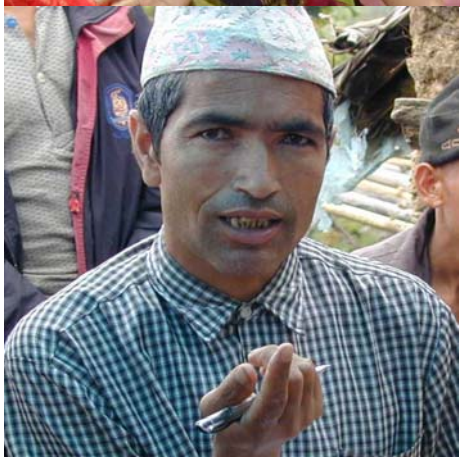




Decentralised Local Governance Support Programme

Mid-term Review

Prepared for
United Nations Development
Programme
Embassy of Norway, Nepal



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Acknowledgements

Members of the Review Team would like to thank everyone who helped us prepare this Mid-Term report of the DLGSP programme.

UNDP and the Royal Norwegian Embassy invited us to undertake the task, and we are grateful for the opportunity to do so, and to learn much from what has been achieved.

The DLGSP staff in Kathmandu and the field designed our itinerary and arranged all our meetings with the GoN, donors, field offices and many groups participating in the programme. It was a tight schedule and we apologise for having to cancel some meetings and not have time to meet with many other stakeholders involved.

We really appreciate the time and effort everyone spent in helping us to complete this review. Programme staff must have spent many hours preparing presentations, reports and information for us. Large numbers of people turned out to attend meetings we held in the field with community organisations and the CMCs. We know very well that such meetings divert people from tending their farms, running a business, or looking after the home. As one woman pointedly reminded us: "All these meetings are fine, but they take too much of our time trekking to and fro, taking us away from other things we have to do".

Everywhere we went, we were met with great courtesy, warm hospitality, and even on two occasions with dancing and singing. We remember particularly lunch in Dhaunaura village in Bardiya district, served with toy elephants moulded from rice! All this made our visits truly memorable and a great pleasure.

Again, a big thank you to everyone. We hope readers will find our report constructive and useful in improving a great programme still further.

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. Introduction

This Mid-Term Review of the DLGSP programme was undertaken by a four person team during the month of May 2006.

2. The programme as intended

Goal and outputs

The programme was launched in Nepal in 2004 and is due to end late 2007. It follows on UNDP supported predecessor projects PDDP and LGP, which started in 1995 and 1996. The overall goal is to enhance effective participation of people in the local governance process, ensuring improved access to socio-economic services by rural poor, particularly women, Dalits and other disadvantaged groups.

Intended outputs include enhanced capacity of LBs, MLD and NPC; a VDP implemented in 1000 VDCs based on positive discrimination to favour the disadvantaged; and HIV / AIDS mainstreamed in training packages. DLGSP focuses mainly on the community level, but aims to provide inputs into capacity building for local bodies (DDCs and VDCs) and to contribute to central government policy debates on decentralization.

Comments on programme design

DLGSP was adjusted to take into account the ongoing conflict and the political situation with no democratically elected local bodies in place. The design was modified based on lessons learned from the earlier projects PDDP and LGP. It continues the extension of the VDP with clearer objectives, places greater emphasis on reaching the poorest and most disadvantaged people, and amends the composition of the LDF Board. DLGSP also pursues partnerships with others in order to expand coverage from 662 to 1000 VDCs, adjusts the Social Mobilization Package to reflect conditions arising from the conflict, and is tasked with reviewing the micro credit component.

Based on consultant recommendations, the LDF will phase out lending and has now ceased to provide fresh loan funds. In the Far and Mid-Western regions, due to heightened security risks for field staff, MLD and MoF consented to transfer responsibility for executing the programme from the government (NEX) to UNDP (DEX).

The strength of the DLGSP design lies in its focus on the grass roots level, an approach that has clearly proven effective and relevant for reducing poverty. Another strength has been the link it provides between capacity building at the grass roots level and central government deliberations on pro-poor policies and the provision of services to the population.

3. The programme to date

Output 1: Capacity of LBs and MLD/NPC enhanced

At the national level, DLGSP staff and consultants have prepared papers and guidelines related to the policy implications of field activities. Exposure visits were organized for the NPC and MLD officials. A training manual has been prepared on capacity building for VDCs. Fellowships have been awarded to 5 students for research on poverty alleviation, social inclusion and gender mainstreaming.

At the district level, DLGSP now covers 66 districts including 718 VDCs. The programme has provided on site support for participatory planning and preparation of annual plans which are still lacking in many districts. Training has been delivered to DDC staff on advanced level GIS, accounting software, report writing, business plan development, social mobilization, conflict management and gender mainstreaming.

At the VDC level, Social Mobilisers are extending support to the Community Organizations (COs). The contribution of Social Mobilisers and Local Facilitators has been effective in keeping village activities moving even during difficult periods of conflict. In more than 100 VDCs, the CMC has created a Village Development Fund (VDF).

Output 2: Positive discriminatory VDP implemented in 1,000 VDCs

In adopting a policy of positive discrimination, special efforts have been made to promote the active participation in COs of women, the poorest of the poor, and disadvantaged ethnic groups. The VDP has so far covered 718 VDCs, and is “graduating” capable VDCs and redeploying staff to support new ones. This is in order to reach the target of 1,000 VDCs before the programme ends in 2007.

Output 3: Issues of HIV/AIDS mainstreamed in training package

DLGSP together with UNAIDS has organized HIV/AIDS orientation programmes in 13 districts, and has prepared a training manual for the use of Social Mobilisers. The programme has been helping more than 20 DDCs to include related programmes in their annual plans and to establish HIV/AIDS databases. HIV/AIDS Associates have also been attached to ASTO regional offices.

Brief assessment of results to date

DLGSP has clearly made substantial progress in producing outputs specified in the programme document, but the link between intended outcomes and programme activities may be weaker than envisaged. Due to the conflict, DLGSP has probably contributed little to strengthening the capacity of local bodies. However, it has prepared the ground for improving local governance, which is important in itself.

While the programme has succeeded in supporting women, it has proven more difficult to actively engage the most disadvantaged households. The pressure to reach the target of 1,000 VDCs has led to the further dilution of limited resources. In terms of HIV/AIDS, the programme has disseminated basic information and sensitized people to the issue. The outcome concerning conflict transformation initiatives through the programme has probably been the most relevant one, as DLGSP has shown an impressive ability to work in areas affected by conflict. The temptation to enlarge the scope of DLGSP to address many different issues might seem logical, but it might also divert the programme from what it does best, basic capacity building of COs.

Contribution to the Millennium Development Goals (MDGs)

While no specific targets have been set for the purpose, DLGSP is contributing in several ways to national efforts to meet the seven MDGs. Poverty reduction is the ultimate goal of DLGSP, and VDP activities are specifically designed to this end. In the area of primary education, programme activities have resulted in improved enrolment of both boys and girls in the districts covered. Gender equality is being addressed by encouraging women to play a more assertive role in decision making both through the COs and in the home. The programme’s contribution to reducing child mortality is more indirect, through improved drinking water schemes, toilets and information on personal hygiene. The goal of improving maternal health is

addressed by establishing links with clinical and family planning services. The programme is combating HIV / AIDS through specific information and training programmes. Environmental sustainability is supported through grants for small scale public works, tree plantation, community management of forests, the use of improved cooking stoves.

4. Conflict, peace and the implications for DLGSP

Impact on DLGSP

Due to conflict, 90% of VDC Secretaries had to transfer their offices to District Headquarters. Collection of local revenues fell sharply causing staff reductions. Around 11% of Social Mobilisers (SMs) were unable to stay in their villages for much of the time, and 4% of COs ceased to function. Most villages experienced some disruption to VDP activities. The application of the 14 step planning process remained more theory than practice.

To counter these problems, the programme did three things. SMs were replaced with Local Facilitators in 10 percent of VDCs. In the absence of the VDC, a Chair-person-Manager Conference (CMC) was introduced to facilitate communications with the LDF at the district level. Village Development Funds (VDFs) were set up in many villages to provide better security in managing LDF resources, a concept which has since been replicated more widely for other reasons.

Future Implications

The reinstatement of elected councils after their suspension during the emergency, and the recognition of the Maoists as a legitimate political party, has opened up the possibility of numerous reforms with far reaching implications for local government. However, local elections will likely not take place for at least three years, and probably longer. There is little prospect of a clear resolution to the structure or functioning of local bodies on the ground before DLGSP ends in 2007. For the time being, it seems likely that field staff should expect to continue working under much the same conditions as at present, but hopefully with less harassment.

The Review Team urges programme staff to be alert to opportunities for closer collaboration with both sides, and think about how this might be achieved.

From what we saw and heard in the field, it appears many Maoist sympathisers and activists are already members of CBOs and are playing a positive role in programme activities. This suggests the best prospects for improved collaboration are likely to start with informal but more regular communications between Maoist leaders and members of CBOs and SMs at the community and village levels.

5. Programme goals and priorities

Programme focus

As it stands today, the underlying purpose of DLGSP is in danger of becoming blurred. Today, programme documents include a mixed set of objectives, while government and others constantly press for yet more activities. This gradual expansion of the programme's agenda has eroded attention and diverts resources away from its primary mission. As we understand it, DLGSP's overarching goal is to alleviate poverty. Cumulative experience suggests this is best achieved by enhancing self-reliance, empowering communities to manage their own affairs, and take matters into their own hands. This means two things.

- Mobilizing community groups, building awareness of their own potential.
- Providing these groups with resources with which to improve their wellbeing.

Undoubtedly, the most significant contribution of DLGSP and predecessor programmes over the years has been to create the basic building blocks for community empowerment and decentralised governance.

Breadth vs depth

The Review Team thinks proponents of DLGSP and its predecessor projects have pushed them too far too fast. Target outputs stress the number of districts and VDCs covered rather than the competence of the community organisations that have been created. Only 34% of more than 20,000 COs are currently classified as “good”. We are told this typically takes from 3 to 5 years to achieve, sometimes longer.

One reason has to be thin front line support from SMs and LDF staff, stretched to cover so many villages and COs. Another consequence is that grant funds for investment in community projects channelled through the LDF also get spread thinly.

Implications for the short and medium term

With little more than a year left for DLGSP, there is limited scope for a major realignment of the programme. In the short term, therefore, ***the Review Team strongly recommends that DLGSP spend the remaining period in consolidating progress.*** To ensure a successful exit, the VDP component should aim to maximise self-reliance and sustainability among community networks at the village level. ***In particular, the Review Team urges the programme sponsors and central government partners not to press DLGSP to take on new tasks.***

Over the medium term, ***the Review Team strongly recommends that UNDP continue supporting this endeavour through a successor project after DLGSP ends.***

The challenge of reaching out to the large number of other villages is huge. ***The Review Team urges UNDP and the government to encourage other partners to join the effort.***

6. Elements of community empowerment

As discussed before, community empowerment is best achieved by first mobilising the community and then providing them with resources to improve their wellbeing.

Social mobilisation

There is no doubt that the DLGSP model has proven to be a viable and effective approach to social mobilisation. The programme now covers 718 villages in the 66 districts where it operates. So far, the VDP has reached 83% of households in these villages, a figure that is planned to rise to 90% by the end of 2007. As of March 2006, the VDP had established 20,625 community organisations (COs) since the start of PDDP and LGP back in 1995 and 1996. CO competence is ranked as good (34%), medium (36%), weak (22%) or defunct (8%). Together, the COs have a total of 502,952 members, about half of whom are men and half are women. The programme has graduated 104 VDCs since 2004. Staff from these villages have been deployed to new ones in an effort to reach the target of 1,000 VDCs before DLGSP ends in 2007.

Comments. An analysis of available data suggests that the process of bringing villages to the point of becoming self-reliant is not only slow, but will only get slower

and more difficult as the task continues. The CO network does not include all households in the village, which deprives non-members of many benefits. Some worry that the CMC largely duplicates the role of the VDC, but in areas where conflict has prevented VDCs from operating, this is precisely one of its strengths.

A more serious longer term question is whether the COs are, or will be, able and willing to undertake all that is expected of them, since numerous donor programmes aim to engage community members in all manner of activities. Ultimately, perhaps the most important question is whether the DLGSP approach to social mobilisation is a viable model for the rest of the country. The Review Team thinks it is, especially if resuscitated VDCs chose to adopt the concept, which they appear to favour. However, ***the Review Team recommends that a successor programme should place greater emphasis on strengthening VDC capacity and should rely more on NGOs for implementation***, as demonstrated in the pilot application in Saptari district.

Internal financial resources

Both DLGSP and predecessor programmes have helped COs to mobilise financial resources through community based saving schemes, which provide easy access to loans for their members. So far, COs have together amassed a total of Rs 618 million (approximately US\$ 8.6 million), and issued loans totalling Rs 1,353 million (US\$18.8 million). These community based savings and loan schemes have proved widely popular among CO members, and can have a dramatic impact on the lives of the poor. They also undoubtedly serve to create a sense of ownership, solidarity, pride and achievement among members of the group, keeping it together and meeting their emergency needs in times of difficulty and conflict. To ensure loans are productive, ***we recommend that training should include financial management, entrepreneurship and consideration of market conditions***

The Review Team also wishes to remind programme staff that encouraging the poorest to take loans may be counter-productive, with the risk of pushing them into a debt trap. The success of the savings schemes is key to the sustainability of COs. Even though DLGSP has decided not to provide further funds for LDF loans, ***the Review Team strongly recommends that the programme continue technical support to these schemes in order to ensure that the COs survive.***

Impact on community empowerment and wellbeing

The formation of some 20,000 COs across the country represents a major source of social capital. The social mobilisation process has also made many people more aware of their rights and responsibilities in society, and helped to breakdown the social exclusion of the poor and disadvantaged. Through training courses, the programme has helped people to improve their knowledge and skills in many areas. The group savings and loan schemes provide easy access to loans for those who might not otherwise be able to get them, and a modest safety net for households in times of emergency. A surprisingly large proportion of households use these loans and those from the LDF to invest in a wide range of income generating activities. Many COs are now themselves able to plan, prepare proposals, mobilise resources, and implement projects for local development. Projects funded through the LDF have helped to improve health and the quality of life, raise productivity and spur economic activity, all contributions to reducing poverty.

Reaching the disadvantaged

DLGSP's policy of positive discrimination is yielding constructive results. The membership of COs includes about equal numbers of women and men. One third of the COs formed comprise female representatives of households. Women also hold about 40% (16,498) of all the positions for chairperson or manager of COs, and have received 48% of the value of all loans issued by COs from their savings schemes. In the villages where VDP operates, COs have also reached 76% of the poorest households, 71% of poor households, 79% of Dalit families and 68% of Janjatis. The results in terms of staff recruitment have been less successful, due probably to the difficulty of finding suitably qualified candidates.

Comments. Little attention has been paid to tackling broader gender issues such as domestic violence, dowry, and confinement of women during menstruation. ***The Review Team recommends that the programme should continue to provide training on these matters,*** and help women to strengthen solidarity and to assert their rights and concerns in a more organized manner at a broader level. We worry that the programme may not adequately address the special needs of the disadvantaged. ***The Review Team recommends that DLGSP undertake a study to recommend steps to include in the social mobilisation process to ensure their views are heard and acted on.***

7. Support for community empowerment

Capacity building

After visiting the field, one factor stands out as cause for concern: the relatively small proportion of COs and villages that are considered self-reliant, and the long time it takes for them to reach this point. The Review Team recommends five strategies.

Focus on “graduating” villages. As an incentive, the programme should consider awarding a graduation certificate that recognises the village CMC as capable. Such recognition would enhance pride and self-confidence, and would help them attract other programmes and services.

Target capacity building selectively. If staff do not already do so, they should use information on CO competence to identify areas to be addressed in further capacity building activities for the village that would achieve the biggest impact in bringing them to the point of self-reliance.

Build support networks within the village. The Review Team suggests the LDF set up support networks in a more organised manner in each village, as a formal component of their exit strategy. Members of the network should be trained as trainers to teach others, as in the TOT model, with a view to forming groups of skilled individuals who undertake to provide support to COs on demand as needed.

Expand training for field staff. The Review Team also recommends that field staff themselves receive more training.

External financial resources

LDFs are a creation of the Local Self-Governance Act (LSGA) of 2001, which allows DDCs to set them up. For donors, the LDF offers several advantages over the DDF, which is a non-operating account, meaning resources are passed on to separate budget lines or accounts for each line agency or programme, including the LDF.

Due in part to the conflict, the leadership of the LDF Boards has changed often. Recent changes will sharply reduce interest earned from loans and bank deposits. Other arrangements will therefore have to be made to cover the salaries of local facilitators and some staff.

The Review Team endorses the consultants' recommendations that responsibility for loan operations be transferred to financial institutions with proven experience in micro credit and group lending. We therefore encourage UNDP to accelerate steps to launch a programme to engage NGOs, banks and other financial institutions to take the place of LDF in lending operations. Until alternative credit sources are in place, we suggest that the LDFs continue to revolve loan funds that are already in circulation. Another option for DLGSP to consider as part of its exit strategy is to transfer existing loan funds from the LDF to VDFs.

The Review Team recommends that the LDF Board allocate budget ceilings to each CMC based on simple criteria. The current method of allocating LDF grant funds among villages differs and is often inequitable. ***The Review Team also endorses the concept of transferring funds from the LDF to VDFs.*** This is a logical extension of the policy for decentralised governance and reinforces the strategy of community empowerment. ***We also urge LDF staff to provide guidance to communities on how to handle routine maintenance and minor repairs.***

The planning process

The planning process as applied by the programme has clearly proved effective in many respects, but it has weaknesses which need to be addressed. There is a risk that under pressure to get the task completed, community plans may not accurately reflect what was intended, or may be standardized to fit a common pattern. We also worry that the planning exercise demanded of villages maybe more complicated than needed.

Instead, the Review Team recommends another approach termed action planning. This dispenses with conventional plans, and instead follows a more direct sequence. Rather than restricting plans to those activities that the LDF can support from its own budget, ***the Review Team also recommends that staff develop a strategy for helping villages to mobilise resources from other quarters.***

Support for decentralised governance

The Review Team questions the wisdom of including DLGSP objectives for strengthening the capacity of local bodies and supporting policies for decentralised governance. The needs for capacity building and institutional development at the local level far exceed whatever resources DLGSP can provide. Decentralization policy touches on a wide range of complicated issues requiring a set of knowledge, experience and skills that DLGSP was not designed to provide.

On the other hand, the Review Team advises DLGSP not to drop these matters entirely. At the national level, through associations of local bodies or other means, DLGSP can offer valuable inputs to decentralization debates based on lessons learned from field experience. At the appropriate time, the programme's district advisors should help to build awareness among elected representatives and local government staff on the importance of community empowerment and actions needed to support the process.

In the meantime, ***the Review Team advises DLGSP staff to maintain or complete current commitments for technical assistance to DDCs and VDCs.*** Any new activities should be limited to measures that directly enhance social mobilisation and community empowerment. Given present uncertainties, we advise the programme not to devote additional resources to capacity building at the district level. ***The Review Team suggests instead that the programme's district advisers shift their energies to supporting LDF staff in helping CMCs to become self-reliant.***

8. Coordination and programme management

Coordination

For a large programme like DLGSP, which covers most districts in the country and embraces many activities, coordination with other programmes requires close attention. Current mechanisms are inadequate. Once line ministries start to devolve their sector responsibilities, the lack of policy coordination may lead to a disjointed process of capacity building and institutional development at the DDC / VDC level.

The Review Team recommends that the GoN pay greater attention to policy coordination, since DLGSP, through its linkage with MLD, cannot and should not be responsible for this task. Coordination at the village level probably matters most and there are many examples to learn from. ***The Team recommends that programme staff study these examples and actively try to encourage this process.***

Programme management

The two main components of the programme are DLGSP and the VDP. As presently conceived, the two components are structured and managed as integral parts of a single programme. In fact, they are really two quite different creatures. While present conditions may justify the de facto integrated management of these components, principles of local governance imply that local bodies should eventually be granted greater authority to make their own decisions concerning the implementation of the VDP and the management and operation of the LDF. ***The Review Team recommends that the design of any future programme should make a clear conceptual distinction between the national and local components, and structure activities accordingly.***

Much of the information provided to the Review Team was of poor quality. The problem stems mainly from the massive logistical exercise in collecting and collating data from hundreds of villages and thousands of COs. ***The Review Team recommends that future staff training should aim to improve skills for data analysis,*** and include model illustrations of common topics. ***The Review Team also urges those responsible to review the reporting system to determine which information is actually used and is really needed.*** The goal should be to reduce the burden on those in the field by eliminating unnecessary tasks.

Most attempts we saw to measure the impact of the programme on beneficiaries lack rigour. It is always difficult to isolate the impact of a programme from numerous other exogenous factors. If sponsors want more accurate and credible information on impacts, ***the Review Team recommends they contract institutions with the requisite skills to undertake specific studies for the purpose.***

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Abbreviations

ADB	Agricultural Development Bank/Nepal
ADDCN	Association of District Development Committee/Nepal
ASTO	Area Support Team Office
BAP	Bishweshwor Among the Poor
CBO	Community Based Organisation
CMC	Chairperson-Manager Conference
CO	Community Organisation
DACA	Decentralised Action for Children and Women
DAG	Disadvantaged Group
DANIDA	Danish International Development Assistance
DASU	Decentralisation Advisory Support Unit
DDA	District Development Advisor
DDC	District Development Committee
DFDP	Decentralised Financing and Development Programme
DFID	Department for International Development (U.K.)
DIMC	Decentralisation Implementation Monitoring Committee
DIP	Decentralisation Implementation Plan
DLGSP	Decentralised Local Governance Support Programme
DMIS	District Management Information System
DPA	District Programme Associate
GIS	Geographical Information System
HMG/N	His Majesty's Government Nepal
HRD	Human Resource Development
ICT	Information Communication Technology
IFAD	International Fund for Agriculture Development
LDF	Local Development Fund
LDFB	Local Development Fund Board
LDTA	Local Development Training Academy
LGP	Local Governance Programme
LGSP	Local Governance Strengthening Programme
LPBPP	LGP/PDDP Bridging Phase Programme
LSGA	Local Self-governance Act
MC/PM	Minimum Conditions and Performance Measures
MEDEP	Micro Enterprise Development Programme
MLD	Ministry of Local Development
NAVIN	National Association of VDCs in Nepal
NORAD	Norwegian Agency for Development Cooperation
NPC	National Planning Commission
NPD	National Programme Director
NPM	National Programme Manager
NPPP	National Programme Project Professional
PAF	Poverty Alleviation Fund
PDDP	Participatory District Development Programme
PMC	Programme Management Committee

PMSU	Programme Management Support Unit
PRSP	Poverty Reduction Strategy Paper
QIP	Quick Impact Project
RDP	Rural Development Programme
REDP	Rural Energy Development Programme
RUPP	Rural Urban Partnership Programme
SACCO	Savings and Credit Cooperative
SGF	Seed Grant Fund
SM	Social Mobiliser
SMA	Social Mobilisation Agency
SMELC	Social Mobilisation Experimentation and Learning Centre
SNV	Netherlands Development Organisation
UDLE	Urban Development with Local Efforts
UNBCPR	United Nations Bureau for Crisis Prevention and Recovery
UN-BOG	United Nations Basic Operating Guidelines
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VDC	Village Development Committee
VDF	Village Development Fund
VDP	Village Development Programme
WFP	World Food Programme
WUPAP	Western Upland Poverty Alleviation Programme

MAIN REPORT



A. Introduction

The Decentralised Local Governance Support Programme (DLGSP) was launched in Nepal in 2004 and is due to end late 2007. It follows on UNDP supported predecessor projects, namely PDDP and LGP, which started in 1995 and 1996. DLGSP aims to build local governance capacity by taking continued advantage of social mobilization strengths introduced in the earlier projects, and has an added component for strengthening the capacity of local bodies (DDCs and VDCs). It now covers 66 of the 75 districts in the country, including 60 from PDDP and LGP, and 718 of 3,915 VDCs.

The programme is supported by UNDP and the Royal Norwegian Embassy, who commissioned a four person team to conduct this Mid-Term Review in May 2006. According to the TORs for this review (see Annex A), the main purpose is “to examine the concept, design, implementation modality, efficiency, effectiveness, relevance, impact and sustainability of the DLGSP”.

The review team was asked “to assess the extent to which the project has achieved its objectives in the current political and conflict situation (and to) evaluate to what extent the project has contributed to the national goals of achieving the MDG under goal one and the PRSP/10th Plan”.

More specifically, the team was asked to:

- Assess whether the project had a focussed approach in building the capacities of the local bodies, and whether project resources were used for that purpose and to promote and improve decentralisation.
- Assess the geographical spread of the project and advise on its effectiveness (and) whether a more focussed and concentrated approach will be more effective.
- Review the linkages between DDCs, VDCs and Community Organisations (COs) in terms of ensuring participatory planning, budgeting, programming and monitoring.

At an initial meeting with UNDP on 5 May, the Review Team mentioned that it would be difficult to cover all the items included in the TORs during the three week assignment. Some items, in particular those relating to the legal framework governing the decentralization process, properly require a separate study of their own. Since these issues were not directly addressed by DLGSP itself, it did not seem appropriate to cover them in this Mid-Term Review. Instead, we understood that we should cover as much as we could in the time available, and focus on what are considered to be the most important issues.

Over a period three weeks, the review team met with UNDP, the RNE, government partners, staff and other stakeholders in Kathmandu and four districts: Banke and Bardiya in the western region, and Saptari and Terathum in the eastern region. In addition, the team visited representatives of other programmes related to social mobilisation and decentralised governance. Details of the team's itinerary and a list of those interviewed are attached in Annex 2 and 3.

This report contains the findings of the review team. Section B describes the programme as originally designed and is followed by a summary of progress to date in achieving intended outputs. Section D discusses the impact of conflict on programme activities, and the implications of recent events for the programme during the remaining months. The next section E looks at the evolution of DLGSP and its predecessor projects, and reviews current goals and priorities. Section F assesses the programme's achievements in terms of elements of community empowerment and social mobilisation. Section G reviews activities in terms of support for community empowerment from the programme and government, and the links to policies for decentralization. The final section H discusses coordination and aspects of programme management.

B. The programme as intended



This section briefly summarises the main features of the Decentralised Local Governance Support Programme (DLGSP), and comments on the relevance and appropriateness of its design and structure.

1. Overview of the programme

DLGSP is one of many donor funded programmes in Nepal promoting participatory development. DLGSP is however the most widely spread programme, as it operates in 66 out of 75 districts and offers a basic social mobilising package that other programmes can use for their own implementation. Other UNDP programmes related to participatory development include:

- DFDP – Decentralized Financing and Development Programme
- RUPP – Rural Urban Partnership Programme
- MGEP – Mainstreaming Gender Equality Programme
- COPE – Community Owned Primary Education
- MEDEP – Micro Enterprise Development Programme
- PCP – Participatory Conservation Programme

Programme elements

Overall goal

To enhance effective participation of people in the local governance process, ensuring improved access to socio-economic services by rural poor, particularly women, Dalits and other disadvantaged groups.

Objectives

- To uplift the socio-economic status of the rural poor, particularly women, Dalits and disadvantaged groups through the social mobilization based Village Development Programme, incorporating positive discrimination
- To strengthen the efficiency and capacity of local bodies (DDCs, VDCs) to deliver basic services through decentralized governance, as envisaged in LSGA
- To support GoN in preparing and implementing necessary acts, policies and guidelines on decentralized governance and poverty alleviation.

Intended outcomes

- Decentralized governance with enhanced capacity of local government to plan, finance and implement development programmes in an accountable and transparent manner

- Conflict transformation initiatives, support to conflict affected groups and areas, and restoration of livelihoods
- Capacities created for an expanded response to the HIV/AIDS epidemic, including integration into poverty reduction strategies.

Intended outputs

- Capacity of LBs and MLD/NPC enhanced
- Positive discriminatory VDP designed and implemented in 1000 VDCs
- Issues of HIV/AIDS mainstreamed in training packages.

Components

- The Village Development Programme: to develop the capacity of local communities through social mobilization and to help meet socio-economic needs
- Capacity development of local bodies: to develop the capacities of DDCs and VDCs so that they are better able to meet the needs of rural people
- Policy and capacity building at the National Level: to build the capacity of MLD, NPC and related ministries to take forward the decentralization process.

Strategy

The three components are interlinked. VDP helps organise communities to interact with local bodies. Capacity building of local bodies helps them to respond. Learning from grass roots activities assists policy making and capacity building at the national level related to decentralisation.

DLGSP focuses mainly on the community level, but aims to provide inputs into the design of capacity building activities for local bodies (DDCs and VDCs) and to contribute to central government policy debates on decentralization. The programme's capacity building activities for local bodies covers human resource development, information systems, strategic management and institutional development.

Management structure

Central Level

The Ministry of Local Development (MLD) is the implementing agency, through the national execution modality, NEX. The National Programme Director (NPD) is a senior government official deputed from MLD. The Programme Support Management Unit (PSMU) is staffed with a professional team, headed by a National Programme Manager (NPM).

The Project Coordination Committee (PCC) is responsible for harmonizing strategies and enhancing coordination between related programmes funded by various partners, and meets every 4 months. It includes representatives from NPC, devolved sector ministries, three divisions of MLD (Governance, Planning and Monitoring, and Administrative & Finance), and relevant donors and related programmes. It is chaired by the Secretary of MLD.

The Project Management Committee (PMC) is responsible for assisting implementation of the programme at central, district and local level, and meets once a month.

Members include the NPD, NPM, and representatives from UNDP and other development partners as needed.

Regional Level

An Area Support Team (ASTO) is located in each of the 5 development regions of the country to assist DDCs in implementing the programme.

Local Level

A District Development Adviser (DDA) or District Programme Associate (DPA) is assigned to each district participating in the programme, and is responsible for helping to strengthen the capacity of DDCs and especially the Local Development Funds (LDFs). Some of these staff members cover more than one district.

The LDFs provide technical and financial support to the Village Development Programme. They are managed by an Executive Secretary with a staff of 4-6 persons plus extension staff based in the villages, and are responsible for mobilising communities and helping them to organise and plan.

2. Comments on programme design

DLGSP has been going on for two years, since the spring of 2004. Its design and implementation modality builds on experience from the earlier programmes, PDDP and LGP, which were launched in 1995 and 1996. DLGSP was adjusted to take into account the ongoing conflict and the political situation with no democratically elected local bodies in place. The programme is implemented through a decentralized programme organisation, based on Social Mobilisers working in the villages with support from the LDF. The focus has been on building community organisations (COs), which involves three basic activities: building the COs, setting up internal savings schemes, and funding small infrastructure projects through the LDF.

Based on lessons learned from the earlier projects PDDP and LGP, the design of DLGSP was modified accordingly. It continues the extension of the Village Development Programme (VDP) with more clearly defined objectives. It places greater emphasis on reaching the poorest and most disadvantaged people, including women. It amends the composition of the Local Development Fund Board (LDFB) to better reflect the interests of the poor and those normally excluded from participation. It pursues partnerships with others in order to expand the programme from 662 VDCs to 1000 VDCs. It adjusts the Social Mobilization Package to reflect conditions arising from the conflict. It is tasked with undertaking a review of the micro credit component and revising credit policy accordingly.

The earlier programmes operated a loan scheme through the LDF for micro enterprise projects. Since this activity was a cause for concern, DLGSP was given the task of reviewing the situation. Consultants were recruited and found that these schemes are not sustainable. It has therefore been decided to phase out lending from the LDF, which has now ceased to provide additional loan funds. The task now is to develop a strategy to recover the outstanding loans and to handle the transition of these funds into grants. Meanwhile, the LDFs are still providing loans by rotating funds already in circulation, and are likely to continue doing so until other micro credit facilities are available at the local level.

The strength of earlier programmes lay in their focus on the grass roots level, an approach that has clearly proven effective and relevant for reducing poverty.

DLGSP was designed to continue this effort, but changes were needed to reflect working conditions arising from the conflict. In the Far and Mid-Western regions, due to heightened security risks for field staff, MLD and MoF consented to transfer responsibility for executing the programme from the government (NEX modality) to UNDP (DEX). Both there and in other regions of the country, the programme's decentralised approach has enabled it to work in almost all areas affected by the conflict.

Another strength of the DLGSP design has been the link it provides between basic capacity building at the grass roots level and central government deliberations on pro poor policies and the provision of services to the population. This link has ensured continuing interest and support from the central government, and helped to make government partners more sensitive to the needs of the rural population.

The project document for DLGSP also envisaged continuing support and capacity building activities for local bodies, particularly at the district level. This has been extremely difficult to achieve in the continuing conflict situation up till now. Programme staff have designed and partially implemented a capacity building package for DDCs, but due to continuing difficulties confronting DDCs, it has been decided to reduce the level of support for these efforts, and shift more resources to the VDP.

C. The programme to date



This section summarises progress to date in terms of the outputs specified in the project document, briefly assesses key aspects, and reviews the programme's contribution to the Millennium Development Goals (MDGs). Later sections review and assess programme achievements in more detail.

1. Output 1: Capacity of LBs and MLD/NPC enhanced

The national level

Design of guidelines. The DLGSP has provided support for policies and guidelines at the national level. Staff and consultants have prepared guidelines for the devolution of sectoral functions. They have written a paper on alternative strategies for service delivery to facilitate the smooth operation of the devolved sectoral functions in agriculture, health and education. They have also prepared a set of integrated guidelines for social mobilization, designed to coordinate and avoid duplication of these activities at the local level. However, the adoption of these guidelines is awaiting government's approval. Regarding alternative mechanisms for service delivery, DLGSP has implemented a pilot scheme in Saptari district, in which an NGO has been contracted to perform many of the tasks related to community mobilisation, normally the responsibility of the LDF.

Exposure visits. Exposure visits were organized for the NPC and MLD officials. These visits are intended to provide opportunity for government officials to observe decentralization practices applied in other countries. Such exposure is useful for officials to enrich their knowledge on relevant policy considerations.

Training manual. The programme has assisted MLD in preparing the design of a Training Manual on Capacity Building for the VDCs. Once completed, this Manual will be used to train trainers (ToT), who will then conduct similar programmes for other staff and elected representatives as they arrive after the reinstatement of local bodies or a new election. The MLD has already formed a committee to guide the preparation of such Manual.

Policy and action research. Policy and action research fellowships were offered to 5 students from IAAS / TU. They conducted research on poverty alleviation, social inclusion and gender mainstreaming. The purpose of these fellowships is to provide feedback for the programme on its policies, strategies and priorities.

The District level

DLGSP now covers 66 districts including 718 VDCs. Technical services related to participatory planning have been provided to the DDC staff. The LDF Team is also assisting LDO Office staff in the formulation of annual plans. As per the LSGA, the districts are required to prepare periodic plans, which are still lacking in many districts.

The programme has identified capacity gaps in sixteen sampled districts. Strategies have been developed to address the gaps.

Around 21 staff of 12 DDCs have been trained in advanced level GIS. This has helped to institutionalize GIS within the DDCs. Resource maps, poverty maps and conflict maps have already been produced in these districts.

Computerized accounting software has been tested and applied in several districts. This application offers standardized accounting procedures for DDCs, including quick generation of updated reports. This contributes both to transparency of transactions as well as accountability.

Around 632 staff members of the DDCs and VDCs were trained in report writing, business plan development and social mobilization. Similarly, 267 others received training on These training programmes have contributed to enhancing knowledge and skills for the design and operation of plans at the DDC and VDC levels.

The VDC level

At the VDC level, Social Mobilisers are extending support to the Community Organizations (COs). Each Social Mobiliser is assigned to one VDC covering 24 to 64 COs. In some VDCs, the programme has appointed a Local Facilitator instead of the Social Mobiliser. These appointments have been made in some locations where the conflict impeded the mobility of Social Mobilisers.

The contribution of Social Mobilisers and Local Facilitators has been effective in keeping village activities moving even during difficult periods of conflict. Their participation together with the Chair Persons and Managers of the COs in meetings of the CMC has helped to identify local problems and solutions.

In more than 100 VDCs, the CMC has created a Village Development Fund (VDF), staffed with a Local Facilitator to undertake record keeping and financial management functions. The cost of these Facilitators is borne by the VDF from its budget (e.g., Sitapur VDC in Banke district).

2. Output 2: Positive discriminatory VDP implemented in 1,000 VDCs

Inclusion of the disadvantaged

In implementing the VDP through LDFs, DLGSP has adopted a policy of positive discrimination in favour of women, the poorest of the poor, and disadvantaged ethnic groups. Special efforts have been made to include such people in COs, and to promote their active participation in group activities including access to loans. The VDP has also emphasized recruitment of field staff from Dalit and Janajati communities. Poverty mapping has been used to target villages with a high proportion of poor people.

Coverage of VDCs

Of the 1,000 targeted VDCs, 718 have so far been covered by the VDP. To reach the target, the programme has been “graduating” capable VDCs, and redeploying staff to support new ones. These included 20 in 2004, 65 in 2005, 164 in 2006, which together with older VDCs makes up the total of 718 today. Plans call for a further 162 VDCs to be included in the VDP before the end of the programme, which would bring the total to 880, somewhat short of the target of 1,000. Villages qualify

for graduation if 70% of their COs are classified as “good” according to a list of 33 indicators reflecting their level of competence.

3. Output 3: Issues of HIV/AIDS mainstreamed in training package

Orientation and training

DLGSP has provided HIV/AIDS orientation to 635 persons, of whom 83% are male and 17% female. The orientation programmes were organized in 13 districts with the support of UNAIDS. Similarly, field staff were trained along with some formerly elected political leaders working at the DDC and VDC levels.

Training Manual

This manual is being used for creating awareness about the effects of HIV/AIDS and the precautionary measures to be taken to remain safe from catching this disease. HIV/AIDS has been added as a topic in the training package being carried out at the CO and VDC levels.

Budget allocation for HIV/AIDS

DLGSP is also helping DDCs to include HIV/AIDS related programmes in their annual plans. Some districts have allocated budgets for HIV/AIDS related activities. Funds are used for the dissemination of information about precautionary measures to be taken to avoid catching the disease.

Staff for HIV/AIDS

DLGSP has employed HIV/AIDS Associates attached to ASTO offices at the regional level. These associates provide guidance to the districts on promoting activities that help to minimize the incidence of HIV/AIDS.

4. Brief assessment of results to date

The programme has clearly made substantial progress in producing outputs specified in the programme document. More specific information may be found in Annex F. The programme has also undoubtedly contributed to the intended outcomes stated in the programme document, but it is unclear how strong that contribution has been. The link between intended outcomes and the programme’s focus and practical implementation might have been weaker than envisaged in the design of the programme.

Out put 1: Capacity building of local bodies

The bulk of resources, both financial and human, has gone into the VDP for establishing and capacitating COs. Only a small part has gone towards enhancing the capacity of the local government to plan, finance and implement development programmes in an accountable and transparent way. The support has been strategically important, but compared to the actual needs of the DDC / VDC system, the programme has probably contributed little in this respect, and the DDC / VDC system is still very weak. In addition, with no democratically elected bodies in place there are clear limitations on how far one can expect a sustained improvement in good governance at the local level. (See sections E and G.4.)

The programme should therefore not be measured by expectations of greatly improved local governance, as the framework for this has simply not been in place. Rather, the programme has prepared the ground for it, which is important in itself.

Output 2: Positive discrimination in implementing the VDP

While the programme has achieved considerable success in supporting women, it has proven more difficult to actively engage the poorest households and those who are illiterate or face language barriers. (See section F4.)

The Review Team worries that the process of bringing villages to the point of becoming self-reliant is not only slow, but will only get slower and more difficult as the task continues. (See Section F.1.)

Output 3: HIV / AIDS

When it comes to the intended capacities for an expanded response to the HIV/AIDS epidemic, the programme has disseminated basic information and sensitized people to the epidemic. But the issue seems not to be a prominent part of capacity building for COs, although a number of activities and initiatives have taken place. The issue is definitely important to address. Although DLGSP is the most widely spread participatory development programme in Nepal, this does not necessarily mean it is the most efficient arena to pursue this issue.

Conflict transformation

The outcome concerning conflict transformation initiatives through the programme has probably been the most relevant one, as DLGSP has shown an impressive ability to work in areas affected by conflict. By demonstrating the benefits of the programme to all concerned, the programme has been able to mitigate some of the consequences of the conflict and probably also reduced tensions. (See section D.)

Programme scope

There is always a temptation to enlarge the scope of a successful programme like DLGSP to address many different needs and to mainstream cross cutting issues like gender and HIV / AIDS. While it might seem logical to do so, it might in some cases harm both the issue at hand, as it often becomes “mainstreamed into obscurity”, and also contribute to diverting the programme focus from what it does best, in this case basic capacity building of COs. That does not mean that the COs should not be used for HIV / AIDS education and sensitization, but that this might be done better in other programmes, using the COs to implement it, but within a better integrated programme environment. (See section E.)

5. Contribution to the Millennium Development Goals (MDGs)

While no specific targets have been set for the purpose, DLGSP is contributing in several ways to national efforts to meet the seven MDGs.

Poverty reduction

The goal of reducing poverty, as envisaged in the National MDG – 1 and also emphasized in the Tenth Plan and the Poverty Reduction Strategy Paper, is clearly a major objective of DLGSP. It supports participatory planning and implementation of productive infrastructures. Emphasis has been given for improved service delivery for the poor including Dalits, Janajatis and women. They are mobilized for socio-economic activities at the CO level. Support is provided for social mobilization and some skills development training. Small grants are given for the development of infrastructures. These interventions made for the inclusion of vulnerable groups in the targeted activities contributes towards MDG - 1.

Primary education

DLGSP has provided small grants for school renovation. CO members are also made aware of the importance of sending boys and girls to school and making sure they do not drop out. This has improved enrolment of both boys and girls in the districts covered, which ultimately contributes to the MDG – 2. Perhaps because of the emphasis on engaging women in VDP activities, some informants indicated that the percentage of girls enrolled in school is greater than boys in many areas.

Gender equality

The formation of women and mixed COs has brought women to the forefront in making decisions on matters affecting their lives. Many women met during our field visits said they had been empowered through the intervention of the programme. Among other things, they have become more vocal in raising issues that affect them, they have started to save regularly, and have obtained loans for income generating activities that interest them. Some also mentioned they now play a bigger role in family decision making. This indicates DLGSP is contributing towards MDG – 3, which is the promotion of gender equality and empowerment of women.

Reduced child mortality

DLGSP's contribution to the MDG – 4 is indirect. Through CO discussions, the programme is raising awareness on various socio-economic development issues including health and child mortality. The LDF has provided funds for many drinking water schemes and toilets. This has increased knowledge about personal hygiene and improved access to safe drinking water and sanitation, which ultimately contributes to MDG – 4 (reduced child mortality).

Improved Maternal Health

Like MDG – 4, DLGSP's contribution to the MDG – 5 is also indirect. The social mobilization component of the programme has helped to increase awareness of CO members. Many are also members of the Mothers' Group. Such involvement has been useful in establishing links with services offered by other programmes, such as clinical and family planning services, which support MDG – 5.

Combating HIV/AIDS

As mentioned earlier, DLGSP has been incorporating subjects related to HIV/AIDS in training activities at different levels including its own staff. Posters and community handbooks are also used for dissemination of information on preventive methods. These interventions have contributed towards MDG – 6.

Environmental sustainability

The programme has supported this goal through training and funds for flood control river embankments (eg in Bardiya) and soil erosion. CO members have also been involved in tree plantation activities and community management of forests (eg Naubasta and Sitapur VDCs). The use of improved cooking stoves (ICS) is being promoted to reduce consumption of firewood and domestic air pollution, a particular hazard for women. These activities support MDG – 7.

D. Conflict, peace and the implications for DLGSP



Since 2000 until very recently, conflict between the government and the Maoist faction has made it difficult or impossible for local bodies (DDCs and VDCs) to function in most rural areas of Nepal and has also impacted field operations of DLGSP and its predecessor projects. However, the ending of hostilities and the dramatic events of 24th April 2006 in the national arena have raised great hopes for a rebirth of democracy and open the door to potentially radical reforms. This section discusses the impact on the programme in the past and the implications for the future.

1. Past impact on DLGSP

Impact on VDCs.

Both planning and implementation of participatory activities during the time of conflict were not so easy. In some districts, the insurgents did not allow the Programme Team to operate. The number of VDCs affected by such restriction is around 13 percent of the total VDCs covered. The insurgents asked that the VDPs facilitated by the DLGSP should be registered with their Jana Sarkar (People's Government). They also demanded that the LDF should be detached from the DDC. Around 4 percent COs could not function because of such restrictions, while others escaped from this after successful dialogue with the insurgents.

Alternative strategy

Most of the VDCs encountered occasional disturbances during CO formation, meetings of COs and the CMC, training and monitoring of progress. To tackle the problems, the programme replaced some Social Mobilisers with a newly created position of Local Facilitators. Such arrangements were made in 10 percent of VDCs.

Difficulties in obtaining VDC support

About 80 Social Mobilisers of the 718 total could not stay in their duty station for much of the time. Instead, they had to provide services to their designated communities through staggered visits. Even worse, some 90% of VDC Secretaries were not allowed to work in their designated VDCs. As a result, they offered services from the District Headquarters. This affected the possibility of obtaining VDC Secretary's support to programme activities in villages. Given the difficulties involved in the organization of meetings and open sharing of information, the programme introduced the concept of Chairperson-Manager Conference (CMC). This was useful for the COs to take their plans up to a federation level at the VDC.

Effect on resource mobilization

The conflict also affected the collection of internal revenues. Since the Maoists did not allow collection of taxes, the revenue from the source of local tax went sharply down. This squeezed locally mobilized resource-based investment possibilities and also posed difficulties in maintaining DDC employees.

Effect on participatory planning process

The reduction of staff in the DDC and the absence of elected representatives affected the participatory process to be followed for planning. As a result, the application of the 14 step planning process remained more theory than practice.

2. Future implications

Potential reforms

The reinstatement of national and local assemblies after their suspension during the emergency, and the recognition of the Maoists as a legitimate political party, has opened up the possibility of numerous reforms affecting the constitution, the nature of the state, the structure of local government, and many other policy matters related to administration and development. The recent proclamation by the reinstated House of Representatives, dubbed Nepal's Magna Carta, indicates the radical nature of reforms currently under discussion.

Local elections

Many important issues need to be resolved before local elections can be held. Those we met estimate these will not take place for at least three years, possibly longer.

Prospects in the field

Government officials interviewed by the Review Team all expressed great optimism that peace would endure and that local bodies would soon be able to function again throughout the country. Others were less sanguine about reaching an early agreement between the Maoists and the government on sharing power in local administration. We concur with this view, and see little prospect of a clear resolution to the functioning of local government on the ground before DLGSP ends in 2007.

For the interim, commentators outlined three broad scenarios. Optimists see new opportunities for collaboration between Maoists and local bodies, particularly in implementing programmes like DLGSP that clearly aim to improve the wellbeing of poor people. Others foresee a stand off, or a more peaceful version of the status quo, in which the administration has limited scope for operating outside larger urban areas, but where the Maoists permit donor programmes to continue. Pessimists see a risk of a breakdown in control and discipline among the Maoists, where local groups take matters into their own hands with unpredictable results, possibly with a resumption of open conflict in some areas.

For the time being, it seems likely that field staff should expect to continue working under much the same conditions as at present, but hopefully with less harassment.

Opportunities for closer collaboration

However, ***the Review Team urges programme staff to be alert to opportunities for closer collaboration with both sides***, and think about how this might be achieved. From what we saw and heard in the field, it appears many Maoist sympathisers and activists are already members of CBOs and are playing a positive role in programme activities. This suggests the best prospects for improved collaboration are likely to start with informal but more regular communications between Maoist leaders and members of CBOs and SMs at the community and village levels.

E. Programme goals and priorities



1. Shifting priorities

As it stands today, the underlying purpose of DLGSP is in danger of becoming blurred. This seems to have occurred as the result of reformulations during the extension and merger of its predecessor projects, PDDP and LGP, and in response to conflict in the field.

Ten years ago, when PDDP and LGP were launched, the primary intention was to put in place a system of participatory planning designed to better reflect the needs and priorities of community groups in the preparation of plans and budgets for DDCs and VDCs. This was seen as part of a larger strategy of decentralising decision making authority from the centre down to lower levels of government.

As conflict escalated and curtailed the ability of local bodies to operate in rural areas, the focus shifted to more extensive intervention at the village level while reducing the emphasis on capacity building for decentralised planning. Instead, programme activities concentrated on building community organisations, setting up internal savings schemes, and providing financial support through the LDFs.

The situation today

Meanwhile, as the programmes gradually expanded to most districts across the country and established a comprehensive network of community organisations at the village level, pressure has grown to add additional tasks. Today, programme documents include a mixed set of objectives, while government and others constantly press for yet more activities. Among others, these include:

- Social mobilization
- Poverty alleviation
- Micro credit
- Addressing HIV/AIDS concerns
- Strengthening the capacity of local bodies
- Policy support for decentralized governance and poverty alleviation
- Conflict management and
- Restoring livelihoods.

This gradual expansion of the programme's agenda risks eroding attention and diverts resources away from its primary mission.

Lessons from participatory planning

In the interim, the concept of participatory planning has also evolved. The standard approach of conducting rapid appraisals, identifying needs, setting priorities, drafting comprehensive village development plans is time consuming and has proven largely ineffective. Experience has shown that grass roots participation in planning alone does not ensure that community needs are met. Original proposals may be modi-

fied, dropped or replaced as they pass through successive stages of the planning process at higher levels. Final budget allocations to the village may or may not reflect community priorities. A more direct approach is needed that allows communities to control their own resources.

2. A sharper focus

To remind ourselves what the programme is trying to do, it is useful to reiterate and clarify the core concept underlying the programme. As we understand it, the overarching goal is TO ALLEVIATE POVERTY. Cumulative experience suggests this is best achieved by enhancing self-reliance, empowering communities to manage their own affairs, and take matters into their own hands. This means two things.

- Mobilizing community groups, building awareness of their own potential.
- Providing these groups with resources with which to improve their wellbeing.

Resources may come from the community itself or from outside. DLGSP has developed a highly successful model of community savings, which may be used by individuals to invest, cope with short term needs, or overcome emergencies. Also needed are external resources in the form of grants to undertake activities for the common good, such as public infrastructure, training and provision of basic services. DLGSP does this through grants from the LDF to COs and CMCs. In all of this, special attention needs to be given to the poorest and those that are often excluded from participating in the process.

Community mobilization and empowerment are essential first steps to reducing poverty over the long term. Without this, other efforts will have only a marginal impact and be unsustainable.

3. Breadth vs depth

Programmes like DLGSP that aim to reduce poverty and empower the grass roots always face the difficult challenge of striking a balance between breadth and depth. Deep support over a few districts may enhance competence and local sustainability, but is expensive and not likely to serve as an appropriate model for wide replication throughout the country. On the other hand, broad coverage over too many districts stretches resources thinly. The numbers may look good on the surface, but results on the ground may be less impressive.

We do not for a moment wish to diminish the achievements of DLGSP and its predecessors, but we think its proponents have pushed it too far too fast. Target outputs stress the number of districts and VDCs covered rather than the competence of the community organisations that have been created. True, more than 20,000 COs have been set up, many of them in recent years, but only 34% of these are currently classified as “good” or self-reliant. We are told this typically takes from 3 to 5 years to achieve, sometimes longer. To some extent this reflects the emphasis on reaching out to the disadvantaged and the poorest of the poor, many of whom are illiterate and culturally marginalised. Groups with better educated members mature more quickly.

Thin support

Another factor has to be thin front line support from SMs and LDF staff, stretched to cover large numbers of villages and COs. A single social mobiliser (SM) is assigned

to each village. The average number of COs per village is currently 29, but this figure steadily rises as more COs are formed, and may reach as high as 50 or 60. SMs report they visit each CO about once a month, in some cases even less frequently. While many COs can and do get help from their neighbours, and some have hired their own facilitator, it is no surprise the process of achieving self-reliance takes so long.

We are told that DLGSP aims to provide a minimum of one grant to every CO (either individually or through joint projects) during the life of the programme. A rough calculation based on budget data in the programme document suggests this works out at roughly \$400 (Rs 28,000) per CO over a period of four years, which is enough to meet only a small part of demand. If investment funds are spread too thinly, there is a risk that COs may perceive results to be scant reward for the effort involved. Further expansion to more districts and villages will only exacerbates this situation.

4. Implications for the short and medium term

At this stage, with a little more than a year left for DLGSP, there is limited scope for a major realignment of the programme. Commitments have already been made and have to be honoured.

Short term

In the short term, therefore, ***we strongly recommend that DLGSP spend the remaining period in CONSOLIDATING PROGRESS.*** To ensure a successful exit, the VDP component should aim to maximise self-reliance and sustainability among community networks at the village level. (For more on this, please see section G.1.) Support to DDCs and VDCs has already been cut back, and should continue as at present. Initiatives to support national policy should be strictly related to the implications of lessons learned from strategies to empower communities.

In particular, ***we urge the programme sponsors and central government partners not to press DLGSP to take on new tasks.*** If it is not already too late, we recommend they cut back plans to expand to more districts and villages, since this will inevitably stretch resources even more thinly.

Medium term

Most commentators agree that the DLGSP model of community empowerment is viable and effective. ***We strongly recommend that UNDP continue supporting this endeavour through a successor project after DLGSP ends.*** Such a project should be designed to refocus almost exclusively on community empowerment along the lines indicated previously. In addition, we envisage only three other activities. One is to contribute inputs to government policies related to community empowerment. A second is to mainstream elements of the programme within reactivated local government bodies as and when conditions permit and they are ready and able to assume responsibility. A third is to design specific mechanisms to allow other programmes to provide complementary services to villages and COs, building on the institutional framework created by DLGSP.

All other tasks related to health, education, enterprise development and such should be transferred to separate projects designed for the purpose. We understand UNDP is already preparing programmes to support decentralization policy, capacity building for local bodies and micro credit institutions. We hear discussions are also under way on how to support peace, reconstruction, the return of IDPs, and the integration

of combatants into civil society. Where appropriate, these initiatives should certainly make use of DLGSP's institutional framework, but they should avoid burdening DLGSP or its successor with additional obligations.

Sharing the load

At present, the programme covers about 18% (718) of all villages in the country (3,915). The challenge of reaching out to other villages is huge and will take many more years. Rather than relying on DLGSP alone to accomplish this task, ***we urge UNDP and the government to encourage other partners to join the effort.*** The LDF provides a convenient mechanism to do this.

F. Elements of community empowerment



As discussed in Section E.2, experience suggests that poverty reduction is best achieved by empowering communities to manage their own affairs. This is accomplished first by mobilising the community, and then by providing them with resources to improve their wellbeing. With this in mind, this section reviews DLGSP's approach to social mobilisation and resource provision, summarises the impact on community empowerment, and assesses the extent to which the programme has managed to reach out to women, the poor and other disadvantaged groups. Most of these matters relate to Objective 1 of the project document, which relates to uplifting the socio-economic status of people through positive discrimination in the Village Development Programme.

1. Social mobilisation

The process

DLGSP's Village Development Programme (VDP) has adopted social mobilization as one instrument for empowering poor people. The process consists of several stages designed to create community organisations (COs) throughout the village, and to link these together through a village committee comprising representatives from all COs.

First, COs are formed representing 20 – 30 households in close proximity to each other. A group may consist of either male, female or mixed representatives of the households. Next, some 3 – 6 months are spent in weekly meetings making the groups aware of DLGSP activities, savings habits, development issues and their potential to play a role in local development. Once the groups are considered ready, they are eligible to begin taking part in programme activities, start their own savings scheme, and apply for funds from the LDF. Later stages are devoted to building skills in managing their savings, extending small loans to members, and developing proposals for small scale investments. These include income generating activities, infrastructure or other services that benefit the group, using funds from their own sources or from the LDF.

Once enough COs have been formed, they are encouraged to set up a committee comprising the chairperson and / or manager of all COs in the village, known as the Chairperson / Managers Conference (CMC). These meet once a month to share experience, coordinate activities, collect and disseminate information down to the COs and up to the LDF. As they mature, the CMCs are also charged with developing ideas for joint projects, reviewing proposals from COs, and administering grants or loans received from the LDF.

Self-reliance

The goal of the social mobilisation process is to build the capacity of COs and CMCs to the point where they become self-reliant. CO competence is periodically eval-

uated according to numerous criteria and classified as weak, medium or good. Once 70% of COs in a village are classified as good, the entire village, or more specifically the CMC, is considered to have “graduated” and staff support is withdrawn. This implies that they have become self-reliant.

What has been achieved

To date, DLGSP and its predecessor programmes have covered 718 villages in the districts where they have operated. The coverage of households in these villages has steadily increased from 74% when DLGSP started in 2004 to 83% currently. The goal is to reach 90% by the end of 2007. However, these figures may be a little inflated, since family members may belong to more than one CO.

The number of COs in each village varies from 22 to as many as 64, depending on the size of the population. On average there are 29 COs per VDC, and COs have from 20 to 35 members. Together, the COs have a total of 502,952 members, about half of whom are men and half are women.

As of March 2006, the VDP had established 20,625 community organisations (COs) since the start of PDDP and LGP back in 1995 and 1996. (Table F1.) Of these, 34% were classified as having good capacity, 36% as medium, 22% as weak, and 8% as defunct. Most defunct COs have ceased operating due mainly to the conflict.

Table F1: Classification of Community Organisations (COs)

Good	Medium	Weak	Defunct	Total
6,974	7,491	4,539	1,621	20,625
34%	36%	22%	8%	100%

Source: DLGSP, March 2006

As mentioned earlier, the programme has graduated 104 VDCs since 2004. Staff from these villages have been deployed to new ones in an effort to reach the target of 1,000 VDCs to be included in the VDP before DLGSP ends in 2007.

Assessment of the process

The approach. There is no doubt that the DLGSP model has proven to be a viable and effective approach to social mobilisation, witness the large numbers of COs formed in villages across the country. It allows the LDFs to deliver funds for small scale infrastructure projects and income generating activities in direct response to grass roots demands. The network of CMCs linked to COs across the village also provides a ready made framework for government agencies and other donor programmes to build on in delivering other kinds of services. Many programmes are already doing this.

Appointment of CO leaders. Community Organisations (COs) are headed and managed by a Chairperson and Manager chosen by members of the CO. Some people consider this undemocratic and would like instead to institute a more formal election process. We consider this unnecessary. COs are small organisations with no more than 35 members, most of whom live in the same neighbourhood and know each other well. Communities like this are accustomed to making decisions through discussion rather than formal voting, though some may indeed count hands. We doubt the results would be much different with secret balloting.

Village self-reliance.

However, we do have some concerns. An analysis of available data suggests that the process of bringing villages to the point of becoming self-reliant is not only slow, but will only get slower and more difficult as the task continues. The 104 graduated VDCs is a good start but represents only 14% of the total 718 VDCs participating in the project. Given that on average each VDC has 29 COs, and that 70% of these have to be classified as good for a VDC to graduate, the graduated VDCs would account for some 2,987 COs and 2,091 good COs. (See table F2.) Since the total number of good COs is 6,974, this leaves 4,883 other good COs spread among the remaining 614 VDCs that have not yet graduated. But while graduated VDCs have at least 20 good COs, (the minimum being 70%), others have no more than 8 on average, which represents only 28% of all COs in those places. Since this is an average, there will of course be some VDCs where the proportion is higher, but also others where it is lower. But for the two groups as a whole, this indicates a substantial difference in village capacity. More importantly, it implies that it will take a long time to bring the majority of villages up to the point of being self-reliant, and much longer for the weakest. This issue is discussed further in section G1.

F2: Distribution of good COs among VDCs			
	Graduated	Others	Total
Number of VDCs	104	614	718
Percent VDCs	14%	86%	100%
Average COs / VDC	28.7	28.7	28.7
Number of COs	2,987	17,638	20,625
Good COs (Min 70% in graduated villages)	2,091	4,883	6,974
Percent of total good COs	30%	70%	100%
Ratio of good COs / VDC	20	8	10
% COs classified as good in each group	70%	28%	34%

Representation. There will always be a minority of households that are either uninterested or unable to participate, mostly those that are better off, but others too. Thus the approach cannot claim to represent everyone.

Some worry that the CMC largely duplicates the role of the VDC. In areas where conflict has prevented VDCs from operating, this is precisely one of its strengths. Eventually, when the VDCs are ready and able, the programme should, as intended, transfer many of the CMC functions to the VDC, particularly as they relate to administering funds for small scale projects for public works and income generating activities.

The network of CMCs linked to COs will still have important functions to perform. Foremost among these is the task of articulating the needs of the grass roots, and playing an active role in the design, implementation and operation of services and activities that improve the wellbeing of their members.

Burden on COs. The question here is whether the COs are, or will be, able and willing to undertake all that is expected of them. Given the policy of positive discrimination and the emphasis on reaching out to the most disadvantaged, a large number of CO members are illiterate, poorly educated and unaccustomed to taking the initiative.

A more serious longer term question is whether it is fair or reasonable to expect CO members to devote time and energy to all the tasks envisaged for them. Numerous donor programmes aim to engage community members in all manner of activities, such as literacy programmes, primary education and health care, road building, agricultural and veterinary extension services, water and irrigation projects, to mention the most common. But people have incomes to earn, families to care for, and time-consuming chores to perform, particularly women, in collecting drinking water and firewood for cooking and heating. As one woman told us: “All these meetings are fine, but they take too much of our time trekking to and fro, taking us away from other things we have to do”.

Compensation. The concept of self-reliance is not the issue here, but compensation. If people are always expected to volunteer their time, programmes will fail. If they allow for compensation, even modest fees for services rendered, these same programmes can also become an important source for generating scarce opportunities for employment particularly in rural areas.

Registration. Some of those we met suggested that COs or CMCs should be registered entities, and / or federated at the district level or higher. ***We are opposed to such ideas.*** We see no clear merit in registration, only that it requires these organisations to conform to additional strictures. Federation may distort their primary purpose, would undermine their independence, and put them at risk of being captured by outsiders with ulterior motives.

Replication. Ultimately, perhaps the most important question is whether the DLGSP approach to social mobilisation is a viable model for the rest of the country. After ten years, the programme still covers only 18% of all VDCs. Extending the approach to the rest of the country represents a gigantic task. But we think this is possible, especially if resuscitated VDCs chose to adopt the concept, which they appear to favour. However, it would require a major commitment from central government beyond that voiced at present and substantial additional resources from both government and donors. If VDCs are to play a leading role, ***the Review Team recommends that a successor programme should place greater emphasis on strengthening VDC capacity to perform the tasks required of them, and should rely more on NGOs for implementation***, as demonstrated in the pilot application in Saptari district.

2. Internal financial resources

Community empowerment also requires financial resources which groups can use to improve their wellbeing. These may come from within the community or from outside. In this section, we review internal resources generated through community savings schemes. In Section G.2, we look at external sources of funding, chiefly those provided by the LDF.

Community based saving schemes.

Both DLGSP and its predecessor programmes have helped COs to mobilise financial resources through community based saving schemes, which provide easy access to loans for their members. Capital for these schemes comes from internal savings from members of the CO, interest on loans, donations and cash received from activities such as singing and dancing at special events. Each CO determines how much members should save, and what interest rates to charge on loans and pay on savings. Typically, members are asked to save from Rs 10 to 40 a month, collected during group meetings held each week or fortnight, and receive from 6% to 8% interest on their deposits. Each member receives a passbook recording all their transactions with the scheme.

Once enough funds have been accumulated, and the CO is authorised to do so, they may start to make loans for agreed purposes, chiefly for generating income and household expenditures. Depending on the funds available, loans are rotated in turn among those who want them. Annual interest rates are in the order of 18% to 24%.

To administer the scheme, the CO appoints a manager from among its members, or from outside if no one is willing or capable. Applicants are required to have completed 10 years of school, and preference is given to candidates from disadvantaged groups. Managers receive training on managing funds, keeping simple and transparent records, issuing receipts, and maintaining members' passbooks. They are also paid a small fee, which is intended to be covered by interest earned on loans. Auditing of these schemes is conducted by a local auditor trained by the project, who receives a small fee for service from the CO depending on the size of the fund, usually from Rs 30 to 100.

Achievements

So far, COs have together amassed a total of Rs 618 million (approximately US\$ 8.6 million), and issued loans totalling Rs 1,353 million (US\$18.8 million). Men account for 58% of the number of loans issued, and women 42%. Sources vary on the proportion of loan repayments overdue or effectively written off. Consultant reports claim the proportion is high, threatening the viability of the schemes. But those we interviewed claim collections have much improved since those studies, reaching 90% or higher for most schemes. This is credible, since most loans are small and groups exert strong pressure on members to repay them. We were told that households having difficulties with repayment receive assistance from other members of the family or group.

Assessment

These community based savings and loan schemes have proved widely popular among CO members. The paperwork is simple, and they fill a gap in remote areas where banking services are not available. For those who are illiterate, lack collateral, or otherwise cannot meet the terms required by most banks and other financial institutions, the schemes provide access to credit where they might not otherwise be able to get it. Although interest are above market rates, they are well below the rates charged by traditional moneylenders, which are at least 30% per year, commonly 50%, and often higher.

These schemes can have a dramatic impact on the lives of the poor. We heard of one case in Khairichandanpur VDC in Bardiya district, where a landless woman used

profits from activities funded with loans to buy one katha of land in which she has since built a hut and is cultivating vegetables for sale.

Savings may also be used to provide assistance to families in emergencies or times of hardship. In Terathum district, for example, we heard that COs had contributed funds to families whose houses were destroyed in a big fire.

These schemes also undoubtedly serve to create a sense of ownership, solidarity, pride and achievement among members of the group, keeping it together and meeting their emergency needs in times of difficulty and conflict. They also demonstrate to members that they can act together effectively as a group, and this helps to build confidence and capacity to collaborate on other activities.

Access to savings. The question has been raised whether current rules governing these savings schemes are unnecessarily rigid. As it works today, the DLGSP model for internal saving is more like an insurance model as members do not have access to their saving unless they die, move or are affected by other essential life events. However, savings provide the only source of funds for loans. If rules were changed to allow members to withdraw their savings on demand, resources would be diminished, loans might have to be recalled prematurely, and schemes might collapse if withdrawals were excessive. Current rules are designed to prevent such scenarios. Some relaxation might be feasible, but we defer to others with more experience for recommendations, since no member of the Review Team is an expert in this field.

Returns on investment. Although most respondents said they were satisfied with the loans they received, we did not investigate the use of these loans or the extent to which investments were profitable. Inevitably some must yield poor returns or none at all. We worry that popular forms of investment may result in an oversupply in local markets and hence a drop in prices. ***We therefore recommend that training should include financial management, entrepreneurship and consideration of market conditions.***

Targeting the poorest. While all members receive interest of 6 – 8% on their savings, evidence suggests the better off receive larger loans and proportionately larger benefits. We urge programme staff to monitor CO lending to make sure the more privileged members do not capture an excessive share of benefits to the exclusion of others. To ensure greater equity for the poorest members, SMs and CO members should consider options such as differential monthly contributions, favourable consideration in the use of emergency funds, and participation in animal breeding activities. ***However, we wish to remind programme staff that encouraging the poorest to take loans may be counter-productive, with the risk of pushing them into a debt trap.***

Tapping community savings for national goals. Some commentators would like to mobilise the savings generated by these schemes for national development goals. They claim that substantial savings that “lie idle”, since few contributors borrow loans due to lack of opportunities for investment in rural areas. ***We strongly oppose such proposals, since group ownership and control is key to their success.*** Besides, the claim is obviously false. Records show the bulk of savings are in circulation as loans. Unused funds earn interest for savers in deposit accounts at banks, which are free to invest these funds themselves.

Sustainability. The success of the savings schemes is key to the sustainability of COs. Access to loans is one of the main reasons households join the CO. If the group fails to save enough, loans will be few and small, reducing potential benefits. If borrowers fail to repay their loans, other members risk losing their savings. If the rate of default becomes too high, the CO loses eligibility to borrow from the LDF, or other institutions offering group loans. Although most schemes appear to be doing well enough, many are reported to be in trouble for these and other reasons. If the scheme collapses, members may leave, and the CO may collapse too.

All of this indicates that VDP staff should continue to monitor the performance of these community based savings schemes, and provide guidance to those in difficulty. Equally important for all these schemes, staff should enhance capacity for mobilising savings, managing finances, and developing entrepreneurial skills. Even though DLGSP has decided not to provide further funds for LDF loans, ***we strongly recommend that the programme continue technical support to these schemes in order to maintain and increase savings and ensure that the COs survive.***

3. Impact on community empowerment and wellbeing

Although not explicitly stated in such terms, the underlying purpose of DLGSP has been to empower communities to manage their own affairs in order to improve their social and economic wellbeing. A thorough assessment of the programme's success in achieving these goals requires a more detailed study than the Review Team was able to undertake. However, there are clear signs that the programme has made substantial progress in this direction.

Social capital. The formation of some 20,000 COs across the country is an achievement in itself. Through the COs, community members have learnt how to work together, mobilise their own resources, and help each other. Through their collective energies and activities, they have demonstrated they can make positive changes that improve their wellbeing without being solely dependent on government largesse. Membership in the COs and their links to each other has also no doubt helped families to maintain social cohesion in the village during conflict.

Awareness. Through the social mobilisation process, the programme has also made many people more aware of their rights and responsibilities in society, and helped to breakdown the social exclusion of the poor and disadvantaged. Workshops and discussions conducted by DLGSP and other programmes have helped people to better understand issues that touch their lives, and to promote better practices and even new technology such as an improved cooking stove (ICS). During field visits, people reported among other things improvements in personal health, community hygiene, knowledge of disease, school enrolments, and women's role in decision making.

Human resource development. Through training courses, the programme has helped people to improve their knowledge and skills in many areas. Of particular note is the training of some 2,800 men and women to serve as village experts in fields such as agriculture, animal husbandry, veterinary services, and traditional midwifery (birth delivery). We heard that many of those trained in these fields have opened stores selling related products and services. Not only has this training created new opportunities for generating income, but it has also improved access to such services for rural populations and made them less dependent on government extension units.

Savings and loans. Another valuable contribution from the programme towards community empowerment has been the introduction of group savings and loan schemes. This has encouraged people to save money and shown that even the poorest can do so, even if the sums are modest. More importantly, these schemes have demonstrated that communities can generate their own resources for investment, making them less dependent on others, and less vulnerable to extortion by moneylenders and traditional elites. Over time these savings have grown to substantial amounts, yielding interest for all, and providing easy access to loans for those who might not otherwise be able to get them. They have also proven effective in providing a modest safety net for households in times of emergency.

Use of loans. Many households use loans from community savings schemes to meet consumption needs and other expenses. But a surprisingly large proportion of households use these loans and those from the LDF to invest in a wide range of income generating activities. Typically, these include the purchase of goats, pigs, poultry and other livestock for breeding. Shopkeepers and traders may use loans for buying supplies. These activities often provide a quick return on investment, which allows borrowers to repay loans over short periods. Loans for investment in agriculture through purchase of improved seeds, fertiliser, tools and equipment may take longer to yield revenue sufficient to pay off debts, particularly if most of the crop is for household consumption. Either way, these loans have helped households to generate additional income, sometimes with far reaching impacts on improving their economic status and other aspects of wellbeing.

Capacity to plan. Even though the pattern is uneven, the programme has made progress in strengthening the capacity of COs to articulate their needs and priorities and take steps to promote their own wellbeing. Many COs are now themselves able to plan, prepare proposals, mobilise resources, and implement projects for local development. But most still rely heavily on outside technical support for this purpose. As mentioned before, the Review Team is concerned about the length of time it takes to bring COs to the point of self-reliance.

Investments in public works. Through the LDF, the programme has provided matching grants to COs and CMCs for numerous small scale public works. Popular projects include electricity and drinking water schemes, sprinkler irrigation, construction of short access roads, culverts and flood control works. Some of these projects improve health and the quality of life, others help to raise productivity and spur economic activity, all contributions to reducing poverty.

4. Reaching the disadvantaged

DLGSP policy

In keeping with the policy of positive discrimination, the selection of villages to include in the VDP is based in part on the presence of disadvantaged groups and the incidence of poverty. GIS has been used to map data on these indicators. With the help of CO members, households are further classified by economic strata into three groups as ultra poor, poor and less poor. The main criteria is the amount of food the household has or can produce.

At the village level, the process of social mobilisation has long emphasised the inclusion of poor households, disadvantaged groups and women in the programme. Women have been encouraged to form their own COs. Despite this emphasis, many

of the poorest households and members of disadvantaged groups have been left out. To correct this, concerted efforts have been made more recently to incorporate them into existing COs, or where appropriate to form new ones.

Results

Women. DLGSP has done well in attracting women into the programme. Today, the membership of COs includes about equal numbers of women and men. Of the 20,625 COs formed, 33% comprise female representatives of households, 31% male representatives, and 36% a mixture of both. (See table F3.) Women also hold about 40% (16,498) of all the positions for chairperson or manager of COs.

Table F3: Composition of COs		
Type of CO	Number of COs	Percent
Female	6,819	33%
Male	6,296	31%
Mixed	7,510	36%
Total	20,625	100%

Based on discussions held during the Review Team's visit to the field, women also appear to be playing an increasingly stronger role in family decision making. To improve their economic status, a total of Rs 653.8 million has been provided in the form of loans to women for income generating activities. This represents about 48% of the total value of all loans issued by COs from their savings schemes.

The poor. In the villages where the programme is operating, the programme has also succeeded in including a large proportion of poor households as members of COs. In aggregate, the programme has covered some 70% of all households in these villages, reaching 76% of the poorest, and 71% of the poor. Some two-thirds of all CO households are either poor or ultra poor. (Table F4.)

Table F4: Inclusion of households by economic status			
	Total households in VDP villages	Households included in VDP COs	
		Households	Percent
All districts	634,343	446,446	70%
Ultra poor	171,050	130,185	76%
Poor	233,765	166,665	71%
Others	229,529	149,596	65%

Social groups. Likewise, as a result of the policy of positive discrimination, the programme has reached 79% of Dalits in these villages, and 68% of Janjati. Overall, these two groups make up 55% of all households included in the COs. (Table F5.)

VDP Staff. DLGSP has also pursued the same policy in recruiting staff for the VDP, although the results have been less successful, due probably to the difficulty of finding suitably qualified candidates. Of the 866 people currently hired by the

programme nationally, 26% are women and 74% are men. In terms of social groups, only 4% of the total are Dalits, and 22% Janjati. (Table F6.)

Table F5: Inclusion of households by social group			
	Total households in VDP villages	Households included in VDP COs	
		Households	Percent
All districts	634,343	446,446	70%
Dalit	101,426	79,717	79%
Janjati	240,127	163,652	68%
Other	292,790	203,077	69%

Table F6: Composition of VDP staff		
	Number	Percent
Total	866	100%
Male	645	74%
Female	221	26%
Total	866	100%
Dalit	36	4%
Janjati	191	22%
Other	639	74%

Assessment

Women. The programme has successfully mainstreamed gender in all its activities and made a substantial contribution to advancing the role of women both socially and economically in all areas where it operates. Training to enhance women's skill and status has improved their condition. Based on field reports, the programme's efforts at increasing gender awareness has positively changed men's perception of women's roles in society.

However, more work needs to be done. While the social mobilisation process has strengthened women's role in the COs, little attention has been paid to tackling broader issues such as domestic violence, dowry, and confinement of women during menstruation. ***The Review Team recommends that the programme should continue to provide training on these matters,*** and help women to strengthen solidarity and to assert their rights and concerns in a more organized manner at a broader level.

Some minor points also need attention. For example, the application form for loans requires the name of the applicant's husband or father. This should be changed to spouse or parent.

Inclusion of the poor and marginal groups. While many of the poorest and disadvantaged households are included in the COs, the Review Team worries that the programme may not adequately address their special needs. Field observation

indicates they play a less active role in community discussions, and are less articulate in expressing their concerns. This may be due to social traditions, lack of education, language barriers or a preoccupation with more pressing matters. Whatever the reasons, this suggests their interests are not well reflected in CO activities. For example, while the poorest households are entitled to apply for loans from community savings schemes, many do not for fear of the risk involved. Many CO proposals for funding from the LDF are concerned with economic activities that favour those with land and entrepreneurial skills, but generate few benefits for subsistence farmers, the landless or those who depend on wage labour.

In view of these concerns, ***the Review Team recommends that DLGSP undertake a study to assess the extent to which the programme currently addresses the specific needs of disadvantaged households.*** This study should identify constraints that impede their active participation in programme activities, and recommend steps to include in the social mobilisation process to ensure their views are heard and acted on. It would also be useful to include a sample menu of activities specifically designed to meet their needs based on discussions with these households.

G. Support for community empowerment



In this section, we discuss the support required to promote community empowerment and methods of delivering this support as adopted by DLGSP. This is reviewed in terms of capacity building, external financial resources, the planning process, and the implications for decentralised governance. These matters correspond largely to objectives 2 and 3 of the project document, which relate to strengthening local bodies through decentralised governance, and policy support at the national level.

1. Capacity building

Aims

A capacity building strategy for community empowerment should have two aims. One is to put in place at the village level an effective and sustainable network of community organisations that is collectively self-reliant. The other is to ensure that local government understands the concept of community empowerment, and is capable of working together with communities in delivering services and promoting local development. Empowered communities working effectively with local government constitute the basic building blocks for implementing larger national policies for decentralised governance.

DLGSP's approach

As explained before, DLGSP has not been able to work much with the VDCs, due to the conflict, and instead has focused on building community networks.

Under DLGSP, responsibility for capacity building (and other tasks) is normally assigned to the LDF at the district level, supported by advisers attached to the DDC and the regional office. LDF staff consist of 5 or 6 people based in the district centre, and a team of social mobilisers (SMs) located in villages where the programme operates. The core unit of the LDF includes an executive secretary, a savings & credit facilitator, sub-overseer for infrastructure works, and administrative support. All LDF staff receive preliminary training from the programme before they start work, and additional training later on.

One SM is assigned to each village and acts as the intermediary between the LDF and the village for all matters related to the VDP. Applicants for the post of SM should be from the same district, and are required to have completed grade 10 in high school and at least two years of further education. As far as possible, the LDF places the SMs in the same VDC from which they come or in a VDC near by.

The SM starts the process of social mobilisation and periodically visits each CO to help them get organised, monitor their activities, and assist them where needed. Together with LDF staff, the SM arranges training sessions in the village for CO members and their leaders on basic subjects such as leadership development,

project planning, keeping accounts and auditing. DLGSP also organises training courses for community members on other subjects either in the village or elsewhere.

Once a village is considered self-reliant, the SM is withdrawn by the LDF and replaced by a local facilitator paid out of funds received by the CMC. In some villages, the CMC hires their own facilitator to assist the SM. In areas served by DLGSP, there are at present 446 social mobilisers, 140 local facilitators and 50 savings & credit facilitators attached to the LDF.

In Saptari district in the eastern region, DLGSP is piloting another approach to community support. In that district, an NGO has been recruited to undertake most of the LDF functions, particularly frontline support for capacity building at the village level. This approach offers potential advantages where the NGO combines experience in social mobilisation with skills in micro credit, and where their presence is more easily accepted in areas facing conflict.

Assessment

After visiting the field, a pessimist may well conclude that even after ten years of programme support capacity is still weak at all levels. Many are illiterate, few have completed high school, CO leadership is weak, COs lack skills in planning, prioritizing and identifying community needs. Even many of the staff supporting the programme have limited competence. Much of this is true, but judged from another angle maybe the situation is not so bleak. Communities are mobilising resources, making investments, providing communal services, and completing public works. Despite their limitations, people are achieving progress.

Nevertheless, one factor stands out as cause for concern: the relatively small proportion of COs and villages that are considered self-reliant, and the long time it takes for them to reach this point. Undoubtedly, this reflects the thin level of technical support the programme is able to provide to communities given limited resources and ambitious targets. While some deepening may be possible if targets are reduced, the key is how to make the most effective use of what is available. This suggests the current strategy for capacity building needs to be rethought. We have some suggestions.

Focus on “graduating” villages

DLGSP ends late 2007. Although a successor programme of some kind seems likely, no decision has yet been taken. Even if this is agreed, there may be a delay of some months before it gets under way. COs may falter or collapse in the interim. DLGSP should therefore pursue an exit strategy that among other things aims to “graduate” as many villages as possible. This does not mean lowering standards, but concentrating on those where most COs are close to reaching the point of self-reliance.

As an incentive, the programme should consider awarding a graduation certificate that recognises the village CMC as capable. Such recognition would enhance pride and self-confidence, and would help them attract other programmes and services. Government and donors eager to achieve quick progress would understand these CMCs are competent to undertake activities with less intensive support. It would also allow DLGSP to shift resources elsewhere.

Target capacity building selectively

The focus on graduating villages should not imply neglecting or abandoning weaker ones. To make sure this does not happen, capacity building resources will have to

be targeted more selectively. The programme already monitors the performance of COs according to some 30 indicators, and uses this information to classify them in the three categories of weak, improving and good. If staff do not already do so, they should use the same information to identify areas to be addressed in further capacity building activities for the village that would achieve the biggest impact in enhancing their capacity. To ensure best results, the SM should fully explain the concept of village graduation with the COs and CMC and work with them to determine how best to achieve this in the time remaining.

Build support networks within the village

With only one SM covering each village, it is no surprise it takes so long for the village to become self-reliant. SMs badly need help. Increasing their number is a not an option unless programme targets are radically reduced. A more feasible option to consider is forming units or networks within the village to assist the SM in supporting the COs. Precedents already exist. Those who receive training in specialised areas, such as crop production, animal husbandry or veterinary care, are expected in return to offer help to others in their community, often for small fees. Those who have received training in book-keeping and auditing often help other COs lacking such expertise. But so far, this all takes place in an ad hoc fashion.

Instead, we suggest the LDF set up these support networks in a more organised manner in each village, as a formal component of their exit strategy. Members of the network should be trained as trainers to teach others, as in the TOT model. Physical premises are not necessary, but rather a group of skilled individuals who undertake to provide support to COs on demand as needed. In return, and to maintain the efficacy of this network, these individuals should receive periodic refresher courses to update and expand their expertise.

Expand training for field staff

Lastly, the Review Team recommends that field staff themselves receive more training. We observed that LDF staff and SMs are generally highly motivated and hard working, but most are young with limited experience and knowledge of development. The review of loan applications is more concerned with checking administrative requirements than assessing the financial or business viability of proposals. Likewise, most overseers have limited skills in providing technical guidance on infrastructure proposals. They are supposed to be able to call on help from staff of the District Technical Office (DTO) under the DDC, but this has not been widely available. They have big responsibilities, and face growing demands as the volume and range of work increases.

SMs often find themselves asked to advise on matters they know little about. This is not surprising given the wide range of issues that interest the COs. Where they cannot offer guidance, they often have to refer community members to others at the district level. This is unsatisfactory, given the difficulties of travel, especially in more remote areas. While SMs cannot be expected to know everything, many topics crop up frequently.

Many of those we met wanted and needed further training. This should cover a number of areas, such as leadership, administration, management of the savings schemes, preparation of viable investment proposals, procurement and technical aspects of common infrastructure projects. We suggest the training unit at the centre pursue these needs with staff at the regional and district levels.

2. External financial resources

Community empowerment means little unless people have direct control over financial resources to meet their needs. While internal savings provide a start, communities also require funds from outside. At present, the central government provides a block grant to VDCs of Rs 500,000 per year, but most of this is needed to cover basic operating costs with little left for investment. Major funding for the VDP comes from Local Development Funds (LDFs).

Local Development Funds

LDFs are a recent innovation, created under the provisions of the Local Self-Governance Act (LSGA) of 2001, which allows DDCs to set them up. Model By-laws, prepared in July of that year, explain how an LDF is established and operated. The concept and design of the LDF is largely based on the model for a Local Trust Fund first introduced under the PDDP and LGP projects.

The LDF By-laws were designed to encourage donors to channel development funds through the government, rather than through self-standing projects. If they wish, donors may earmark funds to be passed through the central bank to accounts in district banks for the use of LDFs. Such funds are recorded in the Red Book, treated as government revenues and constitute part of the fiscal transfers from the centre to DDCs for their development budget, known as the District Development Fund (DDF). This budget is compiled by the Local Development Officer (LDO) and his staff in collaboration with other district line agencies and VDCs, and is intended to include all development activities in the district including those funded by donors. The DDF, as recipient of development funds, is a non-operating account, which means resources are passed on to separate budget lines or accounts for each line agency or programme, including the LDF.

Differences between the DDF and LDF

Table G1: Comparison of the DDF and the LDF		
Feature	DDF	LDF
Responsible	The DDC	The LDF Executive Board
Composition	Nominated members of the District Council, plus LDO and other district officers	LDO, plus representatives of line agencies, VDCs, COs, NGOs and other local organisations (see annex E)
Chairperson	Chairperson of the DDC	Chairperson of the DDC
Staff	The LDO and other employees of the DDC	An Executive Secretary and others recruited through open competition or seconded from DDC (see annex E)
Legal status	A non-operating account of the DDC	Established under local government bylaws governing its composition and operation
Budgeting	Through the District's annual plans and budgets	Through annual plans and budgets, but with flexibility to respond promptly to applications from COs and CMCs
Accounting	Through line items in the district budget	Through a separate account at any local bank
Audit	Covers only government revenues and expenditures	Separate audit of all LDF resources
Transfers	To VDCs	Authority to transfer to separate Village Development Funds (VDFs) established by CMCs

The main differences between the DDF and the LDF are summarised in table G1. From a donor's perspective, channelling funds through the LDF offers several advantages over simply contributing funds to the DDF. The composition of the LDF board allows for broad representation of stakeholders involved in the VDP. Unlike members of the District Council, LDF Board members are not elected, although interest groups such as VDCs and COs may nominate their own representatives. Staff may be recruited according to the skills and expertise required for each position, and be fired if their performance is not satisfactory. Funds are kept separate from government monies, and may be tracked and audited more easily. The management of funds is more flexible, allowing the LDF to invite proposals from CMCs and respond to applications more promptly.

Sources of LDF funds

In districts where DLGSP is operating, LDFs get most of their funds from the programme, but they may also receive contributions from many other programmes and matching funds from the DDC and VDCs. They may even apply for loans from elsewhere subject to the approval of the District Council.

LDF operations under DLGSP

Management and administration. Due in part to the conflict, the leadership of the LDF Boards has changed often. In the absence of local elections, the central government has nominated DDC Chairpersons, sometimes rotating them at frequent intervals. On occasion, the LDOs have served as chairs, while waiting for replacements to be appointed and take up their positions. There has also been a large turnover of LDOs themselves, in some districts five times or more since DLGSP started in 2004. For their part, the LDF staff have remained largely in place, although constant changes in the leadership, not to mention physical assaults on district offices, have made it difficult to build and maintain momentum.

Most of the salaries for the LDF Executive Secretary and Social Mobilisers are paid from programme allocations to the LDF. But the cost of local facilitators and other staff are supposed to be covered by matching funds from DDCs and VDCs and interest earned from loans and bank deposits, the latter amounting to some 15 – 20% of administrative costs.

This may no longer be feasible. Now that LDF lending is to be phased out, revenue from loan interest will decline. In addition, the government recently stipulated that LDF funds be deposited in accounts with the central bank and that the interest should accrue to the government not the LDF. This being the case, other arrangements will probably have to be made to cover the cost of these personnel.

The government's foreign aid policy requires that all donor contributions be recorded in the so called Red Book, and be subject to audit from the Auditor General's Office. This requirement has helped to maintain both transparency and accountability in the use of DLGSP funds.

Programmes implemented under LDF. LDF is a project operating unit as well as a fund to handle money transfers. Under DLGSP, the LDFs are responsible for implementing the Village Development Programme (VDP) in each district. They also implement other programmes supported by various organizations including the government. Among these are: the Rural Development Programme (RDP), the National Development Volunteer Service (NDVS), the Poverty Alleviation Project for Western Terai (PAPWT), the Shanti, Samajik and Agrabaman Programme, the

Upekshit, Utpidit, Dalit Utthan Development Programme, and UNDP's own Micro Enterprise Development Programme (MEDEP).

Financial support to VDP villages. Until recently, the LDF provided both "credit capital" for enterprise development, and "seed grants" for productive infrastructure projects. After an assessment of the LDF's lending schemes, it has been decided that the programme should no longer provide capital for lending. Thus, at present, the LDF only provides seed grants for projects proposed by COs and CMCs. DLGSP stipulates that 70% of its grant funds should be used for small scale productive infrastructure, and 30% for capacity building and technology transfer.

Eligibility. To be eligible to apply for an LDF grant, COs must meet certain requirements reflecting their maturity. Criteria include the holding of regular periodic meetings, a proven track record of operating a savings and loan scheme, participation in community activities such as road building or a literacy programme, and competence in preparing viable proposals for productive infrastructure. Applicants are also expected to provide matching funds either in cash from other sources or in kind through contributions of labour and materials.

According to a recent progress report, these matching funds have amounted to almost 50% of the total cost of projects funded through the LDF. Of the total number of households benefiting from community infrastructure projects, around 22 percent have been Dalits, 40 percent Janajatis and 38 percent others.

Village Development Funds. In some areas, the LDF has started to transfer funds directly to Village Development Funds (VDFs) managed by CMCs, an arrangement authorised under LDF By-laws. The initial rationale for doing this was to facilitate the distribution and collection of loans, since the conflict made travel to district centres difficult and posed a risk that funds would be misappropriated in transit by combatants.

Assessment

Loan funds. Consultants' conclusions on the state of health of LDF loan funds differs greatly from opinions of programme staff in the field, who claim amounts overdue on repayment of loans have been greatly reduced. Whatever the case may be, ***the Review Team endorses the consultants' recommendations that responsibility for loan operations be transferred to financial institutions with proven experience in micro credit and group lending.*** Lending is a business activity and has no place in an organisation serving the public good, and LDF staff do not have specialised expertise in this area. Nevertheless, the demand for easier access to credit is large and many expressed disappointment that LDFs will cease lending.

We therefore encourage UNDP to accelerate steps to launch a programme to engage NGOs, banks and other financial institutions to take the place of LDF in lending operations. The work already done by DLGSP in forming groups with a successful track record in lending should help to reduce start-up costs and keep interest rates close to present levels. If in fact lending to COs is profitable, market forces should stimulate supply to meet demand.

Until alternative credit sources are in place, we suggest that the LDFs continue to revolve loan funds that are already in circulation. Only after other sources are available should LDFs consider converting loan funds for use as grants.

Another option for DLGSP to consider as part of its exit strategy is to transfer existing loan funds from the LDF to VDFs. This depends in part on the capacity of the COs and CMCs involved, but should also take into account the equitable distribution of such funds among participating villages. Where loan funds have already been transferred to VDFs, we suggest CMCs be allowed to make their own decision on whether to continue lending or convert funds for grant purposes.

Grants. The method of allocating LDF grant funds among villages differs. Some distribute funds on what amounts to a first come first served basis. This is inequitable, and leads to disappointment, frustration and wasted effort. In districts that are not already doing so, ***we recommend instead that, where possible, the LDF Board allocate budget ceilings to each CMC based on simple criteria.*** These should cover size of population, and perhaps easily verifiable indicators on existing infrastructure and the extent of poverty. More complicated criteria should be avoided due to poor quality of data.

We recognise that allocating budget ceilings may be difficult. LDF funding comes from several sources, is uncertain and varies from year to year. Moreover, the total amount available means modest allocations for each CMC, far short of what is requested. COs can likely expect to receive grants only once every two or three years, perhaps longer. Nevertheless, budget allocations would ensure greater equity, more realistic expectations, and encourage COs and CMCs to consider larger projects serving several communities.

The Review Team strongly endorses the concept of transferring funds from the LDF to VDFs. This is a logical extension of the policy for decentralised governance and reinforces the strategy of community empowerment. Block grants to the village strengthen self-reliance and allow the community to control these resources directly themselves without being dependent on decisions made by others higher up.

Under present conditions, the VDF is managed by the CMC, which as mentioned earlier does not represent the entire village. Ultimately, once VDCs start to function again and local elections are held, those responsible should consider transferring the task of managing the VDF from the CMC to the VDC. However, this should not be taken to imply that the CMC should cease to function altogether, since it has other important tasks to perform in representing the COs.

Infrastructure maintenance. The Review Team heard much about the many infrastructure projects undertaken by the COs, but less about arrangements for the maintenance of whatever has been created or installed. This is a perennial concern and ***We urge LDF staff to provide guidance to communities on how to handle routine maintenance and minor repairs.*** For more expensive repairs, particularly for roads, bridges and river embankments, they should engage the VDCs and DDCs in determining how best to provide for such eventualities and make provisions in their budgets for this purpose.

3. The planning process

To support the Village Development Programme, PDDP and LGP developed a process of participatory planning that is now applied by DLGSP. This entails 14 steps from initial discussions at the community level to the compilation of VDP workplans submitted to the DCC for approval by the District Council.

CO level. Starting from the community level, the COs with assistance from the Social Mobiliser, identify and prioritize local plans reflecting local needs and resource estimates. The Social Mobiliser facilitates this process by adopting participatory methods of planning.

The social mobilization process at the CO level revolves around the core resources available. The process begins with a flexible plan at the initial stage, and activities are prioritized after consensus. The COs start with sharing ideas on new activities and formulate a plan. In this process, the COs deal with both procedural and value components meaning coverage of the priority activities as the procedural component and building consensus on directing the resources to the poorest members as the value component.

CMC level. At the CMC level, all activities proposed by the COs are reviewed and consolidated. This consolidated village plan endorsed by the CMC is then forwarded through the VDC to the LDF.

LDF level. The LDF reviews proposals from the CMCs in light of priorities and available resources, including contributions from communities, matching funds from the VDCs, and support from any other sources. The results are incorporated into an annual work plan for the Village Development Programme in the district. The LDF then sends this upwards to the DDC for approval by the District Council. Once approved, the workplan is returned for implementation through the same channels downwards.

DDC level. The DDC is responsible for preparing the District Development Plan, which is required by the Ministry of Local Development. This is a comprehensive document comprising all sectoral plans, NGO activities, and donor-supported projects including the VDP.

Application of the planning process

PDDP and LGP started out with the primary goal of promoting community participation in the planning process as a means to give voice to community needs and priorities, and ensure these were better reflected in village and district plans. The government has endorsed this goal, and sees it as part of the strategy for decentralised decision making. As originally conceived, the planning process was intended to be applied by local bodies with support from donor programmes.

In practice it has proven difficult even impossible to implement the process in the way intended. As the conflict worsened, and local bodies were forced to curtail their activities in rural areas, their capacity both to conduct participatory planning and to implement resulting plans has been undermined to the point that has rendered the planning exercise at the local level largely futile. Despite the end to conflict, the situation remains much the same today, and it is unclear when local bodies will be able once again to resume full operations.

As a result, it has been left to DLGSP and similar programmes to fill the vacuum. Given the situation, the programme has focused mainly on supporting the planning process from the community level up to the district level, and supporting DDCs in preparing annual development plans.

Limitations. The limitations imposed on the DLGSP planning process need to be clearly recognised. The LDFs have applied the process only in those villages where the VDP operates, which means most villages have been excluded. The scope of

plans mainly covers the activities supported by the LDF, namely productive infrastructure, technical assistance and technology transfer. Other activities are included only to the extent that resources are forthcoming from other programmes. Since local bodies are only marginally involved in making these plans, little attention has been paid to opportunities for collaborating with district line agencies responsible for devolved functions in agriculture, health and education.

Impact. Despite these limitations, the application of the planning process has yielded positive results. It has enhanced the capacity of COs and CMCs in planning and implementing their activities. The involvement of CO members has prompted a wide range of ideas for development activities in sectors other than infrastructure. They are articulating their needs more clearly and have shown themselves willing to make larger contributions for community projects.

Assessment

The planning process as applied by the programme has clearly proved effective in many respects, but it has weaknesses which need to be addressed.

Authority to make decisions. An effective strategy of community empowerment requires a planning process that not only enables communities to articulate their needs and priorities, but also delegates to them authority to make certain decisions. The model of participatory planning currently practiced is still weak in this respect. CO proposals pass through several stages before they are finally approved, and they may get changed or dropped along the way.

Since many COs lack capacity, SMs and possibly others wind up actually writing many proposals. There is a risk that under pressure to get the task completed, community plans may not accurately reflect what was intended, or may be standardized to fit a common pattern. COs may not get a chance to review proposals prepared on their behalf. As CO proposals get passed up the administrative hierarchy, CMCs, or more probably LDF staff, may revise plans to fit what are seen to be larger priorities, or simply drop proposed activities for lack of funds. This only leads to frustration and disappointment.

Instead, as argued elsewhere, we recommend that LDFs allocate budget ceilings to each VDP village, and delegate authority to the CMCs to decide how to make best use of these funds.

Action planning. We also worry that the planning exercise demanded of villages maybe more complicated than needed. Many people are illiterate and poorly educated. Most are unfamiliar with planning, more concerned with immediate solutions to common problems. They want less talk and more results.

Instead, ***we recommend another approach termed action planning.*** This dispenses with conventional plans, and instead follows a more direct sequence. Community members start with familiar problems, explore alternative solutions, decide on what actions they can undertake with minimum delay and available resources, and then execute those actions. Gradually, as they gain experience and understanding, they can begin to think about a series of related actions over a longer time frame. This way they learn by doing how to plan. Then would be the time to start making more conventional village development plans.

Mobilising other resources. LDFs have limited funds and cannot be expected to support all the ideas proposed by COs. Rather than restricting plans to those

activities that the LDF can support from its own budget, ***we recommend that staff develop a strategy for helping villages to mobilise resources from other quarters***. An obvious place to start is with local bodies, particularly as they relate to devolved sectors. But many donor programmes, NGOs and other organisations are likely out there looking for opportunities to collaborate with the LDF, or directly with VDCs, CMCs or COs.

4. Support for decentralised governance

Activities

The second and third objectives specified in the DLGSP project document called for the programme both to strengthen the capacity of local bodies and to support central government in formulating policies for decentralized governance. In practice, the programme has devoted little attention or resources to these objectives, for reasons explained earlier. It has done practically nothing for VDCs, since most of them have to all intents and purposes suspended operations.

For DDCs, the programme has developed a seven point strategy for strengthening their capacity, and made some progress in implementing it. Information systems using GIS have been set up in many districts, software for financial management has been introduced, and staff have received training on several topics. DLGSP advisors have assisted DDCs in preparing District Periodic Plans (DPPs), though many districts have yet to complete them. Advisors have also been helping a few districts get ready to handle devolved functions but this has not advanced very far.

DLGSP has provided some support to central government, which is summarised in section C1, but the results have been modest.

Assessment

These objectives were included in the DLGSP project document for two main reasons. Since the programme goal was to enhance people's participation in local governance, it seemed logical to have the programme also address objectives for local government capacity building and policy support. Since earlier programmes were already operating in a large number of districts, it seemed a quick and cost-effective way of implementing a capacity building programme for local bodies.

What not to do. On reflection, we question the wisdom of including these objectives in DLGSP or any successor programme. Decentralization policy touches on a wide range of complicated issues requiring a set of knowledge, experience and skills that DLGSP was not designed to provide. In the present state of flux, the government will no doubt request extensive help and guidance in order to participate effectively in ongoing debates. However, DLGSP should not be expected or asked to respond to such a request. A separate project is needed for this purpose, and we understand UNDP is already preparing one.

DLGSP should also not be expected to build capacity of local bodies. The needs for capacity building and institutional development at the local level far exceed whatever resources DLGSP can provide. If the programme were to address these needs properly, it would require a major reallocation of funds, which would seriously jeopardize the primary goal of enhancing community participation in local governance. Besides, capacity building for local bodies should be closely related to decentralization policies, and thus would be better addressed through a programme covering both tasks.

What to do. On the other hand, we advise DLGSP not to drop these matters entirely. There are useful tasks the programme can and should perform. At the national level, through associations of local bodies or other means, DLGSP can offer valuable inputs to decentralization debates based on lessons learned from field experience. These should address the implications for national policies as they relate to strategies for empowering communities and the delivery of programmes in support of community empowerment.

At the local level, DLGSP should maintain communication with local bodies and engage them to the extent possible in VDP activities. At the appropriate time, the programme's district advisors should help to build awareness among elected representatives and local government staff on the importance of community empowerment and actions needed to support the process. Ultimately, as part of its exit strategy, a successor programme should help local bodies get ready to assume responsibility for maintaining support to communities.

The short term. In the meantime, ***we advise DLGSP staff to maintain or complete current commitments for technical assistance to DDCs and VDCs.*** Any new activities should be limited to measures that directly enhance social mobilisation and community empowerment. Given present uncertainties, we advise the programme not to devote additional resources to capacity building at the district level, not least because we anticipate a considerable transfer of local government officers as devolution takes place. ***We suggest instead that the programme's district advisers shift their energies to supporting LDF staff in helping CMCs to become self-reliant.***

The relevance of the DLGSP has clearly been shown in its focus on building social capital at the grass root level through the COs, and it should keep this focus in the future. In short, policy support to the central level and capacity building at the local level should be related only to the needs for community development.

The medium term. The new political situation that has emerged will hopefully enable the GoN to embark on a process of real devolvement of political and administrative responsibilities to democratically elected local bodies. There will, however, still be a great need for capacity building for COs and CMCs, in particular when the local government system starts to function again. For local governance to function, it is crucial that the population is able to articulate and demand its rights towards their elected bodies. That kind of capacity building, which is basically what social capital is all about, is probably best done through programmes that focus on grass roots empowerment only. A community focused capacity building programme in a future situation with a functioning local government system will therefore still be highly relevant.

H. Coordination and programme management



1. Coordination

For a large programme like DLGSP, which covers most districts in the country and embraces many activities, coordination with other programmes requires close attention.

Related programmes

Many programmes funded by government and donors are involved one way or another in social mobilization in Nepal. Each seeks in different ways to engage the community in planning, implementing, managing or operating projects or services to improve the welfare of the community. UNDP's portfolio alone includes RUPP, DFDP, PPUE and COPE. Among many others are the Decentralization Advisory Support Programme funded by the Netherlands, IFAD's West Upland Poverty Alleviation Programme, UNICEF's Decentralised Action for Women and Children (DACA), and two government initiatives, the Poverty Alleviation Fund and the Rural Development Programme. Many of these operate through the LDFs.

Mechanisms for coordination

To facilitate coordination at the national level, donors have established the Local Donors Group (LDG) led by UNDP. The group meets twice a year to discuss the technical aspects of coordination, and in November or December holds a Joint Annual Review Meeting to discuss program strategy and progress in implementation. Representatives of several programmes participate, including RUPP and DFDP.

Within DLGSP, coordination takes place through two committees. The Project Coordination Committee (PCC) coordinates the programme on a national level according to national plans for development. Chaired by the MLD, this committee holds three meetings a year, which are devoted to a review of DLGSP's progress and the allocation of resources.

The Project Management Committee (PMC) handles issues requiring more immediate attention, and provides coordination within DLGSP and between DLGSP and other UNDP programmes. It meets every month and members include the DLGSP NPD from MLD, the NPM, and representatives from UNDP.

At the district level, the LDF Board is responsible for coordinating national and donor funded programmes related to the VDP. Some of these simply contribute funds to the LDF, others implement their own activities.

DLGSP's role

DLGSP plays a prominent role in village development. It has grown to become the most widespread programme in the country, and has accumulated extensive experience over the years. It has developed a social mobilization package that has proven successful in the field, and is being emulated by many other programmes. It

is implemented nationally through MLD, which has the political responsibility for decentralization and local government development in Nepal. DLGSP is therefore in a position to play a coordinating role, something the programme management is aware of and tries to follow up.

Nevertheless, there are recognized problems with coordination at all three levels within the programme. At the central level, several ministries and programmes are involved in providing policy support for decentralization, sometimes with overlapping responsibilities. At the district level, an assessment of capacity gaps in many DDCs reveals gaps not being filled despite support from several programmes. DDC capacity is still weak and DLGSP is not able to provide sufficient training and resources alone.

At the VDC level, a large number of donors and NGOs are involved in social mobilisation at the grass root level, sometimes as many as 14 actors in same district. This sometimes results in overlapping activities and confusion among communities.

In an attempt to solve these problems, DLGSP has mapped the activities of different programmes in 60 districts, and supported the MLD in preparing Guidelines for an Integrated Social Mobilization Package. Despite these efforts, many problems still remain with coordination and overlap.

Assessment

The MLD is not able to provide effective leadership for coordination across the entire decentralisation policy area. The support to policy development given by DLGSP is strategically important for the programme itself, but insufficient in a new political situation where devolution of resources and responsibilities is expected to take place across the entire governmental system. ***The Review Team recommends that the GoN pay greater attention to policy coordination***, since DLGSP, through its linkage with MLD, cannot and should not be responsible for this task.

One consequence of this lack of policy coordination may be a disjointed process of capacity building and institutional development at the DDC / VDC level, once line ministries start to devolve their sector responsibilities. The DDC / VDC level is weak from the beginning, and there are already recognized gaps in capacity building taking place today. Without proper coordination, the result will probably be an inefficient use of resources and a prolonged time frame for the capacity building required at the DDC / VDC level.

This could have negative consequences for implementing the VDP, but it is probably coordination that takes place at the village level that matters most. The large number of organisations working with social mobilisation across the country is clearly a challenge to handle, when it comes to targeting, coverage and approach. But for the remaining time of the DLGSP, the most effective way of handling this would be to focus on practical methods of coordination at the VDC level, in an attempt to get actors to work together in a more efficient way. There are already examples of practical coordination at both the district and particularly village levels from which to learn. ***The Review Team recommends that programme staff study these examples and actively try to encourage this process.*** The coverage mapping and the Integrated Social Mobilization Package Guidelines should be of great help here.

2. Programme management

The Review Team did not examine aspects of programme management in much detail, but we do have some comments to make.

Programme Components

The two main components of the programme include DLGSP and the VDP. As presently conceived, the two components are structured and managed as integral parts of a single programme. DLGSP sets key policies and guidelines for LDFs covering for example positive discrimination, targets for village expansion, and reporting procedures.

In fact, they are really two quite different creatures. While the DLGSP is managed by the PMU at the centre, the VDP is in theory managed by the LDF Board at the district level. The distinction is blurred at present due in part to weak local leadership from the Boards. But the situation should change, assuming that devolution really takes hold and districts start to assert their authority and independence. The LDF after all is not intended to serve DLGSP alone, but all programmes supporting village development.

While present conditions may justify the de facto integrated management of the two components, principles of local governance imply that local bodies should eventually be granted greater authority to make their own decisions concerning the implementation of the VDP and the management and operation of the LDF.

With these thoughts in mind, ***the Review Team recommends that the design of any future programme should make a clear conceptual distinction between the national and local components, and structure activities accordingly.*** The national component should explicitly recognise district control of the VDP and should not dictate how they should run it, but aim to support their efforts. Instead, support may be offered on certain conditions, but it should be left to the district to accept or decline this support.

In the interim, as part of their exit strategy, DLGSP should seek to strengthen local leadership and ownership of the VDP in anticipation of the time when local bodies are capable of assuming greater responsibility for managing it.

Monitoring and evaluation

Earlier, monitoring and evaluation was often added as an afterthought to programme activities. Little attention was given to collecting baseline data at the outset with which to compare progress. Nowadays, there is a danger of expanding the scope of monitoring and evaluation systems beyond that which is really necessary for effective programme management and evaluation. This places a burden on those collecting data, often the beneficiaries themselves. In DLGSP's case, the burden falls chiefly on members of the COs, and the field staff responsible for assembling the data and compiling reports.

Programme management should always keep in mind that beneficiaries have limited time and energy to devote to the programme, and this should be focused on tasks that matter most, namely activities which benefit them directly. By the same token, every administrative task which staff are required to do reduces the time available for the real work of assisting their clients, mobilising resources and implementing project activities. ***We urge those responsible to review the reporting system to deter-***

mine which information is actually used and is really needed. The goal should be to reduce the burden on those in the field by eliminating unnecessary tasks.

During the course of our review, especially in the field, we were showered with data, tables and graphs. Unfortunately, much of this information was inconsistent, poorly annotated, misconstrued, or based on incomplete data. Without elaborate further explanation it was of little value. Part of the problem no doubt stems from the massive logistical exercise in collecting and collating so much data from hundreds of villages and thousands of COs. Nevertheless, ***the Review Team recommends that future staff training should include sessions to improve skills for data analysis***, and guidelines should be amended to include model illustrations of common topics.

Impact analysis

Sponsors are always keen to find out what impact their programmes have achieved. While outputs are relatively easy to measure and report, outcomes are altogether a different story. Most attempts we saw to measure the impact of the programme on beneficiaries are superficial and lack rigour. As one example, an increase in household incomes was attributed to programme interventions, but it could of course be due to many other factors. It is always extremely difficult to isolate the impact of a programme from numerous other exogenous factors. The exercise requires special skills, which few staff possess, and carefully designed studies, which staff do not normally have time to undertake. If sponsors want more accurate and credible information on impacts, ***we recommend they contract institutions with the requisite skills to undertake specific studies for the purpose.***

ANNEX A: Terms of Reference

30 March 2006

Terms of Reference (ToR)
For
a Mid Term Review of the
Decentralised Local Governance Programme (DLGSP)

1. Introduction

a. Background:

Nepal is one of the poorest countries in the world with a per capita income of US\$ 220. Poverty is widespread, complex and multi-dimensional. It is deeper, more intense and severe in rural areas, and more so in the hills and mountains of mid and far western region. There are also clear gender and ethnic disparities. His Majesty's Government of Nepal (HMG/N) has formulated Acts and by-laws to promote decentralised governance as a strategy to improve the economic lives of the people. In this regard, HMG/N has promulgated a Local Self-Governance Act 1999 (LSGA 1999) which represents a milestone in the annals of decentralisation in Nepal. It envisages full devolution of central level development functions and authorities to the local bodies.

UNDP and Royal Norwegian Government have jointly supported the HMG/N through the Decentralised Local Governance Support Programme (DLGSP) to empower the local bodies and community people and implement the provisions of the LSGA. DLGSP provides support in formulating policies and guidelines in support of decentralisation, and building the capacity of the local bodies in planning, programming, budgeting and managing the local development. It has helped to build the capacity of 60 out of 75 District Development Committees (DDCs). At the community level, it implements a social mobilisation-based village development programme in 718 out of 3,913 Village Development Committees (VDCs). In each district, a Local Development Fund (LDF) has been established under the DDC to manage and implement the social mobilisation programme. LDFs support the communities in building their organisations, provide training on technical and management areas, grants for community level infrastructures and credit (which has been discontinued since 2005) for income-generating activities. The Ministry of Local Development (MLD) is implementing the project on behalf of HMG/N.

With the introduction of the LSGA in 1999, the authorities and responsibilities of local bodies have significantly increased. The LSGA has devolved authority for planning, programming, implementing and coordinating development interventions to local bodies. Central level line agencies used to carry out these functions directly through their district level offices. Since the local bodies are closer to the people, they are in a better position to match supply of services to real demand, and ensure greater accountability for service quality. While technical support would come from the line agencies, the local bodies would provide leadership and take management decisions. Under the full devolution scenario, the local bodies would fully internalise

the functions of the line agencies, and manage all the administrative functions and budgets.

After the term of local bodies expired in 2002, there have been no elections. At the moment, central government has appointed officials to run the DDCs. Election to the municipalities was held in February 2005 which was boycotted major political parties. Therefore, there are no elected officials in all the DDCs and half of the municipalities. It appears that the local elections will not be held for at least next 12 to 18 months.

b. Current Situation:

HMG/N has announced its policy to pilot full devolution in 14 districts. But this has not yet happened pending the cabinet's decision. Besides, there are several factors that have slowed the process of devolution. Acts/by-laws of the line agencies that conflict with the devolution process have not been amended. Devolution procedures and guidelines has not been to be finalised and approved by the Ministry of Local Development in coordination with other Ministries. There are no elected officials at the national and district level to accelerate the process. Accountability of the nominated DDC officials is questionable.

The conflict has affected most of the parts of the country. Rebels have destroyed 2/3 of VDC buildings. Government officials cannot freely move into the rural areas. Conflict has seriously undermined the effectiveness of the local bodies. DDCs and VDCs are not able to mobilise revenues due to conflict. Information collection and monitoring of the projects is difficult. In several districts, VDC secretaries cannot live in the villages due to security problems, and they live in district headquarters.

In addition, there are several issues related to the composition and financial viability of the Local Development Fund that manages the social mobilisation. A particular concern is related to the fact that the Chairperson of the DDC is also the chairperson of the LDF Board which, it is argued, risks exposing the LDF to political manouvering. Since all the LDF Board members are nominated and not elected, this practice is also a subject of debate. Assessment of LDFs has shown that they are not able to generate revenues to sustain themselves. They are not financially viable, because several reviews have indicated that LDFs should not be involved in micro credit business, the interest from which is a source of their income.

In August 2005, UNDP carried out the review of its Programme. The review recommended, among other things, that UNDP should consolidate its projects, improve their synergies and address cross cutting issues through a single project. For example, it recommends formulation of a project to address the micro finance needs of other projects. Similarly, social mobilisation related activities being implemented through several projects should be brought together and provided under one stream.

In view of the above context, it was agreed between the UNDP, Norwegian Embassy and the Ministry of Local Development (MLD) to conduct an independent

mid term review of the DLGSP. This review is being undertaken as agreed in the approved project document. Cost Sharing Agreement (article I, paragraph 7) between UNDP and Norwegian Government also has a provision for this review. The review is planned for May 2006.

2. Purpose of the review

The overall purpose of the review is to examine the concept, design, implementation modality, efficiency, effectiveness, relevance, impact and sustainability of the DLGSP.

The review will assess the extent to which the project has achieved its objectives in the current political and conflict situation. The review should evaluate to what extent the project has contributed to the national goals of achieving the MDG under goal one and the PRSP/10th Plan.

More specifically, the review should assess:

- Whether the project had a focussed approach in building the capacities of the local bodies and project resources were used for that purpose and to promote and improve decentralisation
- Assess the geographical spread of the project and advise on its effectiveness. Whether a more focussed and concentrated approach will be more effective.
- Review the linkages between DDCs, VDCs and Community Organisations (COs) in terms of ensuring participatory planning, budgeting, programming and monitoring.

The review shall result in guidance for the funding partners as well as for the implementing partners regarding possible amendments or rectifications that may be needed in the project for the remaining of the programme period.

3. Scope of the Review

The team will specifically address the following issues, but will be mandated to review and comment on any other factors that affect the programme implementation and that has relevance for the main purpose as stated above.

Conflict-related issues

- Assess the effects of the conflict on the programme and the security situation, and vice versa including absence of elected bodies, security of staff and access to project sites and activities.
- Assess what is possible to do in terms of donors support to decentralisation given the ongoing conflict and the political situation.

Legal, institutional and capacity building aspect of decentralisation related policies

- Analyse the legal framework (Acts, rules, directives, etc.) governing the decentralisation process and changes required.
-

- Examine the major challenges facing decentralisation, their causes and efforts needed to address these challenges.
- Assess whether the capacity building part of DLGSP at the district and central level is an effective way of addressing the challenges.

Local Development Fund and Social Mobilisation

- Examine the effectiveness and efficiency of LDF in managing the social mobilisation package. This entails a review of the composition of the LDF Board, management structures, and modus operandi.
- Social mobilization demands a political approach to empowerment of disadvantaged groups. Examine whether this is possible under the semi-government structure of LDF.
- Assess how the closure of the external credit will affect the sustainability of the LDFs.
- Examine how the social component of the DLGSP programme can be strengthened.
- Community Organisations (COs) are headed and managed by the Chairperson and the Manager. They are not elected but chosen by the community people through discussion. Can this lack of democracy be justified?
- Examine the strategy of the programme to cover at least 80% households in the community to implement the social mobilisation programme.
- According to LDF staff, 60% of their efforts go into activities related to microfinance. In view of this, assess DLGSP's partnership with LDF after the removal of the micro credit component. Explore how LDF staff could support other aspects of social mobilisation – i.e. building capacity of the community organisation, training, skills, technology transfer, coordination, linking mature COs to Micro Finance Institutions, etc.
- Explore partnership between DLGSP and civil society organisation directly.
- The DLGSP model for internal saving as it works to day is more like an insurance model as members do not have access to their saving unless they die, move or are affected by other essential life events. Would a more flexible approach increase the benefit for the users?
- Assess if legalisation of COs through registration with government or Social Welfare Council is needed to institutionalise their right-based participation in the society, and examine to what extent this will affect the COs role as independent Civil Society organization?

Other Programme related issues

- Assess the programme regarding efficiency of output delivery, including assessment of expenditures in relation to activities carried out
 - Assess the quality of the programmes' monitoring and evaluation activities, including auditing and anti corruption measures
 - Assess the interaction with other relevant projects and institutions, as well as the framework for cooperation and donor-coordination
-

- Examine areas of complementarity of DLGSP with other UNDP projects and explore possibilities for merging social mobilisation component of Rural Urban Partnership Programme with DLGSP.

4. Review Criteria:

Key criteria for the evaluation should include:

- Efficiency: the amount of outputs created in relation to the resources invested
- Effectiveness: the extent to which the planned outputs and outcomes are being achieved
- Relevance: to what extent the programme is addressing the problems of the high priority, mainly as viewed by the stakeholders
- Sustainability: national ownership and guidance by the Government
- Management arrangements: the extent to which management arrangements support the above

5. Methodology of the Review

- a) Review relevant background documents including various evaluation and review reports
- b) Obtain initial briefings from UNDP, MLD and Norwegian Embassy on the objectives and scope of the review and clarify any issues as required. Modify TOR based on mutual agreement if needed.
- c) Visit selected districts (representing at least two developments regions and covering hills and terai districts), LDF, VDCs, and community organisations.
- d) Consult various development partners, HMG/N officials, NGOs, CBOs etc.
- e) Organise participatory stakeholders workshop and focus group discussion to examine the relevant issues
- f) Draft the report and make a presentation of findings and recommendations.
- g) Finalise the report with comments and inputs from various stakeholders and development partners.

6. Composition and duration of the review team

The team will consist of the following professionals:

1. Social scientist with extensive international experience in managing and leading evaluations and review of large scale decentralisation projects including social mobilisation/community based development projects (International Team Leader).
2. Local governance and Decentralisation Expert (International)
3. Expert on gender issues and social inclusion (National Consultant)
4. Institutional expert with substantial knowledge on the legal and institutional aspects of decentralisation (National Consultant)
5. Inclusion of an expert from UNDP Afghanistan

The team leader will be responsible for finalising the report addressing the key issues of the TOR. The other experts will provide their inputs, collection and analysis

of relevant data to the team leader. The team leader and the experts will review the TOR and discuss their individual detailed areas of responsibilities.

The Consultants will be recruited for a period of 3 weeks. One national consultant will be recruited one week in advance to organise/review background documents, finalise field programmes and set up other arrangements including meetings. The national consultant will also get in touch through email with other consultants to better organise the preparations.

7. Timetable, Budget and Reporting

The review will take place for a period of 3 weeks, beginning 3 May 2006.

Royal Norwegian Embassy will bear the cost of one international consultant and one national consultant. UNDP will bear the cost for the team leader and other consultants.

The team will present a preliminary summary of findings and recommendations to the UNDP, the MLD and the Embassy at a debriefing meeting. Based on the comments received, the review team will finalise the report prior to departing from Nepal.

The report will be submitted in English. The copyrights of all documents prepared by the team stays with UNDP and the Norwegian Embassy and may be freely used by the UNDP and the Norwegian Embassy without payment of any form. However the team may use the document, as reference etc. in other work carried out by themselves.

(Note: 1. the itinerary of the team will be developed in close collaboration with the UNDP, the MLD and the Norwegian Embassy 2. DLGSP will provide working space and other logistics to the review team)

Background Reading Documents (Required)

- Outcome Evaluation Report (2004) – Poor communities exercise their right to self organisation and to build alliances - by Neela Mukherjee, and others
 - Decentralisation Local Governance Support Programme – Reformulation Strategy – by Don Meserschmidt and others
 - UNDP Programme Review – August 2005
 - Micro Credit Review Report - by Roy Merseland and others
 - Realignment of micro credit in UNDP – supported projects – by Lene Hansen
 - Joint decentralisation review by UNDP and UNCDF – March 2006
 - PRSP/10 the Plan
 - DLGSP document and progress reports
 - Reaching the disadvantaged – Internal UNDP review
 - Review of the Local Public Financial Management – Scoping Mission – prepared by UNCDF consultant – Mohamed EL Mensi
-

Other Reports (Optional)

- MDG Progress Reports
 - PRSP Progress Reports
 - National Human Development Reports.
-

ANNEX B: SCHEDULE FOR REVIEW TEAM

Decentralised Local Governance Support Programme (DLGSP)

Programme Schedule of Mid Term Review Mission

(3 to 26 May 2006)

Team Members:

1. Mr. Hugh Evans (Team Leader)
2. Mr. Lorents Finanger
3. Mr. Lokendra Poudyal
4. Ms. Kanta Singh

Programme Schedule

Date	Time	Programme
3 May, 2006 Wednesday	15:00	Initial meeting to discuss the programme and other relevant issues including finalization of districts for field visit (Hotel Summit)
4 May, 2006 Thursday		Consultants begin review of background documents and plans for evaluation including work division
5 May, 2006 Friday	15:30- 16:00	Mr. Hugh Evans (team leader) arrives. Meeting of review team
	16:00- 17:00	Meeting with Mr. Ghulam Isaczai, DRR (Programme)/ UNDP
6 May, 2006, Saturday		Review of literature
7 May, 2006 Sunday	11:00 – 12:00	Meeting with Mr. Mukunda Acharya, Joint Secretary & Ms. Mandira Poudyal, Under Secretary, NPC
	12:15- 13:00	Meeting with Dr. Jagadish Pokharel, DRMN
	13:00 – 14:00	Lunch
	14:00- 15:00	Meeting with Mr. Yubaraj Pandey, Secretary, MLD & Mr. Bishnu Nath Sharma, Joint Secretary/NPD, MLD
	15:15- 16:00	Meeting with Dr. Mohan Man Sainju, Chairperson PAF
	16:15- 17:00	Meeting with Mr. Mahesh Karki Under Secretary, MoF
8 May, 2006 Monday	10:00:12:00	Security briefing to UNDP consultants (Mr. Hugh Evans & Mr. Lokendra Poudyal)
	12:00 – 13:00	Meeting with DLGSP team

Date	Time	Programme
	13:00- 14:00	Lunch
	14:00- 15:00	Meeting with officials of Norwegian Embassy (Mr. Kikkan Haugen – Counselor and Ms. Margaret Myklebust – Second Secretary)
	15:30-17:30	Meeting with UNDP supported team: RUPP, COPE
9 – 11 May, 2006 Tuesday – Thursday	8:10	Departure to Nepalgunj (<i>BHA 410</i>) Field visit in Banke & Bardiya
12 May 2006 Friday	14:25	Return to Kathmandu (<i>afternoon</i>) (<i>BHA 406</i>)
13 May 2006 Saturday		Review of literature
14 May 2006 Sunday	9:30-12:00	Meeting with DLGSP team
	12:00-12:30	Meeting with MEDEP team at DLGSP
	12:30- 13:00	Meeting with DFDP team at DFDP
	13:00-14:00	Lunch
	14:30-15:30	Meeting with Mr. Krishna P. Sapkota, ADDCN
15 –18 May, 2006 Monday- Thursday	10:30-11:30	Meeting with Mr. Ghulam Isaczai, DRR/ UNDP
	14:25 (15 May)	Departure to Biratnagar (<i>BHA 705</i>) Field visit in Terathum & Saptari
19 May 2006, Friday	10:05	Return to Kathmandu (<i>BHA 752</i>)
	14:00-15:00	Meeting with Mr. Khem Raj Nepal, INLOGOS
	15:30-16: 30	Meeting with Dr. Keshav Man Shakya & Ms. Sylvie Gallot, SNV (<i>cancelled by mission</i>)
	16:30-17:30	
20 May, 2006 Saturday		Report writing
21 May 2006 Sunday	9:30-11:00	Meeting with DLGSP team
22 May, 2006 Monday	10:30- 11:30	Meeting with Mr. Alan Whites & Dr. Hira Mani Ghimire , DFID
	12:00- 13:00	Meeting with officials of Norwegian Embassy (Mr. Kikkan

Date	Time	Programme
	13:00-14:00	Haugen – Counselor and Ms. Margaret Myklebust – Second Secretary) (<i>cancelled by mission</i>) Lunch
	14:00 – 15:00	Mr. Bishnu Nath Sharma, Joint Secretary/NPD, MLD (<i>cancelled by mission</i>)
	15:30- 16:30	Meeting with Mr. Ghulam Isaczai, DRR/ UNDP
23 May, 2006 Tuesday	9:30 - 11:30	Debriefing by the review team (Hotel Himalaya) (Mr. Lornts Finanger departs by TG)
	16:00 – 17:00	Meeting with Ms. Anjali Pradhan , DACAW/UNICEF
24 May, 2006, Wednesday		Report writing
	16:00 – 17:00	Meeting with Bishnu Puri, NPM, DFDP
25 May, 2006 Thursday	11:00 – 12:00	Meeting with DLGSP
		Report writing
26 May , 2006 Friday		Report writing (Note: Mr. Hugh Evans to finalize the report based on the inputs from other consultants)

ANNEX C: LIST OF PERSONS MET

SN	Name	Position	Organization
Kathmandu			
Central Government			
01	Mr. Yubaraj Pandey	Secretary	MLD
02	Mr. Bishnu Nath Sharma	Joint Secretary	MLD
03	Mr. Mukunda Acharya	Joint Secretary	NPC
04	Ms. Mandira Poudyal	Under Secretary	NPC
05	Mr. Mahesh Karki	Under Secretary	MoF
United Nation Development Program			
06	Mr. Mathew Kahane	Resident Representative	UNDP
07	Mr. Ghulam M. Isaczai	Deputy Resident Representative	UNDP
08	Mr. Sharad Neupane	Assistance Resident Representative	UNDP
09	Mr. Anil K.C	Senior Program Officer	UNDP
10	Mr. Dharma Swarnakar	M&E Analyst	UNDP
11	Ms. Heather Bryant	M&E Knowledge Management Officer	UNDP
12	Mr. Thomas Skov-Hansen	Program Officer	UNDP
13	Ms. Anupa Lamichhane	Assistant Program Officer	UNDP
Decentralized Local Governance Support Programme			
14	Mr. Ram Krishna Pokharel	National Program Manager	DLGSP
15	Dr. Raghu Shrestha	Monitoring & Research Advisor	DLGSP
16	Mr. Shankar Pathak	GIS Specialist	DLGSP
17	Mr. Dharmendra Shakya	MSMS	DLGSP
18	Mr. Gokul Pyakurel	MFS	DLGSP
19	Ms. Manju Thapa	Gender Expert	DLGSP
20	Ms. Rojee Kattel	Comm. & Publication Specialist	DLGSP
21	Mr. Narayan R. Maharjan	GIS Assistant	DLGSP
Institution / Organization / Project			
22	Dr. Mohan Man Sainju	Vice Chairperson	PAF
23	Ms. Margaret Myklebust	Second Secretary	Norwegian Emb.
24	Dr. Jagadish Pokharel	Chairperson	DRMN
25	Mr. Khemraj Nepal	Executive Chairperson	InLoGoS
26	Mr. Krishna P. Sapkota	Chairperson	ADDCN
27	Dr. Lakshman Pun	National Program Manager	MEDEP
28	Mr. Ramesh Adhikari	National Program Manager	RUPP
29	Mr. Bishnu Puri	National Project Manager	DFDP
30	Ms. Anjali Pradhan	Officer-in-Charge, DCAW	UNICEF
31	Mr. Hira Mani Gimire	Governance Adviser	DFID
Mid Western Region: Banke District			
Program Office Nepalgunj			
32	Mr. Tek Bdr. Gurung	Officer-in-Charge	UNDP/PON
33	Mr. Krishna Bhandari	Governance Advisor	UNDP/PON
34	Mr. Bhesh Raj Ghimire	Engineer	UNDP/PON
35	Ms. Sewa Shrestha	M & E Officer	UNDP/PON
DDC / LDF Team			
36	Mr. Om Jung Rana	Ex-DDC Chairperson	Banke
37	Mr. Krishna Ghimire	LDO	Banke
38	Ms. Riddi Sharma	DDA, DLGSP	DDC
39	Mr. Bishnu Pd. Nepal	LDF	Banke
40	Mr. Dipesh Neupane	Enterprise Development Officer	DDC

SN	Name	Position	Organization
41	Mr. Sharad Poudyal	Program Officer	DDC
42	Mr. Indra Bdr. Shrestha	Chairperson	CMC
43	Mr. Santa Sunar	Member	LDF
44	Mr. Man Bdr. Chhetri	Member	CMC
Chairperson Manager Conference, Sitapur VDC			
45	Ms. Amrita Bora	Chairperson	Nawadurga CO
46	Mr. Bethu Bdr. Thapa	Manager	Nawa Utsahi CO
47	Mr. Karna Bdr. Rana	Manager	Manakamana CO
Community Organization			
48	Ms. Amrita Budha	Chairperson	Naba Dhurga CO
49	Mr. Prem Bdr. Rokaya	Manager	Naba Dhurga CO
50	Ms. Jamuna Gurung	Chairperson	Hariyali CO
51	Ms. Lal Rokaya	Manager	Hariyali CO
52	Mr. Karna Bdr. Rana	Manager	Manakamana CO
53	Mr. Padam Bdr. Rana	Chairperson	Manakamana CO
Mid Western Region: Bardiya District			
Meeting with LDF and DDC Team			
54	Mr. Krishna Basnet	Acting LDO	DDC
55	Mr. Deepak Bhattarai	Program Officer	LDF
56	Ms. Amrita Pathak	Senior Social Mobiliser	LDF
57	Ms. Nirmala Pradhan	Social Mobiliser	LDF
Community Organization			
58	Ms. Kamali Devi Mandal	Chairperson	Janajagriti CO
59	Ms. Janaki Mandal	Manager	Janajagriti CO
60	Ms. Dilashi Yadav	Chairperson	Mahila Jagriti CO
61	Ms. Asha Ghimire	Manager	Mahila Jagriti CO
62	Mr. Yogendra Yadav	Chairperson	Pragati CO
63	Mr. Bhuvaneshor Yadav	Manager	Pragati CO
Chair Manager Conference			
64	Mr. Phuleshor Yadav	Chairperson	Saptakoshi CO
65	Mr. Chandra Yadav	Manager	Saptakoshi CO
66	Mr. Gauri Choudhari	Chairperson	Kishan Kalyan CO
67	Mr. Gautam Choudhari	Manager	Kishan Kalyan CO
Eastern Development Region: Saptari District			
Meeting with DLGSP, DDC, LDF, INGOs/ NGOs			
68	Mr. Arun Kayasta	Area Support Team Manager	DLGSP/ Saptari
69	Ms. Bina Shrestha	Women Development Officer	Saptari
70	Mr. Biitu Babu Shribastav	DDA	DLGSP
71	Mr. Bagabat Mahato	Secretary	VDC
72	Mr. Dilip Shrestha	Staff	DLGSP/ Saptari
73	Mr. Dinesh Yadav	Secretary	NGO Federation
74	Mr. Ganga Ram	Senior Motivator	LDF
75	Mr. Giri Panthi	Program Officer	UNFPA
76	Mr. Harihar Choudhari	Loan Officer	ADB/N
77	Mr. Khushed Ekam	Overseer	LDF
78	Ms. L.S. Sakya	District Coordinator	GTZ/RPN
79	Mr. Raj Kumar Yadav	Field Manager	WFP/ Saptari
Chair Manager Conference			
80	Ms. Anju Shah	Manager	Kamalpur
81	Ms. Amrita Choudhari	Manager	Kamalpur
82	Ms. Anita Choudhari	Manager	Kamalpur
83	Mr. Binod Yadav	Manager	Kamalpur

SN	Name	Position	Organization
84	Mr. Chandra Yadav	Manager	Kamalpur
85	Ms. Kamali Mandal	Chairperson	Kamalpur
86	Ms. Kusami Choudhari	Chairperson	Kamalpur
87	Ms. Manju Choudhari	Manager	Kamalpur
88	Ms. Manorama Yadav	Manager	Kamalpur
89	Mr. Prakash Baykara	Chairperson	Kamalpur
90	Mr. Phulayshor Yadav	Chairperson	Kamalpur
91	Mr. Sambu Choudhari	Chairperson	Kamalpur
Community Organization			
92	Ms. Rageya Khanga	Chairperson	Laligurus CO
93	Ms. Meera Yadav	Manager	Laligurus CO
94	Mr. Satrudhan Yadav	Chairperson	Ramayan CO
95	Mr. Sambhu Pandit	Manager	Ramayan CO
Meeting with Partner NGO (Mahuli Community Development Centre)			
96	Ms. Ambika Pathak	Senior Motivator	MCDC
97	Ms. Bindra Khatri	Facilitator	MCDC
98	Mr. Jagayshor Choudhari	Social Motivator	MCDC
99	Mr. Krishna Khadka	Overseer	MCDC
100	Ms. Nirmala Khadka	Social Motivator	MCDC
101	Mr. Padam Dangi	Enterprise Dev. Facilitator	MCDC
102	Mr. Rajaram Tharu	Social Motivator	MCDC
103	Ms. Radha Poudyal	Social Motivator	MCDC
104	Ms. Sunita Bajracharya	Social Motivator	MCDC
105	Ms. Sheela Malla	Facilitator	MCDC
106	Ms. Shova KC	Social Motivator	MCDC
Eastern Development Region: Tehrathum District			
Meeting with DDC/ INGO/NGO/ DLGSP/LDF			
107	Mr. Raj Kumar Shrestha	LDO	Tehrathum
108	Mr. Gopal Kafle	Program Officer	LFP
109	Mr. Manoj Pokharel	Coordinator	REDP
110	Mr. Dipendra Bhandari	Coordinator	REDP
111	Mr. Tika Karki	Program Coordinator	FECOFUN
112	Mr. Mahendra Adhikari	District Program Associate	DLGSP
113	Mr. Tulasi Sangraula	Member	FECOFUN
114	Mr. Devendra Niraula	Member	LDF
115	Mr. Krishan Chongbang	Member	LDF
116	Mr. Til Bdr. Ningley	Social Mobiliser	LDF
Meeting with VDP /LDF staffs			
117	Mr. Bir Bdr. Thapa	Social Mobiliser	LDF
118	Mr. Chetra Bdr. Panchakar	Local Facilitator	VDP
119	Mr. Krishna Pd. Ghimire	Social Motivator	LDF
120	Mr. Kul Bdr. Shrestha	Local Facilitator	VDP
121	Mr. Khem Bdr. Karki	Local Facilitator	VDP
122	Ms. Pramila Magar	Social Mobiliser	LDF
Community Organization			
123	Mr. Hem Bdr. Limbu	Manager	Janakalyan CO
124	Mr. Prem Bhattarai	Chairperson	Janakalyan CO
125	Mr. Binod Nepali	Manager	Sangam CO
126	Ms. Sarita Adhikari	Member	Sangam CO
127	Ms. Goma Timilsina	Chairperson	Sujaypur Mahila CO
128	Ms. Ram Maya Limbu	Manager	Sujaypur Mahila CO
Chairman Manager Conference, Solma VDC			

SN	Name	Position	Organization
129	Mr. Anubkuti Nepali	Chairperson	Solma CO
130	Mr. Bhakti Adhikari	Member	Solma CO
131	Mr. Chitra Shrestha	Entrepreneur	Solma CO
132	Mr. Daya Khanal	Member	Mgmt. Committee
133	Mr. Dil Magar	Member	Mgmt. Committee
134	Mr. Padam Neupane	Member	CMC

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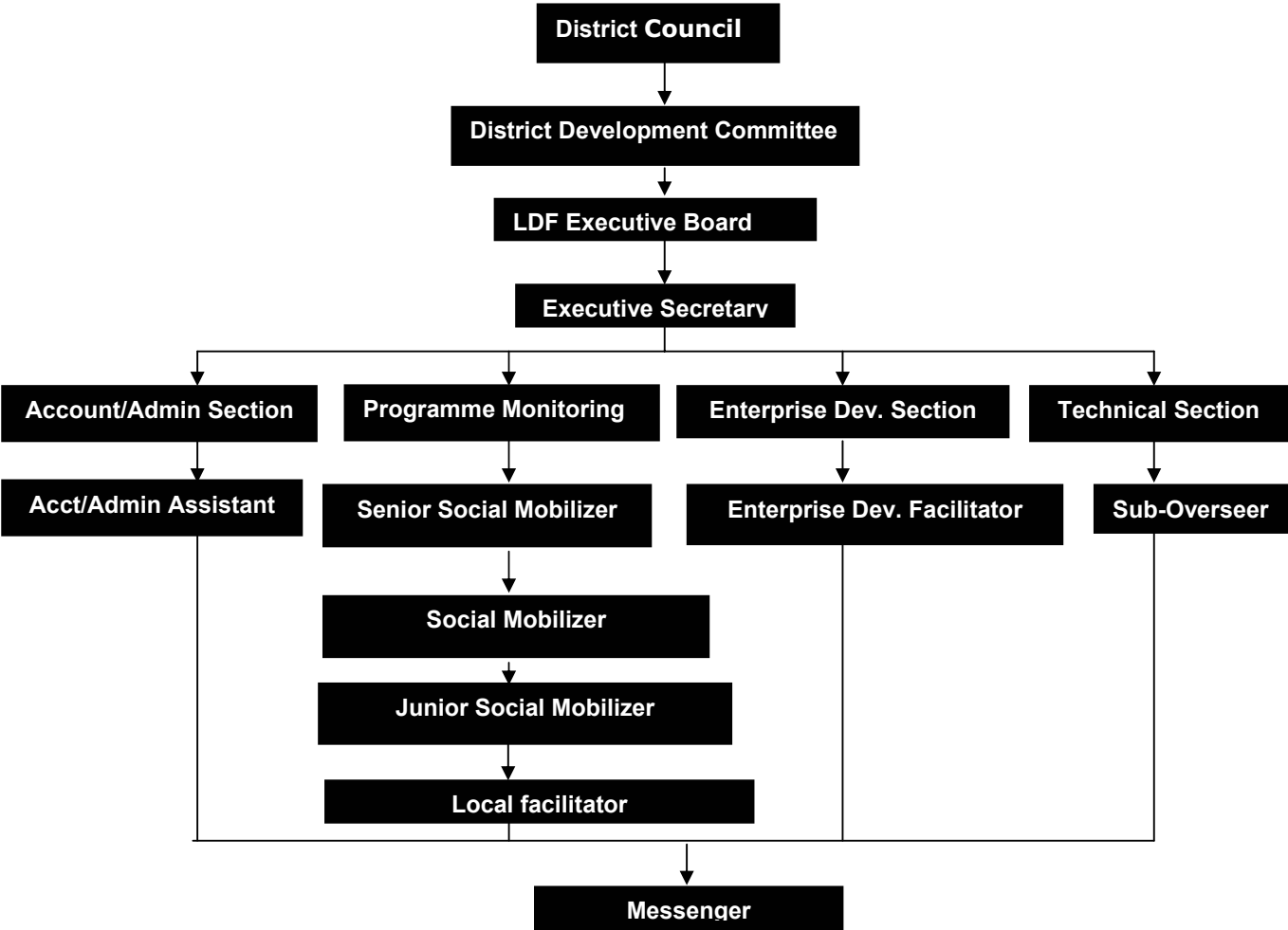
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ANNEX E: THE LDF BOARD

Composition of the LDF Executive Board

Member	Position
DDC Chair	Chairperson
Local Development Officer	Member
VDP/VDC Chairman Representatives (2)	Members
Agri. Dev. Bank Representative	Member
CO's Chairman /Managers (2)	Member
Dist. Agri. Dev. Off. Representative	Member
Small Cot. Ind. Off. Representative	Member
Representative from NGO	Member
NGCCI Representative	Member
Woman Development Officer	Member
Executive Secretary	Secretary
DDA	Invitee Member
Rep. from Donor Agency	Invitee Member

Organisation chart



ANNEX F: STATUS OF OUTPUTS

(As of December 2005)

SN	Major Outputs	EDR	CDR	WDR	MWDR	FWDR	Total
	Programme Implemented Districts	12	18	14	8	8	60
1	Strategic Management						
1.1	District Periodic Plan (DPP) Prepared	9	16	12	5	6	48
1.2	Publication of DPP	9	12	9	4	5	39
1.3	Initiated DPP review	5	5	7	1	0	18
1.4	Preparation of DTMP	12	18	12	6	NA	48
1.5	Preparation of Sectoral plan Education	4	12	6	7	NA	29
2	Organizational Structure and Culture						
2.1	Monitoring Guideline prepared for DDC	8	18	10	6	8	50
2.2	Citizen Charter published	12	18	14	8	8	60
2.3	OD study of DDC	8	13	10	4	1	36
3	Information Management System						
3.1	Established DIDC	9	18	13	8	8	56
3.2	DIDC committee formed	2	7	4	3	NA	16
3.3	GIS package installed	12	17	13	8	8	58
3.4	Resource map-book published	6	6	7	3	5	27
3.5	Poverty map-book published	1	4	7	1	3	16
3.6	GIS maps produced and disseminated	9	17	13	7	8	54
3.7	DDC website created	4	6	4	1	2	17
3.8	E-mail internet facility available	7	12	10	5	2	36
3.9	District Profile published	12	18	14	8	8	60
3.1	District profile updated after 2060	2	2	0	1	0	5
3.11	Information airing through radio programme	5	3	6	3	0	17
3.12	DIDC policy guideline	12	18	9	8	8	55
3.13	Regular publication of bulletin	10	12	7	7	6	42
4	Human resource Development						
4.1	HRD section established	12	18	14	8	8	60
4.2	HRD policy guideline	10	16	14	8	8	56
4.3	Annual HRD plan prepared	5	10	3	3	NA	21
4.4	TNA for DDC Staff	6	10	4	3	NA	23
4.5	Budget allocated for HRD in FY 2005 in'000	8400	5720	2800	632	NA	17552

SN	Major Outputs	EDR	CDR	WDR	MWDR	FWDR	Total
4.6	Inventory of resources persons prepared	11	15	5	4	NA	35
5	Accounting and Financial Management						
5.1	Internal audit section established	10	15	14	8	7	54
5.2	Staff appointed in internal audit section	6	14	9	8	7	44
5.3	Accounting package installed and operation	7	5	8	3	2	25
5.4	Make public the financial report	10	18	9	6	NA	43
5.5	Workshop/study to identify potential internal revenue areas of DDC/VDC	5	2	8	4	NA	19
6	Working Process						
6.1	Public hearing system organized regularly	12	18	9	7	NA	46
6.2	Computer Networking	6	9	7	2	0	24
6.3	PABX (intercom)	7	13	12	4	NA	36
6.5	Publication of DDP	12	18	14	7	8	59
6.6	Installation of computer software for planning section	0	4	5	0	0	9
7	Linkage and Coordination						
7.1	Preparation of NGO profile	8	6	9	6	NA	29
7.2	NGO desk/forum/coordination committee formed	11	11	6	8	7	43
7.3	Local Initiative Forum active	3	NA	2	1	NA	6
8	Other Information						
8.1	No of Programme Officer	17	37	22	10	11	97