

# TECHNICAL ASSISTANCE COMPLETION REPORT<sup>1</sup>

Division: NRM/SARD

<b>TA No. Country and Name:</b>			<b>Amount Approved:</b> \$ 400,000.00	
<i>TA4765-NEP: Operationalization of Managing for Development Results</i>			<b>Revised Amount:</b> \$ 400,000.00	
<b>Executing Agency:</b> National Planning Commission		<b>Source of Funding:</b> MfDR Cooperation Fund	<b>Amount Undisbursed:</b> \$ 72,032.00	<b>Amount Utilized:</b> \$ 327,968.00
<b>TA Approval</b>	<b>TA Signing</b>	<b>Fielding of First Consultant:</b>	<b>TA Completion Date</b>	
13 February 2006	19 April 2006	October 2006	<b>Original:</b> 8 February 2008	
			<b>Actual:</b> July 2008 (final report submission)	
			<b>Account Closing Date</b>	
			<b>Original:</b> 28 February 2008	
<b>Description</b>				
<p>The Government of Nepal joined other participating countries in endorsing the principles of managing for development results (MfDR) during high-level international roundtables in Monterrey, Marrakech and Paris from 2002-2005. This commitment reflected the widely shared view that development assistance needed to be more effective and aid flows enhanced to reduce poverty and achieve the Millennium Development Goals. With the adoption of the Paris Declaration on Aid Effectiveness in March 2005, many countries started to adopt and implement MfDR to achieve better results.</p> <p>Among the DMCs, Nepal has been at the forefront of operationalizing MfDR as illustrated by the results framework of the Tenth Plan (FY2003-FY2007), which charted Nepal's poverty reduction strategy (PRS). Building on this framework, ADB developed its first results-based Country Strategy and Program for Nepal in 2004. The Government has taken steps to develop some core elements of MfDR by establishing a framework that linked planning, budgeting, project implementation and monitoring. The medium-term expenditure framework linked PRS to the annual budget by prioritizing available resources. Other core MfDR elements included national poverty monitoring and analysis system (PMAS), district poverty monitoring and analysis system (DPMAS), and project performance information system (PPIS). However, these elements needed to be systematized and streamlined with logical links to an MfDR framework at all government levels for which significant capacity building was needed. The Government, therefore, requested ADB to provide technical assistance (TA) in support of capacity development of selected ministries and district development committees (DDCs) to help operationalize MfDR. The objectives, scope, financing, and implementation arrangements of the TA were discussed with the Government and other key stakeholders in September 2005.</p>				
<b>Expected Impact, Outcome and Outputs</b>				
<p>The expected impact of the TA was to achieve development effectiveness in the context of broad-based economic growth. The expected outcome of the TA was the adoption of MfDR approach in the National Planning Commission (NPC), two line ministries, and three DDCs. The outputs envisaged by the TA were: (i) institutionalization of MfDR; (ii) development of sector-specific results framework; and (iii) strengthening of M&amp;E system in selected agencies.</p>				
<b>Delivery of Inputs and Conduct of Activities</b>				
<p>An international consulting firm, in partnership with two domestic firms, provided 37.63 person-months of consultancy inputs to the TA. The consultancy team comprising one international (team leader) and two national consultants was fielded from October 2006; an additional national consultant was added to the team in February 2007 to support the implementation of monitoring and evaluation system in three districts. The intermittent input of the international team leader contributed to review and quality control of outputs of national consultants. However, he could not effectively manage the friction among the consultancy team members at times which delayed TA implementation. In addition, the lead firm was initially slow in resolving the administrative and financial difficulties faced by the consultants during TA implementation. That necessitated frequent interventions by ADB. ADB facilitated in resolving the issues and ensuring timely implementation of the activities.</p>				
<p>The terms of reference of the consultants and the project implementation schedule were reviewed and refocused during the inception phase of the TA at the request of the NPC, the executing agency (EA) of the TA. The TA was able to deliver the outputs as per the specific requirements of the EA, the pilot ministries and DDCs. The uncommitted TA balance was utilized to undertake a study on determining the Government's future capacity development needs on operationalization of MfDR and to suggest potential intervention programs. The EA and the pilot ministries met their requirements in terms of providing</p>				

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counterpart staff, office accommodation and information. However, piloting activities in one of the three DDCs viz. Jumla district could not be completed due to absence of relevant staff in the related district offices for long periods. ADB fielded two review missions and attended several tripartite meetings to review progress on TA implementation and also regularly attended the meeting of the Steering Committee and workshop programs.

#### **Evaluation of Outputs and Achievement of Outcome**

The TA supported enhancing the capability of the Government on MfDR operationalization by adopting a building-block approach whereby essential elements of MfDR were identified and activities grouped so as to benefit from related synergies. The specific achievements of the TA on the planned outputs were as follows:

**Strengthened leadership role of NPC for mainstreaming and operationalizing MfDR.** Series of inter-ministerial MfDR workshops led by NPC; senior level study tour to PR China led by Vice Chairman of NPC; and tools for mainstreaming MfDR developed – MfDR Guidelines, Guidance on Reporting Formats, Project Prioritization Guidelines, and Review of Incentives for Operationalizing MfDR and Recommendations.

**Operationalization of MfDR in the Ministry of Physical Planning and Works (MPPW)/Department of Roads and the Ministry of Local Development (MLD).** MfDR readiness assessment completed, and results frameworks and indicators consistent with the Government's Three Year Interim Plan (TYIP) developed; business plans developed; and understanding and awareness of MfDR enhanced.

**Operationalization of MfDR approaches and M&E at the district level.** Readiness assessment of three districts (Jhapa, Dang, and Jumla) completed; capacity development programs on DPMAS, including its implementation, information collection and technical support, provided; and case study on government service delivery in Jhapa district completed (such diagnostic analysis is fundamental to results based management).

**Capacity development programs.** In addition to regular guidance and coaching to the three ministries, three substantive training programs on MfDR (in-country and in the region) organized.

The outcomes of the TA include (i) improved awareness and understanding of MfDR concepts and tools in NPC and pilot ministries contributing to emphasis on results rather than on the design and delivery of inputs; (ii) understanding of changes in organizational management that are required to put MfDR tools and techniques into effect; and (iii) contribution to incorporating a results orientation in the TYIP. The project contributed to better appreciation of MfDR in the Government, as reflected in the TYIP which has explicitly endorsed MfDR. During the implementation of the TA, the Government requested additional technical assistance to consolidate the achievements of the on-going support and to extend MfDR approaches to other government agencies.

#### **Overall Assessment and Rating**

The TA delivered most of the expected outputs. MfDR was operationalized in the planning processes of selected government ministries. Training needs of NPC, line ministries and district offices were assessed and training programs were organized to improve capacity on MfDR concepts and processes, including district level monitoring and evaluation system. The TA delivered several tools and guidelines that will be used by NPC to mainstream and scale-up MfDR-based sector planning and reporting. However, further support is required to institutionalize MfDR and strengthen the M&E system. On overall, the TA is rated partly successful.

#### **Major Lessons**

- Although considerable progress in strengthening results-based planning approaches has been made in Nepal, MfDR awareness, capacity and utilization of results-based tools and information are still at an early stage of development.
- Political support is essential to spread and mainstream MfDR processes to other parts of the Government, and its long-term sustainability is dependent on ownership by the Government. In addition, strong and high-level demand for strengthening the results-orientation of the planning processes from the sectoral ministries is critical.
- MfDR capacity development is a long-term challenge and substantially more time is required to ensure that MfDR tools and techniques are actually put to use and institutionalized.
- MfDR capacity-development approach should involve building on existing systems and a considerable amount of learning-by-doing for government official to build ownership and commitment.

#### **Recommendations and Follow-Up Actions**

MfDR is a key development strategy endorsed by the TYIP. Further, the annual country portfolio reviews conducted in 2007 and 2008 by ADB in partnership with the Government and other development partners have identified the need to prepare results frameworks in major sectors and establish results-based monitoring systems. The Government's FY2009 Budget has identified improvements in development effectiveness as a reform agenda and a National Action Plan on Aid Effectiveness is being developed. Identification of targeted development results and an assessment of their achievements will be critical to ensure accountability in aid management. The success of the above-mentioned initiatives will require large scale capacity development in MfDR in government agencies. ADB, therefore, should continue to support capacity development over the long term as requested by the Government.