



Technical Assistance Report

Project Number: 38172
August 2007

Nepal: Support to Anticorruption Institutions

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 24 August 2007)

Currency Unit	=	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.01523
\$1.00	=	NRs65.6800

ABBREVIATIONS

ADB	–	Asian Development Bank
CIAA	–	Commission for the Investigation of the Abuse of Authority
EA	–	executing agency
FY	–	fiscal year
GRDCP	–	Governance Reforms and Decentralization Cluster Program
GRP	–	Governance Reform Program
NGO	–	nongovernment organization
NVC	–	National Vigilance Centre
OAG	–	Office of the Auditor General
OPMCM	–	Office of the Prime Minister and Council of Ministers
PAC	–	Public Accounts Committee
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Law, economic management, and public policy
Subsector	–	Law and judiciary
Themes	–	Governance, capacity development
Subtheme	–	Anticorruption

NOTES

- (i) The fiscal year (FY) of the Government ends on 15 July.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. Good governance and strong institutions are central requirements for poverty reduction and economic growth, as recent empirical research has documented.¹ Further, research has shown convincingly that good governance leads to higher economic growth. Effective anticorruption measures are at the core of good governance, as corruption erodes confidence in public institutions, depresses investment, impedes development, and aggravates poverty.

2. Improving governance and anticorruption practices is especially important for Nepal in its quest for development. With per capita income of about \$311 per year and poverty incidence of 38%, Nepal is one of the poorest countries in the world. In 2006, Nepal was perceived to be the 125th most corrupt country among the 163 included in the cross-country database compiled by Transparency International.²

3. The recognition that good governance is important for development has prompted many Government and development agencies to intensify their efforts to improve governance, particularly through measures to combat corruption. Strengthening governance is one of the four pillars³ of development in Nepal's Tenth Plan. It is also a strategic focus for the Asian Development Bank's (ADB) assistance in the country, as demonstrated by ADB's country operations business plan 2007–2009 for Nepal.⁴

4. This advisory technical assistance (TA) project forms part of ADB's efforts to assist the Government of Nepal (the Government) in fighting corruption by enhancing the capacity of anticorruption institutions and improving their ability to fulfill their statutory mandates. Recent ADB assistance in the governance area includes the Governance Reform Program⁵ (GRP), which supported the enactment of three pieces of anticorruption legislation⁶ and the establishment of the National Vigilance Centre (NVC). In addition, a TA project⁷ supported the strengthening of the technical audit capacity of NVC to enable it to undertake effective audits of government infrastructure projects. This TA effectively complements the work in the GRP, as well as planned support under the Governance Reforms and Decentralization Cluster Program I. After reviewing the TA proposal,⁸ the Government has concurred with the project impact, outcome, outputs, implementation arrangements, cost, financing arrangements, and terms of reference. Details are in Appendix 1.⁹

¹ For example, Kauffman, D., A. Kraay, and M. Mastruzzi. 2005. Measuring Governance Using Cross-Country Perceptions Data. In *Handbook of Economic Corruption*. Edited by Susan Rose-Ackerman. Washington, DC: World Bank.

² See http://www.transparency.org/news_room/in_focus/cpi_2006/cpi_table.

³ The four pillars are (i) promoting broad-based and higher economic growth, (ii) social development, (iii) targeted programs for excluded groups, and (iv) promoting good governance.

⁴ ADB. 2006. *Country Operations Business Plan 2007-2009*. Manila.

⁵ ADB. 2001. *Report and Recommendation of the President for the Governance Reform Program*. Manila (Loan 1861-NEP, approved on 27 November).

⁶ Amendments to Commission for the Investigation of Abuse of Authority Act, Prevention of Corruption Act, and a new law on Specialized Courts.

⁷ ADB. 2003. *Technical Assistance to the Kingdom of Nepal for Strengthening Project Implementation and Quality Assurance*. Manila (TA4275-NEP, approved on 18 December).

⁸ Fact-finding missions visited Kathmandu from 26 June to 7 July 2006 and from 27 November to 1 December 2006 to consult with Government officials on the specifications of the TA, as well as on the TA measures and costs related to its components.

⁹ The TA first appeared in *ADB Business Opportunities* on 21 August 2007.

II. ISSUES

5. Political instability and violence have marred Nepal's recent history. The coalition Government of the seven-party alliance and the Communist Party of Nepal/Maoist signed an historic peace accord on 21 November 2006, which ended the violent 11-year insurgency and provided a path toward lasting peace and sustainable development in Nepal. An interim Government, with the participation of the Communist Party, was formed on 1 April 2007, marking another long-awaited milestone in the peace process. These developments have presented the country with an historic opportunity to address fundamental problems that have long hindered economic growth and aggravated poverty. While Nepal has a number of pressing priorities, improving governance is central to the country's development and the sustainable resolution of the conflict. Curbing corruption, in all its manifestations, is a particularly urgent issue for the country. Public expectations of how public officials should behave—and how they should address the needs of the masses—have risen dramatically. A renewed focus on effectively addressing the corruption problem has accompanied these rising expectations.

6. Notwithstanding pervasive problems associated with corruption, some important reforms have been undertaken recently in Nepal to fight corruption. The enactment of several anticorruption laws¹⁰ provides new mechanisms for combating corruption. The Government has identified five key institutions¹¹ with the following major functions:

- (i) **Commission for the Investigation of Abuse of Authority (CIAA).** The CIAA is a constitutional body that is empowered to investigate and prosecute cases of abuse of authority. The CIAA may make recommendations to amend the relevant laws and procedures with a view to preventing future abuse of authority. It also can suggest rectifying damage caused by abuse of authority.
- (ii) **Special Court.** The CIAA uses the Special Court to prosecute cases of corruption. The Special Court is legally authorized to effectively and swiftly dispense with corruption cases that are filed with it. The court also is mandated to consider cases of crimes against the state, and to review decisions made by the CIAA.
- (iii) **National Vigilance Centre.** NVC, located in the Office of the Prime Minister and Council of Ministers (OPMCM), plays a preventive role, primarily by monitoring asset declarations of government officials. NVC also conducts technical audits of projects and government operations to ensure that service delivery weaknesses in government administration are dealt with promptly and effectively.¹²
- (iv) **Office of the Auditor General (OAG).** OAG is a constitutional body that conducts independent audits and evaluations of public resource use, and seeks to promote and uphold public accountability. In particular, OAG assesses whether expenditures made and revenues collected comply with rules and regulations, and whether they reflect due regard for efficiency, effectiveness, and propriety.

¹⁰ The primary legal basis of anticorruption work in Nepal is the CIAA Act, 1991. In August 2002, the Prevention of Corruption Act, 1961, was repealed and four separate bills were enacted: (i) amendment to the CIAA Act; (ii) revisit of the Prevention of Corruption Act, 1961, by a new act; (iii) an act to establish a Special Court; and (iv) the Impeachment Act. The Government of Nepal is also a signatory to the ADB-Organization for Economic Cooperation and Development Anticorruption Initiative and its action plan.

¹¹ In addition, other relevant agencies whose work impacts anticorruption in Nepal include (i) Revenue Investigation Department, in the Ministry of Finance, which is tasked with investigating revenue leaks, primarily in customs and income taxes; (ii) National Investigation Department, in the Ministry of Home Affairs, which supports the work of the CIAA in investigating cases of corruption; and (iii) Judicial Council, in the Supreme Court, which addresses incidents of corruption in the judiciary. Civil society also has taken a strong interest recently in aggressively ensuring that incidents of malpractice and bureaucratic inefficiency at all levels of government are highlighted.

¹² A task force in the OPMCM is reviewing how to improve the alignment of NVC in terms of its functions, roles, and mandates. The results of the work of the task force are not public yet.

- (v) **Public Accounts Committee (PAC).** PAC is one of the select committees of the House of Representatives. Its main function is to examine the Public Accounts and the Report of the Auditor General to reduce misuse and abuse of public funds. PAC was reconstituted following the formation of the interim Government on 1 April 2007. The committee is empowered to direct concerned government officials to explain financial irregularities that might have been specified in the Report of the Auditor General.

7. These institutions play an important role in curbing corruption in Nepal. However, considerable work is required to improve their capacity, professionalism, and outreach. While each of these institutions has capacity development requirements, their specific priorities vary. In general, however, the following key needs tentatively can be identified:¹³ (i) capacity to (a) investigate and prosecute significant cases of corruption, (b) audit projects and government activities at the local level, (c) rigorously review government operations and audited statements, and (d) swiftly and effectively dispense with corruption cases filed for prosecution; (ii) exposure to how anticorruption institutions in other jurisdictions operate, and what lessons can be learned and applied in Nepal; and (iii) public awareness of (a) the work of the anticorruption institutions to enhance transparency and project a coherent message on anticorruption, and (b) how people can help in identifying instances of corruption and malpractice that then can be investigated appropriately.

8. Other common problems facing these institutions include the lack of awareness and limited outreach beyond Kathmandu. The work of anticorruption institutions can be effective only if the public actively supports it. Lack of awareness of the functions by the public limits their reach, as well as impedes the necessary information flow on corruption to these institutions. Therefore, expanding anticorruption activities beyond Kathmandu is vital, and establishing links with civil society is particularly important in this regard.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The TA will support the Government's initiatives in strengthening the institutional capacity of anticorruption institutions, thereby improving their ability to fulfill their statutory mandates. The intended impact is the enhancement of good governance through stronger action against corruption in the public sector, as well as greater accountability and transparency in government operations and service delivery. The goal of the TA is to reduce corruption and improve governance in Nepal, thereby contributing to economic growth, poverty reduction, and better development outcomes in the country.

B. Methodology and Key Activities

10. By promoting good governance, this TA contributes to the implementation of one of ADB's strategic areas of focus in Nepal. It also plays an important part in supporting the design and implementation of the Governance Reforms and Decentralization Cluster Program (GRDCP), which will be processed in 2008. Anticorruption will be featured strongly in the GRDCP. The capacity enhancement of the institutions will enable more effective implementation measures by these institutions under the GRDCP. An anticorruption institution will qualify for support under this TA if it (i) is part of the larger government agenda on good governance; and (ii) takes a holistic

¹³ Discussions were held with all five anticorruption institutions about their mandates, institutional and legal frameworks, operating environments, and key current gaps in fulfilling mandates.

approach to fighting corruption (i.e., cuts across institutions—in the executive, legislative, and judiciary branches—at the center of government, focuses on outreach outside Kathmandu, and enhances public awareness).

11. The TA was designed after consultation with all the major anticorruption institutions in Nepal. In addition, it has analyzed all the capacity development needs of the institutions and identified priorities that promise to yield the best outcomes. The validity of this approach also is supported by lessons drawn from ADB's past technical assistance work in Nepal, which indicate that a TA is most effective when it adequately considers the links of related institutions in carrying out certain functions.

12. The TA will have three parts: (i) part A entails a needs assessments for different institutions to ascertain how best to carry out capacity development, (ii) part B involves capacity development in key areas to help the institutions fulfill their statutory mandates better, and (iii) part C covers the dissemination and public awareness campaign of the work of these institutions.

13. **Part A: Needs Assessment.** To ensure that limited resources are used most efficiently, careful needs assessments will be carried out in the five institutions. The needs assessments are important because, while all the institutions identified broad areas for capacity development, they have been unable to pinpoint specific areas and ways to improve capacity. As such, all of them consider the needs assessments the necessary starting point. The assessments will include carefully evaluating capacity, identifying gaps, and recommending the best measures to address the gaps. The five institutions, with support from the TA consultants, will lead the capacity assessment process.

14. **Part B: Capacity Development for the Anticorruption Institutions.** The capacity development areas for different institutions will target their specific needs. Based on the needs assessments, the TA then will prioritize them through a consultative process and determine ways to strengthen systems of operations, greater expertise among staff, and organizational capability. This capacity development support is expected to cover (i) equipment and technology, as well as other support, including costs for computers and printers, network connections, online subscriptions to journals, etc., database management software, and library support (such as for books and journals); (ii) study visits to neighboring countries to assess how relevant practices are managed in these jurisdictions; and (iii) on-the-job training in OAG and PAC to enable staff in these institutions to better fulfill their roles of determining the extent of administrative and financial irregularities in government operations, which serve as inputs to the work of other anticorruption institutions.

15. **Part C: Dissemination and Public Awareness Campaign.** The anticorruption institutions can be effective only when the public supports and utilizes them. Assistance in this area will include ensuring that the relevant institutions can disseminate widely to the public their work in eradicating corruption, as well as addressing how the public might be able to help in this endeavor. Working with the institutions, the TA will produce well-designed public awareness materials and public awareness activities. It is particularly important to carry out the public awareness in a comprehensive, concerted, and coordinated manner that covers all the major anticorruption institutions. Further, the campaign should be undertaken in conjunction with pertinent civil society organizations, as well as development partners. This will reduce costs and ensure the best use of resources through economies of scale, while also ensuring that clear and coherent messages are disseminated to the public.

16. TA activities will include preparing workshop materials, publishing pamphlets, carrying out opinion surveys, interacting with civil society groups, preparing short video clips that can be broadcast nationally, and supporting the establishment and/or upgrading of institutional Web sites. The institutions and nongovernment organizations will hold workshops to expand public awareness of anticorruption activities.

C. Cost and Financing

17. The TA is estimated to cost \$475,000, of which ADB will finance \$400,000 on a grant basis from its TA funding program. The Government will provide the equivalent of \$75,000 to finance part of the local currency costs for counterpart staff, office facilities, administrative support, etc. The detailed cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

18. Given its mandate to play a coordinating role for the whole government, OPMCM will serve as the Executing Agency for the Project. A senior official of OPMCM (at least the rank of joint secretary) will be designated as the project director. The implementing agencies will be CIAA, NVC, OAG, PAC, and Special Court. A steering committee, to be chaired by the chief secretary, will be established and will have representatives of CIAA; Ministry of Finance; Ministry of Home Affairs; Ministry of Law, Justice, and Parliamentary Affairs; NVC; OAG; PAC; and the Special Court. The steering committee may invite other parties (such as nongovernment organizations) to attend its meetings, if necessary to achieve specific TA objectives. The committee, which will meet at least once every 3 months, will be mandated to (i) monitor and guide the implementation of the Project, (ii) resolve issues that might arise in its execution and implementation, and (iii) review TA consultants' reports. A TA monitoring unit will be established at the Nepal Resident Mission to follow up regularly on project progress.

19. Consulting services required for the TA include (i) 12 person-months from an anticorruption expert, who also will serve as full-time team leader; (ii) 9 person-months, intermittent, from two auditing and government finance specialists (one to be based at OAG for 6 months, the other at PAC for 3 months); (iii) 6 person-months, intermittent, from a public awareness campaign specialist; (iv) 2 person-months, intermittent, from a needs assessment specialist on institutional and/or organizational development; and (v) 1 person-month, intermittent, from a needs assessment specialist on judicial matters. A national consulting firm, which will be selected using the quality based selection method, will provide all consulting services. The consultants will be recruited in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Outline terms of reference for the consultants are in Appendix 3, and a work plan for the activities of the TA is in Table A3.

20. Equipment will be procured using the shopping method, and will be in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). At the end of the TA, all equipment will be retained by the agencies that are using them. The TA is expected to be implemented over 12 months, from September 2007 to August 2008.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Government of Nepal for Support to Anticorruption Institutions, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Enhancement of good governance through stronger action against corruption, and greater accountability and transparency in the public sector</p>	<ul style="list-style-type: none"> • Improved public perception and improved ranking in cross-country corruption surveys • Better public service delivery as measured by reductions in complaints from service users • Improved business climate as reflected in greater levels of investments 	<ul style="list-style-type: none"> • International and domestic public perception surveys • Annual reports of anticorruption institutions • Regular reports and/or surveys of NGOs and civil society groups involved in anticorruption work • Business climate surveys • ADB evaluation missions 	<p>Assumptions</p> <ul style="list-style-type: none"> • Strong government commitment to promote good governance • Commitment from the leadership of the anticorruption institutions to enhance capacity and improve performance <p>Risks</p> <ul style="list-style-type: none"> • Faltered government commitment in combating corruption • Ineffective resource use, or inability to make use of resources, by agencies
<p>Outcome Stronger anticorruption institutions whose work is coordinated better, and which are more able to fulfill their statutory mandates</p>	<ul style="list-style-type: none"> • Reduction in time taken to effectively audit projects and conduct technical audits • Reduction in time taken to effectively dispense with corruption cases • Increased awareness of, and reliance on, the work of anticorruption institutions by the public • Wider outreach of anticorruption institutions beyond Kathmandu and urban centers • Less duplication in the work of the anticorruption institutions • Better links between anticorruption institutions and civil society, as measured by the effectiveness of partnership agreements 	<ul style="list-style-type: none"> • Annual reports of anticorruption institutions • Regular review by ADB and the steering committee • Feedback from the public to anticorruption institutions on incidence of corruption • Feedback from anticorruption institutions • Steering committee meeting minutes • Reports from civil society groups and NGOs 	<p>Assumptions</p> <ul style="list-style-type: none"> • Anticorruption institutions try to absorb and apply the capacity development outcome • The Government sees anticorruption policies and strategies through to completion • Regular ADB review <p>Risk</p> <ul style="list-style-type: none"> • Ineffective resource use, or inability to make use of resources, by agencies

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Outputs</p> <p>1. Needs assessment reports and capacity development plans</p> <p>2. Trained personnel and upgraded information and intelligence systems of anticorruption institutions</p> <p>3. Public awareness campaign materials</p>	<ul style="list-style-type: none"> • Reports employing rigorous analysis, and with sound recommendations • Capacity development plans that are realistic and useful • Anticorruption institutions better equipped and staff more skilled • Materials of high quality (in terms of substance and presentation), which also carry simple and easily understandable messages 	<ul style="list-style-type: none"> • Reports of consultants • ADB and steering committee reviews • Feedback from anticorruption institutions • Public opinion surveys and feedback from anticorruption institutions 	<p>Assumptions</p> <ul style="list-style-type: none"> • Effective interactions between anticorruption institutions, the Government, consultants, and civil society • Timely input and feedback on consultant inputs from the Executing Agency, implementing agencies, and other stakeholders <p>Risks</p> <ul style="list-style-type: none"> • Limited capacity of anticorruption institutions to contribute effectively • Lack of understanding of the context of corruption by national consultants • Poor working relationships between consultants and the implementing agencies and the Executing Agency
<p>Activities with Milestones</p> <p>1. Finalize needs assessment for NVC, PAC, OAG, CIAA, and Special Court (Milestone: Needs assessment completed by December 2007)</p> <p>1.1. Review mandates of each agency</p> <p>1.2. Assess capacity in institution to carry out mandates</p> <p>1.3. Assess gaps in capacity (including any enabling mechanisms, such as legal framework, as well as internal processes)</p> <p>1.4. Specify the needs to be filled in each institution to strengthen them to fulfill their mandates better</p> <p>1.5. Collect benchmark data on the work of all five institutions</p> <p>2. Finalize capacity development plans for each of the five institutions (Milestone: Capacity development plans for the institutions completed by March 2008)</p> <p>2.1. Evaluate the overall context of capacity development options</p> <p>2.2. Evaluate any human resources, technical, and technological development options</p> <p>2.3. Complete plans for overall capacity development, including recommending changes to enabling mechanisms</p> <p>2.4. Complete the human resource, technical, and technological capacity development plans</p> <p>3. Train technical auditors for the NVC at the district level (Milestone: Six training sessions to be completed by end of Project; post-training follow-up immediately after each training session)</p> <p>3.1. Complete selection of first batch of trainers</p> <p>3.2. Identify districts to be covered</p> <p>3.3. Complete selection of trainees</p> <p>3.4. Prepare training materials</p> <p>3.5. Conduct training sessions in selected districts, with post-training follow-up after each</p> <p>3.6. Revise training materials and modalities, if necessary, based on information from the post-training follow-up</p>			<p>Inputs</p> <p>ADB</p> <ul style="list-style-type: none"> • \$400,000 • National consultants • Review missions • Participation in tripartite meeting <p>Government</p> <ul style="list-style-type: none"> • Counterpart staff • Office accommodation and transport • Administrative services • Participation in tripartite meeting

Activities with Milestones	Inputs
<p>4. Train PAC personnel on auditing, auditing review, financial analysis, and general committee affairs (Milestone: Continual on-the-job training to PAC staff; and three briefing and orientation sessions to the Members of Parliament on the committee; all to be completed by the last quarter of the Project; training follow-up is continual during the Project)</p> <p>4.1. Prepare relevant training materials based on needs analysis and capacity development plans 4.2. Conduct training (including on-the-job training and briefing sessions) 4.3. Organize a study visit to a neighboring country on how a PAC operates 4.4. Conduct post-training follow-up and evaluation, including ascertaining specifically how positive experiences elsewhere can be replicated 4.5. Revise training materials and modalities based on information from the post-training follow-up</p> <p>5. Develop internal capability of NVC, Special Court, CIAA, and OAG by providing operational support as determined by the needs assessment and capability building plans (Milestone: Capability enhancement continual in the second and third quarters of the Project; the last quarter is to be used for follow-ups and evaluation)</p> <p>5.1. Prepare relevant training materials based on needs analysis and capacity development plans 5.2. Conduct training (including on-the-job training, as needed) 5.3. Organize a study visit to a neighboring country on how relevant institutions operate 5.4. Conduct post-training follow-up and evaluation 5.5. Provide operational support, as needed</p> <p>6. Conduct public awareness campaigns (Milestone: Campaigns starting from the beginning of the second quarter, and continual after that; evaluation continual as well).</p> <p>6.1. Complete publications, including brochures, pamphlets, and other materials 6.2. Complete workshop and seminar materials, including PowerPoint presentation overheads, handouts, and other materials 6.3. Complete video clips for broadcast 6.4. Carry out public awareness campaigns 6.5. Complete post-public awareness campaign evaluation and follow-up 6.6. Revise public awareness campaign materials, strategies, and modus operandi based on the evaluations</p> <p>7. Perform project supervision and administration</p> <p>7.1. Establish project steering committee (August 2007) 7.2. Engage consultants for project activities (September 2007) 7.3. Conduct reviews: - Steering committee review (quarterly) - TA monitoring unit review (regularly) - ADB review missions (at least once per quarter) 7.4. Prepare and submit: - TA inception report (October 2007) - TA interim report (January 2008) - TA draft final report (June 2008) - TA tripartite and final report (August 2008)</p>	

ADB = Asian Development Bank, CIAA = Commission for the Investigation of the Abuse of Authority, NGO = nongovernment organization, NVC = National Vigilance Centre, OAG = Office of the Auditor General, PAC = Public Accounts Committee.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants (0 person-month)	0.0
ii. National Consultants (30 person-months)	107.0
b. Local Travel	20.0
c. Reports and Communications	10.0
2. Equipment and Technology and Other Resources ^b	55.0
3. Workshops, Training, Seminars, and Conferences	
a. Facilitators	20.0
b. Training Programs (materials, venues, etc.)	85.0
c. Study Visits ^c	25.0
4. Vehicles ^d	6.0
5. Surveys, Public Awareness Campaigns ^e	25.0
6. Representative for Contract Negotiations ^f	0.0
7. Miscellaneous, Administration and Support Costs for Project Secretariat	5.0
8. Contingencies (assumed at 12%; rounded)	42.0
Subtotal (A)	400.0
B. Government Financing	
1. Office Accommodation and Transport	20.0
2. Remuneration and Per Diem of Counterpart Staff	35.0
3. Administrative Support	15.0
3. Others (including communications, etc.)	5.0
Subtotal (B)	75.0
Total	475.0

^a Financed by Asian Development Bank's technical assistance funding program.

^b Includes costs for computers and printers, network connections, online subscriptions, database management software, and library support (books, journals, etc.).

^c For officials from the five identified institutions (National Vigilance Centre, Public Accounts Committee, Commission for the Investigation of the Abuse of Authority, Office of the Auditor General, and Special Court) to assess how relevant practices are managed in other jurisdictions.

^d Rental of two vehicles, assumed at \$500 per month, for travel to districts.

^e For corruption perception survey work and public awareness campaigns in districts.

^f Per Central Operations Services Office guidelines, contract negotiations will be by fax as the technical assistance amount is less than \$600,000.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS (ALL NATIONAL)¹

A. Anticorruption Expert – Team Leader (12 person-months)

1. Working as the team leader, the expert will

- (i) lead, monitor, coordinate, and guide the work of all team members to ensure timely delivery of high-quality outputs and implementation of activities;
- (ii) liaise across the anticorruption institutions, as well as relevant Government agencies and others, to ensure a coordinated and holistic approach to anticorruption efforts and measures;
- (iii) in consultation with relevant anticorruption institutions, review, provide input to, and ensure the quality of (a) needs assessment reports, (b) subsequent capacity development plans, and (c) any training and public awareness materials generated;
- (iv) coordinate, monitor, and evaluate the implementation of all the training activities, and procurement of relevant systems by anticorruption institutions;
- (v) coordinate and assist the implementation of the public awareness campaign activities, including evaluation of their efficacy;
- (vi) coordinate the review and incorporation of evaluation information into the consulting outputs and activities, including comparing actual agency performance to benchmark data;
- (vii) coordinate with development partners to ensure that assistance to anticorruption institutions is harmonized;
- (viii) assess how mechanisms such as the Asian Development Bank (ADB)–Organization for Economic Cooperation and Development Initiatives on Anticorruption (and ADB’s regional technical assistance [TA] for this) can be best utilized by anticorruption institutions in Nepal; and
- (ix) be responsible for the TA consulting team’s submission of the following reports from the start of the consulting services: (a) an inception report within 1 month; (b) an interim report within 6 months; (c) a draft final report within 11 months; and (d) a final report incorporating all the TA findings pursuant to a tripartite review with the Government, the anticorruption institutions, and ADB by the end of the consulting services period.

B. Two Auditing and Government Finance Specialists (9 person-months, intermittent; one based at the Office of the Auditor General (OAG) for 6 person-months and the other at the Public Accounts Committee (PAC) for 3 person-months)

2. The specialists will

- (i) support and facilitate a detailed needs analysis of—and capacity development plan for—OAG and PAC (including assessment of how equipment and technology needs of these two institutions, if any, can be met);
- (ii) prepare relevant training materials on auditing, auditing review, financial analysis, and government operations for OAG and PAC staff;

¹ Given the nature of the interventions in this TA, as well as the availability of expertise in this area in the country, it is recommended that consulting services be provided by a firm of national consultants.

- (iii) conduct necessary training courses—including providing on-the-job training and study visits—on auditing, auditing review, financial analysis, and government operations for PAC and OAG staff;
- (iv) collate relevant information on how institutions similar to OAG and PAC in neighboring jurisdictions conduct their business, and how the lessons can be applied in OAG and PAC;
- (v) help organize and run relevant workshops and briefing sessions for PAC members (i.e., Members of Parliament who are on the committee);
- (vi) help review relevant operating procedures on how to review the Auditor's Report and other relevant financial reporting (this should include discussions on the principles of auditing and auditing review, practical examples from Nepal and other countries, and other relevant information);
- (vii) consult with OAG and PAC staff, and other stakeholders, throughout the work process and reflect their requests, advice, feedback, and other inputs in the training activities, manual, and other training materials;
- (viii) carry out post-training evaluation and revise, if necessary, training materials and methodologies based on the evaluation results;
- (ix) ascertain benchmark indicators before starting capability building interventions; and
- (x) review the needs assessment of the two institutions toward the end of the TA in light of the ex-ante benchmark indicators.

C. Public Awareness Campaign Specialist (6 person-months, intermittent)

3. The specialist will

- (i) conduct a thorough analysis of the state of public awareness methodologies, approaches, and materials of the anticorruption institutions to ascertain how they can be reconfigured to send the anticorruption messages more effectively;
- (ii) prepare necessary publications, including brochures, pamphlets, etc., on the anticorruption institutions covering overview of their mandates, functions, procedures, recent performances and major cases, and ways for the public to get access to them; the publications should (a) comprehensively cover all institutions working on anticorruption in Nepal, (b) be presented in a coherent and coordinated manner, and (c) be reader-friendly in terms and content and presentation;
- (iii) prepare relevant materials for seminars and workshops by anticorruption institutions;
- (iv) help produce a short video on anticorruption and the work of anticorruption institutions to be used at the publicity campaign seminars (the scope of the work on script writing, filming, editing, and narration may be contracted out);
- (v) advise the anticorruption institutions on how best to conduct the public campaigns (including considering street dramas, outreach to students, etc.);
- (vi) assist the anticorruption institutions in carrying out workshops and other public awareness campaigns;
- (vii) identify the most practical and useful ways of linking up with relevant development partners and civil society organizations to convey the right messages on anticorruption with greater effectiveness;
- (viii) consult with the anticorruption institutions and other stakeholders throughout the work process, and reflect their advice, feedback, and other inputs in all activities;
- (ix) ascertain benchmark indicators on public awareness before starting the awareness campaigns; and

- (x) carry out post-public awareness campaign evaluation, and incorporate the findings into the redesign, if any, of the public awareness materials and activities.

D. Needs Assessment Specialist – Institutional and/or Organizational Development (2 person-months, intermittent)

4. The specialist will

- (i) support and facilitate the Commission for the Investigation of the Abuse of Authority and the National Vigilance Center as they comprehensively review—and identify any gaps in—their institutional, technical, and human resources, taking into consideration the mandates of these two bodies, and working with the specialists on needs assessment for the specific areas of expertise;
- (ii) rigorously and realistically analyze how the gaps can be filled and capacity enhanced, applying sound principles of benefit-cost analysis, efficiency, and effectiveness;
- (iii) recommend to management the best strategies and measures to address the gaps, keeping in mind national and international good practice;
- (iv) prepare a capacity development report incorporating a detailed capacity development plan;
- (v) help arrange relevant training, including on-the-job and other training, for the staff of anticorruption institutions in areas related to their needs;
- (vi) consult with the stakeholders throughout the work process to ensure that their input and feedback are reflected effectively in the capacity development report and plan;
- (vii) ascertain benchmark indicators before starting capability building interventions; and
- (viii) review the needs assessment of the institutions toward the end of the TA in light of the ex-ante benchmark indicators.

5. The specialist will ensure that capacity assessment exercises include active participation of the relevant agency so that the process, and the output, has adequate Government ownership.

E. Needs Assessment Specialist – Judicial and/or Legal Expert in the Judiciary (1 person-month, intermittent)

6. The specialist will

- (i) support/facilitate a detailed needs analysis of—and capacity development plan for—the Special Court (including assessment of how equipment and technology needs of the court, if any, can be met);
- (ii) collate relevant information on how similar institutions in other jurisdictions (neighboring and elsewhere) conduct their business, and how the lessons can be applied;
- (iii) consult with the Special Court throughout the work process to ensure that its inputs and feedback are reflected effectively in the capacity development plan;
- (iv) help identify relevant training, including on-the-job and other training (such as study visits) for Special Court staff, in areas related to their needs;
- (v) ascertain benchmark indicators before starting capability building interventions; and
- (vi) review the needs assessment of the court toward the end of the TA in light of the ex-ante benchmark indicators.

7. The specialist will ensure that capacity assessment exercises include active participation of the relevant agency so that the process, and the output, has adequate Government ownership.
8. Table A3 shows the proposed scheduling of their assignments.

Table A3: Proposed Scheduling for the Consulting Inputs

Consulting Input	2007			2008								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Team Leader												
Needs Assessment Specialist – Institutional and/or OD												
Needs Assessment Specialist – Judicial and/or Legal Expert												
Finance Specialist - OAG												
Finance Specialist - PAC												
Public Awareness Campaign Specialist												

OD = organizational development, OAG = Office of the Auditor General, PAC = Public Accounts Committee.
Source: Asian Development Bank.