INCEPTION REPORT
06 August 2015

Prepared by:
Rural Reconstruction Nepal (RRN)
(Lead Organization of the CDP Consortium)
August 2015

In association with:
World Food Programme (WFP)
&
Oxford Policy Management (OPM)

August 2015
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EXECUTIVE SUMMARY

The Community Development Programme (CDP) is a DFID supported Non-State Led Service Delivery Component of the Nepal Local Governance and Community Development Programme (LGCDP). The CDP will provide direct service delivery to deprived communities in 18 districts, 9 of which are Terai districts and 9 remote districts of the mid and far-west development regions of Nepal.

Following a competitive tendering process DFID and MoFALD selected RRN to manage and implement the CDP. RRN is the lead organization implementing the programme along with the main consortium partners of United Nations World Food Programme (WFP) and Oxford Policy Management (OPM). CDP also has a number of affiliated consortium partners who will provide specialist services in a range of areas including disaster resilience, food security, livelihoods, financial risk management, and IT/communications.

As per the agreement, the planned duration of CDP is 34 months (January 2015 - October 2017) including three months of inception period. The inception phase was extended to seven months (07 January to 06 August 2015) in the view of the need to undertake meticulous planning required of the milestone based work planning and payment. The delay was also attributed to the earthquake and the impacts it caused emotionally and institutionally. In order to attain the targets of CDP, MoFALD/DFID will have to consider allocating a total of three years for the actual implementation.

CDP aims to contribute towards enhancing local governance system and promoting coherency. The design of CDP is such that it will not function in isolation, rather will join hands by drawing the comparative advantage of other actors (state and non-state) in planning, implementation and monitoring.

CDP has built strong vertical and horizontal linkages between key institutions. In order to ensure coordination at the central level a Sub-National Advisory Committee (Sub-NAC) chaired by the division head of the Local Self-Governance Division of MoFALD and comprising of representatives of LGCDP’s partners as members has been built. Likewise, under the chairmanship of NGO Facility/MoFALD, Programme Coordination Committee (PCC) will coordinate, facilitate and monitor the CDP activities. The PCC that comprises of representatives from NGO Facility/MoFALD, LGCDP, DFID and RRN) will provide plans and progress reports regularly to Sub-NAC at MoFALD. PCC is responsible for providing strategic guidance to PMU. NGO Facility is also responsible for coordinating with National Planning Commission (NPC), Ministry of Finance (MoF), and Ministry of Home Affairs (MoHA). These central level mechanisms will help streamline upcoming policy discourses emerging out of CDP implementation.

This report is the first key deliverable of CDP which sets out the overall framework and approach for implementation. It presents the major problems currently observed in the governance sector in the 18 districts along with other eminent challenges which CDP will have to tackle in the due course of implementation. Inception phase has devised a ‘theory of Change’ which links the major problems with inputs of CDP along with how, when and what needs to be done to address the problem and to ultimately generate the impact of poverty reduction and human development.

Guided by the overall goal of CDP, this report elaborates on the linkages between the programme and LGCDP and clarifies how individual competitive advantages will be synergized to bring meaningful and collective impacts. Linking the existing national legal framework (LSGA 1999 and subsequent rules) and RRN’s working modality to set course on
how the different institutional structures at various levels (national, district, VDCs and wards) will be related with each other has planned in the inception phase. It also elaborates on legal and policy linkages and how CDP can contribute to maximizing meaningful outcomes. Precise mechanisms of the individual components of CDP such as a) strengthening community awareness and participation b) ensuring enabling environment for service delivery c) providing effective service delivery have been mentioned in the report. This will be the standard for implementation for all the CDP team members. Details on project implementation modalities, governance and management structure, staffing among others presented will also guide the overall implementation.

CDP has formulated other essential strategies and plans that are a pre-requisite for successful implementation of the programme. ‘Implementation Guideline’ sets out the overall details regarding the steps of interventions, standards and norms details, quality assurance schemes among others. Likewise there is a separate a) Communications Strategy b) Sustainability and Exit Strategy c) Programme Log frame e) Manual for Financial Systems Management f) Risk Management Strategy; g) Monitoring and Evaluation Framework among others.

**Overall key issues and recommendations**

Following are the currently perceived key issues along with brief recommendations:

- CDP will have to garner extra coordination with the local bodies particularly because the planning cycle of the government for the next fiscal year is already completed. Ensuring that CDP adheres with the existing government planning process despite mis-match of planning period will be a major issue that require proper planning. NGO Facility/MOFALD has assured that government will build special mechanism such as ‘special district/VDC council meeting’ such that CDP can follow the normal planning process of the government. Given the uniqueness of this case, due care should be given right from the beginning.

- CDP’s performance will greatly rely on the efficiency and effectiveness of the government mechanisms which is in itself has been criticized of being non-transparent, unaccountable and politicized. CDP needs to adequately work with similar programmes like LGCDP to anticipate and address such challenges during the overall project cycle.

- One of the central themes of CDP is to enhance coherency which is a challenging path CDP will take as all the agencies are currently functioning almost independently with limited level of coordination with local bodies. At central, district, VDC and wards, various activities aimed at enhancing coordination and resource sharing has been built into the implementation. Different level of interventions for promoting coherency could act as some successful models for future adoption and up scaling.

- Local bodies (DDC and VDC) and district line agencies have their own approach for programme implementation and monitoring and are guided by their sectoral policies and strategies. Difference in the targeting strategies within government and non-government agencies might invite challenges in bringing them under a common umbrella. Orienting these agencies on the 14-step planning process to ensure collaboration will be the key.

- Lack of adequate and well maintained database on disasters, infrastructure, beneficiaries, social security scheme etc will be a major hurdle to undertake initial level planning. CDP district team should work in close coordination with local bodies to understand the existing scenarios.
• Remoteness is a major constraint in providing services to hilly regions (mainly Karnali zone). In many places of hills, institutional building will have to start from point zero i.e., forming WCFs. CDP will have to do extra efforts in addressing this issue.

• Stakeholders Analysis shows that negative political influence might derail the essence of CDP to reach the poor and excluded group. Adherence to the norms and standards set out in LSGA regulations in selecting, prioritizing the programmes will be a key to avoiding such influences.

• The recent event of earthquake disaster and likelihood of monsoon related flood in Terai will demand better planning on disaster resilient infrastructure. There is a likelihood that such demands/issues might dominate the initial phase of CDP.

• As the local bodies are currently devoid of elected representatives, decisions are largely made by government officials (LDO in case of DDC and Secretary in case of VDC). Even though the major political forces contribute to the processes, the system lacks authenticity and representation particularly of the poor and excluded groups.

• Ensuring collaboration between other ongoing programmes in the districts is a core function of CDP. Given the diversity in their service delivery approach, CDP can at this point only work on reducing duplication of similar interventions, and not so much on building entirely a new wheel. However, major focus will be given on trying to bring all parties under one umbrella.

Next steps

CDP has built both short and long-term strategies as part of their planning for the upcoming steps. Activities that need immediate action include a) Full recruitment of central, regional and district level staff; b) office furnishing at the district level; c) undertake programme launching event in each of the districts; c) orientation of the staff on various manuals, guidelines, strategies, milestones; d) undertake baseline survey in all the districts; d) start up of the planned activities;

In addition to continuing the immediate planned activities, CDP will undertake major long term activities such as a) undertake periodic monitoring of the programme through various planned monitoring tools (joint monitoring, staff community and community monitoring) and keeping track of the progress using MIS; b) undertake mid-term and end-line evaluations; c) submit all the planned deliverables to MOFALD/DFID (periodic plans, reports etc.)

CDP will have an initial advantage as it aims to work hand-in-hand with experienced programmes like LGCDP. Staff of both programmes should collaborate strongly particularly at the district level and inform each other on the likely challenges and opportunities.
1. INTRODUCTION

1.1 Background

The Community Development Programme (CDP) is a DFID supported Non-State Led Service Delivery Component of the Nepal Local Governance and Community Development Programme (LGCDP). The CDP will provide direct service delivery to deprived communities in 18 districts, 9 of which are Terai districts and 9 remote hilly districts of the mid and far-west development regions of Nepal.

The CDP 18 districts were selected jointly with MoFALD and DFID considering the remoteness in the western region and difficulties to deliver development in the central Terai.

In the Mid and Far West regions CDP will cover the following Districts: Jumla, Humla, Mugu, Dolpa, Kalikot, Bajhang, Bajura, Achham and Jajarkot. In the Central and Eastern Terai regions CDP will work in Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusa, Siraha, Saptari and Sunsari Districts.

The aim of CDP is to ensure that local governments are more capable, through intensified support for 18 districts that have particular problems delivering services. The overall goal of CDP is to help reduce poverty and complement the LGCDP results framework.

The CDP expected outcome is “Strengthened, coherent, resilient and inclusive local government systems for effective service delivery”

The CDP has three key outputs, these are:

Output 1: Poor and excluded people empowered to claim their rights and receive economic opportunity

Output 2: Strengthened Local bodies’ structure, systems and processes to be inclusive, accountable and transparent

Output 3: Improved service delivery for poor and excluded people including disaster resilient infrastructures

Following a competitive tendering process DFID and MoFALD selected RRN to manage and implement the CDP. RRN is the lead organization implementing the programme along with the main consortium partners United Nations World Food Programme (WFP) and Oxford Policy Management (OPM). CDP also has a number of affiliated consortium partners who will provide specialist services in a range of areas including disaster resilience, food security, livelihoods, financial risk management, and IT/communications.

As per the agreement, the planned duration of CDP is 34 months (January 2015 - October 2017) including three months of inception period. The inception phase was extended to seven months (07 January to 06 August 2015) in the view of the need to undertake meticulous planning required of the milestone based work planning and payment. The delay was also attributed to the earthquake and the impacts it caused emotionally and institutionally. In order to attain the targets of CDP, MoFALD and DFID will have to consider allocating a total of three years for the actual implementation.

DFID’s expectations on the outcome of the CDP Inception Phase, which commenced on 7th January 2015, included:

• Build a shared understanding between DFID, RRN consortium and the
Ministry of Federal Affairs and Local Development on the objectives of the CDP

- Discuss and jointly agree how a number of operational questions will be addressed during implementation
- Be clear on how CDP will be distinct from its predecessor, the CSP I&II programmes
- Set out what should be included in the final inception report that will be reviewed by DFID Nepal before commencing the implementation phase

DFID set out the following objectives for the Inception Phase:

- To agree a mission statement for CDP setting out the programme's approach and objectives
- To develop a 'theory of change' covering approach, assumptions, existing evidence, how the programme will make a difference and how this will be measured
- To provide a response to the key implementation issues identified by DFID
- To establish a robust framework for the governance of the programme (within the consortium, between the consortium and DFID / MoFALD) and risk management strategy
- To conduct a joint due diligence assessment and capacity building plan with DFID
- To develop a monitoring and evaluation plan (including process for baseline indicators and survey) and draft log frame
- To propose milestones and outputs and a process for independent verification as the basis for DFID payments of the output-based components of the contract
- To produce a report covering the objectives above for DFID to review and consider next steps

This inception report responds to the expectations of DFID and has been prepared in line with the objectives stated above.

1.2 Inception Phase activities and deliverables

Throughout the inception phase to date CDP has undertaken the following activities:

- Staff recruitment and training (41 staffs and two trainings)
- Discussions and interaction with NGO Facility/MoFALD & DFID on programme approach, modalities, theory of change, log-frame
- Negotiation with consortium partners on key roles and areas of responsibilities
- Produced CDP separate supporting documents, including:
  - Implementation Guidelines
  - Communications Strategy
  - Sustainability and Exit Strategy
  - First Year Annual Work Plan
  - Programme Log frame and Theory of Change
  - Manual for Financial Systems Management
  - Risk Management Strategy
- Commissioning a Situation Analysis report to inform the CDP implementation strategy and approach
- Field visits and staff orientation
- Planning and design workshops

1.3 Layout of the Inception Phase report

The Inception Phase report has been divided into twelve chapters. With introduction, objectives, and list of deliverable presented in this chapter, second chapter presents the theory of change and log-frame of the programme. Third chapter deals with design, objectives and approach of the programme. Fourth chapter presents the components CDP and fifth chapter represents the structure and modality of the programme including governance and management structure, implementation structure and a brief highlights on the CDP consortium partners. Sixth chapter
presents the different strategies and guidelines such as community strategy, exit strategy, financial management and risk management strategies. Seventh chapter deals with monitoring and evaluation framework of CDP whereas eight chapter presents the estimated budget. Ninth chapter presents highlight of the situational analysis commissioned by CDP whereas the tenth chapter provides a glimpse of the 25th April earthquake and its implication to the CDP districts. Eleventh chapter presents the conclusion and recommendation of the programme and final chapter gives a short description of the upcoming steps for CDP.
2. THEORY OF CHANGE AND LOG-FRAME

2.1 Theory of Change

The complicated context in which CDP is to be implemented sprouts barrage of barriers impeding good governance like insufficient participatory and inclusive planning process, least accountability, poor service delivery approach, social exclusion and marginalization and fragmented planning and duplication.

It is obvious that the rise in barriers results in the consideration of more assumptions to assert our justification for change. Assumptions are ideal, but not all are necessarily fulfilled during the program implementation. In the context of CDP, assumptions are critical in directing our work approach. In the current context of political instability, ongoing tensed and volatile constitutional proclamation process and lack of harmonized development approach among different stakeholders, many assumptions for CDP operation may be more idealistic than realistic. This is further complicated by the fact that the units in the local level like CACs, user groups, IPFCs and WCFs are so frail that the function of these as a unit is shadowed by few individuals/elites. The hostile topography in the hills and mountains pose additional challenges to already poor access and delivery phenomenon for the citizens and local bodies there.

The Theory of Change diagram below sets out CDP’s viewpoint of causal pathways to attain the goal by addressing problems assessed to date. CDP's monitoring framework will establish a baseline and conduct analysis of the data, as they emerge during implementation, and make appropriate adjustments to converge the inputs and activities towards attaining the impact the programme.

As the implementation phase progresses, OPM as a consortium partner will provide monitoring and evaluation of the CDP and appropriate adjustments will be adopted.

Impact

The CDP aims to contribute to reduction in Nepal's poverty and improving human development. National Living Standard Survey of Nepal (2011) has identified 25.2% population living below poverty line in FY 2011. The indicators for mapping the poverty adopted by NLSS are: a) per capita income, b) Calories intake, and c) life expectancy. However, CDP will undertake only economic indicator. The project intends that this long term goal is to be achieved through strong local governance in place for effective service delivery.

Outcomes

CDP outcomes define influence in the behavioural change of the system that will be enriched by characterized feature of local governance like inclusive participatory decision making process, accountability and transparency in local bodies and development stakeholders, compliance to delivery system and synergic role of development partners. Disaster resiliency of communities is
Program Support:
- CDP funds
- Human Resources and staff mobilization
- Coordination with stakeholders
- Directives and Guidelines

Major Assumptions:
- Political stability
- Multilateral commitment to coordination and cooperation
- Compliance to accountability tools
- Structures, like WCFs, are well capacitated to carry out their mandates

Inputs
- Awareness raising of citizens on rights
- Facilitate poor and excluded citizens to link their claims with economic opportunities
- Orientation to state and non-state actors at all levels on 14-step planning process, its guidelines and directives
- Support local bodies to adopt good governance tools
- Support to prepare village development periodic plans
- Strengthening of the NGO desk/NGO coordination committee to undertake their mandates
- Training to local bodies and other stakeholders on inclusive participatory planning and implementation process
- Complimentary and top up assistance provided to communities for enhancing disaster resiliency

Outputs
- Poor and excluded people empowered to claim their rights and receive economic opportunity
- Poor and excluded people including disaster resilient infrastructures

Outcome
- Strengthened Local bodies’ structure, systems and processes to be inclusive, accountable and transparent
- Improved service delivery
- Nepal’s poverty reduced and human development improved

Impact
- OPM, as a consortium partner, providing monitoring and evaluation for delivering CDP

Evidence: CSP reviews, LGCDP Policy Analysis, Independent Evaluations, DAG criteria (3a & b and 4) locations the focus of program intervention

Figure 1 CDP Theory of Change
Outcomes - Output and input linkage

The CDP outputs is a set of short term achievements supporting the local bodies and citizens, along with other development stakeholders, to bring about favourable system changes to incorporate and practice elements of good governance.

CDP will direct its inputs (resources and activities) to attain the conditions at output level which hopefully will influence good governance at the outcomes level. The inputs from the project are funds, human resources, coordination building in between the stakeholders and relevant guidelines and directives among others; along with the set of activities which help to attain the benchmark condition that help to achieve result at output level.

These CDP inputs will be mobilized to strengthen the local government systems and processes, empower the citizens to raise their voices, train the human resources to carry out the mandates, capacitate the responsible units for information management, and strengthen the existing but weakly functioning structures for coordination support. CDP in collaboration with other reinforcing resources will use and implement the inputs to realize substantial outputs which will be a firm framework for good governance in place at structures at all levels and quarters of development service.

The CDP Theory of Change visualizes three pathways to realize the outcomes which we assume would contribute to the goal of the programme. These pathways are illustrated in figure 1 consistent from inputs to output. These pathways are community empowerment, enabling environment and service delivery. Embedded in these pathways are coherence and disaster resiliency. CDP believes that support in planning process will increase coherency among the stakeholders. Disaster resiliency is an issue that is to be addressed through both demand side and supply side pathways.

The Citizen Awareness Centres (CACs) are among the efficient mediums for community empowerment. The citizens are made aware and empowered to claim their rights and put forward their demands in appropriate mechanisms which ensure their approach is in compliance to government planning process. CDP plans to organize and empower the citizens through CACs for this purpose. This will promote participatory and inclusive decision making process. In addition to the socio-political empowerment, CACs will also be mediums for economic empowerment. They will be able to claim and receive opportunities for economic empowerment.

Enabling environment is the state of conditions in which the development stakeholders can provide services to the citizens transparently and with complete accountability. CDP will mobilize its resources to support the local bodies to effectively undertake the 14-step planning process that will help to streamline the development activities of all relevant stakeholders. This will help to create a coherency in the planning and implementation process development activities.

Effective delivery of the services those are approved by the local development planning process will ensures that the development interventions by the development
actors do meet the needs and demands of the citizens. Since all the development activities implemented by the stakeholders are based on the prioritized list of the projects approved through the planning process, the citizens will also be encouraged to put forward their demands through WCFs. This will discourage the capture of resources by the elites and citizens will have enhanced access to services which would be of their benefits.

Table 1.1 Assumption in the different stages of linkages in the CDP theory of change

<table>
<thead>
<tr>
<th>Linkage</th>
<th>Assumptions*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Across the Theory of Change</td>
<td>The country will have a stable political environment, both at the national level and local level, for the activities to implement with proper compliance. The stakeholders will response to the intervention strategies and acknowledge the core of the project implementation. Local bodies, including the WCF will be active and efficient to carry out their mandates. Authorities in the local bodies will adequately cooperate.</td>
</tr>
<tr>
<td>Impact from Outcome</td>
<td>The guidelines and directives are duly complied. The political stability prevails across the country. Strong willingness at the policy and higher command level to integrate governance based service delivery.</td>
</tr>
<tr>
<td>Outcome from Output</td>
<td>The implementation of the activities will be managed within timeframe with proficient managerial capacities and competent technical assistance. The trained human resources and strengthened system will be able to contribute in conducive working environment. The political and social environment in the local level will be sufficiently supportive to duly comply the relevant guidelines and directives. The actors, like CACs and WCFs will activate themselves to higher degree than present and others like IPFCs will exercise their roles by strictly sticking to the guidelines and carry out their mandates.</td>
</tr>
<tr>
<td>Output from (Activities and) Input</td>
<td>The activities will be backed by sufficient inputs in timely manner. The activities will be implemented in the precise direction that arrows towards the output that is quantifiable and verifiable. The activities implemented will be strictly based on implementation guidelines and indicators already in place or to be developed envisaging the outcome and impact of the project.</td>
</tr>
</tbody>
</table>

* - Assumptions are interpretively dealt separately in a section below.

CDP theory of change is set within the overall results framework and context of the LGCDP and elaborates on the specific characteristics and issues the programme faces in the poorest performing 18 districts. The operational context of CDP is characterised by multiple barriers which are demonstrated pictorially in figure 2 and detailed hereunder.

Analysis of Problems

The implementation environment of CDP faces with a number of issues which has resulted in the poor governance of the state. There are plenty of such issues complementing each other. Transparency, inclusion, participatory planning and accountability are among many issues debated over several years now. These issues still persist in our context of project implementation.

The barriers, listed in the pictorial presentation above and discussed below, are by and large poor structural mechanisms and procedures hindering good governance. Weak inclusive participation. insufficient accountability and transparency, entrenched social exclusion and marginalization and incoherent service delivery process and mechanisms hesitate and disallow citizens their obvious rights and entitlements.
Such frail state of governance is fuelled by absence of elected local bodies and decades of political instability.

The limited capacity of local governments, particularly in the programme districts, to deliver services and manage affects the implementation of community development projects. In addition, due to the current void in elected political leadership, bureaucrats are now performing functions envisaged for political leaders. This reinforces the lack of downward accountability to people. There is pervasive government practice of using User Groups and community organizations as agents of service delivery (i.e., as contractors) accountable to local government. User Groups and communities who are by definition the claims and rights holders are now the duty bearers of public service delivery. This has in fact brought about a role reversal in accountability practises.

In many cases there is a lack of technical competence and skills of user groups to implement projects effectively. This results in poor disaster resilient infrastructures, putting people at risk from earthquake damage and other disasters when utilising public buildings.

There is a lack of confidence and empowerment among poor and vulnerable people who are unable to exercise their rights and claim entitlements. The deeply entrenched social exclusion beliefs and cultural practises, perpetuated, exploited and reinforced by powerful vested interests among the elites and ruling classes results in further marginalisation of already vulnerable communities.

The 14-step planning process is not being used as a resource based planning tool, i.e. planning for a known allocation of funds, which results in increasing confusions regarding the jurisdiction of the process. It appears that the 14 step process is used only for block grant disbursement.

Ward Citizen Forum is increasingly seen as a proxy to elected Ward Committee and there is genuine issue about its democratic legitimacy. A question on legitimacy will rise doubts about its effectiveness, usefulness, and the ability to conform to principles of due diligence. Observations suggest that WCFs operate merely as a body to compile the demands coming from settlement level to then pass these through the chain of command on to the IPFC.

The absence of political leadership has led to an environment for incoherent programme planning and implementation by line agencies and I/NGOs without the required coordination or integration at WCF or VDC level. While the development actors who mobilize resources have fragmented planning, the structures for resource planning are disoriented as the process is diminished by local power elites. Many IPFCs are controlled by a political process without due regard to the standard process of local analysis (such as UCPA tools, ranking frameworks etc) or the real needs of the VDC. This has resulted in the resource duplication and, arguably, resource misappropriation.

The mandate of VDC and DDC to coordinate all development agencies is not fully being implemented, essentially because of the limited capacity of local bodies. Participation of CAC members in the WCF planning and project identification is not meaningful and effective. The effectiveness of CACs is also challenged by their limited geographic coverage. It is argued few times that this ultimately promotes group approach and neglects the citizens as a whole that are in need.
There are a number of reasons hindering economic growth of Nepal. This stagnant economic growth contributes to the limited opportunities created for poor people to graduate out of poverty and gain self-respect. There are limited opportunities at local level, particularly in rural areas from where the youths out-migrate, mostly for unskilled jobs. Besides lack of inclusive participation, transparency and accountability, other physical factors also are in place like increasing vulnerability to climatic changes that adversely affects poor people and communities who are already at a higher risk from disasters. Unlike political leadership, bureaucrats are reluctant and hesitant for decision making for obvious reasons. This has resulted in delays in the timely release of budget from the centre causing under spending of allocated budget and disproportionate bulk-spending in the last few weeks of a fiscal years.

Assumptions

Inherent in our programme theory are several assumptions that pervade throughout how our CDP activities will eventually lead to contributing to the intended results at different levels. We have identified some key assumptions affecting CDP inputs-outputs-outcomes-impact linkage and are summarized in table 1. Relevant assumptions are interpreted and discussed hereunder.

- **Geographical disparities** - Between the two geographical divides of Nepal - plain and hills, the efficiency of these mechanisms will be variable. For example, physical access to WCFs and CACs will be important; this access is more limited in hills/mountains than in the Terai. Another example could be the anticipated procurement challenges in the Hills/Mountains for construction supplies compared to Terai.

- **Political stability** – The CDP programme theory assumes national, district, and local political stability throughout the programme duration. Any disruptive change in a political majority may potentially undermine almost all the project activities and their results.

- **Vacancies of critical personnel** – In its current form, the programme theory assumes that the vacancy rate will remain stable or improve which will in turn strengthen service provision.

- **Poverty targeting and DAG criteria** – By adopting Nepal’s institutionalised methodologies for targeting households in poverty, we assume that this approach will best identify marginalised communities that will most benefit from CDP’s programming.

- **WCF role** – We assume that the functions of the WCF and its facilitation as a forum are somewhat defined and its objectives have partially been realised. If the functionality of WCFs were to change throughout the programme duration, the inputs and outputs relating to planning process would be directly influenced.

- **Public audits** – Under CDP, we will be able to improve on the lessons learned from the CSP as well as a situational analysis on the CDP program districts on the uptake and quality of public audits. We assume that the current state of public audits is that the quality of proceedings are not being maintained and often seen as box-ticking exercise, whereby citizens only undergo the process motions. This assumption-based approach to developing the CDP programme theory directly influences outputs on accountability.

- **Policy context** – Our current understanding of the policy environment that supports community development is that it exists with strong, formal processes that aim to ensure efficient and accountable government planning (such as the fourteen step processes). However, given that these processes
are often ignored or that local capacities to operate these processes are lacking; an emphasis on good governance is required to ensure that supply for inclusive participatory development can meet all of its demands from citizens. This assumption has supported the design of inputs and outputs on support for participatory and inclusive planning process in adherence to relevant guidelines and directives.

- **Lenient conditionality on grants (disaster resilient infrastructure, livelihood support, post disaster assistance)** – CDP funds will be disbursed to communities in the form of grants that enable communities using funds as they see fit, rather than be prescriptive of the types and quantity of services the communities will receive. However, CDP will be more explicit on the required documentation and protocols from the communities in order to verify the relevant processes have been completed and that these processes have adopted an inclusive and participatory approach.

- **Multilateral commitment in coordination** – Building upon our consortium’s commitment to coordinating with I/NGOs at the VDC, district, and national level for community development activities, as well as culturally embedding the CDP within MOFALD and other ministries’ processes, our activities presume a willingness of other parties to engage in our coordination efforts. Any variation on other agencies’ commitment to coordinating local community development activities will particularly influence coherence and improved synergy among development actors.

Throughout the duration of the CDP implementation, CDP will routinely review and test these assumptions, and as a result amend the programme theory as necessary to reflect any more recent situational evidence.

**Supporting Evidence**

Given the complex nature of the programme theory and the various interrelationships between key programme inputs and outputs, it will be challenging to provide evidence for every programme link at this stage. However, according to the core functions of the CDP, we have defined the supporting evidence on how to ensure these functions are effective, coupled with local understandings of these systems in practice in Nepal. Our evidence will be updated throughout the programme duration as new literature and monitoring data from the CDP emerge. Our routine updating of supportive evidence will inform the iterative CDP programme theory.

**Citizen Mobilisation**

There is a very long history in development research on the importance of collective action and citizen mobilisation as a process to increase local participation since the 1960s. Olson (1965) has initiated the group-size theory, whereby larger communities (such as in the Terai), the individual defector is quite low thus minimising the incentives for collective action. In other words, particularly when the community good is “not non-excludable”, such as schools or health centres, the incentives for collective action reduce in larger group sizes. Additional challenges have been identified by Mansuri and Rao (2013) including marginal costs of participation for poor people, particularly 1) opportunity costs and 2) visibility risks to a community or political leader, particularly in smaller community sizes, such as in the hills/mountains. In order to ensure that CDP’s citizen mobilisation is most functional, these underlying challenges of citizen mobilisation in Nepal need to be considered when we implement inputs that require community mobilization. At the

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WCF/CAC level, the high level of political interference may be a deterrent to individual participation, where vulnerable households may be intimidated by leaders. At the district-level, Olson’s group-size paradox may be mitigated by an appropriate payment modality (such as grants, as described later). Targeting funding to the relevant level in Nepal (i.e. below DSMC level) may prevent against risks associated with psychological barriers to collective action, by enabling communities to better conceptualise resources as more “private goods” and build more ownership for their demanded services.

**Community Asset Building and Means of Support**

A common challenge in community development programmes is the maintenance of quality infrastructure following construction (i.e. schools, culverts, health centres, roads). Data from over 132 infrastructure suggests that NGO facilitation does contribute to improved project infrastructure maintenance however only when community participation was concerned with nontechnical programme components (Khwaja, 2009). Interestingly, strong community involvement in technical facets (design and potentially, construction as well) led to decreased participatory outcomes, which in turn led to diminished sustenance perhaps due to a shifted community focus (Ibid). Based on data from Pakistan’s National Rural Support Programme (NRSP), Khawaja’s findings were largely validated, whereby community participation in design included evidence of corruption and fraud, thus reduced participation; on the other hand, ensuring capacity for community participation in current conditions and maintenance (as a separate responsibility) reflected strong community coordination and mobilisation at achieving these tasks (Mansuri 2012). The DAG criteria should facilitate in targeting, for example health posts and primary schools of substandard quality, whereby coordination of local community participation with resources for these infrastructure maintenance could have significant rewards. As evidence suggests, ensuring that communities are able to effectively coordinate with DEO, DPHO, or DADO for example could ensure an effective delegation of tasks between communities and agencies to strengthen this function within the programme theory.

**Good Governance**

There is a significant amount of literature in community development related to good governance, however the majority focus on local accountability and corruption, with less evidence on capacity building of governance responsibilities and ensuring alignment of policies and resources with local needs. Perhaps unsurprisingly, often community leaders are well endowed and better networked and educated than their community members, and leverage these differences to allocate resources that match personal preferences rather than community preferences (Beard and Dasgupta, 2007) (Rao and Ibanez, 2005). One randomised study in Indonesia investigated the extent to which a participatory selection process for a community development project ultimately affected resource allocation. Findings detail that there was no correlation in heterogeneous participatory project selection and resource allocation.

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3 Mansuri, G. 2012. Bottom up or top down: participation and the provision of local goods. World Bank, Poverty Reduction and Equity Unit, Washington, DC.


allocation, and that the political mechanism (such as the role of WCFs) alone will not impact project allocations (Olken 2007)\(^6\). However, the democratic political mechanism in project selection, although undemocratic in the overall impact, did ensure more community “buy-in” and satisfaction from the perception of equitable participatory demand (\textit{Ibid}). These findings have clear implications in ensuring the coupling of “supply-side” and “demand-side” functions to support good governance, as is articulated in the CDP programme theory. Community mobilisation in isolation undoubtedly will face significant challenges in delivering services that meet collective needs. However when paired with governance interventions to 1) increase the capacity of agencies to be motivated to fund collectively developed proposals via 2) a payment modality that ensures an equitable approach to resource allocation, the effects of good governance on the CDP will be maximised.

\textbf{Payments}

The design of a payment modality could have a significant influence on equitable resource allocation for projects, and hence pose a barrier (or enable the project) to be on track to achieving programme outcomes. Within Nepal, Chaudhury and Parajuli (2010)\(^7\) describe an educational quality improvement program where untied block grants were distributed to local management committees. Advocacy methods were adopted to mobilise community members to voluntarily participate in these management committee meetings. Physical access to these schools increased partly as a result of these committees determining the use of untied block grants, however more distal outcome effects (i.e. learning) did not have an associated improvement. These findings are not unique, as results on grants directly to local community members show improvements in outputs (Olken \textit{et.al}, 2011)\(^8\) (Skoufias and Shapiro, 2006)\(^9\). One important note from the an Indonesian participatory education programme is that although communities were very satisfied with grants and its effects on heterogeneous participation and community empowerment, that grants have caused conflict between administrative structures (Pradhan \textit{et. al.}, 2010)\(^10\). Mansuri and Rao (2013)\(^11\) further comment that additional positive effects from grants to communities include the effects on accountability. By ensuring top-down reporting requirements including evidence of a democratic proposal and explicit coordination with local government planning processes, the CDP could mitigate conjectured challenges to achieving its outcomes. By anticipating challenges in block payments and ensuring coordination with DDCs, DSMCs, and WCFs in resource allocation coupled with public audits, the CDP could evolve itself using evidence to ensure the programme theory is maximised.


2.2 Log-frame

The log-frame (attached as Annex 2.1) connects the detailed activities and outputs to be implemented under CDP with the impact and outcomes envisaged under the ‘Theory of Change’ (ToC). Annex 2.2 presents the operational definition of log-frame indicators. This log-frame could change as the implementation progresses and as the programmes draws in experience. Such changes will be discussed with DFID and MOFALD prior modification.

**Impact:** The targeted impact of CDP is stated as “Nepal's poverty reduced and human development improved”. An independent evaluation team will assess the level of impact made by CDP against its indicators. Impacts of CDP will be attributed to other similar programmes and projects.

**Outcome:** There is one outcome under CDP which states “Strengthened, coherent, resilient and inclusive local government systems for effective service delivery”. There are a total of eight indicators that will be assessed to evaluate the programme at the outcome level.

**Outputs:** There will be a total of three outputs in the log-frame of CDP as briefly described below:

- Output 1: Poor and excluded people empowered to claim their rights and receive economic opportunity
- Output 2: Strengthened Local bodies' structure, systems and processes to be inclusive, accountable and transparent
- Output 3: Improved service delivery for poor and excluded people including disaster resilient infrastructures.
3. CDP DESIGN, OBJECTIVES AND APPROACH

3.1 Context

DFID's Local Governance Business Case provides the overarching context of UK government assistance under the LGCDP. DFID expects that the LGCDP will improve the delivery of local services, both directly and through the Government's own programme. DFID's support for LGCDP focuses on:

- Improving the quality of local government service delivery and ensuring that the needs of poorer people are better met;
- Strengthening accountability of local government to poor communities by supporting proven but simple consultation and anti-corruption techniques;
- Boosting economic investment and growth at local level by supporting livelihoods improvement for the poor, higher quality and better-targeted public infrastructure such as roads, irrigation, schools and health posts;
- Increase climate and disaster resilience of local communities by taking account of disaster and climate risks in local planning and by ensuring that infrastructure is disaster and climate-proofed;
- In the medium term, continue with proven NGO-led delivery model in some of Nepal’s most challenging districts.

CDP is closely aligned to the objectives of LGCDP and is firmly positioned and embedded within this approach. RRN will manage and implement the non-state component of the LGCDP as mentioned above and will support the LGCDP policy framework with the overall aim of reducing poverty. As a complementary component of LGCDP the CDP approach aims to ensure local government systems are more capable, through intensified support for the 18 districts (see Map 3.1) that have been identified as having particular problems delivering services due to a range of factors including that of poor governance, political interference, remoteness, and insecurity.

Map 3.1: Map of Nepal showing the CDP districts

3.2 Design Framework

Figure 3.1 shows the conceptual framework of CDP implementation. CDP will not bypass the current local governance mechanism- which means, it will work with local bodies in understanding their gaps and improving on their effectiveness. Broadly, CDP has three pillars, namely a) community mobilization b) ensuring enabling environment and c) enhancing service delivery. These three core components will be influenced and governed by some external factors such as performance of LGCDP, non-state actors’ presence and activities; activities of state actors and influence from political parties.

First pillar is ‘Community mobilization’ which will be primly focused towards poor and excluded groups who are organized as Citizen Awareness Centres (CACs). The citizens will be made aware and empowered to claim their rights and to put forward their demands in appropriate mechanisms- ensuring compliance to government planning process. Communities will also be trained and mobilized in enhancing their resilience towards disasters.

Second pillar relates to creating ‘enabling environment’. It should be noted here that CDP will not function as a separate project. It will join hands with local bodies and other state and non-state actors in enhancing the current efficiency of governance. This pillar is dedicated towards addressing the gaps identified and making sure that the entire mechanisms follow the guidelines and directives set out in LGSGA. The component of disaster resiliency will be ensured while training the different institutions and mechanism. CDP will train and capacitate stakeholders in understanding the system and adopting them.
Third pillar of CDP implementation is to ensure ‘effective service delivery’ to needy citizens. CDP partners and its district level staff will be fully aware that, CDP does not put ‘input delivery’ at the centre of its implementation – rather it will be a by-product of the entire exercise. Assisting the local governance system in the 14 steps planning process, transparency and inclusive decision making process will be the main inputs which will then produce demands that CDP will ultimately support. In contrast to the past CSP project implemented by RRN, CDP is a more continuous and system based intervention that first strengthens the processes and then provides services as an outcome of the governance strengthening exercise. CDP will support disaster resilient infrastructure and will provide activities to improve upon their economic opportunities.

3.3 CDP Objectives

To support and complement the LGCDP result framework CDP will ensure its approach:

- Supports systems strengthening of local governance mechanisms by providing complementary technical support to planning processes at District, Ilaka, VDC and Ward level to ensure effective programme implementation
- Promotes effective citizen participation in local decision making structures and enhance the capacity of CAC and WCF governance mechanisms and strengthen social capital networks with the community.
- Provides support to strengthening transparency and accountability mechanisms through demonstration of innovative social accountability tools.
- Improves the provision and delivery of public services to underserved areas within the focused 18 Districts.

3.4 CDP Mission and Vision Statement

CDP has identified the following mission statement and vision that underpins the approach.

**Mission statement:**

*RRN and its consortium partners aim to strengthen the foundations of local government and community level development. This will be achieved through improvement in the existing governance system by addressing the voice of citizens and ensuring effective participation along with enhancing coherence between stakeholders at all levels for effective delivery of quality assets and services that benefit the poor, while gradually bringing them into the local development process with tailored support and interventions.*

**Vision**

RRN’s vision for CDP builds primarily on the successful implementation experience gained from CSP I&II. The experience RRN acquired on developing and implementing interventions that underpins and supports voice and accountability mechanisms will continue under CDP.RRN’s CSP successes were based on effective service delivery model, largely operating in the absence and vacuum of government services during a period of conflict between 2003 and 2006. The difference in terms of approach between CSP is that CDP will strive to strengthen the capacity and competence of local government agents to ensure that the quality and standards maintained under CSP will be established as an expected performance measure.

New challenges and obstacles are now emerging as government aims to respond to an expansion in demand-led community aspirations for projects as it endeavours to
provide strategic guidance and leadership, while delivering public services. CDP will assist government to improve its policies, systems and procedures.

3.5 CDP Approach

CDP’s core local governance activities will be to support implementation procedures following the 14 step planning process. However there is evidence to suggest that systems, structures and human resources from local government counterparts may not be working well in all locations where CDP intends to operate. Therefore CDP’s aim is to pursue and adopt a flexible approach on how the programme interacts with local bodies. Among the key issues that need to be further investigated is an assessment of what resources are coming into to the districts, and down to VDC level and beyond, by who and what specific types of support is available. Through on-going institutional analysis CDP will consider the decision-making processes that happen at present and assess these in relation to government guidance. CDP will utilize this analysis, and analysis of other reports and reviews undertaken on this subject, to develop tailor made specific District Intervention and Partnership Strategies which will form part of a compact with the Districts on agreement of key support required to strengthen systems to make them compliant with government protocols.

3.5.1 Strengthening local governance

a) Improving Institutional Effectiveness

Despite presence of institutions and associated mechanisms, their involvement and effectiveness in delivering services has been largely questioned. Chronic issues such as high political influence, absence of required physical, financial and human resources have been largely blamed for the same. CDP aims to work with these actors remaining within the preamble of LSGA. Its aimed contribution to enhance institutional effectiveness extends from centre to the grass root level entities.

National level:

At national level the NGO Facility has been established to promote NGO led service delivery in remote and vulnerable districts. The NGO Facility has the following roles and responsibilities:

- Prepare policy framework to align NGOs programme in annual plan of local bodies.
- Play a facilitative role to implement NGO led programmes to ensure they operate in line with government priorities and complements LGCDP II.
- Support Development Partners to select NGOs on competitive basis reviewing technical proposal to work in vulnerable and remote areas
- Conduct Programme Coordination Committee meeting on trimester basis to review progress.
- Conduct joint monitoring visits and provide feedback and inputs on implementation
- Ensure their coordination and complementarities on governance bodies and plans without duplication.

CDP will support the NGO Facility in relevant key areas and provide the foundation for establishing a learning environment for policy and programme implementation lessons. Detailed mechanism has been described in upcoming chapters.
District/Illaka level:

At district level the NGO Desk/NGO Coordination Committee is responsible for the overall management and coordination of programmes implemented by local NGOs regarding areas of local governance and community development. The Local Development Officer (LDO) heads the NGO Coordination Committee. This is one of many thematic committees the LDO is expected to manage and unsurprisingly its effectiveness varies between locations. CDP will aim to provide technical support to strengthen this structure in its focussed districts to ensure that NGO activities are effectively coordinated, and avoid duplication and poor integration.

There is a NGO Desk, headed by a Programme Officer reporting to the DDC. The NGO Desk essentially serves as a clerical function to the DDC mandated with responsibility to coordinate non-state actors functional in the district. CDP has an active interest in ensuring that its key purpose of gathering data to coordinate NGO interventions is updated and managed effectively.

Likewise, CDP will support the local bodies to ensure coherence between these non-state and state (sectoral line agencies) during planning, implementation and monitoring.

VDC/Ward level:

The critical local institutions that CDP will work through for project implementation and awareness raising are the VDC, WCF and CACs. CDP will coordinate with the existing VDC level Project Monitoring and Supervision Committee (PMSC). Core activities will include working to strengthen the capacity of WCFs and CACs and complement similar LGCDP activities. CDP will also take the lead role in initiating and activating the WCF formation processes. CDP will support in initiating and cultivating the IPFC and WCFs.

b) Governance

Enhancing effectiveness of institution as described above is only one part of the larger equation. Strengthening local governance will involve enhancing the current planning and service delivery mechanism of the existing institutions to make them more accountable towards the citizens. A key activity will involve strengthening Local Bodies systems to ensure they adhere to the inclusive planning processes set out in the LGCDP guidelines. Other activities will involve opening up the deliberative space to engage with citizens, those who are outside of the existing domain of user group/CACs/WCF members. This engagement with citizens will ensure there is greater public transparency in decision-making processes in how resource allocations are decided.

There are key gaps in the district mechanism such as lack of required level of participation of diverse actors, negative political influence driven by vested interest, problems associated with transparency and accountability among others. CDP aims to work with LGCDP in addressing these issues.

At the VDC level CDP will work with and support the Integrated Plan Formulation Committee (IPFC). However the capacity of IPFC is weak and political interference is affecting project selection and identification. CDP will aim to support and introduce robust planning and objectively verifiable project identification mechanisms.
At the bottom tier where the actual implementation takes place, there are many issues that require focused support. Effectiveness of WCF to gather demand, their level of awareness on the actual planning and implementation process, control by limited number of social elites, monitoring mechanisms, fund disbursement and complaint addressing mechanism etc are areas which will require improvements. CDP aims to improve on these key issues.

3. 5.2 Reaching the poor and excluded Group

The central theme of this non-state led component is to complement the delivery of services of other actors like LGCDP with higher focus on remote and destitute groups to capacitate/compliment the government system. Identifying such groups will require collaborative efforts between CDP, DDC, VDCs and other stakeholders especially at the village and district level.

Through the District partnership strategies CDP will commit to undertaking detailed analysis of the current methods and models for identifying VDCs that require support. The current practice is to follow the MoFALD’s DAG criteria framework. The DAG criterion has been the basis for identifying some of the poorest Districts and VDCs for over 10 years. There is limited analysis to suggest whether the poorest VDCs, based on the DAG criteria, have graduated up the scale and indeed could be re-classified as better performing VDCs. In consultation with the MoFALD at the central level DDC/VDC at the local level, CDP will adopt scientific and feasible approach to identify such areas (settlements and households). Remapping of DAG will be a challenge to CDP, as it requires more time and scope, larger institutional commitment from other bodies among others. Nonetheless CDP will adopt participatory mechanism by involving key district level actors under the leadership of DDC in finalizing the VDC and communities based on scientific criteria (to be presented in upcoming chapters).

3.5.3 Demand driven assistance for sustainability

The current mechanism of input support has been questioned particularly because it follows an ‘entitlement’ approach where input packages are given as a compulsory requirement. Realizing that many have failed due to this blanket approach, there has been a growing realization that it needs to be improved through focusing on a system where after receiving the REFLECT training (52 weeks in duration), the communities themselves are strengthened to demand for livelihood package based on their capacity and willingness. This in turn will guide in making the entire intervention owned by the communities. As for the community level infrastructure, it will follow the local planning mechanism by ensuring that the guidelines and directives published under LSG Regulation will be followed. CAC will be the main target for delivering benefits both under livelihood support and community infrastructure.

CDP will maintain its operational guidelines developed under LGCDP with regard to the REFLECT training timeframe (52 weeks in duration) and during social mobilization. Social Mobilizers will coordinate with LGCDP staff where improved coordination and collaboration is required. Entire exercise will involve other mechanism in the districts such as line agencies, related NGOs etc.

3.5.4 Promotion of a more coherent service delivery system

Current service delivery mechanisms have been largely sectoral and citizens without institutional affiliations (groups/committee etc) have been devoid from receiving benefits. Contributing to this is the prevailing extension system of the state that is
guided by respective mandates, policies and targets. As a chronic problem, this issue has impacted effective service delivery. CDP being a short-term project under the MOFALD, it would be very ambitious to expect that its interventions will change the existing fragmented system quite significantly. Nonetheless, it will work with the actors in improving the system by finding avenues for coherence actions.

The existing 14-steps planning process has been largely practiced as an instrument of MoFALD with lead role taken by local bodies. The planning process has provision to involve other sectors in many of these steps but the effectiveness has been challenged by many factors such as a) lack of adequate human resources to forge collaborative efforts b) ministerial mandates and approach which usually bypasses this planning with involvement in information sharing and approval processes c) lack of understanding of the process and its benefits; among others.

CDP will forge coordination with district mechanism such as NGO desk/NGO Coordination Committee, District Social Mobilization Committee (DSMC). Its role will mainly be geared towards bringing actors within a common umbrella through setting up coordination meetings and creating awareness on the essence of collaborative planning, implementation and monitoring. CDP will remain alert that it works hand in hand with LGCDP and stays within the preamble of LSGA.

CDP will also support in the formulation of Village Development Periodic Plan (VDPP) which will include provisions to bring state and non-state actors during service delivery.

3.6 Assumptions and Interventions

There are key underlying assumptions of CDP that will have significant implications in its overall implementation. These assumptions either represent the existing situation or the likely future scenario based on current discourse. This section highlights on the prevailing assumptions and describes CDP’s strategy to address them.

- **Policy context**: The assumption is that ‘a conducive policy environment exists but due process and procedures are either being ignored or capacity at various levels is weak to maintain standards’.

CDP’s approach will be based on adopting the existing national policies –those guided by LSGA and other legal documents. Following strategies will guide CDP in addressing the issue of policy compliance:

- Building strong coordination network between local bodies and adhering to its prevailing laws and policies through periodic assessments
- Ensuring that periodic evaluation of CDP will assess legal compliance towards the standards
- Enhancing the capacity of local bodies through facilitation of periodic meetings of NGO desk/NGO coordination Committee
- Ensuring that capacity building exercise to be conducted at different levels will cover the component of policy provisions, deviations and compliance

- **District planning**: The assumption is that the ‘present system is cumbersome placing extra burden on overstretched staff, piecemeal processes to embrace community accountability, system by-passed by powerful and political vested interests’.
For chronic problems like ‘understaffing’ of local bodies, CDP might ameliorate only partially. Nonetheless it will adopt following broader strategies to address the issue:

- Enhancing synergism between stakeholders to upscale the outreach and service delivery mechanisms
- Complimenting service delivery to local bodies through CDP’s staff particularly by identifying avenues that require support
- Replace piecemeal approach by long term livelihood support programmes through incorporation into local institutions (groups, cooperatives);

**Institutional systems:** The assumption is that ‘institutions are not functioning and have unclear roles and responsibilities with line agencies operating outside of devolved framework’.

CDP has a major component on enhancing the institutional system. Following are the broader strategy to be adopted by the programme on improving the system:

- Support the local bodies (DDC and VDC) to enhance their capacity on inclusive planning, implementation and monitoring
- Reviewing the current service delivery approach including the strength, weakness, opportunities and threats to identify precise areas of interventions
- Facilitate series of consultative and coordination meeting among key stakeholders to enhance collaborative planning
- Provide training to local bodies, line agencies, political parties on coherent planning mechanism

**Project identification and selection:** The leading assumption is the ‘lack of technical screening and vetting of projects from micro to planning approval level’. Situation analysis study has identified this as a major problem both for weakening service delivery and in reaching the poor and excluded communities. CDP has a strong focus on improving the project identification and selection process. Following are the strategies to achieve this:

- Provide Local Level Planning (LLP) training to the existing DDC and VDC mechanism at district, illaka and VDC level by focusing on the technical aspect of project screening and identification.
- Strict adoption of guidelines and related planning, implementation and monitoring tools to place structural barriers on negative political influence
- Ensuring more accountable and transparent system by involving WCF/IPFC and key community members during screening and selection process

**Poverty targeting and DAG criteria:** The assumption is that ‘definitions and criteria of DAG need updating to inform project and programme planning’. As discussed, CDP will work with pertinent stakeholders on the issue of poverty targeting and DAG criteria. Following strategies will guide the interventions:

- Ensuring mutual agreement on the approach and method of DAG criteria and targeting through thorough consultation at the central and district
- Consideration of previous criteria with certain revision based on perceived changes
- To facilitate local bodies to agree on final sets of criteria for immediate use for CDP interventions

**Infrastructure:** The assumption is ‘lack of compliance to standards, capacity and competence of User Groups to manage and maintain community assets’.
• Ensure compliance through mutual coordination with the District Technical Office under DDC
• Adoption of existing building codes and guidelines published by the government for infrastructure development under CDP
• Enhancing capacity of WCF, local bodies and line agencies on monitoring of infrastructure development project with major focus on enhancing accountability and transparency through citizen engagement

• CAC Capacity: The assumption is that ‘CAC do not have the capacity to raise their voice despite assistance. As CDP’s prime objective is to enhance the participation of poor and excluded, there are numerous entry points in assisting CAC to enhance their capacity. Following are the broad strategies to address this issue:

  • Proper training and orientation of CAC members on their roles and responsibilities
  • Assistance through REFLECT sessions to ensure that they receive required training to raise their voice and to be proactive in livelihood improvement activities
  • Ensuring that CAC participate in the WCF planning and decision making processes;

• WCF role: The assumption is that ‘the function and role unclear and broad-base representation questionable’. As part of institutional strengthening and local governance support, CDP will work with WCF in making them proactive in their entire development process. Following strategies will guide this effort:

  • Ensure coordination with DDC and VDC on strengthening the current capacity of IPFC/WCF in planning, implementation and monitoring by delivering capacity building support and engagements
  • Enhancing social mobilization through collaboration between SM of CDP and LGCDP to ensure better representation in decision making bodies of WCF
  • Enhancing awareness of WCF on the entire development cycle including the 14 steps planning process

• Public Audit: The assumption is that ‘process and quality of proceedings not being maintained, seen as a tick-box process. This problem has been quite chronic in the development discourse. CDP aims to correct this by following the strategies below:

  • Ensuring that voice the poor and excluded are reflected with mandatory time allocation provisions for poor and excluded groups to share their opinion during such audit exercise
  • Strengthening WCF and CAC to take lead role during such auditing exercise
  • Ensure practices public audit in the VDC’s supported infrastructure projects

• M&E and Knowledge management: The assumption is that ‘key functions are absent or under-resourced at district and lower levels of decentralised government and that lesson on project successes and failure not fed into or informing programme policy’. CDP builds on the experience of LGCDP and CSP both of which have generated significant knowledge on local governance. This issue will be addressed by CDP through the following broader strategies:
• Building strong documentation of knowledge and experience through scientific Management Information System (MIS) and helping generate clearing house mechanism of experience of both state and non-state led actors
• Undertaking periodic review of programme to document its lessons and experience for future consideration and improvements
• Strengthening a mechanism that reviews and addresses the lessons drawn from past experience into the project cycle
4. CDP COMPONENTS

CDP will be focused on strengthening the existing local governance system and is based on the principle that input provisioning should not be treated in isolation rather will be a by-product of strengthened planning process representing the voice and demand of the poor and excluded group. This is a critical need to achieve the programme objectives and to provide a sustainable model for government. In this regard there are a number of issues emerging:

- Current local governance system has inadequacies, leading to a vacuum in deliberative space and public dialogue involving and engaging all citizens
- DAG criteria is out dated and is becoming increasingly politically manipulated to serve specific purposes of shifting development interventions
- Poverty and vulnerability definitions are skewed, there is no emerging consensus on poverty
- Existing processes of by-passing policy and programme guidance is creating an environment of rewarding perverse incentives for those with power and influence.
- Trade-off between government agenda to be seen to equitably (thinly) spread resources to benefit poor areas, resulting in limited and insignificant impact, and the more challenging agenda of concentrating resources in focused areas and ensuring integrated interventions benefit all citizens including the poorest and most vulnerable.
- Re-aligning the purpose and function of WCFs and CACs and therefore mitigation against political interference and elite capture.
- Managing local expectations through transparent dialogue and planning of available resources that can bring about sustainability and community ownership.
- Mapping inward flows of development assistance to Districts/VDCs to ensure integrated approach.

CDP will build upon the available evidence that suggests a lack of coherent planning combined with poorly integrated and fragmented development interventions, undermined by weak governance, are at heart of the problem in the focused district locations. The following components form the basis of CDPs engagement.

4.1 Community Empowerment

As briefly narrated earlier, this is one of the three core pillars of CDP implementation – aimed at ensuring that communities are capacitated to raise their voice and demand from the concerned service providers to receive benefits. Following are the sub-components within this pillar:

4.1.1 Social Mobilization

CDP will fully support initiatives with LGCDP to ensure that Social Mobilisation Guidelines are being applied. At district level CDP will help facilitate coordination with District Social Mobilization Committee (DSMC) to review the role and function of SMs and identify areas where greater cooperation between CDPs and LGCDPs SMs can collaborate and maximize resources.
CDPs SMs will be based in the district headquarters and will be involved in other components of CDP. CDPs SMs will work closely with LGCDPs SMs. LGCDP SMs will be the first point of contact to start CDP’s programme at VDC level. They will be consulted in identifying DAG communities. LGCDP SMs will contribute to UCPA, VDP Planning and utilized as a resource person in the Local Resource Person and WCF training. LGCDP SM will be invited to participate in the IPFC training, VDC level joint monitoring and PA. LGCDP’s community volunteers will mobilize their old CACs. In case of CDP promoted CACs, LRP in guidance and coordination with LGCDP SMs will facilitate the REFLECT session. The component of disaster risks reduction will also be covered during this mobilization exercise, particularly those relating to preparedness and response.

4.1.2 Citizen Awareness Centre (CAC) support

CACs have been a firm feature of CSP I & II and will continue to be a key mechanism for CDP. CACs are formed in the most disadvantaged Wards of a village or settlement, normally identified through the Disadvantaged Group Mapping using standard methods such as Underlying Cause of Poverty Analysis (UCPA). The poorest 20-30 families in these locations are selected and organized into the CAC. CDP will ensure that at least 60 per cent will be women. CAC members are encouraged to collectively identify problems affecting their daily life. A core component of CAC is the REFLECT training sessions where they receive training about their rights and entitlements and how to access government and NGO services among others.

CDP aims to work with the poorest section of the community. In targeting the poorest at district and VDC level, CDP will work with local bodies (DDC and VDC) and different line agencies (education, health, agriculture, forest, women development). Each of these sector agencies and local bodies has their own unique planning and implementation system along with targeting to approach for poor. In the health sector there are special funds for poor particularly during emergency cases; distribution of free medicine for poor, free of cost operations for cases such as uterus prolapsed etc have widely benefited poor people. Similarly in the education sector there are special quotas for dalits and deprived communities, scholarship of disadvantage groups, adult education for Dalits and other deprived groups, prioritization for Dalit during construction of school building etc. Social security funds have five different types of targeting namely a) elderly allowance; b) senior Dalit Allowance; c) single Women Allowance; d) Person with disability allowance and e) Dalit under 5 age allowance (all under 5 children in the Karnali region. While the distribution process is continuous, there are chronic problems associated with corruption, misuse of authority, no proper data/information), opportunistic citizens seeking double benefits, problems in proof and verification of citizen among others. These issues have to be taken into consideration while implementing CDP. These issues will be discussed in the CAC reflect session and community members will be taught on the processes, limitations and consideration for getting access to these services.

In terms of integrated development and harmonization of inward resources to the local economy, CDP will support CAC members, through the REFLECT sessions, on best utilization and demand of social security funds from VDCs. Within this context CDP will develop mechanisms and tools for CAC awareness in budget literacy and gender budgeting processes related to integrated VDC planning processes. The key areas of training and events for the CAC component of CDP will include:
CDP will ensure that CACs will not be subject to political capture. CDP will conduct a review of the current CAC mapping strategies just before the CAC formation and start of reflect session to ensure the membership of CAC fits within the LGCDP and CDP criteria.

**Economic Empowerment**

The experience of CSP and LGCDP has shown that providing livelihood support under such approach is proving to be risky and that there is a danger of linking beneficiary LIP to collective empowerment approaches. CDP, in consultation with the relevant actors at the districts (mainly DDC and line agencies) will improve upon this existing practice.

Figure 4.1 presents the flow diagram of the approach. During the 52-weeks REFLECT session, orientation about the livelihood component will be given to the CAC members. In consultation with the CAC members, LGCDP staff, line agencies and the DDC staff with expertise in local governance, CDP will undertake a rapid assessment to identify the relevant LIPs in the community against some pre-defined criteria as shown in the figure below. Before the REFLECT session concludes, CDP will complete three tasks namely a) assessment and selection of livelihood options b) preparation of comprehensive LIP and b) selection of beneficiaries. Once all the requirements are met, CDP in consultation with WCF will grant graduation to the CAC members after which support will be provided to the eligible member.

**Figure 4.1: Connecting Economic Incentive with Community Empowerment**

CDP will maintain strong coordination with the district line agencies while identifying and allocating such LIPs to the communities. A detailed framework for identification of LIP will be prepared in consultation with these stakeholders.

Second category of economic support is to provide skill development training to local communities. This training will not be specific to CACs. Participants will be selected from the wards of the VDC. Depending upon the local demand, such training could be either given at ward or VDC level. Respective line agencies will take the lead role in training these individuals.
4.1.3 Poverty targeting and DAG criteria

Beneficiary Poor

Identification: Identification of poor and excluded group will follow several steps by involving the key stakeholders at central and district level. Figure 4.2 shows the systematic step to be followed in identifying the beneficiaries. First step is to finalize the criteria through discussion with MOFALD, DFID and RRN consortium. Criteria proposed in draft inception have been agreed at the central level but will require one level of discussion and approval from the district.

Figure 4.2: Steps in identifying the beneficiaries

Once these criteria are finalized, CDP will apply these criteria at the district level in consultation with key stakeholders such as DDC, LGCDP and district line agencies.

CDP will design and develop a targeting strategy that ensures services provided are reaching poor and excluded people regardless of caste and ethnicity. CDP will identify and develop a set of criteria for identifying targeted VDCs, Communities and households. Relevant information will be collected from secondary sources and further verified from on-going evidence and data including the CDP Situation Analysis report and the CDP baseline. Targeting will be undertaken on two levels using a set of criteria. 1) Geographical targeting for prioritizing VDCs for programme implementation, and 2) Criteria for identifying settlements for programme implementation

Geographical targeting criteria for prioritizing VDCs for CDP implementation:

As CDP is not an independent function, it will work with local bodies to identify the areas for interventions. In the absence of an alternative system at present, CDP will use the Disadvantaged Groups Categorization information (DAG), as one of the criteria for targeting the VDCs. Available DAG mapping information of each district will be verified on the basis of the standard seven criteria used for categorizing the DAG VDCs.

First established in 2007 based on 2005 data sets, the DAG targeting criteria is considered by some to be out of date. With this in mind CDP will work closely with LGCDP and other district level actors to support an initiative to assess and review the existing targeting/poverty ranking/identification systems and establish the underlying drivers of poverty specific to the regional context.

Using the existing available information suggests there are no DAG 1 category VDCs in the 18 CDP districts (refer to spread sheet DAG VDCs in CDP Districts as presented in Annex 4.1). Out of the total VDCs (1134) in the CDP Districts, 94% (1062 VDCs) are classified as DAG 3A, 3B and 4 categories. If CDPs’ own analysis reveals there are specific poor and excluded communities, who have never received any support from different agencies then these will be considered, even if those VDCs are categorized as DAG-2 and DAG-1 criteria.

Criteria and process for identifying the Settlements for CDP implementation:

CDP will use the Underlying Causes of Poverty Analysis (UCPA) tool to identify poor
and excluded settlements and households. This will be done using a full range of participatory tools. It should be noted that the government is also undertaking UCPA which should be considered by CDP while finalizing the settlement. The government is also currently planning to distribute the Below Poverty Line (BPL) cards to identify poor and excluded. This could be one of the entry points to identify the poor—which should be decided in discussion with the actors.

Under the leadership of VDC secretary, trained CDP district teams with the support of VDC social mobilizer will facilitate the UCPA process. The findings will be further verified with the WCF and IPFC and recommendations put forward to VDC Council or other mechanisms for approval.

Throughout this process CDP will develop, in liaison with LGCDP, DDC and Ilaka level officials, specific technical guidance documentation for project screening, coordination, and integration with DDCs and VDCs periodic plans. Working with these stakeholders at district level and national stakeholder including NPC and MoFALD CDP and its consortium partner OPM will establish an integrated harmonized MIS in the CDP districts.

Poverty graduation
Poverty, vulnerability and other criteria markers have changed within the last 10 years and the current analysis does not take into consideration:
- Increase rate of migration and higher return of remittances
- Increased road infrastructure, network and access to markets
- Surge in RBA and awareness of vulnerability and marginalisation
- Development of local markets
- Increasing network of financial institutions and access to services
- Increase in communications network coverage

The district profiles undertaken for the Situation Analysis indicates that in the Hill region (Karnali) there isn’t significant change in poverty, therefore the present DAG criteria still apply. In the Terai a similar picture is evident and some District stakeholders are reluctant to change or modify DAG as they benefit from resource allocations. Differential DAG criteria may be necessary depending on the regions.

4.1.4 Link with Programme Log-frame

Output 1 of the log-frame is dedicated toward community empowerment. There are a total of two indicators at the outcome level to see the performance of this component. A total of 11 indicators have been formulated to assess this output. Total number of activities under this component will be 23.

4.2 Ensuring Enabling Environment

4.2.1 Policy engagement

CDP will liaise with the NGO Facility/MoFALD to support the policy engagement aspect of the programme. CDP will assign a Coordinator with specific tasks to support and enhance the capacity of the NGO Facility, and liaise with DFID and implementing organizations for the effective coordination of CDP. CDPs coordinator will be responsible for organizing joint monitoring visit to the CDP districts and project sites at least three times a year to gain exposure to CDP’s programme management and implementation approach. This exercise will involve central level staff of NPC, DFID, LGCDP and MoFALD in addition to other stakeholders that NGO facility
invites. CDP will organize, facilitate and support trimester meetings at national level for effective coordination and sharing of information with the NGO Facility/MoFALD, DFID and interested partners. The CDP trimester progress reports to the NGO Facility/MoFALD will form the basis of this continuing sharing of information and current practice. CDP also aims to support NGO facility in organizing coordination and sharing meeting at the central level among non-state actors to for better coordination and policy engagement.

In terms of reporting CDP will follow LGCDP's reporting period and formats and adhere to the Government’s fiscal year for programme implementation. CDP’s reports to NGO Facility will be shared with the Sub-NAC level of LGCDP. Through the regular engagement and programme reporting CDP will work with the NGO Facility and LGCDP to ensure convergence on reporting, implementation, coordination, and monitoring.

4.2.2 District partnership

Following on from the Situation Analysis Report, CDP will use this information to develop specific tailored made strategies relevant to each District. The CDP District Coordinator will develop a partnership strategy to work with other actors in the district. This document is a preparatory exercise that will aim to predict likely future risks and their mitigation strategies. Such strategies might vary among the districts. The basic principles of these strategies will be to establish compact agreements on the types of governance assistance required and use this to develop a code of practice for CDP support and engagement. The district strategies will use MoFALD’s Decentralization Guidelines and the core elements of LSGA to set the overarching partnership context.

A critical aspect of CDPs district engagement will be to use a set of agreed criteria to identify VDC focused areas in consultation with DDC. CDP aims to support 15 VDCs per district in Terai and 10 VDC per district in the hills. CDP will support capacity building activities and roles and responsibilities of IPFC and WCFs to undertake project selection, prioritization, and monitoring. CDP will conduct one joint monitoring visit per District each year with District level stakeholders. These events will form the basis of programme and policy lessons learning feeding into national level policy discussions.

The CDP district teams will support the function and effectiveness of NGO Coordination Committee/NGO Desk at DDC level. CDP together with NGO Desk/NGO Coordination Committee and DDC will assess the needs for strengthening the capacity of NGO coordination committee to execute its function. CDP will aim to prompt transparency in communicating on its approach and share annual plans and trimester progress reports with NGO coordination committee and DDC.

The underpinning principles of CDPs district engagement will be to promote and support a Transformative Change Agenda. CDP will ensure this approach and concept cuts across all interventions with IPFCs, CACs and WCFs. In collaboration with LGCDP CDP will provide assistance and support to the District Social Mobilisation and Monitoring Committee or District Social Mobilization Committee (DSMC) to ensure that the transformative Change Agenda is embedded. Social mobilization and raising awareness will enable poor and excluded people to organize themselves into CACs. Building on the experience of CSP CDP will provide reflect sessions to CAC members for empowerment.
4.2.3 Institutional systems strengthening at District level

Effective and efficient governance systems at District level have a critical influence on development programme activity implementation and coordination. CDP will facilitate coordination and collaboration for the strengthening of the institutional systems for effective delivery of targeted services.

The initial task will be to ensure that district integrated planning processes are fit for purpose, and any weaknesses or challenges in this aspect of the DDCs remit will form part of the CDPs district partnership approach. CDP will assist in facilitating these functions.

A key area that CDP and its consortium partners will lead on is to facilitate periodic planning processes at VDC level. The periodic plans are an integral component of programme harmonization at VDC level. WFP will ensure that staffs of CDP, local bodies and line agencies receive training/orientation on formulating VDPP.

CDPs Situational Analysis Report carried out a preliminary mapping of programmes and projects at district level implemented by other development partners. CDP is fully committed to support the DDCs coordination function of district and VDC planning and project selection processes. Building on the situation analysis and through further detailed assessment of other on-going/planned activities in the districts, and drilling down to VDC level, CDP will prepare VDC profiles to determine training needs to enhance the role and function of IPFCs and WCFs. CDP will undertake a training needs analysis package and develop a plan in consultation with VDC and DDC at district level and LGCDP and NGO Facility/MoFALD at central level. The key training areas envisaged include:

1. IPFC function – with a focus on project selection criteria
2. WCF resource – project identification guidance and monitoring selection criteria
3. CACs – revising the training package of REFLECT processes
4. UCPA – ensuring local government participation in the UCPA process as basis to strengthen government understanding of poverty analysis
5. Social accountability – developing methods of conducting public audits with a more participatory approach
6. Social inclusion/gender/RBA – ensure LGCDP contracted counterparts are trained in these key aspects of social development
7. DRR – develop a range of training components to strengthen systems and capacity of key stakeholders
8. Planning & monitoring – developing simple systems to record progress and feedback to the community
9. User groups – project cycle management function

In the interest of the DDC’s overall plan, CDP will work with others on complementary projects and activities and training programmes. The presence of other development partners will form part of the criteria for selecting suitable VDCs for CDP to operate in. Ensuring harmonization of programme delivery is to be put in the strategic context of supporting LGCDP and Ministries on developing a sector SWAp should this become a government commitment. CDP will support initiatives in relevant districts to harmonize administrative, planning and budgeting systems.

4.2.4 Support to 14 Step Planning process

CDPs Situation Analysis report and review of literature reveal that District officials are not always able to adhere to the guiding principles of the 14 step planning process.
Decisions and formal structures agreed before all demand projects come through. The Ilaka level function is to prepare integrated plans, but this process is being overlooked. The role of line agencies presents a number of challenges for integrated planning through the 14 Step process. Line agencies do not attend VDC level project approval, and therefore no technical screening takes place. Line Agencies form users groups and institutions, specific to their sector, and these institutions don’t participate in local level planning. This is a direct result of sector level annual planning mechanisms that don’t relate to mechanisms at local body level. Shopping list project proposals being generated - for example DDC in Jumla has over 2000 proposals raised by the community in last 12 months – most if any had not been technically screened or prioritized. This results in excessive work-load on DDC, and the process favours the elites and political parties to choose their own projects. Other government funds (parliamentary funds) are also circumventing the local planning process. The Figure 4.3 describes the critical linkages and challenges the current system is experiencing:

A significant number of gaps have been reported in the planning processes at settlement, Ward and VDC levels. Although there are clear documented policy guidelines (proposal formats, manuals, scoring formats etc), with clearly defined roles and responsibilities for WCF and IPFC etc, in practice however these guidelines are not followed. The underlying trends as to why these principles are not followed will require further analysis to understand the root causes. The institutional assessment process will contribute to understanding the core structural challenges. CDP working with other stakeholders will undertake review and assessment of the 14 Step Planning process to identify opportunities to enhance deliberative space for citizen engagement.

A range of training packages will be provided through CDP to improve the implementation of these guidelines. The entire planning process will be integrated such that disaster issues will be built into the programme cycle.

**Figure 4.3: Major issues and CDP’s tentative planned interventions under the 14 steps planning process**
4.2.5 Support to VDCs

The existing mechanism of VDC level planning, implementation and monitoring will be strengthened through provision of capacity building exercise on good governance practices, 14-steps planning process, coherence and monitoring. There are separate sets of activities in the log-frame strictly dedicated to ensuring that secretaries, political parties, line agencies, non-state actors at the VDC level function effectively and contribute towards the current local governance and service delivery.

4.2.6 Ward Citizen Forums support

WCFs are established in each Ward. The WCF role is to involve local communities in planning and monitoring process by facilitating interaction between poor people and local government. Specifically, its role is to a) hold regular meeting to discuss issues relating to socio-economic development at village/ward level b) identifying the needs and priorities of DAGs; c) generate demand and forward it to IPFC d) support CAC for effective operation e) participate in public audit and f) coordinate with other programmes at the community level. WCFs have 22 to 27 person membership, of which 33% must be women.

At the local level the WCF guidance on membership has been subject to deviation. In recent times it is reported that WCF membership includes local level political cadres representing their respective parties. In a political vacuum at local level it is unsurprising that political and elite capture is beginning to infiltrate into the WCF. CDP will work closely with LGCDP staff to reassess the ToRs, task and function of WCFs so that it includes an increasing focus to support on harmonization of local develop agenda. CDP will develop a training and capacity building strategy to strengthen the role of WCFs.

WCF perform a key role in programme planning and project selection criteria. WCFs have a key role in local development initiatives and CDP will establish mechanisms for supporting WCFs in project performance monitoring processes. WCFs will be instrumental in conducting joint monitoring and public audits. CDP will also facilitate training to WCF members on roles and responsibilities in key areas of GESI and RBA. The areas where CDP will provide training on WCF objectives, formation processes, 14 Step Planning processes, GESI, RBA, DRR, Public Audits among others. WCF will be capacitated on methods and approach to integrate disaster related issues into the planning.

4.2.7 Promoting coherency

CDP’s intervention places central focus on improving coherence and improving the implementation of non-CDP funds. This will be done through both ensuring policy support to NGO desk and DDC planning and by implementing concrete sets of activities. There is an urgent need to integrate the planning process right from the grass root level (i.e., settlement and wards) by adapting the standard protocols. Following table presents CDP’s strategy in improving coherence

<table>
<thead>
<tr>
<th>Level</th>
<th>Strategies</th>
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</thead>
<tbody>
<tr>
<td>Central</td>
<td>• Creating adequate enabling environment for initiating better coordination</td>
</tr>
<tr>
<td></td>
<td>• Periodic meeting between key non-state actors under the leadership of NGO</td>
</tr>
<tr>
<td>Ilaka</td>
<td>• Orientation and facilitation for harmonization</td>
</tr>
<tr>
<td>District and VDC</td>
<td>• Coordination and facilitation under the leadership of NGO</td>
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</tbody>
</table>
Following are the sets of activities that will be implemented at various levels for promoting coherence:

**Central Level:** MOFALD should take the lead role in promoting coherence. It should have two broader types intervention strategies. First is to create a good environment at the central level to bring institutions under one umbrella. Second is to undertake series meeting and coordination with other actors. Following are some of the activities to be coordinated by CDP to enhance coherency at the central level:

- Support NGO Facility/MoFALD to conduct programme sharing meeting with like minded I/NGOs at national level
- Support NGO facility/MoFALD to organize CDP’s coordination and progress sharing meeting with LGCDP, DFID, NPC, MoFA and MoHA and relevant line ministries at national level
- Support NGO facility/MoFALD to organise joint monitoring visit of representatives from national level stakeholders to the program district for cross learning purpose

**District Level:** Coherency at the district level is very essential as it represents the foundation of the 14-step planning process. CDP will direct its inputs in key activities that aid better coordination and synergism between actors.

- Training IPFC of the district
- Provide orientation and training to relevant stakeholders (line agencies, political parties, NGOs etc) on the 14 step planning process
- Support DDC to utilize NGO coordination committee/NGO desk meeting as a venue for promoting coherency (mutual planning, implementation and monitoring)
- Fully activate District Social Mobilization Committee (DSMC) to coordinate with other ongoing social mobilization activities and programmes in the district level

**Ilaka Level:** Institutional setup at the Ilaka level is not as prominent as in the district. Its role in project identification and planning however is very massive and critical as it not only is an avenue for political tussle but is a congregation of multiple stakeholders including local bodies, line agencies, other non-state actors that become part of the planning and project identification phase. The need to promote coherence is very pivotal in this stage of planning. Some of the activities will include:

- Support DDC to conduct orientation on 14 step planning process to Line Agencies, I/NGOs and private sector organization at Ilaka level for harmonisation of planning process
- Training Ilaka members on the current governance mechanism
VDC and Ward Levels: Coherency at the VDC level is equally important and for CDP this becomes even more important as most of the decision making function of the programme is influenced at the VDC level. Some of the relevant actions include:

- Mutually planning at the ward and settlement level
- Bringing state and non-state actors under the same umbrella of planning to avoid duplication
- Training the IPFC on the identification

CAC: CAC is the bottom tier of the planning process where all the actors are functional. Their roles become important as they can place demands from these actors. Some of the relevant actions could include:

- Creation of pressure group to claim rights and economic opportunities from various agencies mainly district line agencies
- Adequate mainstreaming of demand side actors

4.2.8 Mutual Reinforcement in Programmes

Situation analysis showed thick involvement of other development partners in the CDP districts including those of DFID. It also indicated major duplication of projects in the same areas mainly due to lack of proper coordination mechanism between actors. CDP will work on this issue for improvement. CDP’s service delivery will adopt the following strategies to ensure mutual reinforcing with other partners:

- Full activation and operationalization of district level coordination mechanism such as NGO Coordination committee, District Social Mobilization Committee (DSMC) and NGO desk to forge synergism between actors
- Avoiding duplication and clustering of similar activities at the community level through proper mapping of activities
- Increased emphasis on remote geographical locations
- Ensuring participation of other development actors in the VDC level periodic planning process

This will be further discussed with LDO and other district line agencies to finalize the approach for building cooperation and coordination. Nonetheless, there will be concrete steps for doing this as shown in figure 4.4.

First task will be to facilitate NGO desk/NGO Coordination Committee (NGOCC) to map all the ongoing relevant projects and programmes in each of the CDP districts. Situational analysis report has done preliminary mapping that could be used to start the mapping exercise. NGO desk/NGOCC will ensure that DDC, DSMC, line agencies and other major actors functional at the district level will be part of this exercise. Once the list is prepared, this will be cross verified and validated. CDP staff will take the lead role in assisting NGO desk/NGOCC for cross matching activities and locations of these projects to identify areas that will require assistance.

A loose network (an informal mechanism) of DFID funded projects or programmes will be formed at district level coordinate after DFID funded projects. This sub-committee can come up with approach where certain activities/inputs could be shared between projects of DFID. Nonetheless, NGOCC will take the lead role in coordinating all the projects in the district.
CDP will also support NGO Facility/MoFALD to establish a system to coordinate with all likeminded other development actors including projects, programmes and NGOs/INGOs at central level,

**Figure 4.4: Steps for working with other development partners**

4.2.9 Link with Programme Log-frame

Output 2 of the log-frame is dedicated toward ensuring a good enabling environment for service delivery. There are a total of three indicators at the outcome level to see the performance of this component. A total of 11 indicators have been formulated to assess this output. Total number of activities under this component will be 34.

4.3 Enhancing Service Delivery

The ultimate goal of the aforementioned components is to enhance service delivery particularly to the poor and excluded group. The key strategic directions of CDP to achieve this are by:

- Supporting existing service delivery system by improving their outreach and effectiveness
- Planning based on local priorities set out by WCF and CAC channelled through the regular planning process
- Concentrating on enhancing coherence between key state and non-state stakeholders ensuring that all the community level infrastructures are disaster resilient

CDP will maintain a good balance between what it needs to support and how it needs to support. It will not be guided by any preoccupied plan to target inputs - rather will address the demands that emerge from the regular planning process of the government. Nonetheless, it will need to demarcate broad categories of assistance it will provide to the citizens. There will be two categories of assistance to be provided to the government namely a) disaster resilient infrastructure and b) disaster resiliency activities.
a) **Disaster Resilient Infrastructure**

Providing disaster resilient community infrastructure throughout the programme represents a major portion of the CDP’s assistance. CDP aims to assist the local government in supporting certain categories of small community infrastructures as listed below:

- school support
- health post support community led total sanitation schemes
- hand pump water supply systems in Terai districts
- gravity flow water supply systems in Hills/mountain districts
- irrigation systems support
- culverts in Terai districts
- micro-hydro support schemes in hill/west region districts
- community buildings
- bio-engineering mitigation works

CDP will capacitate local bodies to establish systems to support and coordinate with the District Technical Office for ensuring compliance with national codes and maintaining quality control of disaster resilient (DR) infrastructure schemes. The partnership approach between the DTO will involve DTOs technical specialists providing specific training to CDP staff and recruited masons on codes of practice for DR infrastructure. The DTO cooperation will also extend to CDP having access to district laboratory for testing quality of infrastructure build. As part of the on-going cooperation CDP will involve DTO in the joint monitoring visit to the project sites. In order to ensure the quality of infrastructure DFID should take the lead role in undertaking third party monitoring to provide timely feedback.

CDPs preferred infrastructure implementation mechanism is through well-tested community appointed User Committees. CDP will support the local body to assess the capacity and competence of existing and potential User Committees to ascertain their effectiveness to manage and implement CDP projects.

In the aftermath of the recent earthquakes there is renewed emphasis on issues concerning building standards, safe guarding CDPs investment, demonstrating efficiency gains, and minimizing opportunistic behavior of building practices. CDP will provide capacity building training to user committees. The envisaged training activities will include:

- Pre-construction training sessions to User Committees
- Post-construction training sessions to User Committees
- basic care and maintenance training for water related projects
- training sessions in Rights Based Approaches; Gender, Equity & Social Inclusion, Disaster Risk Reduction, and Public Audits

CDPs District Team’s operational presence (technical & social) at field level will join hands with local bodies in helping user committees implement CDP projects effectively.

Targeting of small infrastructure will be based on the prioritization and identification of CACs to ensure that these facilities are utilized by the poorest and excluded groups. However, under special condition, new locations that have larger and immediate needs will also be considered through approval from DDC. Precise locations for these infrastructures will be finalized in consultation with the technical working group.
Project identification and selection process

14-Step Planning Cycle starts in the middle of November. The assessment and prioritization of programmes and projects is undertaken by end of December each year. Assuming that CDP implementation start-up could commence from August 2015 CDP will be out of sync with the timing of the 14 Step Planning cycle for project identification processes. However CDP will not deviate from the planning process. CDP district teams will consider and provide support to those activities that have already been identified and approved (projects bank) by Ward Citizen Forums (WCF), VDCs and District Councils.

CDP district teams will independently verify that these identified projects achieve the criteria of reaching and targeting the poor and excluded people within the community. In the event there are no appropriate projects, and they do not meet CDP criteria, CDP will identify new projects in consultation with CACs, WCF and VDC, and request DDC to organize “Special District Council” meeting to approve any new projects in consultation and agreement with the NGO Facility/MoFALD. Should there be circumstances where organizing Special District Council is not possible then special provision will be facilitated under the leadership of NGO Facility/MoFALD only for the first year of the programme as the council is already completed.

Project location selection process: The CDP will implement its programme only in 225 VDCs of 18 districts- fifteen VDCs in each Terai district and 10 VDCs in each Hills/Mountain district. CDP team will develop and publish a set of criteria to identify project locations. This strategy and criteria will be discussed with district level stakeholders (LGCDP and DDC) and subsequent VDCs will be prioritized for CDP programme implementation. With support from CDP the DDC will form a Task Group comprising of Governance Expert from LGCDP, Planning Officer from DDC, representatives from the line agencies, one representative from NGOs/INGOs and the CDP District Coordinator. The criteria for prioritization of VDCs will include the following issues:

- CDP will not work in those settlement where other donors/programmes and agencies are implementing similar activities
- CDP will give high priority to those VDCs which are remote in terms of distance and access to services for programme implementation
- CDP will consider the presence of Government with similar supports/activities
- Priority to vulnerable VDCs at risk from disasters

Using the above criteria, the task groups will carry out information gathering exercises that will include mapping and identification of potential VDCs for programme implementation. The recommended VDCs will be approved by the DDC council/or other appropriate advisory mechanisms.

b) Enhancing disaster resiliency of communities

CDP will work with various state and non-state actors to train the communities on disaster preparedness. Situation analysis study depicted fair presence of institutions in the districts working in the disaster sector. Chief District Office (CDO) through District Disaster Relief Committee (DDRC) is taking the lead role in managing disaster related problems and challenges. Each district has District Disaster Risk Management Plan (DRMP) which is the guiding document in the disaster sector. Nepal Red Cross Society (NRCS) is the lead non-state actor working with
government and communities in addressing the problems of disaster. CDP will join with these key stakeholders during implementation.

**Situation Assessment:** Initial task under this component is to undertake mapping of disasters. CDP in close partnership with local bodies and other pertinent actors will map and rank the different disasters. This selection and identification will be verified and approved from DDRC before the actual interventions initiates.

**Institutional strengthening and Planning:** Communities need to have a concrete plan to implement disaster resilient activities. CDP in partnership with DDRC will support in the formation of Community Based Disaster Risks Management Committee (CBDRMC) and Local Disaster Risk Management Committee (LDRMC) which will take the lead role in formulating community and VDC level disaster plans. These plans will include provisions of early warning system, light search and rescue operations, pre-positioning and first aid preparation. Likewise CDP will assist in forming various task groups that will take the ultimate responsibility to implement such plans. For each of these key tasks, separate task group will be formed at the VDC level.

CDP will assist in enhancing the capacity of district level stakeholder by providing training of formulating DDRMP.

**Early Warning System:** In addition to above level work on preparedness, CDP will work with the vulnerable communities in establishing early warning system at VDC level and will provide training to EWS volunteers and members. CDP will assist the VDC in forming a separate task force on EWS will also be formed at the VDC level.

**Light Search and Rescue:** There will two tasks under this category. First task is to form light search and rescue task force at the VDC level. Second activity is train them on implementing light search and rescue operations.

**First Aid:** A first aid task force will be formed at the VDC level and will be trained on undertaking first aid operations.

**Pre-positioning:** CDP will provide certain assistance for pre-position of equipments and materials that will help in enhancing the preparedness of the community. These equipments will include early warning system such as sirens, bags etc.

All of these activities will be done in full coordination with VDC and community level stakeholders.

**4.3.1 Link with Programme Log-frame**

Output 3 of the log-frame is dedicated toward ensuring enhanced service delivery. There are a total of three indicators at the outcome level to see the performance of this component. A total of two indicators have been formulated to assess this output. Broadly two types of activities have been built namely support disaster resilient community based infrastructures and supporting relief and rehabilitation efforts.

**4.4 Mutual Reinforcement of funds**

CDP’s interventions are directed towards enhancing the capacity of the government to provide effective services to the people. CDP will have four entry point strategies to mutually reinforce government’s financing and capacity as described below:
a) **Support the existing projects bank:** Not all the projects identified for this fiscal year have been funded due to lack of resources of the government. CDP aims to identify those projects that fit within its scope and criteria for financing. This could be a major contribution to the already weakened service delivery provisions.

b) **Follow up support:** Situation analysis study showed that even the projects that were supported by the government, have received only partial assistance due to shortage of funds. CDP aims to identify such priority projects in consultation with the local bodies and provide support. This will save time and will help reach some already identified priorities of the government.

c) **Top up Support:** Not all the projects can be fully supported by local bodies mainly due to limitations of funds. CDP will work with DDC and VDC in identifying projects that are eligible under CDP for providing mutual funding. For example, for a project costing 0.5 million where local bodies can provide only 0.2 million, CDP can support the remaining 0.3 million for successful completion of the project.

Undertaking these interventions demand strong understanding of the processes, scope, problems and opportunities of the prevailing governance system. The consortium lead by RRN thus has to shoulder the responsibility to train and capacitate its key district staff. Full orientation and training to the District Coordinator is essential in the following general subject matter.

- capacity of key state agencies/bodies
- nature of decision-making in the public administration
- schedule of financing and
- process and channel of fund flow

RRN will organize several days of orientation to its staff for training on these issues for better understanding for the future. The government officials will be invited as the resource persons to the training.

Another equally important issue deals with the ways of ensuring how CDP-supported assets and services will provide sustainable services to the poor. CDP will work on ensuring sustainability by

a) involving all the likely beneficiaries right from the planning stage for enhancing ownership– even the opposing parties will be involved

b) Linking service providing agencies for better ensuring coherence

c) adopting of existing guides and manuals with zero comprise on the process to check and balance negative influence (most of political nature)

d) starting with a clear exit strategy in mind while implementing the projects (activity wise exit strategy)

e) Establishment of strong repair and maintenance mechanism for projects relating infrastructure and asset building

f) backing up through proper monitoring

These strategies will be further refined in consultation with the district level stakeholders, mainly the local bodies.

### 4.5 Tracking Incoming funds and projects

During the course of CDP’s implementation, there might be other incoming programmes with which CDP will have to maintain coordination. Broadly there could be two categories of projects. Those that come via the government channel with
programmes reflected in the ‘red book’ while second category could be direct assistance to the communities by the donors.

For projects that appear in the red book, NGO facility under MoFALD will have to inform both the parties (CDP and the new coming project management) about the mutual presence in the 18 districts. This needs to be done both during the periodic national coordination meeting as well as through ad hoc meeting arranged for the purpose of initiating coordination. RRN, the lead of the CDP consortium will first coordinate with the new project team and work in building synergism. This will be somewhat challenging as these projects have their own goals and mandates. MoFALD/NGO facility should give strong direction for mutual synergism between actors. For projects implemented by DFID, major responsibility of building coordination will also lie in the hands of DFID central level staff. Only based on these directions from the government and the donors, district and local level coordination will be possible.

For projects that are directly implemented in the district and communities without proper coordination at the central level, building such synergism will be difficult. As one cannot deny the reality and these types of projects are functional and sometimes very successfully owned by the communities, RRN should take the lead role in coordinating with them and should try to bring them under the NGO desk and NGO coordination committee.
5. STRUCTURE AND MODALITIES

5.1 Implementation

CDP’s project implementation adheres to a project cycle management approach that includes planning, implementation, monitoring and evaluation. CDP will not act as a separate programme but will be integrated into the regular planning cycle of the government like the current LGCDP. This approach is aligned with the planning cycle of local bodies, i.e., 14-steps participatory planning process. Figure 5.1 provides an overview of the various stages of the planning cycle demonstrating alignment with LGCDP’s framework on social mobilization, monitoring and accountability measures.

The present system starts with project demands raised at household level through CACs being forwarded to WCFs for prioritization and approval by WCF. Selected projects are sent to VDC/Village Council and IPFC. Those projects that fall outside of the endorsement capacity of village council are sent to Ilaka and District Council.

CDP district staff will facilitate the process of identifying project demands in the selected VDC/Ward settlement locations where it is agreed it will operate. CDP’s project selection criteria forms the basis for identifying projects that CDP will support. If CDP cannot support these initiatives, this will be communicated to the community.
with appropriate feedback explanation. CDP will also assist communities to identify the most relevant agency or development partner if the scope of the community identified projects is outside the remit of CDP. Maintain close coordination with LGCDP and other state and non-state actors in this entire process will be the key strategy of CDP.

Demands that are feasible, and which CDP can support, will be approved by the PMU and upon signing MoU between CDP and the Users Committees/CACs, those projects will proceed to the implementation stage.

5.2. Governance and Management Structures

CDP is a non-state component of LGCDP, and the overall management structure and approach is aligned with the local governance framework of MoFALD. The chairmanship of NGO Facility/MoFALD, Programme Coordination Committee (PCC) will coordinate, facilitate and monitor CDP activities.

**Figure 5.2: Programme Management and Coordination Structure**

The PCC comprising of representatives from NGO Facility/MoFALD, LGCDP, DFID and RRN) will provide plans and progress reports regularly to Sub-NAC at MoFALD. PCC is responsible for providing strategic guidance to PMU. NGO Facility is also responsible for coordinating with National Planning Commission (NPC),

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12 A National Advisory Sub-Committee (Sub-NAC) is chaired by the division head of the Local Self-Governance Division of MoFALD and comprises of representatives of LGCDP’s partners as members.
Ministry of Finance (MoF), and Ministry of Home Affairs (MoHA). The NGO facility will review progress and provide strategic guidance to PCC and Programme Management Unit (PMU) while PMU in coordination with consortium partners (WFP and OPM) is responsible for overall day-to-day management and implementation of the programme.

5.2.1 CDP Management Structure

The governance and management structure of CDP is designed to achieve the programme’s key objectives. Firstly, to provide technical support to the local governance systems strengthening, from national to regional to district and down to VDC and Ward levels. An integral component of the governance support is to promote accountability and effective citizen participation in decision-making structures involving WCFs and CACs. The second overriding objective is to improve the provision and delivery of quality public services in an efficient and cost-effective way. The CDP organisational structure is set out in Figure 5.3.

**Figure 5.3 CDP Staffing Structure**

5.2.2 CDP staffing structure:

The CDP structure comprises of three separate but connected functions. The Project Management Unit at Central level, two Regional Offices covering the western and Eastern regions, and 18 District Offices.
5.2.3 Project Management Unit

The major roles and responsibilities of the PMU is to provide technical support to regional and district offices. A key strategic function at central level however, is to ensure coordination and collaboration among government line agencies, DFID and stakeholders including the PCC. The PMU will have oversight to ensure policy coherence issues are met and implemented and provide guidance to region and district level team for promote coherence to enhance good governance. PMU will monitor and oversee effective execution of activities that includes information management, knowledge dissemination, monitoring, reporting, and timely disbursement of funds the District teams. The overall financial control of the programme is PMUs responsibility. PMU will ensure effective administration and human resources management and identify short-term and long-term support requirements to achieve the CDP objectives.

- **Regional level:** The purpose of the CDP regional offices is to provide technical support and back-up to the districts, maintain liaison and dialogue with line ministry agencies at llaka level, and support municipality engagement. The technical specialists at Regional offices will also ensure that the lessons emerging from CDP are fed back to Central level and disseminated to relevant stakeholders highlighting particularly the issues and approaches concerning the coherence agenda.

- **District level:** The purpose of the District offices is to plan and implement programme activities in the district project areas in close coordination with local government, line agencies and other key stakeholders. In pursuit of the coherence component of the programme CDP staff will provide support to build capacity of WCFs and IPFCs with regard to the 14-step planning, and report to district stakeholders on issues impacting on the 14-steps planning process. CDP District team have a critical role to play in strengthening the function of the NGO Coordination Committee and NGO desks.

Staffing structures of each district and regional offices will be revised during year 1 of CDP implementation to assess specific needs, opportunities and local priorities.

5.3 CDP Consortium Partners

5.3.1 WFP’s role in the consortium

WFP will be responsible for ensuring timely payment for the labour component of infrastructure projects provided by RRN. WFP has long experiences on cash transfer through branchless banking in the Cash for Assets programme. WFP will also assist Village Development Periodic Plan (VDPP) preparation at VDC level. Key tasks envisaged in the technical bid and draft MoU between RRN and WFP include:

- Supporting VDC to prepare five years’ Village Development Periodic Plans

5.3.2 OPMs role in the consortium:

OPM will be responsible for the overall CDP Monitoring and Evaluation Framework. Another key function is to provide advisory and technical support to CDP teams on regular monitoring of the programme. In close consultation with stakeholders, through CDPs management structure, OPM will establish an MIS for the programme in addition to conducting operational reviews and rapid assessments of CDP.
5.3.3 Affiliated agencies to support the Consortium Partners

**Crisis Recovery International**: US-based Crisis Recovery International (CRI), will provide specific inputs on the basis of its very considerable international experience in disaster assessment, relief and rehabilitation.

**International Union for the Conservation of Nepal**: The International Union for the Conservation of Nature (IUCN) has been working in Nepal last several decades, mainly in the field of nature conservation and disaster management. So, their experiences and expertise will be used in responding disasters and climate change impacts in the programme area. Their technical expertise relating to livelihood planning will also be sought.

**Baker Tally International Development Associates**: The Baker Tally International Dev Associates Chartered Accountants Firm will provide expert services in managing finances and fiduciary risks of CDP.

**AKVO Flow**: AKVO FLOW uses the FLOW Android App for offline data gathering for a variety of field data collection purposes, including M&E, which RRN will use in their joint project. The CDP Programme offers an excellent opportunity to apply and develop this tool in the field as a small scale piloting. The software is described at https://flow.readthedocs.org/en/latest/docs/fieldapp/4-surveys-to-device.html.
6. STRATEGIES AND GUIDELINES

CDP implementation will be guided by the existing guideline of LGCDP. Nonetheless, for managing internal affairs and transactions, CDP will utilize use those published by the lead consortium.

6.1 Communications & Influencing and advocacy Strategy

CDP’s communication, influencing and advocacy approach aims to ensure that the lessons learned through programme implementation and engagement with key stakeholders has an influence on overall policy development of LGCDP. The communication strategy will support CDP’s goal to be open, transparent and accountable in its relationship with stakeholders including Government of Nepal, DFID, civil society organizations and the public at large. Refer to Annex 6.1 for full details of the CDP Communications Strategy.

The aim of the CDP communication and influencing approach is to contribute towards increasing the target audiences understanding about the holistic development initiatives undertaken by CDP to empower communities to fight poverty and effectively communicate on the successful implementation of the programme. The communications strategy has four key objectives:

- Improved coordination with LGCDP and other DFID programmes
- Increase the national, and UK audiences understanding and support for CDP’s work on the development of communities in Nepal
- Mitigate risks for implementation of CDP with greater transparency
- Share learning’s and best practices of CDP

The CDP Communications Team, in cooperation with CDP regional staff, will focus on:

- Streamlining the communications activities of CDP
- Establishing methods of sharing and storing information with implementing agencies, development partners, the UK and Nepali public
- Sharing information and building relations with the media
- Developing visibility materials and publications that highlight CDP’s work

The Communications Team will deliver the following products:

- Publication of CDP Information Brochure (English and Nepali)
- Publication of CDP Newsletter/Bulletin (English and Nepali)
- Creation of CDP Section under RRN Website and regular information update
- Creation of RRN/CDP Social Media Accounts (Face book, YouTube, Flickr etc.) and regular information update
- Production of Video Documentary
- Photo-stories/Photo-sequences in RRN/DFID Websites
- CDP activity report in RRN Annual Report
- Picture stories in RRN Calendar
- Publication of Success stories and share through RRN, LGCDP and DFID websites
- Engaging and partnering with Mass Media (Newspapers, TVs and Radios)
6.2 Complaints and grievance mechanism

The CDP complaints and grievance system will enable community members to raise issues and expect responses within given time scales. Complaints will be received through a) phone hotline; b) e-mail and c) complain drop box in RRN district and regional offices. Complaints will be redressed by authorized staff of RRN at district, regional and central level. Each of the complaints will be registered in a standard format (to be developed later) confidentially. Individuals/community members will submit complain to one step higher authority. For example, complains of SM will be sent to district coordinator and that of DC will be submit to regional coordinator and so on. The mechanism of CDP to respond to the complaints will depend upon the nature and scope of the complaint. Further investigation by regional and central level authority will be carried out before responding to the complaints. Response will be done through a) public notice on RRN’s notice board b) phone call to individuals and c) through emails. These detailed processes will be published in a brochure/flyer and will be widely circulated in the programme area.

Messages will be communicated over local radio, public notices describing how issues are redressed. Notification of Public Auditing processes for infrastructure projects will be advertised in advance through local information dissemination means to encourage broad participation in the deliberations.

6.3 CDP Exit and Sustainability Strategy

CDP has developed an exit strategy describing how CDP activities will phase out simultaneously within the duration of the programme 2015-17. Annex 6.2 presents the full ‘Exit and Sustainability Strategy’. CDP will continue to work in close collaboration with Development Partners and the NGO Facility during the first year of programme implementation to refine the strategy.

The underlying premise of CDP is that all community assets will establish a key component for addressing sustainability. CDP will train community groups in sustainable project management processes. The community will be encouraged to collect user fees and contributions towards maintenance funds for essential repair and maintenance for projects including: drinking water projects; irrigation systems; micro-hydro and solar generation project; and suspension bridges. All CDP community assets (all hardware and software projects) will be registered with relevant authorities and local bodies including schools, health posts, drinking water supply, and income generating groups. CDP, in collaboration with LGCDP, will encourage resource collaboration and networking with group members, line agencies, CBOs, VDCs and DDCs to ensure programme sustainability.

The exit strategy will be developed according to programme log frame outputs and different activities of CDP components. These include the following objectives:

Disaster resilient basic service infrastructure:

- Build capacity of CBOs/UGs to enhance knowledge and skills required for maintenance and care of community assets
- Establish/manage operational maintenance fund of various schemes
- Ensure involvement of government’s technical expertise in the project cycle while constructing disaster resilient buildings under CDP activities
- Disseminate and share reports on CDP infrastructure projects among respective line agencies
• Register all CDP infrastructure projects with respective district based offices/line agencies
• Install information boards in each infrastructure project sites
• Establish complaints mechanisms for community to raise issues concerning infrastructure activities

Strengthening capacity of poor and excluded communities:
• Register CAC/Income Generating Activities (IGA) groups with respective line agencies/ cooperatives/ VDCs/ private sector institutions
• Develop linkages and networks with private sectors, markets and service providers.
• Establish and develop linkages and networks of IGA group members with private sectors, markets, service providers, agents of savings, micro-finance and credit schemes and financial institutions
• Submit and share livelihood project reports and lessons learnt with relevant line agencies

Local government (DDC/VDC) planning, monitoring and accountability processes:
• Support to prepare Village Development periodic Plans (VDP)
• Share project completion reports to VDC/DDC/sector line agencies
• Share, document and disseminate examples of best practices of CDP to VDCs/DDCs/sector offices
• Organize programme wrap up meetings at VDC, DDC, regional and national level

Increased climate and natural shocks resilience of vulnerable communities:
• Ensure capacity building of CBDRMC, LDRMC, and DBDRMC and establish linkages among various committees
• Provide support to various committees to access and manage LSGA funds
• Build linkages and networks of trained task force groups with relevant line agencies
• Endorse DRR activities in District Disaster Management Plan (DDMP) and sector and cluster plans
• Share examples of best practices, and lesson learnt from DRR activities with DDRC

6.4 Implementation Plan and Guideline
Implementation will be guided by the existing guideline of the LGCDP/MoFALD/GoN. CDP will maintain close coordination with DDC and the LGCDP desk in maintain coherence with those guidelines.

6.5 Financial management strategy
Financial management strategy of CDP will be guided by the rules and regulation of both DFID and RRN. RRN has prepared “Manual of Operating Procedures 2013” which guide the financial strategies and processes. CDP is a pre-finance based programme where payment will be released by DFID upon the successful completion of the milestones. During the lead time, pre-financing arrangement with national commercial bank will be carried out.

In addition, CDP/RRN has prepared a detailed Financial & Accounting Management System Manual which clarifies the various aspects of financial management. It has provided detailed information on a) maintenance of financial accounts b) cash flow
management c) book keeping d) financial planning and budgeting e) flow of information and funds f) bank accounts operations and management among others.

Annex 6.3 presents the detailed Manual for Financial and Accounting Management System to be used for CDP implementation.

6.5.1 Value for Money (VfM)

Value for Money (VfM) assessment has utilized the DFID’s framework which assesses three aspects namely economy, efficiency and effectiveness.

**Economy** mainly deals with the issues such as quality standards and pricing of inputs. RRN/CDP plans to purchase inputs (materials and services) using standard procuring methods through competitive processes. RRN has published ‘Manual of Operating Procedure 2013’ which includes details on how all the ins and outs of the programmes can be made economically efficient and effective. RRN has a long history of working in rural areas and have their regional offices which have good familiarity with the local market and service providers in the area. Prior selecting any input supplier or service provider, RRN assesses the price and quality provisions of their proposal. Those who commit best results at low price are given priority for selection.

**Efficiency** concerns with enhancing positive results through efficient balance between inputs and outputs. There are a total of four outputs under CDP. Each of these outputs will be measured through SMART indicators. As this is a programme mostly led by the local community through various groups like CAC and UCs, these outputs is aimed to be owned and realized by local people. Most importantly, design of CAC and UCs under CDP will ensure that the most deprived and excluded section of the community will be selected during planning, implementation and monitoring of the different activities. These grass root level people will not only own the outputs but will be a key driver in giving continuation of the activities even after the phasing out of the programme. Some of the activities such as building disaster resilient infrastructure aim to improve classroom facilities that create enabling environment for reading and writing - contributing towards increased efficiency on education system. Apart from that, there are many activities that contribute towards enhancing efficiency. CDP has strong governance and monitoring mechanisms where it will do nearly three types of public auditing from start to finish of any project which ensures financial transparency and enhancing ownership towards the program – a key factor in increasing the efficiency of interventions.

**Effectiveness:** Effectiveness mainly deals with the conversion of outputs from an intervention in achieving the outcome on poverty reduction and social inclusion. First, CDP aims to focus mainly on poor and excluded people and has a separate component on Income Generating Activities (IGA) supporting both on-farm and off-farm activities which directly contributes to household cash income. Likewise, local employment generated during infrastructure construction will also contribute to raise household income. The plan is to have a good contribution in promoting social inclusion especially through the several groups such as CAC and UCs. These bodies represented mostly by poor and excluded group will be proactive in demanding resources from government for different development interventions in their areas. Likewise, apart from some money which will go as overhead for RRN, rest of the funds will be invested for programme implementation – all contributing towards enhancing the effectiveness of the programme.
Commercial Improvement and Value for Money

CDP has a well designed log-frame with clear goals, outcomes and outputs with associated activities tracing risk and assumption right from the beginning. The Terms of Reference/project document given to RRN is also very clear and the required negotiations were also carried out to make the overall assignment more realistic and achievable. All the funding to be provided through the programme will be subject to the DFID’s financial accountability checks and balances (e.g. separation between finance and procurement, internal and external audit, etc). At the grass root level the suppliers of inputs will be selected in a competitive basis by giving priority to high quality and cost efficient entities. Payments by DFID to RRN and by RRN’s central office to its district offices will be done based on results and performance. These are the essence for economic and commercial improvement of the value of money invested under CDP.

6.6 Risk management strategy

In the present context, RRN has envisaged several risks which may hamper to achieve the expected results of CDP. The recently conducted Situation Analysis study also undertook detailed risk assessment. Risk related to operations, political interference, planning, institutional processes, coordination and finance were examined. The main purpose of this assessment is to help CDP anticipate likely problems that might arise during the future of the programme. Out of these categories, CDP has developed a set of mitigation strategies/actions for those which will have higher influence to the programme which include a) human resources b) outputs and targets c) political and d) financial. These all strategies have been developed based on the experiences of RRN and recommendation of the situation analysis study findings. Refer to Annex 6.4 for detailed risk management strategic framework.

Counter-fraud strategy: RRN/CDP bears zero tolerance against any form of corruption. All the actions related to corruption will be handled as per existing Anti-Corruption Policy 2013 of RRN. RRN/CDP will regularly assess the risk of corruption or fraud through fiduciary risk assessment process by appointing a firm with international affiliation for the process. The fiduciary risk assessment will be independent of all activities of RRN/CDP and carried out over the project period.

Due diligence strategy: Due diligence analysis is meant for assessing whether RRN system is robust enough to implement CDP. The four pillars of DDA and the respective evidences are given below:

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<thead>
<tr>
<th>Pillar/Criteria</th>
<th>Bases for Evaluation</th>
<th>Evidences</th>
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<td>1. Governance and Control</td>
<td></td>
<td>Organization Structure</td>
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<tr>
<td>- Governance</td>
<td>Bylaws/Operations Manual</td>
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<tr>
<td>- Decision Process</td>
<td>Bylaws</td>
<td></td>
</tr>
<tr>
<td>- Legal policies / strategic level governance</td>
<td>Statutes/Bylaws</td>
<td></td>
</tr>
<tr>
<td>- Organizational set up/structure: segregation of responsibilities and accountability</td>
<td>Operation's Manual</td>
<td></td>
</tr>
<tr>
<td>- Project Level / specific Governance</td>
<td>CDP organogram</td>
<td></td>
</tr>
<tr>
<td>- Fraud, Bribery and Corruption control policies and mechanism: Zero tolerance against corruption, Anticorruption policy</td>
<td>Anti corruption policy</td>
<td></td>
</tr>
<tr>
<td>Pillar/Criteria</td>
<td>Bases for Evaluation</td>
<td>Evidences</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>- Risk Management Strategies – Risk matrix, Neutral, development ethics, PI Insurance</td>
<td>Inception Phase Report</td>
</tr>
<tr>
<td></td>
<td>- Fiduciary Risk Assessment and mitigation strategies</td>
<td>Contract for expert service: Baker Tilly</td>
</tr>
<tr>
<td></td>
<td>- Contract (staff/service/supply)</td>
<td>Randomly chosen copies</td>
</tr>
<tr>
<td></td>
<td>- Performance Management</td>
<td>Operations Manual/formats</td>
</tr>
<tr>
<td></td>
<td>- Staffing – HR Policy/Gender Policy</td>
<td>Published document</td>
</tr>
<tr>
<td></td>
<td>- Procurement Policy : Procurement of goods and services</td>
<td>Operations Manual</td>
</tr>
</tbody>
</table>

2. Financial Capability  
Financial System: Pre-financing, Accounting, Auditing, Assets management, Software, VFM Strategy (principle of EEE in utilizing resources)  
Agreement with Bank for pre-financing CDP, Financial Guidelines

3. Ability to Deliver  
implementation guidelines  
Experienced staff, Past experience

4. Downstream Partnership  
Users’ Committees  
Formation of users’ committees

RRN has found this approach very much suitable for its case as well while collaborating and building partnership with any other local organizations as and when so required. Regarding consortium partners, necessary information and evidences have already been obtained from Oxford Policy Management (OPM) as part of the DDA whereas WFP being an UN agency it is assumed that it must have very sound system in place hence has not conducted DDA. However, in relation to the specific delivery requirements of CDP, an assessment of WFP as well may be conducted later on, if deemed necessary.
7. MONITORING AND EVALUATION

7.1 Types of Monitoring

The Monitoring and Evaluation component will comprise of: Internal CDP monitoring; OPMs monitoring and evaluation framework; and independent monitoring of CDPs payment by results processes.

The CDP log frame provides the basis for monitoring the programme’s performance against stated outputs, indicators and activities. However the use of Score Cards will enable community stakeholders to determine the criteria for issues they would like to evaluate and assess. Another critical component of the overall M&E framework involves rapid assessments using qualitative and quantitative methods that CDP will carry out 8 times over the duration of the programme cycle. An operational review undertaken twice throughout the programme will drill down into issues emerging from the various M&E components. In addition to the M&E components described above DFID will conduct their own annual reviews of the programme followed by an impact evaluation. A separate MIS will serve as a transparent and efficient means of monitoring the progress of CDP.

7.1.1 CDP Internal Monitoring Mechanisms

CDPs internal monitoring and evaluation mechanism, largely conducted by CDP staff at various levels of the programme consists of three levels: (a) community-led monitoring; (b) field monitoring by CDP staff; and (c) joint monitoring of CDP projects by the stakeholders.

7.1.2 Community Monitoring

A key aspect of CDPs community monitoring is to form monitoring sub-committees with the user groups. This is particularly relevant for the infrastructure components of CDP. CDP will train sub-committees to enhance their skills on monitoring aspects of the activities taking place. CACs will also have a support committee to monitor their activities in the context of Livelihood Improvement Plans. Another key aspect of community monitoring is the Score Card approach. CDP will undertake 5 score card exercise per VDC in each of the Terai districts and 3 Score Card exercise per VDC in each of the hilly district per year. The aim of the Score Card approach is to monitor the significant changes that are taking place throughout the VDC process using the same cohort group on each occasion.

7.1.3 Monitoring by project Team

CDP district staff will be responsible for overall programme monitoring at field level. CDP will produce project monitoring reports. CDPs consortium partners will also monitor project activities at field level periodically.

7.1.4 Joint Monitoring

Joint monitoring visits will be undertaken to exchange learning of CDPs projects with the Programme Steering Committee and other key government stakeholders. At district level CDP will organize annual joint monitoring events with Local bodies (VDCs/DDCs) and district level line agencies including political parties, and media representatives at community level.
7.2 Monitoring and Evaluation Framework for CDP

The CDP consortium partner OPM will be responsible for monitoring and evaluation of the programme. OPM has already submitted detailed inception report along with the M&E framework to be used by CDP. Please refer to Annex 7.1 for the details. The M&E framework has two main aims: Accountability to funders/external stakeholders, and learning to improve current and future programming. The M&E framework will include log frame surveys (baseline, midline and end line) to assess key indicator values. The aim of this is to fulfil both accountability and an internal learning function. The surveys will be cost effective using where possible CDP staff to collect primary data.

The key components of OPMs M&E framework include:

- Advising CDP and providing technical support on routine monitoring mechanisms
- Conducting baseline, mid-line and end-line survey in CDP districts
- Developing an MIS for CDP
- Conducting operational reviews
- Undertaking rapid assessments of CDP

There is a provision of third party monitoring as well to be facilitated by DFID to provide feedback on the overall performance.

7.3 Evaluation

CDP will commission independent evaluation of the programme. There will be mid-line and end line evaluation of the programme.

7.3.1 Identification of beneficiaries and tracking benefit flow

There will be broadly two type of beneficiaries under CDP namely a) poor and excluded group and b) service providers. Through indirectly interrelated, identification and tracking of benefits for each of these groups will adopt separate approach.

**Tracking benefit flow:** Tracking of benefits to the poor and excluded will be done through strong monitoring and evaluation system. There will be two levels of monitoring namely a) activity monitoring -geared at tracking the progress of activities and b) output monitoring –geared at tracking the achievement against the target of the log-frame.

Inputs under CDP have been targeted to its selected beneficiaries that fall under the various criteria of CDP. Nonetheless the benefits will also trickle to other citizens in the community. Broadly two categories of benefit will flow outside of CDP beneficiaries as described below:

- **Public infrastructure:** Inputs such as roads, community buildings, foot trails, birthing centre, irrigation etc will benefit not only CACS but also others people living in the same locality. These beneficiaries will be tracked through strong database system that records details (population, number of households, different caste groups etc) of the areas to the level possible. It will also utilize the existing database of DDC and VDC that has the practice of maintaining such category of data.

- **Governance support at the district:** Benefits of the assistance given at the district level will not be localized, rather will spread across all the VDC in the districts. Activities contributing towards coordination, synergic planning and coherence, institutional support etc will draw benefits to other areas as well.
These types of benefits will be reviewed during the periodic evaluation carried out under CDP.

**Service Provider:** In addition to the P&E group, second category of CDP beneficiaries is the different service providers who will be procured by CDP. Their identification and tracking will follow the procurement guideline of the leading implementing agency of CDP. A highly transparent system will be adopted during selection that will be periodically monitored through internal and external auditing mechanism.

### 7.4 Payment by Results monitoring

CDP has prepared a payment result monitoring framework to track target, milestone, budget and means of verification.

### 7.5 Public Audit

The Public Auditing (PA) began as a process in the early stages of CSP. MoFALD’s Public Auditing Strategy and policy guidelines development was informed by CSPs experience. CDP will continue the model for supporting the three-stage cycle in the PA process for all CDP projects. This includes the planning and design stage, the mid-way implementation stage of the project, and the final stage after project completion. Despite the positive lessons from CSP on the PA process there are still areas of possible improvement. This includes how to bring in DDC, Line Agencies and LGCDP staff in the PA process. CDP intends to develop processes to utilize Public Audits as an Open Forum for broader citizen engagement. The PA processes provides the environment for sharing of good practices (eg. success stories); facilitating greater participation in the PA process involving VDC Secretaries; conducting community score-cards and undertaking VDC level joint monitoring.

### 7.6 Management Information Systems

The CDP Situation Analysis Report has highlighted a number of specific concerns in the way that data is managed and monitored at District level. Evidence from the 18 CDP districts would indicate that there is a notable absence of a database at the DDC and data that is collected is not consolidated or used for planning purposes. Despite these weaknesses existing data appears to be disaggregated by gender; useful for CDPs targeting objectives.

CDP will support the creation of an MIS as the basis for supporting and strengthening data gathering for planning purposes at local body level. CDPs consortium partner OPM will provide technical support and guidance to the programme in establishing and operationalizing a fully functioning MIS. The minimum core functions of the MIS envisaged for CDP include: Basic financial management of resources coming into the districts, management information on VDCs, and internal monitoring of implementation of CDP activities. However CDP/OPM will Liaise and cooperate with LGCDP to establish a monitoring and evaluation systems to compliment, and enhance, government systems. Areas where a more comprehensive MIS would prove useful for integrated planning and harmonization could involve undertaking a GIS mapping of public facilities, in order to establish a data-base of public facilities and monitoring in-flows of development assistance. The CDP MIS will also be used to capture data on CAC/WCF Project Banks at Ward and VDC level. Establishing a data-base on numbers and areas of operation of Social
Mobilisers, and membership of CACs and WCFs would prove useful. The MIS will also enable CDP to assess the gaps in the evidence base of CDP and identify rapid research and operational programme research areas.
8. ESTIMATED BUDGET

Detailed budget have been estimated based on the planning done under the log-frame. Assuming that certain changes might incur in the log-frame as CDP draws maturity in coming years, this budget will according be revised through detailed consultation and approval from DFID and MoFALD. Figure 8.1 percent share of budget by different categories.

Figure 8.1: Overall breakdown of budget by categories

- Infrastructure: CDP will fund need-based disaster resilient community infrastructures. These infrastructures will have to be identified through the regular planning process of the government following the standard steps. For the first year, these projects will be identified from an already existing list of projects in the VDC basket or will be identified in consultation with local bodies through provisioning special session of WCF and VDC councils. Consultation with other DDC mechanisms such as NGO desk or NGOCC will also be done during decision making. Budget for relief and rehabilitation has been incorporated under this category.

- Governance and capacity building: This category of budget is estimated for complimenting and for filling the gaps in the current governance system. Activities such as empowering community members specially CACs, training the various stakeholders for effective participation in the local level planning processes, undertaking disaster resilient training, undertaking effective joint monitoring etc will be spent under this category. This fund will be spent in close coordination with VDC.

- Livelihood Improvement Fund (LIF): This category of budget is estimated for activities relating to capacitating CAC members on livelihood improvement on-farm and off-farm activities as well as for skill and vocational training to selected poor and excluded people in the community. Expenditure of this budget will be planned and done in close coordination with WCF and VDC.

- Long term and short term fee and admin cost: This is for the cost related to a) long term staffing b) short term consultants’ fee for technical services c) field office cost d) equipment cost e) travel and living cost.
• **Management Fee:** This cost is for the overall management of the programme incurred by the lead partner of the consortium.

Further information on the detailed figure of the cost has been presented in Table 8.1 presents the breakdown of cost by aforementioned categories.

**Table 8.1: Detailed breakdown of cost by category**

<table>
<thead>
<tr>
<th>SN</th>
<th>Particular</th>
<th>Amount (GBP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Infrastructure</td>
<td>7,148,159.0</td>
</tr>
<tr>
<td>2</td>
<td>Governance &amp; capacity building</td>
<td>4,266,722.4</td>
</tr>
<tr>
<td>3</td>
<td>LIF</td>
<td>3,262,625.0</td>
</tr>
<tr>
<td>4</td>
<td>Long &amp; short terms fee and admin cost</td>
<td>4,052,941.3</td>
</tr>
<tr>
<td>5</td>
<td>Management Fee (institutional fee)</td>
<td>1,026,674.0</td>
</tr>
<tr>
<td>6</td>
<td>Total</td>
<td>19,757,121.7</td>
</tr>
</tbody>
</table>

*Annex 8.1 presents the detailed breakdown of the cost.*
9. SITUATION ANALYSIS FINDINGS

The Situational Analysis study has identified a number of key issues regarding institutional capacity constraints of various local body institutions. Building on the findings of the Situational Analysis study CDP will aim to develop an assessment tool to assist programme staff to gather information on key areas. Tools including an institutional SWOT analysis will be adapted to suit the local context.

CDP will aim to develop a framework to assist the VDC and District institutions to assess the following areas:

- What are interests and incentives of the various groups, including political groups and social elites, and how they influence and interpret policy and programme approaches that may encourage or hamper local development processes?
- The role, function and operational presence of formal institutions, including the judiciary system, police units, anti-corruption agencies, and the informal social, political and cultural norms and behaviors that play-out in shaping interaction and competition for resources.
- The impact and values of local political ideologies, religion and cultural practices on how they shape and influence policy.

CDP will assess these issues and develop strategies and training packages relevant to the local context. Refer to Annex 9.1 for final situation analysis report.
10. DEVELOPMENT IMPACT OF 25TH APRIL EARTHQUAKE

A major earthquake that hit Nepal on the 25th of April, 2015 and subsequent aftershocks have severely affected the Nepalese by causing loss of thousands of lives, injuries and infrastructural damage.

Although CDP districts were not largely affected by the earthquake, the aftermath of the disaster reveals following vulnerabilities with regard to disaster preparedness and response:

- Most of the lives were lost due to infrastructural collapse of private, government and public buildings. Many government houses have been completely damaged which shows the government itself was not prepared for the inevitable danger.
- Loss of government buildings also means that there are no spaces, and where available it is vulnerable, to provide services to the citizens in the aftermath of a disaster.
- Absence of local government severely hampered effective distribution of relief materials and most of the mechanisms/structures established for disaster response were unprepared and late in responding to need in the aftermath of the earthquake.
- Lack of trust in Nepali government was also seen as people wanting to help in the aftermath of the quake were reluctant to donate to the government fund created to help the victims of the quake. Much apprehension was caused by corrupted image of government mechanisms and officials.

The impacts on CDP:

- The CDP will now face increased demand to invest more on building disaster resilient infrastructure as government priorities have been significantly altered by the earthquake.
- As seen in this report, there is no data available on the number of disaster resilient government buildings. Therefore, there is exigent need to generate those data and act accordingly.
- The community and district based disaster response mechanisms in the most affected districts were found inefficient and ineffective in the aftermath and it can be presumed that such is the case in most of the districts in Nepal including CDP implementing districts. Thus concentrated effort need to be directed in strengthening such mechanisms to be resilient against any natural disaster.
- There will be more challenges to bridge the gap between government and citizens and make them trust each other. Corruptions at all levels were significantly pronounced by this quake.
11. CONCLUSIONS AND RECOMMENDATIONS

Highly participatory approach and methods were adopted in designing the plans, strategies and tools that will ultimately be used during the main implementation phase. A series of meetings were held with DFID, MoFALD, OPM and WFP during the inception period in order to build a common understanding among them and develop for more pragmatic implementation. CDP also commissioned a separate situational analysis study to understand the actual field level scenario mainly concerning governance, risk and poverty assessment in all the 18 CDP districts. Likewise, series of field visits were done by RRN senior staff in the programme districts to capture the existing field level challenges and opportunities.

All the planned activities of the phase have been completed and CDP is now ready for implementation. Flagship documents prepared by CDP in the inception phase includes a) log-frame b) communication strategy; c) Sustainability and exit strategy; d) risk management strategy and framework; e) Manual for Financial System Management; and f) Monitoring and Evaluation Framework;

In addition to preparing these key documents, formulation of Programme Management Unit (PMU) within RRN has also been completed. Likewise, initial orientation about CDP has been provided to the district coordinators. Detailed planning for initiating the baseline survey has also been completed and OPM has already formulated draft survey questionnaire, study methods and tools for the survey.

As the duration of the programmes has already been delayed by several months, this might affect the timely completion of the programme. Therefore, CDP together with DFID will explore possibility to extend the project period to achieve the stipulated objectives.

In the upcoming years political situation of the country might transform quite dramatically. Should this change occur, there might be a need to restructure the programme implementation modalities. Likewise, different political opposition group might derail regular function of the government which will require necessary mitigation measures to be planned and adapted by CDP.

CDP will have to work hand-in-hand with LGCDP. Even though detail mechanism of coordination and linkages have already been built into the overall planning and implementation, CDP team have to be alert on the gaps and problems in working with LGCDP and will have to tackle the issues through wider consultations.

CDP should maintain due regard to the basic principle of governance such as transparency, accountability, rule of law and participation in its operations. Required internal control system will have to be utilized to check on these key components of programme implementation.
12. NEXT STEPS

Following are the immediate next steps to be done after the inception phase:

1) Full recruitment of central, regional and district level staff;
2) Office furnishing at the district level
3) Undertake programme launching event in each of the districts;
4) Orientation of the staff on various manuals, guidelines, strategies, milestones;
5) Undertake baseline survey in all the districts;
6) Start up of the planned activities;

End of the main report