plan International has developed stand-alone software for birth registration for MLD. Plan International is in the process of conducting dry runs of this software and, depending on the results of the testing, will be upgraded to enable links with other databases in MLD and other ministries and agencies. Further, after discussions and consultations, UNCDF has agreed to implement its cash-transfer program in 2009 in some of the target districts under the Project. The intent is to demonstrate how the VER database can be linked to other databases and, ultimately, increase access to benefits and opportunities. As UNCDF is proposing to set up a regional office in Nepalgunj to implement its cash-transfer program, it will be possible to coordinate monitoring arrangements.

12. UNICEF Nepal has also expressed interest in contributing to the review of the legal framework under component A.

8. Detailed Cost Table

13. Appendix 3 gives the detailed cost estimates, and Appendix 4 the funds flow arrangement.

C. Link to ADB Strategy and ADB-Financed Operations

14. **Link to ADB Strategy.** ADB's country strategy and program 2005–2009 for Nepal is centered on inclusive development for poverty reduction over the long term. Inclusive development will lead to better-balanced development, make basic services and opportunities for economic advancement more accessible to the poor, increase the participation of the poor in the development process, and address the needs of disadvantaged women, ethnic groups, and lower castes. Inclusive development will be brought into the mainstream of ADB's assistance, to benefit disadvantaged groups; ADB's country operations business plan 2008–2010 reconfirms this focus. In addition, to improve governance, ADB will promote decentralization, with greater transparency and accessibility in public service delivery, and build capacity. In keeping with this strategy, ADB approved the Governance Support Program in 2008, which will support the implementation of the Government's Local Governance and Community Development Program (LGCDP). The LGCDP will contribute to poverty reduction through inclusive, responsive, and accountable local governance and participatory community-led development. By improving access to goods, resources, and services, the provision of legal identity documents will be critical to inclusive development that extends to the poor and vulnerable groups.

Document	Document Number	Date of Last Discussion
NEP: Country Strategy and Program	Sec. M76-04	September 2004
NEP: Country Operations Business Plan (2008–2010)	IN. 161-07	July 2007

D. Implementation of the Proposed Grant

1. Implementing Agency	PVERMS, within MLD
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15. The EA for the Project will be the MLD. Within MLD, the PVERMS will be the GIU, with the PVERMS under secretary as project director, responsible for overall project implementation, supervision and monitoring of consultants' work and outputs, coordination with related government agencies and relevant donor partners, and regular reporting to the steering committee. One full-time national consultant working in the PVERMS will support the project director in overall project planning, implementation, and monitoring. The consultant will prepare a report on results achieved and lessons learned from the Project.

16. MLD will establish a steering committee under the MLD secretary and with the project director as member secretary, to guide project implementation and to improve coordination of project activities with related government agencies. The members will comprise the MLD joint secretary (vice chair) and representatives of the Ministry of Women, Children, and Social Welfare; the Ministry of Home Affairs; the Ministry of Law, Justice, and Constituent Assembly Affairs; the Ministry of Finance; the National Planning Commission; and CBS. Other members may be co-opted as necessary, and ADB may participate as an observer.

17. Central and district VER committees will be formed. These VER committees will sign MOUs with the PVERMS to register their commitment to universal birth registration and the provision of legal identity in general. The central VER committee will have representatives from key service-providing ministries such as the Ministry of Education; the Ministry of Population and Health; the Ministry of Home Affairs; the Ministry of Women, Children, and Social Welfare; the National Planning Commission; and the Election Commission. Each district VER committee will comprise the following officials: (i) the DDC chairperson as chair; (ii) the chief district officer; (iii) the local development officer; (iv) representatives of local registrars; (v) officials of other relevant local government offices in the district such as the Women Development Office, the Education Development Office, the Public Health Office, and the Children Welfare Committee; and (vi) CBS. The district VER committees will also include representatives from the district dalit coordination and indigenous peoples committees, local lawyers' groups, civil society, and local NGOs, in particular those that represent vulnerable groups.

18. In the VDCs and municipalities, each chairperson or secretary will set up a representative working group (including women and representatives of vulnerable groups) to implement the VER campaigns, door-to-door registration, and other activities under the Project.

19. Goods to be financed under the Project will be procured according to ADB's *Guidelines for Procurement* (2007, as amended from time to time). Local NGOs and consultants will be contracted by the GIU according to ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time).

20. Accounting and reporting details are found in Appendix 5. The project timetable is found in Appendix 6 and the Summary Poverty Reduction and Social Strategy is found in Appendix 7.

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Governance	<p>Weak reporting and oversight in local bodies</p> <p>Inadequate legal provisions regarding VER</p> <p>Low institutional capacity of local bodies for VER</p> <p>Lack of accountability and transparency in local bodies due to absence of elected representatives</p>	<p>Quarterly reporting on project expenditures</p> <p>Revision of legislation and substantial capacity development by the Project</p> <p>Commitment from the Government to establish all-party committees in local bodies by early 2009</p>
Infrastructure	Inadequate infrastructure facilities (for example, electricity supply) for computerization in some local bodies	Exploration and provision of alternative energy sources
Safety	Poor security in several terai districts	Use of local NGOs to undertake awareness and campaign activities

3. Incremental ADB Costs

Component	Incremental Bank Cost
Amount requested	\$100,000
Justification	<p>(i) Project implementation will be complicated and might be delayed by inadequate preparation. Since the PVERMS and the target districts have no experience in implementing ADB projects, it is proposed that a project launching workshop be conducted. ADB resource persons will make presentations and lead discussions on ADB and JFPR policies and guidelines for project financial management, procurement, reporting, monitoring, evaluation, and other aspects of JFPR grant implementation.</p> <p>(ii) Project implementation monitoring will also be complicated, particularly in view of the topography of the target districts. It is therefore proposed that a local NGO be hired to support the ADB team in conducting spot checks on overall project implementation—in particular the involvement of poor and vulnerable groups—and to monitor continuously the progress made toward the project outcomes.</p>
Type of work to be rendered by ADB	(i) Organization and conduct of a workshop at the start of project implementation, on relevant ADB and JFPR policies for project financial management, procurement, reporting, monitoring, evaluation, and other aspects of JFPR grant implementation

	(ii) Conduct of random spot checks on project implementation and the degree of involvement of poor and vulnerable groups, and monitoring of progress toward the project outcomes, in particular the registration of poor and vulnerable groups
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4. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for Monitoring and Evaluation
Approval of revised VER legislation and regulations	Gazette notification by Government	Drafting of legislation and regulations, by month 8
Development and approval of VER manual	MLD approval of manual; use of manual by VER registrars	Adoption of new manual by local registrars, by month 12
Issuance of birth certificates and other certificates to 80% of population in 10 districts	Annual VER publication and review missions to districts	Monitoring of progress based on annual publication, from 3rd year onward
Establishment of integrated ICT system for VER, connected to MLD, in 10 districts (including VDCs)	Report of ICT consultant and review missions to the districts	Quarterly progress reporting on ICT system installation; review of comprehensive ICT system after 3.5 years
Training of 15 master trainers in VER and about 500 local registrars	LDTA report on training events	Development of master trainers, by month 10; review of training provided by local registrars, from month 12

5. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)
FY 1	674,500
FY 2	541,000
FY 3	522,000
FY 4	262,500
Total Disbursements	2,000,000

Appendixes

1. Design and Monitoring Framework
2. Cost Summary
3. Detailed Cost Estimates
4. Funds Flow Arrangement
5. Implementation Arrangements
6. Project Timetable
7. Summary Poverty Reduction and Social Strategy

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators ^a	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Increased access of poor and vulnerable groups in 10 districts in Nepal to services and opportunities through provision of legal identity documentation</p>	<p>30% increase in access of population in 10 target districts to government-provided services and opportunities for which legal identity is legally or in effect required</p>	<p>Independent impact report</p> <p>Information from key service-providing ministries</p> <p>Evaluation and research reports from ADB and other donors</p>	<p>Assumptions Services and opportunities actually exist</p> <p>There are no other, more fundamental obstacles to access to services and opportunities</p> <p>Government remains committed to improving poor people's access to services</p>
<p>Outcome Functional computerized VER registration system in 10 districts also linking them to the center</p>	<p>By end of Project, birth records of 80% of population in target districts registered in networked IT systems</p>	<p>Project reports MLD reports Independent impact report</p>	<p>Assumption Legal and administrative provisions regarding VER will be amended</p>
<p>Outputs 1.1. Revision of Birth, Death, and Other Personal Events (Registration) Act and Regulation; Personal Events Registration Directives; Nepal Citizenship Act, Rules, and Guidelines</p> <p>1.2. VER manual adopted by registrars</p>	<p>1.1.1. By end of month 6, 2 consultative workshops held at center and 5 in development regions</p> <p>1.1.2. Revised VER Act, Regulations, and Directive approved by end of year 1</p> <p>1.2.1. By month 15, all local registrars have and use the newly approved VER manual</p>	<p>Reports of Ministry of Law and Justice and quarterly progress reports of MLD</p> <p>Reports on consultative workshops</p> <p>MLD approved manual and instruction to registrars on its use</p>	<p>Assumptions Government will establish all-party committees in local bodies at an early stage of grant implementation, thereby strengthening local accountability and transparency</p> <p>Commitment of Government to VER as expressed in TYIDP remains strong</p> <p>Stakeholders in the DDCs and VDCs are willing to contribute time to participate in awareness-raising activities and door-</p>

Design Summary	Performance Targets and Indicators ^a	Data Sources and Reporting Mechanisms	Assumptions and Risks
			to-door campaign
<p>2.1. Central, district, and village VER committees formed and engaged in awareness campaigns and registration</p> <p>2.2. VER and citizenship status survey in target districts completed</p> <p>2.3. Door-to-door registration campaign implemented</p> <p>3.1 VER records in target districts computerized and network established</p> <p>3.2. Population in target districts provided with copy of birth records</p> <p>4.1. VER organizational setup of MLD and local governments revised</p>	<p>2.1.1. By month 5, 80% of VER committees have been formed and have signed an MOU with PVERMS</p> <p>2.1.2. IEC materials developed by month 12</p> <p>2.1.3. Annual VER day celebrated from year 2</p> <p>2.2.1. Survey results published and disseminated by month 8</p> <p>2.3.1. 80% of population in target districts has birth certificate and other certificates by end of Project</p> <p>3.1.1. VER software upgraded and approved</p> <p>3.1.2. ICT hardware and software installed at center, and in DDCs, and VDCs in target districts</p> <p>3.1.3. Annual reports on VER data published from year 3</p> <p>3.2.1. Supplies for printing and storing paper documents provided to target districts</p> <p>4.1.1. Comprehensive organizational audit completed by month 8</p>	<p>Reports of MLD and media firm</p> <p>Reports prepared by DDCs in target districts on awareness and registration campaigns</p> <p>Survey result reports prepared by CBS</p> <p>Project reports</p> <p>Annual VER report</p> <p>Technical report of IT firm</p> <p>Reports of MLD and districts</p> <p>Annual VER report</p> <p>Project reports</p> <p>Project reports</p> <p>Consultant's organizational audit report</p>	<p>Risks</p> <p>Reporting and oversight functions by local bodies remain weak</p> <p>Timely implementation of grant is slowed down by the limited experience of the EA</p> <p>Poor security in terai and difficult terrain in mountainous districts significantly slows down grant implementation</p>

Design Summary	Performance Targets and Indicators ^a	Data Sources and Reporting Mechanisms	Assumptions and Risks
	4.1.2 New organizational setup approved by MLD by end of year	MLD decision	
4.2. Training of trainers completed and further training in trainers' respective districts conducted	4.2.1. VER training included in curriculum of LDTA by end of year 2 4.2.2. 15 master trainers trained by end of month 10 4.2.3. About 500 local registrars trained by end of month 16 4.2.4. Post-training evaluation conducted to measure impact	LDTA curriculum DDC reports on training and awareness programs Post-training evaluation study	

Activities with Milestones	Inputs
<p>1. EA Activities</p> <ul style="list-style-type: none"> 1.1 Conduct consultations: Months 1–5 1.2 Formulate draft law and regulations: Months 6–8 1.3 Prepare, reproduce, and distribute VER manual: Months 8–12 1.4 Prepare and conduct sample-based survey: Months 1–8 1.5 Upgrade VER software and integrate ICT system: Months 1–40 1.6 Provide supplies: Months 1–40 1.7 Improve record keeping for old data: Months 1–24 1.8 Publish VER data: Years 3 and 4 1.9 Prepare materials and train trainers: Month 10 1.10 Conduct training in districts: Months 11–16 1.11 Conduct post-training effectiveness evaluation: Months 30–31 1.12 Render quarterly progress reports: Continuously <p>2. Stakeholder Activities</p> <ul style="list-style-type: none"> 2.1 Form VER committees and have them sign MOUs with PVERMS: Months 1–5 2.2 Prepare and implement advocacy and awareness campaign: Months 1–48 2.3 Prepare and conduct intensive registration campaign in 10 target districts: Months 15–36 <p>3. ADB Activities</p> <ul style="list-style-type: none"> 3.1. Monitor and supervise project activities throughout implementation: Continuously 3.2. Guide and support the project activities through regular review missions: Continuously 	<p>ADB: (i) TA inception and review missions; (ii) ongoing support from ADB headquarters and the Nepal Resident Mission; (iii) \$2,000,000 from Japan Fund for Poverty Reduction</p> <p>Consultants: Consulting assistance in project administration, organizational audit, and impact evaluation</p> <p>Government: In-kind contributions estimated at \$90,000 equivalent, comprising office space, salaries of government staff, information and reports, and airtime on national radio and TV</p> <p>Communities: In-kind contributions valued at \$19,000 equivalent, comprising participation in training and community activities</p> <p>Public and private stakeholders: Participation in consultations</p>

<p>4. Consultants' Activities</p> <p>4.1 Conduct organizational audit: Months 1–6</p> <p>4.2 Prepare a report on results achieved and lessons learned: Year 4</p>	
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ADB = Asian Development Bank; CBS = Central Bureau of Statistics; DDC = district development committee; EA = executing agency; ICT = information and communication technology; IEC = information, education, and communication; LDTA = Local Development Training Authority; MLD = Ministry of Local Development; MOU = memorandum of understanding; PVERMS = population and vital events registration management section (of the Ministry of Local Development); TA = technical assistance; TYIDP = Three Year Interim Development Plan; VDC = village development committee; VER = vital events registration.

^a Given their nature, the targets and indicators included in the Design and Monitoring Framework will be further refined at project onset, after the initial district-based survey under component 2.2

**Cost Summary
(\$)**

Input/Expenditure Category	Grant Component					Total (Input)
	<u>Component A</u> Review Legal Framework	<u>Component B</u> Awareness Raising and Intensive Registration Campaign	<u>Component C</u> Computerization and Data Management	<u>Component D</u> Capacity Building	<u>Component E</u> Grant Management, Monitoring, and Audit	
1. Equipment and Supplies	5,000	75,000	786,000	10,000	10,000	886,000
2. Training, Workshops, Seminars, Public Campaigns	16,500	65,000		92,500		174,000
3. Consulting Services	38,000	45,000	24,000	21,000	145,000	273,000
4. Grant Management					45,000	45,000
5. Other Inputs (Surveys, Implementation Campaigns)		480,000				480,000
6. Contingencies (0–10% of Total Estimated Grant Fund): Use of contingencies requires prior approval from ADB						142,000
Subtotal, JFPR Grant–Financed	59,500	665,000	810,000	123,500	200,000	2,000,000
7. Government Contribution	3,500	66,000	0	500	20,000	90,000
8. Community's Contributions	1,000	8,000	0	10,000	0	19,000
Total Estimated Costs	64,000	739,000	810,000	134,000	220,000	2,109,000
Incremental Costs					0	80,000

Detailed Cost Estimates
(\$)

Code	Supplies and Services Rendered	Unit	COSTS			CONTRIBUTIONS					
			Quantity	Cost Per	TOTAL (\$)	TOTAL (\$)	JFPR		Government	Other Donors	Communities
			Units	Unit			Amount	Method of Procurement ^a			
Component A: Review Legal Framework					64,000	64,000	59,500		3,500	0	1,000
	Contingency						4,547				
1.1	Training, workshops, seminars				20,000	20,000	16,500		2,500	0	1,000
1.1.1	Central level consultation workshop	workshop	2	1,000	2,000	2,000	1,500		500		
1.1.2	Regional workshops (including travel and per diems)	workshop	5	3,600	18,000	18,000	15,000		2,000		1,000
1.2	Consulting Services				38,000	38,000	38,000		0	0	0
1.2.1	International legal consultant	PM	1	18,000	18,000	18,000	18,000	Ind			
1.2.2	National legal consultant	PM	5	4,000	20,000	20,000	20,000	Ind			
1.3	Equipment and Supplies				6,000	6,000	5,000		1,000	0	0
1.3.1	Printing and distribution of manual for registrars	manual	500	12	6,000	6,000	5,000	Shp	1,000		
Component B: Awareness Raising and Intensive Registration Campaign					739,000	739,000	665,000		66,000	0	8,000
	Contingency						50,823				
2.1	Equipment and Supplies				75,000	75,000	75,000		0	0	0
2.1.1	IEC materials for 10 districts	set/district	10	7,500	75,000	75,000	75,000	Shp			
2.2	Training, workshops, seminars				73,000	73,000	65,000		5,000	0	3,000
2.2.1	Regional knowledge sharing workshops	workshop	5	3,600	18,000	18,000	15,000		2,000		1,000
2.2.2	Workshops for VER committees and working groups on advocacy campaign	lumpsum/district	10	5,500	55,000	55,000	50,000		3,000		2,000
2.3	Consulting Services				45,000	45,000	45,000		0	0	0
2.3.1	Advocacy campaign design and support for implementation - national consultant	PM	15	3,000	45,000	45,000	45,000	Ind			
2.4	Other Project Inputs				546,000	546,000	480,000		61,000	0	5,000
2.4.1	Sample-based survey in 5 districts	survey	1	80,000	80,000	80,000	80,000				
2.4.2	Intensive registration campaign	district campaign	10	28,000	280,000	280,000	250,000		30,000		
2.4.3	VER committee meetings year 1	lump sum/district	10	3,200	32,000	32,000	30,000		1,000		1,000
2.4.4	VER committee meetings year 2	lump sum/district	10	3,200	32,000	32,000	30,000		1,000		1,000
2.4.5	VER committee meetings year 3	lump sum/district	10	3,200	32,000	32,000	30,000		1,000		1,000
2.4.6	VER committee meetings year 4	lump sum/district	10	3,200	32,000	32,000	30,000		1,000		1,000
2.4.7	Implementation of VER campaign	lumpsum/district	10	3,300	33,000	33,000	30,000		2,000		1,000
2.4.8	Airtime on national TV and radio	lumpsum	1	25,000	25,000	25,000			25,000		
Component C: Computerization and Data Management					810,000	810,000	810,000		0	0	0
	Contingency						61,905				
3.1	Equipment and Supplies				786,000	786,000	786,000		0	0	0
3.1.1	Central server and ICT package	ICT package	1	25,000	25,000	25,000	25,000	NCB			
3.1.2	ICT packages at decentralized level	ICT package	500	1,100	550,000	550,000	550,000	NCB Packages			
3.1.3	Networking of data between central and decentralized level	lump sum	1	30,000	30,000	30,000	30,000				
3.1.4	Application forms, registers, and paper for printing records	lumpsum/district	10	4,000	40,000	40,000	40,000				
3.1.5	Steel cabinets	cabinet	500	50	25,000	25,000	25,000				
3.1.6	Supplies for the management of old records	lump sum	1	20,000	20,000	20,000	20,000				
3.1.7	Support for ICT maintenance at central and decentralized level	PM	24	4,000	96,000	96,000	96,000				
3.2	Consulting Services				24,000	24,000	24,000		0	0	0
3.2.1	Upgrading of software as needed	PM	6	4,000	24,000	24,000	24,000	Ind			

Code	Supplies and Services Rendered	Unit	COSTS				CONTRIBUTIONS					
			Quantity Units	Cost Per Unit	TOTAL (\$)	TOTAL (\$)	JFPR	Government	Other Donors	Communities		
							Amount	Method of Procurement ^a				
Component D: Capacity Building					Subtotal:	134,000	134,000	123,500		500	0	10,000
Contingency								9,439				
4.1	Equipment and Supplies				10,500	10,500	10,000			500	0	0
4.1.1	Development and reproduction of training materials on VER	Lump sum	1	10,500	10,500	10,500	10,000	Shp	500			
					0	0						
4.2	Training, workshops, seminars				102,500	102,500	92,500			0	0	10,000
4.2.1	Training of trainers (through LDTA)	Trainee	15	500	7,500	7,500	7,500					
4.2.2	Training at decentralized level for registrars	course	30	2,000	60,000	60,000	60,000					
4.2.3	Workshops for VER workgroups	workshops	500	70	35,000	35,000	25,000					10,000
4.3	Consulting Services				21,000	21,000	21,000			0	0	0
4.3.1	Organizational audit of VER setup (national)	PM	4	3,000	12,000	12,000	12,000	Ind				
4.3.2	Post-evaluation of training (national)	PM	3	3,000	9,000	9,000	9,000	Ind				
Component E: Grant Management, Monitoring, and Audit					Subtotal:	220,000	220,000	200,000		20,000	0	0
Contingency								15,285				
5.1	Equipment and Supplies				10,000	10,000	10,000			0	0	0
5.1.1	Office set-up	lump sum	1	10,000	10,000	10,000	10,000	Shp				
5.2	Consulting Services (e.g. for management and monitoring/assessments)				145,000	145,000	145,000			0	0	0
5.2.1	External audit		4	5,000	20,000	20,000	20,000	Ind				
5.2.2	Domestic management consultant	pm	48	2,000	96,000	96,000	96,000	Ind				
5.2.3	Independent midterm evaluation (national)	pm	3	3,000	9,000	9,000	9,000	Ind				
5.2.4	Independent impact evaluation	lump sum	1	20,000	20,000	20,000	20,000	Ind				
5.3	Management and Coordination of the Project				65,000	65,000	45,000			20,000	0	0
5.3.1	Component 1 - staff	lump sum	1	20,000	20,000	20,000			20,000			
5.3.2	Travel and per diem	lump sum	1	25,000	25,000	25,000	25,000					
5.3.3	Operational costs	lump sum	1	20,000	20,000	20,000	20,000					
Components A to E = Subtotal					Subtotal:	1,967,000	1,967,000	1,858,000		90,000	0	19,000
Contingency (Maximum 10% of total JFPR Contribution)						142,000	142,000	142,000				
TOTAL Grant Costs					Total:	2,109,000	2,109,000	2,000,000		90,000	0	19,000
Incremental Cost Details:												
	Spot checks and results audit				80,000	80,000	80,000					
	Project launch workshop				20,000	20,000	20,000					
TOTAL Incremental Costs						100,000	100,000	100,000				

ICT = information and communication technology; IEC = information, education, and communication; Ind = individual consultant selection; JFPR = Japan Fund for Poverty Reduction; LDTA = Local Development Training Authority; NCB = national competitive bidding; PM = person-month; Shp = shopping; TV = television; VER = vital events registration.

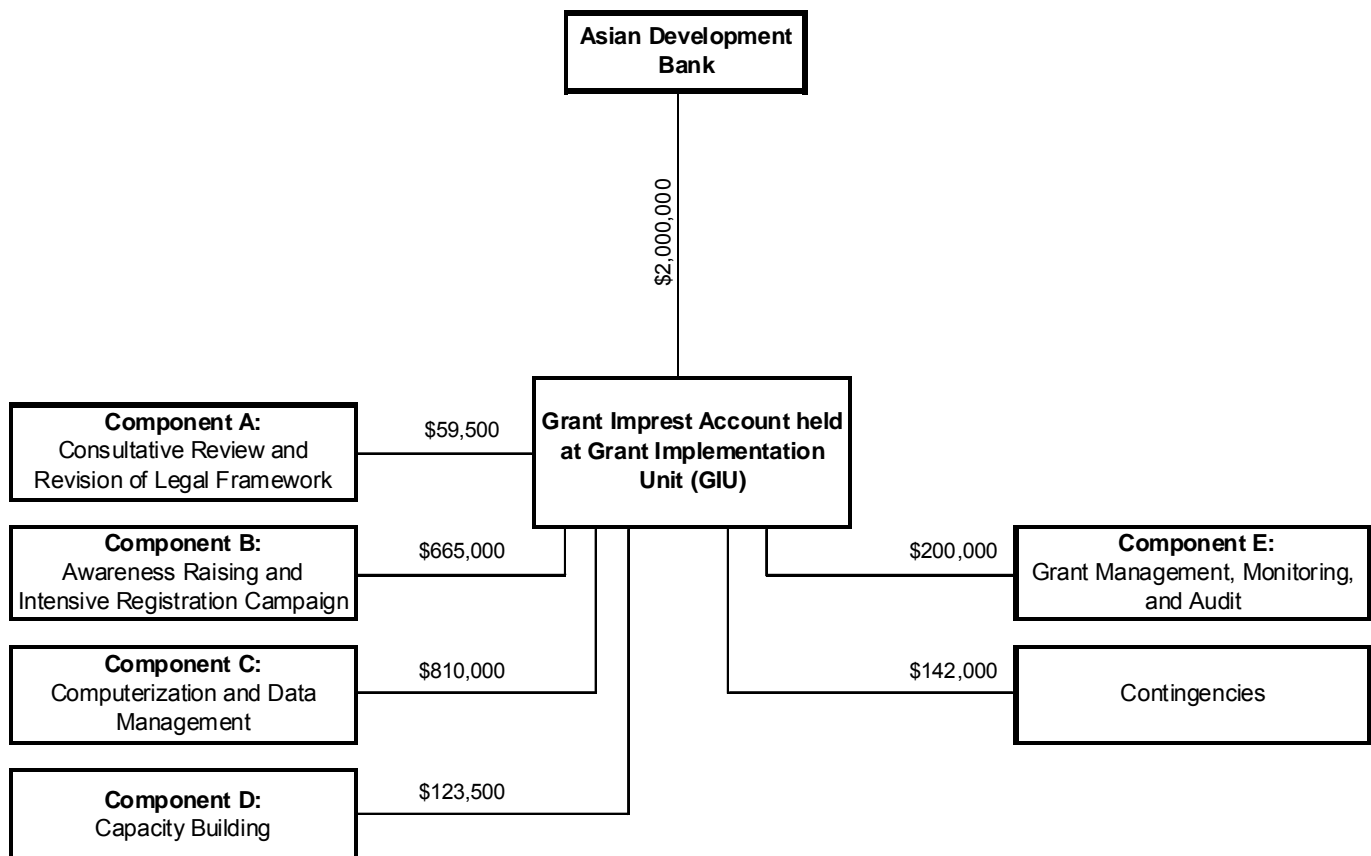
^a Best estimate, subject to change after EA procurement capacity assessment and preparation of the procurement plan

FUNDS FLOW ARRANGEMENTS FOR JFPR FUNDS

1. The Government will establish a grant imprest account at a bank acceptable to the Asian Development Bank (ADB), immediately after the Japan Fund for Poverty Reduction (JFPR) Grant Agreement is signed. The imprest account will be established, managed, replenished, and liquidated according to ADB’s *Loan Disbursement Handbook* (2007, as amended from time to time) and detailed arrangements agreed on by the Government and ADB. The first deposit made into the imprest account will not exceed estimated expenditures for the next 6 months or 10% of the grant amount, whichever is less. The account will be replenished every 3–6 months, as requested by the grant implementation unit (population and vital events registration management section of the Ministry of Local Development [MLD]) through the executing agency (MLD). The statement of expenditures (SOE) procedure may be used for all payments and transactions under \$10,000, for reimbursement of eligible expenditures for the JFPR project and to liquidate advances provided into the imprest account, according to the *Loan Disbursement Handbook*, and detailed arrangements agreed on between the Government and ADB. Individual payments to be reimbursed or liquidated under the SOE procedure will not exceed the amount agreed on by the Government and ADB.

2. The funds flow for the JFPR project is shown in the figure.

Figure A1. Funds Flow Arrangements for JFPR Project



GIU = Grant Implementation Unit

IMPLEMENTATION ARRANGEMENTS

A. Executing and Implementing Agencies

1. The executing agency (EA) for the Project will be the Ministry of Local Development (MLD), the ministry with the legal mandate for vital events registration (VER). Within MLD, the population and vital events registration management section (PVERMS) will be the grant implementation unit (GIU), with the PVERMS under secretary as project director. The project director will be responsible for overall project implementation, supervision and monitoring of consultants' work and outputs, coordination with other related government agencies and relevant donor partners, and regular reporting to the steering committee. One full-time national consultant working in the PVERMS will support the project director in overall project planning, implementation, and monitoring. The consultant will prepare a report on results achieved and lessons learned from the Project.

B. Steering Committee

2. MLD will establish a steering committee under the MLD secretary and with the project director as member secretary, to guide project implementation and to improve the coordination of project activities with related government agencies. The following will be members of the committee: the joint secretary of MLD (vice chair) and representatives of the Ministry of Women, Children and Social Welfare; the Ministry of Home Affairs; the Ministry of Law, Justice, and Constituent Assembly Affairs; the Ministry of Finance; the National Planning Commission; and the Central Bureau of Statistics (CBS). Other members may be co-opted as necessary, and the Asian Development Bank (ADB) may participate as an observer.

C. Decentralized Implementation Arrangements

3. National and district VER committees will be formed. These VER committees will sign memorandums of understanding with the PVERMS to register their commitment to universal birth registration and the provision of legal identity in general. The central VER committee will include representatives from key service-providing ministries such as the Ministry of Education; the Ministry of Population and Health; the Ministry of Home Affairs; and the Ministry of Women, Children, and Social Welfare. The National Planning Commission and the Election Commission will also be represented. The district VER committees will include the following officials: (i) the chairperson of the district development committee as chair; (ii) the chief district officer; (iii) the local development officer; (iv) representatives of local registrars; (v) officials from other relevant local government offices in the district such as the Women Development Office, the Education Development Office, the Public Health Office, and the Children Welfare Committee; and (vi) CBS. The district VER committees will likewise include representatives from the district dalit coordination and indigenous peoples committees, local lawyers' groups, civil society, and local nongovernment organizations (NGOs), in particular those that represent vulnerable groups.

4. In the village development committees (VDCs) and municipalities, the chairperson or secretary will set up a representative working group (including women and representatives of vulnerable groups) to implement the VER campaigns, door-to-door registration, and other activities under the Project.

D. Project Duration

5. The Project will be carried out over a period of 48 months. Subject to approval by the Government of Japan, it is expected to start in November 2009 and finish in November 2013. The project timetable is in Appendix 6.

E. Procurement

6. Goods to be financed under the Project will be procured according to ADB's *Procurement Guidelines* (2007, as amended from time to time). Local NGOs and national consultants will be contracted by the GIU according to ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time).

F. Accounting and Reporting

7. The EA will maintain separate records and accounts, allowing the adequate identification of the goods, services, and other items of expenditure financed out of the JFPR funds, the disclosure of the use of the funds in the JFPR project, and the recording of the progress of the JFPR project (including its cost). The EA will maintain separate accounts for the JFPR project and have such accounts and related financial statements audited annually, according to appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience, and terms of reference are acceptable to ADB. The audit can be done by the Office of the Auditor General (OAG). The EA will submit to ADB, as soon as available but no later than 6 months after the end of each fiscal year, certified copies of the audited accounts and financial statements and the related report of the auditors (including the auditors' opinion on the use of the JFPR funds, the operation of the imprest account, and the application of any statement-of-expenditures [SOE] procedure authorized under the JFPR project), all in the English language. The EA will also provide ADB with such other information concerning those accounts and financial statements and their audit as ADB will, from time to time, reasonably request. Besides the audit being done by the OAG, an additional independent audit according to the JFPR guidelines may also be done.

8. The EA will submit to ADB all such reports and information as ADB shall reasonably request concerning (i) the use of the JFPR funds; (ii) the goods, services, and other items of expenditure financed with the proceeds of the JFPR funds; (iii) the JFPR project; and (iv) any other matters relating to the purposes of the JFPR assistance. In particular, the EA will prepare semiannual reports on the implementation of the JFPR project. Such reports will be submitted in such form and detail as ADB will reasonably request. Within 3 months after the physical completion of the JFPR project, the EA will prepare and submit to ADB a report, in such form and detail as ADB will reasonably request, on the accomplishment of the purposes of the JFPR assistance.

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country/Project Title: NEP: Capacity Building for the Promotion of Legal Identity among the Poor in Nepal
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Lending/Financing
Modality:

JFPR Grant

Department/
Division:

**OGC in cooperation with
NRM**

I. POVERTY ANALYSIS AND STRATEGY

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

ADB's country strategy and program 2005–2009 for Nepal is focused on promoting inclusive development processes for reducing poverty in Nepal in the long term. Inclusive development is to be promoted to improve balance in the development of different regions of the country, access to basic services and opportunities for economic advancement for the poor, and participation by the poor in the development process, as well as to address the needs of disadvantaged women, ethnic groups, and lower castes. ADB will mainstream inclusion in all assistance activities to enhance the benefits to poor women, disadvantaged ethnic and caste groups, and the rural population. ADB's country operations business plan 2008–2010 reconfirms this focus. In addition, to improve governance, ADB will promote decentralization, with greater transparency and accessibility in public service delivery, and build capacity. In keeping with this strategy, ADB approved the Governance Support Program in 2008, which will support the implementation of the Government's Local Governance and Community Development Program (LGCDP). The LGCDP will contribute to poverty reduction through inclusive, responsive, and accountable local governance and participatory community-led development. In this context, and in view of the fact that legal identity documents are often a legal or de facto prerequisite for accessing services and opportunities in Nepal, the provision of legal identity documents will be an important contributor to inclusive development that comprehensively encompasses the poor and vulnerable groups.

B. Poverty and Social Analysis^a

Targeting Classification: Targeted Intervention

1. Key Issues

Nepal remains one of the poorest countries in the world, with a per capita income at nominal value estimated at \$363 in 2007, wide income disparities, and a lack of access to basic services by a large portion of the population. Poverty is more acute in rural than in urban areas, and is much worse among lower-caste and minority groups such as Dalits, Janajatis, and Muslims (all above 40%) than in upper-caste groups such as Brahmins and Newars, for which poverty levels are below 20%. The Project will deal with a non-income-related aspect of poverty. Poverty in Nepal is characterized by the exclusion of poor and vulnerable groups from access to goods, resources, and opportunities. One of the grounds for such exclusion is the lack of legal identity documents (birth, citizenship, migration, marriage, and death certificates) that are a legal or de facto prerequisite for accessing benefits and opportunities. In Nepal, an identity document is required, for example, to access social welfare benefits; to obtain free schoolbooks; to be eligible for a government scholarship; to sit for the school leaving certificate exam; to access government and professional employment opportunities; to acquire, own, sell, or dispose of personal and real property; to obtain travel documents; and to access banking services. In addition to these individual benefits, proper registration allows more realistic planning and budgeting at the national and decentralized level.

Only about 25% of Nepalis have birth records, and the proportion is even lower among women, dalits, ethnic minorities, internally displaced people, and other vulnerable groups in the remote districts and regions. Similarly, a conservative guesstimate suggests that between 3 million and 5 million people that are entitled to citizenship (those who are at least 16 years of age) do not have a citizenship certificate and are therefore excluded from benefits and opportunities. In addition, about 350,000 Nepalis reach the age of 16 each year and thus become eligible for citizenship. While today a birth certificate is strictly speaking not a legal requirement for obtaining citizenship, it often is de facto required. Further, ongoing discussions within the Government make it likely that this will become a legal requirement in the near future.

The Government, in its drive to make Nepal a more inclusive society, is increasingly committed to providing legal identity to its population. In November 2006, the Government passed a revised Citizenship Act, making the acquisition of citizenship easier for more people born in Nepal. In line with this commitment, mobile units provided

citizenship certificates to about 2.6 million Nepalis in 2006–2007, allowing them to avail themselves of certain opportunities and benefits. The Government also prepared an Action Plan on Vital Registration, as a milestone under the ADB-funded Rural Reconstruction and Rehabilitation Sector Development Program. This action plan, which is linked to the Government's Three Year Interim Development Plan, now needs to be implemented. However, because of budgetary constraints and limited institutional capacity to implement the action plan, the Government has requested ADB for assistance.

The JFPR grant will support the implementation of the action plan. The objective of the JFPR project is to make services and opportunities more accessible to beneficiaries in the project area, in particular poor and vulnerable groups, by providing them with legal documentation required to access such services and opportunities.

2. Design Features. The Project will contribute to poverty reduction by providing beneficiaries with documents that are legally or de facto required to access certain benefits and opportunities, including social welfare benefits; education; opportunities to acquire, sell, own, or dispose of personal and real property; employment opportunities in the formal sector and the government sector; and the possibility of opening a banking account. In so doing, it will enhance the beneficiaries' chances of participating as a full citizen in Nepal's development. Further design features that demonstrate the nature of the targeted intervention are set out in the description of the participatory implementation under part C.2 below.

C. Consultation and Participation

1. Provide a summary of the consultation and participation process during the project preparation.

The Project was designed in a consultative manner. Extensive consultations were held in Biratnagar, Chitwan, Kathmandu, and Nepalgunj. Separate focus group discussions were held with different stakeholders, including poor and vulnerable groups without legal identity documents, relevant NGOs, local registrars, district development committee (DDC) and village development committee (VDC) representatives, the executing agency (EA), and service-providing ministries such as the Ministry of Education, the Ministry of Home Affairs, and the Ministry of Women and Social Welfare.

2. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring?

x Information sharing x Consultation x Collaborative decision making x Empowerment

Each of the key stakeholders identified will be included in project implementation and monitoring. (i) The recipients of the legal identity documents will be involved (either directly or through representation) through the VER committees in the DDCs and the VER working groups in the VDCs. Both the vital events registration (VER) VER committees and the VER working groups will be directly involved in the implementation of component B of the Project, in particular the door-to-door registration campaign and the awareness-raising campaign. They will also receive training under component D of the Project. (ii) Local registrars will have to implement the Project and sustain the VER at the decentralized level after project completion. They will be included in project implementation in particular through components C and D. Providing them with training and resources to implement VER in their respective DDCs and VDCs will make it less likely that they will resist the Project in the belief that their workload will increase. (iii) Service-delivering ministries, departments, and agencies will be involved in the Project through the central and district VER committees. Representatives from each stakeholder group will also be invited for consultations on the revision of the legal framework.

3. Was a C&P plan prepared? Yes No

No separate C&P plan was prepared because the design of the Project is such that it includes key elements of C&P.

D. Gender and Development

1. Key Issues. Women have been identified as one of the groups in Nepal that have a higher risk of not having a birth certificate or other form of legal identity. They are therefore included as one of the target groups under the JFPR.

<p>2. Key Actions. No separate gender action plan was prepared, as women and girls are among the vulnerable groups specifically targeted under the Project.</p>			
<p>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS</p>			
Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
<u>Involuntary Resettlement</u>	No Impact		<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action
<u>Indigenous Peoples</u>	IPs have been identified as one of the vulnerable groups that have a higher risk of not having legal identity. The Project will directly benefit IPs by having them as a target group for the Project. They will also be included in consultations and implementation of the Project.		<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action
Labor <input type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	Not applicable		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action
Affordability	An assurance has been obtained from the Government that it will impose no charges for registration during the Project.		<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others(conflict, political instability, etc), please specify	Conflict and political instability have been recognized as a project implementation risk. The risk will be mitigated by the establishment of VER committees in the DDCs and VER working groups in the VDCs.		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action
<p>IV. MONITORING AND EVALUATION</p>			
<p>Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>			

C & P = consultation and participation; DDC = district development committee; EA = executing agency; JFPR = Japan Fund for Poverty Reduction; LGCDP = Local Governance and Community Development Program; VDC = village development committee; VER = vital events registration.

^a The poverty and social analyses are combined, as the Project deals with a non-income-related aspect of poverty.