



# Technical Assistance Report

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Project Number: 39476  
October 2008

## Nepal: Strengthening Capacity for Managing for Development Results



## CURRENCY EQUIVALENTS

(as of 29 September 2008)

Currency Unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.0135
\$1.00	=	NRs74.10

## ABBREVIATIONS

COBP	–	country operations business plan
CSP	–	country strategy and program
DPMAS	–	district poverty monitoring and analysis system
EA	–	executing agency
FYP	–	five year plan
MfDR	–	managing for development results
MOAC	–	Ministry of Agriculture and Cooperatives
MOES	–	Ministry of Education and Sports
MLD	–	Ministry of Local Development
MOF	–	Ministry of Finance
MPPW	–	Ministry of Physical Planning and Works
MOWR	–	Ministry of Water Resources
NPC	–	National Planning Commission
PMAS	–	poverty monitoring and analysis system
PRS	–	Poverty Reduction Strategy
RBB	–	results-based budgeting
TA	–	technical assistance
TYIDP	–	Three Year Interim Development Plan

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Law, economic management, and public policy
<b>Subsectors</b>	–	Public finance and expenditure management, national government administration, subnational government administration
<b>Themes</b>	–	Governance, capacity development
<b>Subthemes</b>	–	Public governance, institutional development

## NOTES

- (i) The fiscal year (FY) of the Government ends on 16 July. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2008 ends on 15 July 2008.
- (ii) In this report, "\$" refers to US dollars.

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<b>Director General</b>	K. Senga, South Asia Department (SARD)
<b>Director</b>	B.J. Hitchcock, Nepal Resident Mission, SARD
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## I. INTRODUCTION

1. The Government of Nepal is regarded as a leader in the implementation of managing for development results (MfDR) in the South Asia region since it has taken concrete steps in developing some core elements of results-based management while implementing its Tenth Five Year Plan (FYP, FY2003–FY2007)<sup>1</sup>, which is also the Government's Poverty Reduction Strategy (PRS), and the Three Year Interim Development Plan (TYIDP, FY2008–FY2010). The results frameworks of the Tenth FYP, TYIDP, Medium Term Expenditure Framework, and sector business plans are important tools in aligning resources with expected results. Project prioritization criteria introduced since the Tenth FYP has helped curb the number of development projects and focus resource allocations to priority sectors that better contribute to poverty reduction goals. The Poverty Monitoring Division of the National Planning Commission (NPC) has been regularly monitoring progress towards achieving the PRS. The poverty monitoring and analysis system (PMAS) and the district poverty monitoring and analysis system (DPMAS) have been developed to facilitate the monitoring of development interventions and their national and local impact. Together with other development partners, the Asian Development Bank (ADB) has helped the Government implement the Tenth FYP through its country strategy and program (CSP, 2005–2009)<sup>2</sup> which is also ADB's first results-based CSP.

2. In 2005, the Government requested ADB to support the capacity development of government institutions to operationalize MfDR. Accordingly, between 2006 and 2008, two technical assistance (TA) projects<sup>3</sup> were implemented to support the introduction of MfDR in the NPC, three pilot agencies of the central government (the Ministry of Physical Planning and Works [MPPW], the Ministry of Local Development [MLD], and the Ministry of Education and Sports [MOES]), and four district development committees (Dang, Dhanusha, Jhapa, and Jumla). In 2007, the Government requested additional technical support to consolidate the achievements of the two TA projects and to extend MfDR approaches to other government agencies. ADB confirmed an advisory TA project in its 2008 country assistance program. The Fact-Finding Mission on 3–18 June 2008 gathered inputs on the TA scope and design, and met with government agencies, development partners, and other stakeholders. It reached an understanding with the Government on the TA objectives, scope, costs and financing, implementation arrangements, and counterpart support. The TA design and monitoring framework is in Appendix 1.<sup>4</sup>

## II. ISSUES

3. The Paris Declaration on Aid Effectiveness (2005)<sup>5</sup> sets out an ambitious international agenda to improve aid practices and effectiveness, and is designed to help developing countries achieve the Millennium Development Goals. Central to this agenda is that all countries and donors should improve their management of resources to achieve better, verifiable development results, guided by a commitment to mutual accountability. The 2006 Asian Regional Forum on Aid Effectiveness agreed that the Paris Declaration was relevant and important for increasing

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<sup>1</sup> Government of Nepal. 2003. *Tenth Five Year Plan (FY2008–FY2007)*. Kathmandu.

<sup>2</sup> ADB. 2004. *Country Strategy and Program (2005–2009)*. Manila.

<sup>3</sup> ADB. 2006. *Technical Assistance to the Government of Nepal for Operationalization of Managing for Development Results*. Manila (TA 4765-NEP, approved on 13 February); and ADB. 2006. *Technical Assistance for Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia*. Manila (TA 6306-REG, approved on 27 January).

<sup>4</sup> The TA first appeared in the business opportunities section of ADB's website on 7 May 2008.

<sup>5</sup> The Paris Declaration was the culmination of deliberations and discussions at the Second High-Level Forum on Aid Effectiveness held in Paris in March 2005.

the impact of aid in reducing poverty and inequality, increasing growth, capacity development, and accelerating achievement of the Millennium Development Goals across the region. It also concluded that the experience and skills on MfDR approaches and practices was inadequate in sector agencies of development member countries. ADB's country operations business plan (2008–2010)<sup>6</sup> for Nepal recommended significant strengthening of Government efforts to implement MfDR, focusing more on longer-term development outcomes and impacts, particularly at the sector and local levels, for which long-term institutional and human capacity development is needed.

4. The Government has taken a number of steps to develop some core elements of MfDR. It has established an MfDR framework and put in place mechanisms that link planning, budgeting, project and/or program implementation, and monitoring to development results (outputs and outcomes). The Nepal PRS, Immediate Action Plan, Medium Term Expenditure Framework, PMAS, DPMAS, and project performance information system are core elements of the Government's MfDR process. However, these elements need to be integrated, streamlined, and institutionalized within an MfDR framework at all levels of the Government.

5. With TA support provided by ADB, operationalization of MfDR has been piloted in NPC, MPPW, MOES, MLD, and four district development committees. This included (i) readiness and/or status assessments, (ii) development of results frameworks with indicators and business plans, (iii) capacity-development programs, (iv) development of project prioritization guidelines for NPC and a manual on operationalizing MfDR in central ministries, (v) strengthening of monitoring and evaluation systems, and (vi) implementation of DPMAS.<sup>7</sup> However, MfDR awareness, capacity and utilization of results-based tools, and information are still at a very early stage of development in Nepal. Substantially more time is required to ensure that MfDR tools and approaches are actually put to use. The tools and techniques also need to be refined and modified as they are put to use. The pilot ministries and NPC have requested additional support to further internalize the MfDR tools and approaches—for example, the business plans and results frameworks will need to be linked to the annual budget, and they will need to be integrated into the design of key projects and programs. MfDR capacity development by its very nature is a long-term prospect; therefore, further support will be essential to consolidate past achievements and institutionalize an MfDR culture.

6. The Government approved the TYIDP in December 2007, which consists of a policy and result matrix with sectoral result frameworks. The TYIDP has explicitly endorsed MfDR since it declares that "process will be started to institutionalize MfDR at all levels of development process". The Nepal Portfolio Performance Review, conducted jointly by the Government, the Japan Bank for International Cooperation, the World Bank, and ADB in September 2007, has agreed to prepare results frameworks in six major sectors and strengthen

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<sup>6</sup> ADB. 2007. *Country Operations Business Plan (2008–2009)*. Manila.

<sup>7</sup> TA 4765-NEP supported operationalization of MfDR in NPC, MLD, MPPW, and three district development committees through improvements to results-based log frames and business plans, the link between planning and budgeting, development of baseline data for performance indicators, and strengthening of monitoring and evaluation. Capacity development included internal and external training programs for key personnel in both central and district offices. TA 6306-REG completed MfDR readiness assessment of two ministries (MPPW and MOES), one department (Drinking Water and Sewerage) and one district development committee using seven variables (operating environment; clarity of mandate, purpose, and results; adequacy of resources; management infrastructure; values and culture; vision and leadership; and monitoring mechanisms). The main weaknesses were identified in the operating environment, adequacy of resources, clarity of results, and monitoring mechanisms. The regional TA focused on creation of a learning culture and supported capacity development. In addition, organization results chains were developed for all the agencies, management information systems were enhanced in MPPW with provision of new equipment and networking, and capacity-development programs were organized.

monitoring and reporting at the central level and line ministries. While results frameworks have been developed in three line ministries (MPPW, MLD, and MOES) with ADB assistance, the development of other ministry results frameworks will require substantive and long-term support.

7. As part of its MfDR initiatives, the Ministry of Finance (MOF) has piloted small-scale performance-based budgeting in its tax and custom offices and is now planning to introduce results-based budgeting in public sector agencies that are directly responsible for delivery of public goods and services. Based on the learning and experiences of the pilots, MOF intends to develop policies and programs to implement results-based budgeting on a wider scale. Long-term institutional and human capacity development will be essential to institutionalize results-based budgeting in public sector management.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

8. The intended impact of the TA is improved development effectiveness and poverty reduction through adoption of MfDR approaches in public sector management. Its outcome is the operationalization of MfDR approaches and practices in selected public sector agencies. The TA will help the Government (i) internalize MfDR approaches in NPC, MPPW, MLD, and MOES, building on the achievements of previous support; (ii) operationalize MfDR in the Ministry of Agriculture and Cooperatives (MOAC) and Ministry of Water Resources (MOWR); (iii) develop a results-based budgeting system in two public sector agencies; and (iv) build capacity on MfDR.

#### B. Methodology and Key Activities

9. The TA will be implemented through extensive consultations with related Government agencies to ensure their active participation and contribution. In addition, close coordination will be maintained with other development partners that are supporting the Government's MfDR initiatives.<sup>8</sup> The TA will have four components.

10. **Internalization of MfDR Approaches in NPC, MPPW, MLD, and MOES.** MfDR tools and techniques—such as results frameworks and indicators, business plans, guidelines on project prioritization, and a manual on MfDR operationalization—have been developed by NPC and the pilot ministries with previous ADB support. The TA will help create a management culture focused on results by supporting the internalization of these MfDR approaches in NPC, MPPW, MLD, and MOES. Support for MfDR internalization will include (i) assessing the specific needs and priorities of MPPW, MLD, and MOES;<sup>9</sup> (ii) helping the pilot ministries revise their results framework, indicators, and business plans in line with the TYIDP and the Government's development priorities; (iii) developing an action plan to integrate results frameworks and business plans into the planning, budgeting, project implementation, and monitoring and evaluation systems, and supporting its implementation during the budget cycle; (iv) assisting

<sup>8</sup> Other donor agencies' support on operationalization of MfDR include the Japan International Cooperation Agency's ongoing support on monitoring and evaluation system and United Nations Development Programme's planned project on inclusive planning and monitoring systems for achievement of Millennium Development Goals. Therefore, ADB's proposed TA will not cover strengthening of the government's monitoring system, including the DPMAS. The TA, however, will closely coordinate with the two projects during implementation.

<sup>9</sup> MLD, for instance, has requested support on (i) linking of the business plan to the budgeting and monitoring process, and (ii) mainstreaming MfDR in its national Local Governance and Community Development Support Program.

NPC to streamline and reformulate results-based management principles in its project entry and supervision system; (v) enhancing the capacity of staff and institutions to mainstream MfDR in planning, implementation, and monitoring processes; and (vi) creating organizational understanding and appreciation of MfDR by organizing workshops and seminars.

11. **Operationalization of MfDR in MOWR and MOAC.** Based on the learning and experiences of the previous TA projects, operationalization of MfDR in MOAC and MOWR<sup>10</sup> will be supported by undertaking a status assessment (using ADB's MfDR readiness assessment tool)<sup>11</sup> and developing comprehensive results frameworks, results indicators, and business plans, which will be mainstreamed into the planning, budgeting, and monitoring systems. The business plans will be linked to the sectoral results framework of the TYIDP. The business plan as a strategic management tool will clarify thematic priorities and budgetary allocation and provide a basis for developing performance indicators, performance contracts, and performance measures. The results framework will present a logical relationship among outputs, outcomes, and strategic development goals. Extensive stakeholder consultation will be undertaken in defining results, assessing risks, identifying indicators, and reviewing reporting mechanisms.

12. **Development of a Results-Based Budgeting System.** Results-based budgeting (RBB) aims to shift the focus of budgeting from internal control and inputs to efficiency and outcomes. The TA will support MOF to pilot RBB in two government agencies that are directly engaged in public service delivery. Potential agencies indicated by MOF include the Transport Management Office and the Traffic Management Office (of Nepal Police). The TA will assist the Government to develop criteria to assess the readiness of agencies for the implementation of RBB (using ADB's MfDR readiness assessment tool) and also facilitate the selection of the pilot agencies, either the two mentioned above or other viable ones. The TA, in close collaboration with MOF and pilot agencies, will develop implementation modalities, which will include key results areas and monitorable performance indicators on service delivery that are organization-specific. The TA will support the implementation of the two pilots, as well as monitor and publicize the results of the pilots.

13. **Building Capacity on MfDR.** For effective institutionalization of MfDR, a pool of specialists with enhanced skills and capability on MfDR tools and processes needs to be developed in government agencies. The TA will (i) undertake a needs assessment of the level of understanding and competency on MfDR in the pilot agencies, and (ii) design capacity-development programs. Seminar, workshops and training programs will be organized to enhance knowledge and awareness of MfDR at the strategic management level, and to enhance competency and skills in using MfDR tools and techniques at the operational levels. The capacity-development programs will remove widespread misunderstandings as well as lack of conceptual clarity of MfDR among senior managers and at the operational level. In addition, training-of-trainers programs will be organized to disseminate MfDR concepts and skills to public sector managers.

### C. Cost and Financing

14. The TA is estimated to cost \$600,000 equivalent, of which \$500,000 will be financed on a grant basis by ADB's TA funding program. The Government will provide the equivalent of \$100,000 to finance part of the local currency costs for counterpart staff, office facilities, facilities

<sup>10</sup> The two line ministries have been selected after consultation with NPC and MOF.

<sup>11</sup> ADB's MfDR readiness assessment tool can be accessed at <http://www.mfdr-readiness.org>

for seminars and meetings, and other administrative expenses. The detailed cost estimates and financing plan are in Appendix 2.

#### **D. Implementation Arrangements**

15. NPC will implement the TA as the executing agency (EA). The chief of the Poverty Monitoring Division will be the project director and will be responsible for directing project implementation, evaluating and endorsing capacity-development programs, supervising and monitoring consultants' outputs, coordinating with other TA implementing agencies and relevant donor partners, and facilitating the reporting by the consultants to the steering committee. NPC will implement the TA through MPPW, MLD, MOES, MOF, MOAC, and MOWR. The pilot ministries and agencies will appoint a senior official as the focal point to facilitate and coordinate the implementation of the TA; in addition, the focal points will organize an MfDR group within the ministry to widen engagement of staff in TA activities. The Government will establish a steering committee chaired by the NPC vice-chair to provide overall guidance on TA implementation. The membership will comprise secretaries of ministries that are implementing the TA, a representative of MOF, and the project director, who will also function as its member secretary.

16. The TA will be implemented over 2 years from February 2009 to February 2011. Consulting services required for the TA include (i) 20 person-months from an MfDR expert as team leader (intermittent service to be spread over 24 months) and (ii) 30 person-months from two MfDR specialists (18 person-months of intermittent input spread over 24 months, and 12 person-months of intermittent input over 18 months). All consultants will have extensive experience in implementing MfDR in public sector organizations. A national consulting firm will be selected using the quality- and cost-based selection method in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time); the distribution of weight to technical (bio-data technical proposal) and financial proposals will be 80:20. Outline terms of reference for the consultants are in Appendix 3. The consultants will submit (i) an inception report within 1.5 months after the TA starts, (ii) a progress report every 4 months, (iii) a draft final report after the core TA activities are completed, and (iv) a final report after the Government's and ADB's comments are incorporated. The consultants will provide all the reports to the EA (eight copies) and ADB (two copies), and organize a final workshop to disseminate the experiences and learning of the TA.

17. The TA will provide limited equipment to selected pilot agencies. The equipment will be procured in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). All equipment will be retained by the agencies that are using them upon TA completion. The TA will support short-term training programs on MfDR concepts, tools, and application in public sector undertakings within the region for staff directly engaged in its implementation. The selection of institutions and individual participants will be based on the criteria recommended in the consultant's capacity-development program. Upon completion of external training, the trainees will submit a comprehensive report on the training's relevance and achievements to the heads of their organization, with a copy to MOF and ADB.

#### **IV. THE PRESIDENT'S DECISION**

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the Government of Nepal for Strengthening Capacity for Managing for Development Results, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Improved development effectiveness and poverty reduction through adoption of MfDR approaches</p>	<ul style="list-style-type: none"> <li>• Better achievements of development results by government projects and programs</li> <li>• Enhanced MfDR capacity and accountability for results in government agencies</li> <li>• Improved public service delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Annual progress reports on TYIDP</li> <li>• Annual reports of line ministries</li> <li>• Household income and expenditure survey</li> <li>• Joint review reports (donors and the Government)</li> <li>• ADB evaluation mission</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• The Government's commitment to adopt MfDR approaches in public sector management</li> <li>• Commitment from leadership of NPC and line ministries to enhance capacity on MfDR and improve performance</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Government's commitment on MfDR falters</li> <li>• Political instability negates development agenda</li> <li>• Ineffective resource use, or inability to make use of resources, by line ministries</li> </ul>
<p><b>Outcome</b> MfDR approaches and practices operationalized in selected public sector agencies</p>	<ul style="list-style-type: none"> <li>• Provision made for Government directives on MfDR</li> <li>• Improved results orientation in planning, budgeting, and monitoring systems of five ministries</li> <li>• Increase in projects screened and approved using results criteria by NPC</li> <li>• Better links between NPC, MOF, and line ministries on results management</li> </ul>	<ul style="list-style-type: none"> <li>• Government circulars and notifications</li> <li>• NPC/MOF's directive on results based planning and budgeting</li> <li>• Approved results frameworks, business plans, and indicators</li> <li>• TA review progress</li> <li>• Steering committee meeting minutes</li> <li>• Survey reports on service delivery</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• NPC and line ministries remain committed to adoption of MfDR</li> <li>• Line ministries try to absorb and apply the capacity-development outcomes</li> <li>• Close guidance and supervision provided by the steering committee</li> <li>• Regular ADB review</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Weak support from leadership of line ministries</li> <li>• Ineffective resource use, or inability to make use of resources, by line ministries</li> <li>• Slow response to issues arising in the process of MfDR implementation</li> </ul>
<p><b>Outputs</b></p> <p>1. MPPW, MLD, MOES, and NPC implement an MfDR approach in planning, budgeting, and monitoring their mandated responsibilities</p> <p>2. Results framework, indicators, and business plans implemented in</p>	<ul style="list-style-type: none"> <li>• MPPW, MLD, and MOES : (i) FY2010 annual plans and budget with detailed results indicators; (ii) result-based monitoring systems established by June 2010</li> <li>• NPC's revised project entry and supervision system with results criteria implemented in FY2010</li> <li>• MOAC and MOWR: business plans, results framework, and results indicators developed and approved, and implemented during FY2011</li> </ul>	<ul style="list-style-type: none"> <li>• Progress reports of consultants on TA activities</li> <li>• Government directives</li> <li>• Steering committee reviews of TA activities</li> <li>• ADB review mission and reports</li> <li>• Reports/proposals of pilot agencies</li> <li>• Workshop and seminar proceeding and feedback</li> <li>• Public opinion</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• NPC and line ministries' commitment on changes required for operationalizing MfDR</li> <li>• Active mobilization and participation of counterpart Government staff</li> <li>• Adequate resources provided towards priority programs</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Limited capacity of staff to contribute effectively</li> <li>• Frequent transfer of staff</li> <li>• Low level of participation</li> </ul>

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
MOAC and MOWR operations	planning and budgeting cycle	surveys on service delivery • Post training report	from officials of pilot agencies.
3. Results-based budgets implemented by two public agencies	<ul style="list-style-type: none"> <li>• RBB readiness assessment of two agencies by June 2009</li> <li>• RBB modules implemented in two public agencies in FY2010</li> <li>• Public dissemination of results on improvements in service delivery from RBB pilots by September 2010</li> </ul>		
4. Capacity of staff in selected agencies to apply MfDR approaches enhanced	<ul style="list-style-type: none"> <li>• Comprehensive training need assessment report (including baseline data on capacity) and fully-costed capacity development program submitted to NPC by June 2009</li> <li>• Increase in number of staff showing improved competence in applying core MfDR skills by December 2010.</li> </ul>		
<p><b>Activities with Milestones</b></p> <p><b>Output 1: MPPW, MLD, MOES, and NPC implement an MfDR approach in planning, budgeting, and monitoring their mandated responsibilities</b></p> <p>1.1 Help establish steering committee, focal points, and groups, by March 2009. 1.2 Review and revise the results frameworks, business plans, and other MfDR initiatives in line with TYIDP and emerging priorities of the Government. 1.3 Support the ministries to integrate their business plans and results frameworks into the planning, budgeting, and monitoring systems, projects, and programs. 1.4 Help NPC to streamline results criteria in its project screening system in close consultation with line ministries and MOF.</p> <p><b>Output 2: Results frameworks, indicators, and business plans implemented in MOAC and MOWR operations</b></p> <p>2.1 Assess status of MfDR practices in the two ministries, including review of their mandates, vision, mission, and goals. 2.2 Help the ministries to develop result frameworks, performance indicators, and business plans in line with the sectoral results framework of the TYIDP and development priorities of the Government, in close consultation with NPC and relevant stakeholders. 2.3 Support the ministries to integrate business plans and results frameworks into the annual planning, budgeting, and monitoring systems, projects, and programs.</p> <p><b>Output 3: Results-based budgets implemented by two public agencies</b></p> <p>3.1 Assess the readiness of agencies for RBB using ADB's MfDR readiness tool. 3.2 Develop RBB modules for two agencies, with performance indicators on delivery of effective and efficient services.</p>			<p><b>Inputs</b></p> <p><b>ADB</b></p> <ul style="list-style-type: none"> <li>• \$500,000</li> <li>• National consultants</li> <li>• Review missions</li> <li>• Participation in steering committee and tripartite meetings</li> </ul> <p><b>Government</b></p> <ul style="list-style-type: none"> <li>• Counterpart staff</li> <li>• Office accommodation and transport</li> <li>• Administrative services</li> <li>• Participation in tripartite meetings</li> </ul>

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p><b>Activities with Milestones</b></p> <p>3.3 Support, guide, and monitor the implementation of RBB, and report regularly to MOF and NPC.</p> <p>3.4 Design and conduct a survey to assess the impact of pilots on service delivery improvements, and organize dissemination programs.</p> <p><b>Output 4: Capacity of staff in selected agencies to apply MfDR approaches enhanced</b></p> <p>4.1 Assess MfDR capacity in NPC and pilot ministries and establish baseline data on capacity.</p> <p>4.2 Specify training needs of institutions (including scope/content of external training), and design capacity-development programs and training materials.</p> <p>4.3 Organize capacity-development programs for strategic managers and for the operational level, and training-of-trainers programs.</p> <p>4.4 Undertake training impact assessment and reflect improvements in competency in applying core MfDR skills.</p>			

ADB = Asian Development Bank, EA = executing agency, MfDR = managing for development results, MOAC = Ministry of Agriculture and Cooperatives, MOES = Ministry of Education and Sports, MOF = Ministry of Finance, MLD = Ministry of Local Development, MOWR = Ministry of Water Resources, MPPW = Ministry of Physical Planning and Works, NPC = National Planning Commission, RBB = results-based budgeting, TA = technical assistance, TYIDP = Three Year Interim Development Plan.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Total Cost
<b>A. Asian Development Bank Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. National Consultants (50 person-months)	185.0
b. National and Local Travel <sup>b</sup>	15.0
c. Reports and Communications	7.0
2. Equipment and Technology <sup>c</sup>	25.0
3. Training, Seminars, and Conferences	
a. External Training	65.0
b. In-Country Training Program/Workshops/ Seminars	85.0
4. Field Visits by Government Officials <sup>d</sup>	23.0
5. Miscellaneous Administration and Support Costs	25.0
6. Survey <sup>e</sup>	10.0
7. Contingencies	60.0
<b>Subtotal (A)</b>	<b>500.0</b>
<b>B. Government Financing</b>	
1. Office Accommodation and Transport	20.0
2. Remuneration of Counterpart Staff	70.0
3. Facilities for Seminars and Meetings	10.0
<b>Subtotal (B)</b>	<b>100.0</b>
<b>Total</b>	<b>600.0</b>

<sup>a</sup> Financed by the Asian Development Bank's technical assistance funding program.

<sup>b</sup> Rental of vehicle for 20 months at \$500 per month and other travel to district offices.

<sup>c</sup> Equipment includes computers, fax machines, and printers. Proposed budget will be used mainly for procuring equipment for the new line ministries. Equipment purchased under ADB. 2006. *Technical Assistance to the Kingdom of Nepal for Operationalization of Managing for Development Results*. Manila (TA 4765-NEP, approved on 13 February); and ADB. 2006. *Technical Assistance for Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia*. Manila (TA 6306-REG, approved on 27 January) will be re-utilized.

<sup>d</sup> For officials from the National Planning Commission and five pilot ministries (Ministry of Local Development, Ministry of Physical Planning and Works, Ministry of Education and Sports, Ministry of Agriculture and Cooperatives, and Ministry of Water Resources) to link up ministry-level managing for development results activities with district offices and/or program.

<sup>e</sup> For survey on service delivery in two government agencies.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. **Managing for Development Results (MfDR) Expert/Team Leader** (national, 20 person-months intermittent over 24 months and responsible for delivery of technical assistance [TA] components on development of results-based budgeting (RBB) system and building capacity on MfDR).
2. Working as the team leader, the expert will undertake the following tasks:
  - (i) Lead, monitor, coordinate, and guide the work of all team members to ensure timely delivery of high-quality outputs and implementation of all TA activities and outputs.
  - (ii) Liaise across all the pilot ministries and agencies covered under the TA to ensure a coordinated and holistic approach to TA implementation.
  - (iii) Develop a detailed methodology and work plan to implement and achieve the TA outputs and deliverables and share this with the steering committee, project director, and the Asian Development Bank (ADB).
  - (iv) Review the Government's MfDR initiatives, analyze the constraints on them, and derive implications for capacity development and institutionalization of MfDR.
  - (v) Review MfDR initiatives under the TA project for Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia and the TA for Operationalization of Managing for Development Results,<sup>1</sup> and derive learning and implications for institutionalization of MfDR under the TA.
  - (vi) Jointly with the Government and ADB Nepal Resident Mission, team review the TA national consultants' job descriptions and identify areas of work that can be further developed.
  - (vii) In close coordination with the Ministry of Finance, lead the work on piloting RBB in two selected agencies; support the Ministry of Finance in the identification of agencies based on readiness criteria (using ADB's readiness assessment tool), design a framework on RBB, develop results indicators, guide and monitor implementation of pilots, and disseminate learning.
  - (viii) Based on training needs assessment, develop a comprehensive capacity-strengthening program on MfDR, including training-of-trainers programs, in line with the objectives of the TA, and oversee its implementation.
  - (ix) Review the evaluation system of the National Planning Commission (NPC) on project entry and help it to develop and implement guidelines on MfDR approaches in project entry and supervision system.
  - (x) Supervise, guide, and monitor the work of the other two consultants.
  - (xi) Assist in establishing a core team within NPC, line ministries, and departments to ensure sustainability of MfDR initiatives and activities.
  - (xii) Coordinate with other development partners (mainly the United Nations Development Programme and Japan International Cooperation Agency) on their programs and activities on MfDR.
  - (xiii) Organize a dissemination workshop towards the end of the TA to share the experiences and learning of the TA.
  - (xiv) Work as resource person on MfDR at various levels and on different occasions.

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<sup>1</sup> ADB. 2006. *Technical Assistance for Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia*. Manila (TA 6306-REG, approved on 27 January); and ADB. 2006. *Technical Assistance to the Kingdom of Nepal for Operationalization of Managing for Development Results*. Manila (TA 4765-NEP, approved on 13 February).

- (xv) Perform any other job as suggested by the steering committee and project director.

3. **Managing for Development Results Specialist** (national, 18 person-months on an intermittent basis over 24 months and responsible for delivery of TA component on internalization of MfDR approaches in NPC, Ministry of Physical Planning and Works [MPPW], Ministry of Local Development [MLD], and Ministry of Education and Sports [MOES]).

4. The specialist will undertake the following tasks:

- (i) Assist the team leader in the successful implementation of the TA and coordinate closely with all team members.
- (ii) Assess the specific needs and priorities of MPPW, MLD, and MOES on operationalization of MfDR to be supported by the TA.
- (iii) Develop methodology and work schedule for supporting internalization of MfDR approaches and tools developed under the TA for Operationalization of Managing for Development Results (refer footnote 1) and the TA for Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia.
- (iv) Help the line ministries to review the business plans and results framework in line with the sector plans of the Three Year Interim Development Plan (TYIDP) and ministry-specific long-term plans.
- (v) Support line ministries to mainstream MfDR tools and approaches in planning processes, project design and administration, and monitoring systems, within a full budget cycle period.
- (vi) Assess the competencies and strengths of MPPW, MLD, and MOES in results management at the strategic and operational levels; design need-based capacity development programs; and organizes training sessions.
- (vii) Review and revise guidelines and operational manuals on mainstreaming MfDR for the use of NPC and line ministries.
- (viii) Support NPC to incorporate MfDR approaches in its project entry and supervision system.
- (ix) Assist in establishing a core team within NPC, line ministries, and departments to ensure sustainability of MfDR initiatives and activities.
- (x) Help NPC and line ministries on a range of issues to develop and implement a performance management culture and work process in their day-to-day operations.
- (xi) Support the team leader in organizing the final dissemination workshop.
- (xii) Undertake other tasks assigned by the team leader and the executing agency (EA).

5. **Managing for Development Results Specialist** (national, 12 person-months on an intermittent basis over 18 months and responsible for delivery of TA component on operationalization of MfDR in the Ministry of Agriculture and Cooperatives [MOAC] and MOWR [Ministry of Water Resources]).

6. The specialist will undertake the following tasks:

- (i) Assist the team leader in the successful implementation of the TA and coordinate closely with all team members.

- (ii) Undertake a status assessment of MfDR in MOAC and MOWR and review the ongoing and planned results management initiatives.
- (iii) Develop a methodology and work schedule for supporting the development of MfDR approaches and tools—business plans, results framework, results indicators, etc.
- (iv) Guided by the team leader and in consultation with the EA, help MOAC and MOWR develop a comprehensive results framework, including the identification of intermediate and final indicators for monitoring progress that are linked to results frameworks and sectoral plans of the TYIDP.
- (v) Help the two ministries to integrate the business plan and results framework into the budgeting and monitoring systems.
- (vi) Assess the competencies and strengths of MOAC and MOWR in results management, design need-based capacity-development programs, and organize training sessions.
- (vii) Assist in establishing a core team within NPC, line ministries, and departments to ensure sustainability of MfDR initiatives and activities.
- (viii) Help develop guidelines and operational manuals on mainstreaming MfDR for the use of NPC and line ministries.
- (ix) Help NPC and line ministries on a range of issues to develop and implement a performance management culture and work process in their day-to-day operations.
- (x) Support the team leader in organizing the final dissemination workshop.
- (xi) Undertake other tasks assigned by the team leader and the EA.