

Increasing Livelihood... (Continued from page 6)

To set up a shop at the main junction of a road and buy the necessary equipment, his wife took a NRs10,000 loan. With expansion to motor repairing—which he feels is even more lucrative—in mind, Tajpuria also purchased a NRs15,000 welding machine.

After setting aside NRs1,000 for the welding machine's monthly payment, NRs1,200 for his staff's salary, and NRs1,000 for the shop's rent, Tajpuria is still able to save at least NRs3,000 per month. His wife, Rita Devi, content with their achievements, feels that she is an equal part of this venture as she played the critical role of financier in this joint investment.

Similarly, Tapa Kumari Darji, challenging social stereotypes, successfully took driving lessons—considered an odd choice for a woman not from the capital city.

Darji, 24, from Gauraddha village in Jhapa district, took a 1-month training course at a local driving institute, and found a job as an instructor at the institute itself. She is doing well, drawing a salary of NRs3,000 per month over the last 5 months. Not having earned a single penny prior to her current job, Darji now dreams of owning a taxi someday. "Initially, people found it peculiar, but that never bothered me, and once I was through with the training, my confidence had reached a new height," she says. ■



Rajani KC-Shrestha

Tapa Kumari Darji successfully took driving lessons and found a job as a driving instructor.

Results-Based Strategy Improves Nepal Portfolio Management

A SYSTEMATIC, RESULTS-BASED APPROACH has produced significant dividends in Nepal, the first country to adopt a results-based country partnership strategy (CPS) in 2004.

The CPS, which in 2004 was still called the country strategy and program, includes a results framework as a management tool to help focus ADB assistance on delivering development results. The CPS supports a conflict-sensitive approach that assesses the extent to which each project can be effectively implemented during conflict and examines options to provide assistance to address the root causes of the conflict. The adoption of a results-based CPS provided not only the framework, but also a strong incentive to ADB staff, to achieve better results in the face of declining performance indicators.

To strengthen the link between the results framework of the CPS and country operations, sector results plans were prepared for the priority sectors of agriculture and rural development; energy; education; finance and governance; transport and communication; and water supply, sanitation, and urban development. The sector plans were consolidated into a country results profile to provide a clear and unified picture of the progress made in meeting targets. ADB also assisted the Government in mainstreaming results-based management in several public sector organizations and in introducing a model to be used at the organizational level.

Results-based country portfolio reviews, initiated in 2006, strengthen the Government's ownership to improve portfolio performance. The first review updated the design and monitoring framework. In addition, sector outcomes and outputs were discussed and measures identified to address sector constraints.

Among the more dramatic improvements in portfolio performance was the increase in the disbursement ratio from 7.7% in 2005 to 20% in 2006. As a result, the net resource transfer to Nepal rose from \$2.9 million to \$62 million during this period. This improvement in performance translates into accelerated development on the ground in a country where poverty is often exacerbated by conflict.

The contract award ratio rose from 15.2% in 2005 to 22% last year, the highest since 1998. The number of projects considered to be at risk declined from 7 to 4, i.e., from 30% to 17% of the total portfolio. Clearly, there is room for improvement and the Nepal portfolio is still not performing as well as the ADB-wide average. However, it is catching up fast, after many years of lagging behind that average. It is worth noting that performance is improving despite the continuing unrest in the Terai area of Nepal.

The impressive improvement in portfolio performance has been facilitated by a number of initiatives, including:

- comprehensive portfolio reviews and adoption of results-based monitoring tools (e.g., project and sector results profiles) to assess performance and development results against the targets set in the CPS;
- agreement with the Government of Nepal

on portfolio performance action plans and bimonthly meetings to remove constraints hampering the effective implementation of ADB-supported projects;

- an early warning system on portfolio performance based on regular monitoring of project performance reports and other data;
- a portfolio management strategy to mainstream the conflict-sensitive approach set out in the CPS;
- a comprehensive restructuring of pipeline projects in an effort to deliver tangible results on the ground;
- an annual exercise to remove poorly performing portfolio elements, which has led to \$75 million in loan savings being reallocated since 2005;
- sector results plans that allow quick assessment and timely corrective action as needed;
- project readiness filters adopted to reduce start-up delays and accelerate implementation;
- the Government's reforms in procurement and financial management; and
- a reinforced quality assurance mechanism to ensure project quality from an early stage.

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