Evaluation of Capacity Development in Danish Development Assistance

Annex E: Nepal Country Study

November 2015

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Abbreviations

ADB	Asian Development Bank?
AEPC	Alternative Energy Promotion Centre
AF	Advocacy Forum
AGO	Attorney General's Office
AMP	Aid Management Platform
CA	Constituent Assembly
CAC	Citizens' Awareness Centres
CBS	Central Bureau of Statistics
CD	Capacity Development
CDS	Capacity Development Strategy
CeLRRd	Centre for Legal Research and Resource Development
CNA	Capacity Needs Assessment
CPA	Comprehensive Peace Agreement
CSO	Civil Society Organisation
CSRC	Community Self Reliance Centre
DAG	Disadvantaged groups
Danida	The term used for Denmark's development cooperation, which is an area of activity under the Ministry of Foreign Affairs of Denmark
HUGOU	Human Rights and Good Governance Advisory Unit
DCEAMC	Developing Capacities for Effective Aid Management and Coordination
DDC	District Development Committee
DFID	Department for International Development UK
DG	Development Gateway Foundation
DLRF	District Land Rights Forums
DP	Development Partner
DTCO	District Treasury Officers
ECN	Election Commission
EFA	Education for All
EMIS	Education Management Information System
EOD	Embassy of Denmark
EPSO	Education Programme Support Office
ESAP	Energy Sector Assistance Programme
ESP	Electoral Support Project
ET	Evaluation Team
FCGO	Financial Comptroller General's Office
FGD	Focus group discussion
FIR	First Information Reports
FYP	Five-Year Plan
GESI	Gender and social inclusion
GIDC	Government Integrated Data Centre
GIZ	German Agency for International Development Cooperation
GoN	Government of Nepal
GPM	Guidelines for Programme Management (2009)
HRGG	Human Rights and Good Governance
IA	Implementing Agencies
IC	Interim Constitution
ICT	Information and Communications Technology
IDA	International Development Association
IECCD	International Economic Cooperation Coordination Division
IMF	International Monetary Fund
IRD	Inland Revenue Department
JDFA	Joint Direct Funding Arrangement
JFA	Joint Funding Arrangement
LB	Local Bodies

LGA	Local Grant Authority
LGAF	The Local Governance Accountability Facility
LGCDP	Local Government and Community Development Programme
MCPM	Minimum Conditions and Performance Measures
MDG	Millennium Development Goal
MDTF	Multi-Donor Trust Fund
MLD	Ministry of Local Development
MoFALD	Ministry of Federal Affairs and Local Development
MoE	Ministry of Education
MoF	Ministry of Finance
MoPR	Ministry of Peace and Reconstruction
MoSTE	National Rural and Renewable Energy Programme
NAP	National Action Plan (NPTF)
NASA	The National Assessment of Students' Achievements
NEA	Nepal Electricity Authority
NER	Net Enrolment Rate
NHRC	National Human Rights Commission
NIM	National Implementation Modality
NLRF	National Land Rights Forum
NPTF	Nepal Peace Trust Fund
NRREP	National Rural and Renewable Energy Programme
NSA	Non-state actors
OAG	Office of the Attorney General
ODA	Overseas Development Assistance
OECD	Organization for Economic Co-operation and Development
OHCHR	Office of the High Commission for Human Rights
O&M	Operation and maintenance
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFM Trust fund	Nepal Public Financial Management Support Multi-Donor Trust Fund
PFS	Peace Fund Secretariat
PIU	Project Implementation Unit
PPSF	Policy and Programme Support Facility
PRGP	Peace, Rights and Governance Programme
RBM	Results-Based Management
RAS	Revenue Administration Support
RDIF	Rights, Democracy and Inclusions Fund
ROACH	Results-Oriented Approach to Capacity Change
SMEs	Small and Medium size Enterprises
SPFM	Strengthening Public Financial Management
SPS	Sector Programme Support
SSR Core Doc	School Sector Reform Core Document
SSRP	School Sector Reform Plan
SWAp	Sector-Wide Approach
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference
TSA	Treasury Single Account
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VDC	Village Development Committee
VLRF	Village Land Rights Forums
WB	World Bank
WCF	Ward Citizen Forums
WHR	Women for Human Rights

1. Introduction

1.1 Scope and purpose of the country study

The "**Evaluation of Capacity Development in Danish Development Assistance**" was launched in September 2014. The Evaluation forms part of the "**Joint Scandinavian evaluation of support to capacity development**" involving Danida, Norad and Sida. As stated in the Terms of Reference (ToR) for the Evaluation, the purpose of the Evaluation is to improve decision-making and strategy development in Danida regarding support to capacity development (CD) in developing countries. The purpose has both learning and accountability elements. The methodology of the Evaluation contains five steps, where each step builds on the findings and development of the previous.

- Step 1: Portfolio Screening
- Step 2: Desk-Based Review
- Step 3: Country Case Studies
- Step 4: Cross-analysis of all data, development of main Evaluation Report
- Step 5: Synthesis Report writing (together with Sida and Norad teams)

The **Nepal Country Study** forms part of Step 3. Nepal was selected as one of three case countries (Tanzania and Uganda being the other two), as the portfolio screening and the desk based review pointed to three programme interventions, which were judged to have a relatively high CD contents and satisfactory results. Four additional interventions were recommended by the Embassy if Denmark (EOD), which were all funded under the Local Grant Authority (LGA).

Box 1: Danida interventions included in the Nepal Country Study

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The three programmes selected for Desk-based Review are:
- **Energy Sector Assistance Programme (ESAP) Phase II 2007-2011**
    1. Institutional Strengthening of the Rural Energy Sector
    2. Rural Energy Fund
    3. Technical Support (Biomass, Solar, and Mini Grids)

- **Human Rights and Good Governance (HRGG) Phase III 2009-2013**
    1. Inclusive Democracy
    2. Human Rights and Justice
    3. Local Governance

- **School Sector Reform Plan (SSRP) 2009-2015 (2013)**
    1. Early Childhood Education and Development
    2. Basic and Secondary Education
    3. Neo-Literacy and Lifelong Learning
    4. Technical Education and Vocational Training
    5. Teacher Professional Development
    6. Capacity Development

Four additional interventions recommended by EOD, which were all funded under the Local Grant Authority (LGA).
- Nepal Peace Trust Fund (NPTF) 2010-2013;
- Developing Capacities for Effective Aid Management and Coordination (MoF Aid Effectiveness) 2010-2015;
- Nepal Public Financial Management Support Multi-Donor Trust Fund (PFM Trust Fund) 2011-2016;
- Revenue Administration Support (RAS) Project 2013-2015.

The purpose of the country visit was to expand on the observations and findings from the desk based review with a view to deepening the understanding of the results-chain as regards capacity

development and how this relates to a Theory of Change (ToC) concept. The country visit was carried out from 1-13 February 2015. The List of Persons Met is attached as Annex A and the Visit Programme as Annex B. A Nepal Capacity Development Background Note was prepared prior to the visit to Nepal to provide an overview of the experience of other donors, attached as Annex C. A field visit was undertaken to Nuwakot Districts to look into a micro hydro project and to Rasuwa District to meet with members of District Land Rights Forums – Field Notes are attached as Annex D. Two focus group discussions (FGDs) were conducted: one for technical specialists and the other for programme managers – a Synthesis Note is attached as Annex E. Briefs on the Danida interventions (ref. Box 1) are attached as Annex F.

A debriefing session was held with EOD staff on Friday 13 February 2015. The Debriefing Note was presented and observations and findings and conclusions were discussed. Comments to the Debriefing Note were received from EOD on 20 February 2015, all of which have been taken into account. A meeting with the Danida Advisory Group was held on 20 February, which also resulted in a number of comments that have been taken into account.

The Evaluation team (ET)[1] would like to thank all stakeholders met and consulted for the valuable support and information that the ET received. The Nepal Country Study Report presents the major observation, findings and conclusions of the ET that are based on stakeholder consultations during the mission and on the documents reviewed prior to and during the visit. The views expressed in the report reflect the position of the ET, which may not necessarily be shared by Danida, other development partners (DPs) or by the Government of Nepal (GoN).

1.2 Approach to Capacity Development

To design and manage a capacity development intervention, one needs to start out by defining what end-state of any selected organisation (or group of organisations) is desired. These are typically at an outcome level because that is the highest level over which some degree of influence can be applied. An "organisation" is more than the sum of human or social systems. In dealing with mandates and outcomes, that concept must be broadened to one where an organisation is seen as a sociotechnical entity (composed of technical and human vectors) dedicated to collective action in the pursuit of the generation of outcomes and impacts; these will become the goods and services that are transferred to (consumed by) the various elements of the operational environments/ecosystem(s)/clients within which it is embedded.

An organisation exists to generate outcomes and impacts. Assuming that a public sector organisation has an approved mandate and strategic targets, a selection among strategic and operational options will define how these outcomes are expected to be produced. Thus, how much of those outcomes or impacts that one wants to generate within a given time or space, given assumed levels and means of production, defines the expected levels of results (what will be produced and how much) that the organisation will generate at the outcome/impact levels. To achieve that performance, the organisations involved – there may be more than one – must decide how they will organise (mix, acquire, etc.) assets and other resources, individual, managerial, strategic and operational abilities, or any entitlements, authorities and delegations they may require. Obviously, they must also define how much and what kind of these assets, abilities and mandates they need. When organised (i.e. designed, mixed, orchestrated, grouped, deployed, etc.) to enable a functional or socio-technical system to perform, the integrated groupings are called the capabilities of the organisation.

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[1] Ms Neeta Thapa (freelance), Mr Robert LeBlanc (IRDC), and Mr Per Kirkemann (NCG).

For a given organisational entity, its **capacity** will be the resulting effect generated from the assemblage, orchestration, mobilization and manifestation of its **capabilities**, (assets, abilities and mandates). The capacity indicates the level of effectiveness of an organisation at whatever level it is being examined. For example, one can speak of the capacity of the organisation, of a division or a sub-unit. One can speak of the capacity to produce a specific product. In reality, a "capacity" is a measure of effectiveness at transforming, and is thus analogous to "productivity". The table below illustrates capacity development levels, elements and approaches.

Capacity Development Framework

Capacity development level	Some elements that define capacity	Main capacity development approaches
Enabling environment	- Socio-political interests and linkages - Social and economic factors - Policy frameworks - Strategies and plans - Laws and regulatory mechanisms - Institutional landscapes - Resource allocation among public sector functions	Reform processes
Organisational level	- Mandate, legitimacy, credibility - Values, political interference - Organisational structure and processes - Planning and approval procedures - Systems and tools including M&E - Knowledge management - Staff levels, qualifications and delegated authority	Organisational development
Individual level	- Skills - Knowledge - Experience - Attitude - Competence	Human resources development

2. Context for Capacity Development

2.1 Political

Nepal emerged from a decade of civil war, which ended in November 2006 when the Comprehensive Peace Agreement (CPA) was signed. The challenge ahead was to build a sustainable peace, which included restoration of democracy and addressing the causes of the conflict through political, social and economic reforms and strengthening of the delivery of public goods – by taking the interests of Nepal's highly diverse population into account. In January 2007 an Interim Constitution (IC) was approved, which sparked protests from marginalised groups. The protests resulted in a number of agreements: between GoN and Janajatis (August 2007); GoN and the Communist Party of Nepal-Maoists (December 2007) GoN and the United Democratic Madhesi Front (February 2008). An election to the Constituent Assembly was held in April 2008, which was tasked with writing of a new constitution to be promulgated by May 2010. The deadline for the constitution was extended several times. In May 2012, the Prime Minister dissolved the Constituent Assembly after it had failed to finish the constitution in its last time extension, ending four year of constitution drafting and leaving the country in a legal vacuum.

In March 2013, major political parties agreed to replace the Government that was relegated to a caretaker status after the dissolution of the Constituent Assembly (CA) in May 2012. As a positive development, the newly formed Government initiated preliminary steps towards holding elections to a new CA in November 2013, which was seen as an opportunity to complete the constitution writing process and put in place mechanisms to deal with challenges that Nepal has faced in its post-conflict transition. The key of them included: the deepening political fragility caused by the combination of prolonged transition, weak law and order, burgeoning identity politics and the widening mistrust amongst political parties. The election to the Constituent Assembly on 19 November 2013 went out peacefully and with great voter turnout. The Nepali Congress along with the coalition partner Communist Party of Nepal formed a coalition in March 2014. The Constituent Assembly had pledged to submit a new constitution for deliberations by January 2015, but the deadline was missed again.

The regulatory and service delivery functions for local governance are stated in the 1999 Local Self-Government Act. Elections for local governments were held in 1998 for a five-year term. When the term expired in 2003 new elections were not held. Elections await the outcome of the new Constitution – the formulation of which is still debated in Parliament. Local governance is conducted in the absence of elected councils with seconded central government officers. Local governments receive national grants (performance based) and generate local revenues as well.

2.2 Governance culture

Despite occupying an important place in the development agenda of both the Government and the donors, governance reforms continue to be less effective in terms of its impact on national development and public service delivery. Several inter-related factors contribute to growing corruption and poor governance in Nepal. The most significant of which are: i) highly politicized administration, especially the appointment of key positions, transfers and division of public servants along political lines and the existence of a "spoils system"; iii) limited political will and leadership to actually implement required reforms in accordance with the law; and iv) weak enforcement systems leading to impunity and non-compliance of laws and regulations.

A two-tier system of local governance, with village and municipal bodies as the lower tier and district bodies as the higher tier, was put in place after the restoration of democracy in 1990. The functions, duties, and power of local bodies are as stipulated in the Local Self Governance Act in 1999. However, in the absence of elected representatives since 2003, seconded civil servants appointed by MoFALD run local government.

The GoN, in coordination with development partners, has initiated various plans, programmes, policy and directives to strengthen local government and increase people's participation in governance. On the positive side, these interventions have generated considerable political consciousness among citizens, which is expected to increase their participation in decision-making processes and improve downward accountability and transparency of local bodies.

2.3 Socio-economic

Landlocked Nepal is characterized by diverse culture and ecology. Its population of 26.49 million people comprises 125 caste and ethnic groups speaking 123 languages and practicing 10 types of religions. Though certain areas of Nepal are strongly associated with particular ethnic and caste groups, there is an extensive scattering of various ethnic and caste groups across the country. Ecological distribution of the population includes half of the people living in the low-lying southern Terai plains; 43% living in the mid-hills and 7% living in the northern mountains.[2]

Nepal missed out on accelerated growth due to the decade long (1996-2006) armed conflict.[3] The level of poverty in Nepal is still high with 25% of the people living below the poverty line. Income disparities are highly prevalent with the poorest 10% of the total population accounting for less than 2% of total income whereas the richest 10% accounts for 40% of the total income.[4] Nepal ranked 157th out of 187 countries on the Human Development Index according to the UNDP Human Development Report 2010/11.

Poverty alleviation, infrastructure development, social advancement and inclusive growth have been key priorities for Nepal since the advent of planned development in 1956. Although each plan had different development priorities, the allocation of resources did not always match these priorities. Each periodic plan relied heavily on foreign assistance in the forms of grants and loan. In recent times, the Government has focused on expanding the tax base, and increasing investment on public goods (such as infrastructure, education and subsidized health care). Increasing remittance inflow from Nepalese citizens employed in foreign lands played a key role in sustaining the national economy. According to the National Population and Household Census, 2011, at least one member in one in every four household was absent or living out of the country.

Good governance and social inclusion have received policy emphasis under recent governments. International development partners have played a key role in supporting the Government to improve governance and capacity development of public institutions. As caste, ethnicity and gender-based exclusion, long perpetuated by socio-economic and geo-political structures, has been a major obstacle for inclusive development, gender and social inclusion (GESI) has found a firm foothold at the policy level. GESI mainstreaming strategy and guidelines have been developed in sectoral ministries and GESI focal units/persons have been appointed. Gender

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[2] Source: National Population and Household Census, 2011, Central Bureau of Statistics, Government of Nepal.
[3] According to the World Bank database (http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?page=2), the average GDP growth rate, in the past two decades (1995 – 2014), was about 4.2%. The growth rate reached an all time high of 8.2% in 1994 and a record low of 0.1% in 2002.
[4] Nepal Living Standards Survey, 2010/11, Central Bureau of Statistics, Government of Nepal.

Responsive Budgeting has been adopted as a planning tool to make the Government accountable for their budgetary and policy commitments to gender equality and social inclusion. However, policy gains have been hampered by ineffective implementation on account of low institutional capacity of government agencies and lack of political will. Excluded groups, including women and girls, continue to lag behind others due to disparities in education, lack of fair representation in decision making, and low access to employment opportunities, productive resources and basic services.

3. Synthesis of Observations and Findings

3.1 Relevance

Contextual factors

The main contextual factors following on from the Comprehensive Peace Accord in 2006 are conceived to be:

- The absence of the Constitution, which would define the Federal State structure and launch local government elections;
- The persistent governance culture in Nepal, which is only changing to the better at a slow pace;
- The general lack of capacity in many government organisations and thus lack of ownership and commitment;
- The persistent rural poverty and inaccessibility to remote areas.

ESAP II: Difficulties had been experienced in expansion of the national grid due to adverse topography, dispersed habitation patterns, and limited government financial resources. While substantial gains had been achieved on institutionalising rural energy policy, AEPC's own achievements on institutional and capacity development were modest. At the onset of ESAP II, it was recognised that there was a need to develop AEPC as an apex institution on rural energy. Danida's support was conducive to generating endogenous and autonomous capabilities and in formulating a long-term vision and strategy. The accountability framework for ESAP at central level includes among others of the ESAP Steering Committee (SC), which is the formal mechanism for coordination and decision-making. The SC comprises representatives from GoN, donors, private sector, NGOs, academic institutions, user organisations, credit organisations, etc. Danida advocated strongly for the SWAp and took a special interest in capacity development.

The **SSRP** has been prepared by the GoN/MoE based on the School Sector Reform Core Document (SSR Core Doc), the Education for All (EFA) National Plan of Action 2001-15. Key government policy goals and values, such as the rights to education, gender parity, inclusion, and equity have guided the plan preparation process. The MoE stressed that the SSRP plan with its level of funding in 2009 would not be adequate to achieve the Millennium Development Goal (MDG) for "Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to an complete free and compulsory primary education of good quality". There is evidence that Danida's support – jointly with other DPs' – was well aligned to the context that emerged in the wake of the civil war towards a more stable and democratic country. The SSRP adopted a sector wide approach including the entire organisational network from the MoE to the individual school. The oversight structure (Steering Committee, Government, councils and school management) held stakeholders accountable. Danida advocated strongly for the SWAp and took a special interest in capacity development.

HRGG III: There is clear evidence that the design of HRGG took the post-conflict context into account with its support to the Election Commission (ECN), the Human Rights Commission (NHRC) and the Local Government and Community Development Programme (LGCDP). The HRGG was the third phase – except for the LGCDP, which entered into its first phase in 2009. As regards the Inclusive Democracy Component and the Human Rights and Justice Component there was substantial information at hand for the design and subsequent implementation. The HRGG interacted with Government and state institutions and CSOs. The HRGG facilitated endogenous capacity development of partner institutions – state as well as CSOs. Accountability was attained through Steering Committee meetings and progress and performance monitoring of

results according to set targets. Donor assistance – including Danida's – in terms of knowledge (TA) and funding were significant contributions to re-establishing a democratic and human rights based foundation for state and community functions. Danida adhered to its programmatic and thematic guidelines and promoted joint implementation and funding arrangements with other donors.

LGA interventions: The evaluated interventions funded under the LGA modality were all multi-donor funded for which Danida has provided funding but not technical assistance (TA). Danida has especially emphasised capacity development and has through the membership of the various boards stressed this issue. All four interventions fit well into the Nepali context.

Danida's role in capacity development

Danida has been the lead donor of the ESAP II and SSRP and has had a leading role in the HRGG Programme. Danida has been advocating for capacity development in all its interventions and provided technical assistance to all three sector programmes. The main thrust of the LGA interventions has been on developing the recipient institutions' capacity to perform their functions. While the Danida support has generally been well appreciated by the GoN, there is a general sentiment that foreign TA should only be provided if no Nepalese expertise exists. While the SSRP appreciated the TA, the ESAP/AEPC has expressed that they now have adequate capacity in AEPC, so there is no need for foreign TA.

Coherence with Danida's Programme Management and capacity development guidelines

As regards <u>programme formulation and management</u>, the three main sector programmes were formulated at a time when the "Guidelines for Sector Programme Support, 1998" were in use. 'Development of sector policy and planning capability' and 'Support to capacity development' were mentioned as examples for Danida's support. An updated version of the SPS Guidelines was issued in 1998 in which it is stated "*In situations where a national sector framework is not adequately developed, SPS will typically focus on support to policy and strategy development as well as capacity support to relevant institutions and organisations (p15)*".

During implementation of the three sector programmes, Danida issued "Guidelines for Programme Management, 2009" (GPM) which from then on guided implementation and progress monitoring. The underlying principle of the GPM was to strengthen and use of country systems to the maximum extent possible in the implementation of development assistance to public partners. An update of the GPM in 2011 was prompted by several events, most notably the adaption to the new overall policy for Danish development assistance "Freedom from Poverty – Freedom to Change, 2010". A major change in policy with consequences for programme management was the focus on five policy priorities – thereby abolishing the notion of crosscutting issues and particular priority themes. The five policy issues are: 1) Growth and employment; 2) Freedom, democracy and human rights; 3) Gender equality; 4) Stability and fragility; and 5) Environment and climate. The priorities are all interconnected and essential for fighting poverty and reaching the Millennium Development Goals (MDGs).

As regards <u>capacity development</u>, the guidelines that were in use during formulation and implementation were: 1) A Results-oriented Approach to Capacity Change (ROACH), 2005; and 2) Guidance Note on Danish Support for Capacity Development (CD), 2006. Capacity enhancement of the public sector in poor countries was seen as needed and desired as a key strategy to achieve sustained poverty reduction. Unfortunately, this has often not been the case – being the reason why donors and partner governments changed from project-focused development assistance to programme approaches such as sector-wide approaches (SWAp) and budgetary aid. ROACH focuses on specific organisational results and pays analytical and

operational attention on organisations and networks of organisations whose outputs are important.

The CD support focused strongly on the 'technical functional aspects' (skills development, general management training, structures, procedures, and mandates) but less attention was paid to the external context and political issues. The Guidance Note points to the importance of both considering the internal and external factors when analysing organisational change. According to the Paris Declaration on Aid Effectiveness, the capacity to plan, manage, implement, and account for results of policies and programmes is critical for achieving development objectives.[5]

Guidelines for technical assistance were issued in 2009 "Guidelines for Technical Assistance, 2009". Experience of Danish technical assistance had indicated a need for improving preparation of technical assistance inputs, specifically by enhancing capacity assessment of the partner institution. The Guidelines emphasise national ownership, alignment to national procedures and harmonisation of technical assistance. The Guidelines adhere to the "Paris Declaration on Aid Effectiveness" and the "Accra Agenda for Action". Capacity development is regarded as the general objective of technical assistance, and the Guidelines follow the capacity development priority areas that have been identified in the Accra Agenda for Action, e.g. donors' support for capacity development will be demand-driven and designed to support country ownership.

Danida has overall adhered well to its guidelines for programme management in all of its interventions. The ESAP and SSRP had clear set targets, which would have made it possible to pursue results-oriented capacity development, but limited ex-ante analysis were undertaken of the human resource base prior to the launch of the programmes that could have made this possible.

3.2 Efficiency

Donor agencies' and partner institutions' capacity to manage capacity development processes

ESAP support has reached more than one million households in Nepal. ESAP has worked directly with rural communities to provide a variety of energy sector services and financial support options. Regional Service Centres were established to interact with district and village development committees. Technical support was an integral part of each programme component, while financial support came from the Rural Energy Fund – ESAP's ISO certified integrated funding mechanism – through which subsidies were provided and on which the expansion of rural energy depended. ESAP II builds on the experience and lessons learned from ESAP I and shared similar overall goals. During implementation of Phase II, joint and annual reviews recorded that the ESAP/AEPC/capacity was not optimal. Strategic and Organisational Development plans were updated periodically, but apparently the financial resources have not been adequate to recruit the warranted number of staff with the required abilities. AEPC was only able to offer enumeration in accordance with the public salary scales. A rational expansion of rural energy was constrained by the lack of an Integrated Energy Sector Plan.

The evolution strategy for ensuring capacity was stepwise with pilots and rollouts. Initially the easy targets were sought, but the challenge now is to develop the capacity to reach the more difficult targets (furthest and poorest) – further CD would be needed, especially for reaching the higher level targets. Organising CD for the technical components was relatively easy compared to the institutional and organisational components. While varying views were expressed about the TA provided, it was also appreciated that TA is a source for advanced technology and knowledge; innovation capacity; stronger checks and balances; and for discussing and analysing options. The

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[5] The Paris Declaration on Aid Effectiveness, March 2005 has five principles related to: ownership, harmonisation, alignment, results, and mutual accountability.

AEPC staff found that the positioning of TA is critical and it should be ensured that its contribution is planned, managed and led by AEPC.

SSRP was implemented throughout the country, focusing on the integration and consolidation of basic education (grades 1-8), completing the process by 2012. At the same time, the model building for secondary education (grades 9-12) and vocational education started from 2009/10. During the early years of support to the education sector, long-term MA and PhD education was provided in Denmark and short-term teacher training at the National Centre for Education Development, which represented an upgrading of the capacity that proved to be useful in the later phases of support to the education sector. In June 2010, MoE issued the National Framework for Capacity Development for the entire education sector including strategies and guidelines for capacity development with the intent of providing a comprehensive but flexible capacity development framework. The process of establishing a baseline for capacity development, conducting a performance-gap analysis, and designing a results-oriented capacity development plan aimed at closing performance gaps was considered a time-consuming exercise and required full resourcing and commitment throughout the system, from teachers at the end of the service delivery chain to the top management – and presumably not undertaken. The framework for capacity development was outlined based on needs assessment, studies conducted and workshops held. The intent was that each entity in the school system should prepare its own capacity development plan. The overall change process was outlined, but the details and implications only became evident during the SSRP implementation process. One complication was that the SSRP applied a highly decentralised model for capacity development, which proved to be challenging – more CD should have been undertaken at the local level, but funding was not adequate to reach out.

HRGG results have overall been satisfactory with almost all major targets and priorities achieved, time considerations largely met. The challenges faced by HRGGP III were systematically addressed despite obstacles created by the political environment that was rather muddled in terms of completing the peace process, drafting the new constitution, and preparing for state restructuring and socio-economic transformation in Nepal. DanidaHUGOU support to ECN and NHRC was in collaboration with other donors and UN agencies. Donor support to CD of NHRC staff was important for the newly established institution as development of human resources was the primary concern in order to develop and implement the operational procedures and guidelines – a constraining factor was that staff were engaged on an annual contract basis.

In 2002 a consortium of donors supported NHRC to implement the Capacity Development of the NHRC (CDNHRC). Three phases of the CDNHRC have been implemented – the Phase 3 (2007-2009) focused on NHRC's new role in post-conflict Nepal.[6] The Phase 3 had two outputs: 1) NHRC capacity developed in the areas of management and administration, infrastructure, human rights promotion and advocacy, and building alliances with civil society; and 2) NHRC capacity developed to monitor human rights situation, investigate serious violations of human rights and take all the necessary actions within its power. The main achievements (according to the Project Completion Report, April 2009) were at the output level and to a lesser degree at the outcome level. Basic leadership, planning and management tools were introduced, and staff was trained in financial and human resource systems. The CDNHRC helped introduce and operationalize systems and skills in protection and promotion of human rights – from monitoring and investigations to outreach and advocacy. A 'Quality Assurance and Review

[6] Ref. UNDP. 2010. Evaluation Report 10/2010: Democracy Support through the United Nations – Nepal Case Report.

Adviser was engaged to establish a M&E framework and review progress half-yearly over a three-year period (2010-2012).

Joining of the Rights, Democracy and Inclusions Fund (RDIF) was another important step to harmonise donor support mechanism in its areas of work. DanidaHUGOU has been playing a leading role in strengthening mechanisms of donor harmonisation and alignment. In July 2009 DanidaHUGOU entered into Strategic Partnerships with 13 CSOs – in a new modality of support to CSOs in Nepal that was a clear departure from the past practice of project-centric grants. This demonstrated that harmonised donor support to CSOs – with strategic plans that included institutional and capacity development that were followed up by annual work plans and budgets – was possible in Nepal. An overall framework for monitoring CSOs' capacity was introduced with the aim of measuring the CSOs capacity, especially relation to advocacy.[7] The support to ECN and NHRC was based on the previous ten years' of experience implying that there was a good understanding of the capability and capacity that were in place. UNDP's TA support to ECN and NHRC is organised as project implementation Units (PIUs), which are seen as parallel structures that sideline their partners. Decision-makers' and senior officials' ownership and commitments seem to be imperative for a successful change process in which champions are necessary to understand and circumvent the current governance culture.

As regards the LGCDP, the programme commenced its first phase and thus there was limited prior knowledge of the capacity development context – bearing in mind that the local governance system had to be re-established. Given the complex network of participating partners in many District Development Committees (DDCs) and Village Development Committees (VDCs) across the country, an overall detailed CD management plan may not have been meaningful. The thrust of the support was to enable each entity to prepare their respective management plans. The intergovernmental fiscal transfer system – known as the Minimum Conditions and Performance Measures (MCPM) system – has helped improving the performance of local bodies. The Local Governance Accountability Facility (LGAF) was established in 2009 to develop capacity among the communities to assess and enhance the transparency and accountability of local bodies. LGAF facilitated citizens' engagement through CSOs in strengthening the downward accountability of local bodies, e.g. procurement rules, fund disbursement, etc. Local body officials and the CSOs are provided with comprehensive orientation training on compliance monitoring. Local bodies resented the involvement of CSOs in monitoring their performance of financial activities. This complication has been mitigated through the introduction of the Treasury Single Account System that makes budget related information accessible to all. In 2009, a Quality Assurance Mechanism of the LGCDP was established in 2009 to: assess the usefulness of the M&E framework, the reliability of data collected, quality of inputs provided by GoN and DPs including the relevance of TA, support to CSOs; and monitor the developments in the risks facing the LGCDP.[8]

The UNDP Policy and Programme Support Facility (PPSF) engaged 200 Governance Experts (Nepalese professionals) to be posted in the 75 districts and 58 municipalities to support the LGCDP implementation – in accordance with UN's National Implementation Modality (NIM). The Governance Experts are contracted on an annual basis through open calls – districts and municipalities have no say in the recruitment. The Governance Experts are accountable to PPSF and Regional Cluster Units. Some 4,600 Social Mobilisers are engaged to interact with villages and wards – among others through Ward Citizen Forums (WCF) and Citizens' Awareness Centres (CAC). Donor coordination in Nepal is weakened by the many UN agencies without funds to undertake long-term commitments that enable CD.

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[7] DanidaHUGOU.2010. Monitoring Capacity in Civil Society Organisations.
[8] Terms of Reference for Quality Assurance Mechanism, 7 September 2009.

LGA interventions: All LGA interventions are executed from the executing agencies offices with varying degree of TA. The provision of TA indicates that the DPs see this as being crucial for reaching the intended outcomes. The subject matter of some the interventions is complex and do require a high level of expertise whether Nepalese or foreign.

The **Nepal Peace Trust Fund** (NPTF 2010-2013) is administered by the Peace Fund Secretariat (PFS) with TA staff provided by GIZ until September 2014 – and then taken up the EU. The NPTF has been extended to 2017 when its operations are intended closed down. The overall socio-political context had undergone significant changes compared to the time when the conflict ended, as the level of social and political unrest has reduced significantly. By February 2012 the NPTF had a portfolio of 42 projects (18 ongoing and 24 completed) and 25 in pipeline. The 2012 Review[9] stated that the NPTF has been strengthening its internal working procedures and consolidated its institutional mechanisms. A 'Capacity Development Strategy' (CDS 2012-2015) for Ministry of Peace and Reconstruction (MoPR) and PFS was adopted in February 2012. A review of the CDS in February 2013 concluded that a risk existed that the CDS would be reduced to training and exposure for staff motivation; and that real CD of the MoPR would not take place unless the issues of staff turnover was tackled. The 2014 Review team found that implementing agencies (IAs – mostly line ministries) with previous experience and district based institutional structure have been more efficient in project implementation than IAs which have less experience in implementation of donor aided projects and do not have local institutional presence. The CSOs played an important role in formulating the National Action Plan (NAP) (ref. Footnote 6) alongside with government agencies, but in contrast the CSOs role in implementation was limited. An umbrella logical framework encompassing the entire realm of the NAP was not formulated to track whether the projects in their totality make the desired contributions. NPTF has supported a number of projects that were instrumental in preparing and conducting the national elections.

In reality TA did most of the technical work for the PFS. The CD done was mainly related to the PFS – the involved ministries maintained they had the required capacity, but weaknesses were encountered, including high turnover of staff, inadequate system capacity, lack of performance matrix and monitoring. Key lessons learned are: 1) it takes time and efforts to gather and analyse evidence to support plans for results generation; 2) there is a need to consider a holistic and strategic approach; 3) an ex-ante assessment of the organisation's capacity and capabilities is essential to develop the required capacity; 4) time is required to develop ownership; 5) for sustainability it is important to ensure that corporate memory is available. Donors have not only provided funding, but also legitimacy, neutrality and trust in the management of the NPTF. Danida withdrew its support temporarily, as much money was used for exposure visit to foreign countries. The official position of the PFS is that donors underestimate the capacity of the Nepalese organisations – and implying that less TA is required.

The **Developing Capacities for Effective Aid Management and Coordination Project** (2010-2015) - UNDP is the lead donor: Nepal has established an online database the *Aid Management Platform* in MoF in order to enhance aid transparency and accountability of development cooperation, and disseminating the aid information to the wider public. More than 19 ministries are connected and the public has access to the system. The *GoN Development Cooperation Policy*, 2014 has been approved by Parliament.[10] The main mission of the policy is to help achieve national goals through mobilizing development cooperation in a way that enhances

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[9] Review of NPTF's 10 Projects on National Action Plan on UN Security Council Resolutions 1325 and 1820, September 2014.

[10] The 2014 Development Cooperation Policy replaced the Policy of 2009, which had a restricted approach to the use of foreign TA.

the country's capacity to be able to realize maximum advantages. The strategy is among others: i) to mobilize development cooperation in line with national policy and priorities to achieve broad-based, inclusive and sustainable economic growth, generating employment, reducing poverty, and yield maximum returns; and ii) ensuring development cooperation's contribution to national capacity development and transfer of knowledge and technology – and utilising development cooperation by using country systems. The policy emphasise among others to pursue development cooperation in accordance with the Paris Declaration, the Accra Agenda for Action, the Busan Commitment, and the Mexico High-Level meeting. Training has been provided to more than 500 central and regional government officers. Themes were SWAp, RBM, Project Cycle Management, and Project Appraisal (but no Theory of Change). Training was also provided in negotiations skills and the English language.

The **Nepal Public Financial Management Support Multi-Donor Trust Fund** (2011-2016) - WB is the lead donor: The most significant result was the introduction of the Treasury Single Account (TSA). The implementation started in 2009 and was completed in 2013 – resulting in 14,000 accounts of 4,500 spending units being reduced to 445 TSAs. The TSA is based on real time budget execution with reports being published daily for all public expenditures in the Nepal's 75 districts. It is an online-based system linking the District Treasury Officers (DTCO) to the Financial Comptroller General's Office (FCGO) where the central database is located with backup in the Government Integrated Data Centre (GIDC). A Revenue Management Information System is piloted in Kathmandu Valley.

The TSA has resulted in: ex-ante control of budgets increased; end of idle cash in the spending units; daily reconciliation of transactions with banks; and use of overdraft ceased. Overall this has resulted in increased confidence and credibility of the PFM. Extensive training has taken place of DTCOs, and regional and central level officers. Some 30 CSOs have been trained in overseeing local bodies' budgets and social expenditures to enhance social accountability. Journalists have also been trained to enable them to report objectively on PFM matters. The PFM system has been immensely improved resulting in more effective and transparent transaction and increased upward and downward accountability. The MDTF (PFM) benefitted from the FCGO's and the Attorney General's Office's (AGO) leadership that have taken ownership of the PFM reform process at central and local levels. The reform is ongoing, but has already resulted in significant improvements that have led to increased efficiency, effectiveness and accountability in the use of public funds. The capacity required to undertake the improved PFM processes has been developed in parallel and is likely to be further increased. The sustainability of the enhanced capacity is depending competent staff being retained and commitment preserved through continued and qualified leadership from FCGO and AGO.

The **Revenue Administration Support** (2013-2015) is supported with TA assistance from GIZ. In 2012, the Cabinet adopted the first strategic plan for the Inland Revenue Department (IRD) for the period 2012/13 to 2016/17, which set the framework for long-term decisions. Based on the strategic plan, the IRD drew up a reform plan for 2012/13 to 2014/15 to prioritise what actions were critical for the strategic plan including a training plan. IRD led the CD process, which created greater awareness among officials, motivated them, and generated a demand for more monitoring because staff knew they would be held accountable. CD was therefore demand-based. Leadership came from well-trained and technically qualified managers. IRD recognises that it is important to train its managers in how to operate as managers and to manage capacity. Substantial emphasis has been place on ICT. IRD has trained the private sector, taxpayers, and ministries to ensure compliance with and acceptance of the tax revenue system's procedures. The IRD is managed by performance, from its strategic plan to its operational priorities to work plans – taking the evolving context into consideration. The improvement of the tax system has resulted in efficient tax collection and a steady increase of tax revenues.

IRD has received years of donor support (WB, GIZ, Danida), mostly on technical training and systems development. The fact that donors have been involved for the long term and letting IRD take the lead has enabled the development of a close partnership and has reduced risks. Absorption capacity has been an issue as there were too many things to do and donors offered to provide for everything. No exit strategy has been prepared yet. The intent is to prepare one based on the endogenous and autonomous capacity that IRD has generated.

Efficiency of capacity development interventions

The multi-donor funded modalities for sector programmes and LGA intervention reduce transaction costs for both development partners (DPs) and government and state institutions – not only in relation to physical achievements but also in relation to institutional and capacity development achievements. The donor interventions have increasingly moved towards a sector wide approach (SWAp), which would further reduce transaction costs. The use by some donors of Project Implementation Units (PIUs) is contrary to this trend, e.g. The UNDP has established PIUs in ECN and NHRC. The technical assistance to the LGCDP as provide through UNDP appears to be based on 'traditional' TA mechanisms and may not be the most optimal solution – as pointed out by some DPs.

3.3 Effectiveness

Achievements of planned results at outcome level

ESAP II's institutional component focussed particularly on policy, divisions of roles between AEPC and cooperating partners (local governments, NGOs and the private sector), promotion of SWAp and donor harmonisation, accountable and effective management, and human resources development. The capacity development interventions specifically related to the ESAP/AEPC organisational set-up appears not to be clearly spelled out in the Programme Document. AEPC was the host organisation for five donor-supported programmes – each having their specific implementation arrangements and focus. The donors' programme set-up tended to have more emphasis on reaching their specific physical targets rather than promoting AEPC's corporate capacity. The joint review in 2008 (GoN, Danida and Norad) of ESAP II stated that the ESAP arrangement resembled a 'project management unit' and recommended a changed approach. The intent was that AEPC should be turned into an autonomous apex organisation, which could offer competitive salaries and assumedly attract more competent staff. The physical targets for rural energy were reached to a reasonable extent – implying that the capacity of the organisational network has evolved in parallel with the physical achievements. The organisational network comprised District/Village Development Committees mandated to improve energy services for their constituencies; NGOs involved with promotional and management activities; private companies engaged in supplying, installing and maintaining rural energy solutions; and financial institutions providing managing financial affairs and insurance. The capacity development was to a large extent driven by the efforts to reach the physical targets, the achievement of which was effectively monitored. A corresponding M&E system for capacity development did not evolve.

The **SSRP** capacity development framework included all entities in the school system's organisational set-up. Lack of adequate capacity was at the outset accepted as a major challenge to the implementation of the SSRP. The CD interventions targeted the stakeholders at entity level, but planning and selection of supplied training activities were to a large degree left to the individual entity, which generally may not have had adequate management capacity to make the optimal choices. The National Assessment of Students' Achievements (NASA) was institutionalised and minimum standards and benchmarks were established. A flash reporting system was introduced: Flash 1 was made in the beginning of the year and Flash 2 at the end of

the year in order to monitor progress. Overall the SSRP generated the warranted educational quantitative outcomes to satisfactory level according to the Education Management Information System (EMIS), indicating that improvement in capacity and capabilities has taken place consistently with the results generated. The EMIS works well but should be upgraded to better use information that can now be captured.

It appears that a specific CD result framework was not developed, but the weak areas were identified through the performance monitoring of school results. CD was largely financed outside the Joint Funding Arrangement (JFA), as capacity building within the SSRP was getting inadequate attention. A Joint Direct Funding Arrangement (JDFA) was set up as an integral part of SSRP – designed to be a broad sector support mechanism for among others CD through a direct pool funding arrangement for channelling of multi donor contributions – however, only Danida and Finland contributed. The JDFA mechanism provided a flexibility to intervene rapidly in situations that warranted a response in terms of capacity development. The SSRP JFA and the government PFM did not have that flexibility.

During the past decade Nepal has made impressive gains in the schooling sector in terms of access, equity and completion. Primary education Net Enrolment Rate (NER) had reached 95%, Primary cycle completion rate stands at 77%; the proportion of out-of-school children has declined to 11%; gender parity in primary NER has already been achieved; and disparities in education access across income groups and ethnic/caste groups have decreased significantly (WB 2014). SSRP continued strengthening its decentralised management system – particularly at school and district levels. Significant gains have been made in terms of systems coverage, regularity and accessibility of information. The qualification criteria for basic education teachers were raised to the intermediate level with almost all teachers having received the basic minimum teachers' training. The intent was to create a demand based and decentralized training programme. However, there were problems with the way capacity building was conceived, designed, budgeted and implemented – an Asian Development Bank (ADB) study noted that the mechanism for CD was supply driven (ADB 2013). While the targets have been reached in terms of numbers, MoE's attention is now on improving the quality of the education. Danida TA contributed significantly to the educational reform process in improving the educational framework and quality of education. The long-term engagement and close interaction with senior MoE officials and build up of trust were contributing factors.

The **HRGG III** interventions were targeted to address the executing agencies' delivery of services, while also supporting CSO to contribute to the overall performance by assisting the executing agencies and holding them accountable. The **ECN** conducted the November 2013 Election well without violence and with an 83% voter turnout, which demonstrated that capacity existed. **NHRC** have registered more than 700 human rights violations in the 14-year period since its inception and completed investigation into a number of those cases, which related both to 'civil and political' and 'economic, social and cultural' categories of rights. After the investigation, NHRC made recommendations to the Government for interim relief and compensation to the victims, and launched prosecution of alleged perpetrators – in some cases, against public officials responsible for the violation. NHRC's directions and recommendations were not always followed by the relevant government agencies despite Supreme Court's rulings.

The most significant achievements of **LGCDP I** have been the re-establishment of links between state and citizens in the aftermath of the conflict, the reinforcement of participatory planning process in the absence of elected officials, and the creation of citizens' institutions across the country. Overall, the Danish support to CSOs in Nepal has assisted in developing capacity that has been highly relevant to the Nepalese context and responded to the needs and priorities of poor and marginalised groups. The greater focus on micro and meso level CSOs' capacity

development and internal governance systems has been well recognised. HRGG is the most noteworthy aspect of Danish support to the Nepalese civil society – inclusion and the rights of marginalised groups have been central themes. The programme has promoted inclusive and participatory development and built government partnerships with CSOs and NGOs for citizens' empowerment.

The Focused Evaluation (September 2012) concluded that the extent to which citizens have been actively engaged and able to hold local government to account has seen modest progress. It found that much of the new social infrastructure that is needed to enable this to happen has been successfully put in place. It was noted that the extent to which women, children and disadvantaged groups (DAG) have been included in governance processes has been greatly enhanced by the establishment of community institutions like WCFs and CACs. The Focussed Evaluation noted that there has been a significant change over the life of LGCDP in the capacity of local governments to manage resources and deliver services in an inclusive and equitable fashion; and significant increase in access to resources by local governments as a result of LGCDP activities. Danida is supporting LGCDP II through its Peace, Rights and Governance Programme (2014-2018), especially as regards accountable local governance.

The HRGG interventions did to a satisfactory degree achieve the planned results, but the agencies' organisational capacity suffered from frequent staff transfers and many vacancies. There was no overall results framework in place that clearly defined capacity gaps. The ECN did develop a strategic plan, but given the volatile political situation it would be difficult to establish a results framework that took the fluid political situation into account. NHRC has developed a new strategic plan and is in the driver's seat for its implementation. The approach was rather too support the executing agencies in striving for achievement of the overall results as per their mandates. The M&E systems were more geared to account for progress as opposed to monitoring of the results chain. Danida took a lead role in designing and implementing the interventions in due consultation with the executing agencies – and contributed significantly to improved performance, especially as regards local governance and addressing the needs of disadvantaged groups.

LGA interventions have achieved significant outcomes, e.g. the tax system has been improved resulting in substantial increase of government tax revenues; and the PFM system has been immensely improved through the introduction of the Treasury Single Account system, resulting in more effective and transparent transaction resulting in improved upward and downward accountability resulting in resources being used more effectively. Citizens' fora have improved means of holding local governments accountable. An Aid Management Platform (AMP) has been established with an online web-based information system that facilitates information about foreign aid inflow. The AMP has been useful for analysing aid information leading to the elaboration of the "Development Cooperation Policy, 2014" helping Nepal to achieve national goals through mobilizing development cooperation in a way that enhances the country's capacity to realise and maximise external resources.

Attainment of a higher level of capacity in the sector and institutions: Danida has in its capacity development endeavours focussed on the sector/sub-sector, the organisation, and the individual to ensure that partner institutions had the capacity in place to perform their respective functions. This holistic approach has led to a higher level of capacity in the sector.

3.4 Impact

Danida's has through its various interventions contributed to improved capacity in central and local government institutions and CSOs that have been targeted for support – which in term has

led to increased access to energy services, education, and justice. The introduction of rural renewal energy services has had a considerable positive impact on rural communities' livelihood across the country. Studies carried out during the programme period reveal that access to rural energy technologies and services can improve health and education levels of rural communities in addition to improving the economic status. The enhanced performance of the school sector in terms of access, equality and completion have led to increased knowledge and skills in the society at large. Improved local governments capacity has led to: a) management of resources and delivery of services in an inclusive and equitable fashion; b) increase in access to resources by local governments – which have had an impact on communities' socio-economic conditions as well peoples' livelihood. The citizens' capability to hold local government accountable for service provision regulatory functions has been increased. The combined effect of improved capacity, access to service and awareness will in all probability contribute to poverty reduction in communities being positively affected.

3.5 Sustainability

While significant achievements have been in all areas supported by Danida – jointly with government and other donors – sustainability of these achievements require continuous maintenance and update of institutions' capacity and further enhancement of the enabling framework, including policy, legal and administrative reforms and further development and delivery systems – and not least appropriate recurrent and development budgets.

4. Focus Areas and Hypotheses

The ToR for this mandate are "guided" by an Approach Paper on Capacity Development which developed various CD concepts and proposed four "hypotheses". These were translated into four focus areas that are found in the "Scope of Services". These hypotheses are being subjected to testing by the evaluation team through its evaluation approach, methodology and field evidence gathering. In this section, evidence to validate or negate the hypotheses, using observation and data obtained in Nepal, is presented. Then, the Nepal analysis is extrapolated to the hypotheses at large, on a "global" scale. This latter step has its methodological weaknesses: one should generally not draw conclusions about a hypothesis solely on the basis of one sample unless the methodology warrants it. In this case, the extrapolation is meant only as a means of ensuring that the logic of the hypotheses stands up to scrutiny. The key benefit to be derived from this "pragmatic" approach is that the hypotheses, if validated, will provide a basis for elaborating a Theory of Change for a proposed intervention.

4.1 Hypotheses tested in the Danida-Nepal development cooperation context

Hypothesis 1: Donor support to capacity development is (more) effective when it fits the drivers for and constraints to change

The evidence gathered during this mission overwhelmingly supports this hypothesis (see also section 4.2). Interventions in energy, education and, to some extent democracy, have been aligned not only to national plans but also to political and societal priorities. The issues that are addressed have captured the attention of decision-makers at all levels and are discussed in open forums constantly. This has helped to focus the attention of Nepalese agencies and their managers on the performance that their 'superiors' demand of them. There are many champions including, to a large extent, society at large (ex. education and energy). To some extent, intervention design tends to downplay constraints (ex. mobility, absorptive capacity, managerial ability, absence of baselines and data on outcomes), but that is not because Danida is not aware of them. Evidence points to Danida's use of such mitigation strategies as redundancy (for mobility); provision of assistance at all levels and of all kinds; a temporal scope that is more than generous, and a long-term commitment to its partners. More strategic and less "project-management" CD risk-reduction strategies have been shown to be effective over the long-term; these include encouraging innovation (ex: rural energy) and letting its partners carry out experiments in order to learn.

Based on the above, it would be logical to conclude that Danida has been successful in designing its support to the GoN in a way that leverages the drivers (see also Hypothesis 3) and mitigates the effects of constraints. It has done this at a cost to be sure, but it has been successful in meeting the key objectives of its interventions to a large extent. The hypothesis can therefore be considered to be valid.

Hypothesis 2: Donor support to capacity development is (more) effective when donors engage in dimensions of capacity development where external agencies are likely to be able to contribute (not too complex for outsider facilitation) and when donor involvement is found appropriate and legitimate

In the specific case of Danish-Nepal development cooperation, the evidence shows that Danida had the technical and managerial expertise to engage in CD within the interventions examined (ex. education, rural energy and governance). Moreover, it has a long partnership history of collaboration in those sectors and was, and still is, considered as a *bona fide* intervener. The issue of complexity has not been the defining characteristic in the achievement of expected outcomes; major constraints have mostly been out of the control sphere of both Danida and the agencies with which it works (ex: mobility of personnel, and the pursuit of democracy in the form of constitutional reform and governance architecture).

There is no overwhelming evidence to either validate or negate the hypothesis, but it is clear that Danida has been able to effectively contribute to its partnership with Nepal because it is seen as legitimate partner and because it has adopted flexible mechanisms and instruments to deal with the "complexity". Moreover, it has facilitated the ownership of the development process by favouring intervention design that placed GoN in the leadership role and left Danida in an advisory function to accompany the financial and other resources it made available.

Hypothesis 3: Donor support to capacity development is (more) effective when one looks beyond "supply-side" or "push" approaches that only works from the inside in public organisations, aiming also to foster broader accountability relations (the issue of so-called "supply and demand")

There is evidence to show that the GoN has responded favourably to the "demands" of its citizens and non-state actors (NSA) in the provision of goods and services. These demands have clearly pushed forward the time frame for delivery (access, implementation), and have resulted in significant priority being placed in those domains (ex: important proportion of budget dedicated to education; high priority given to capability of all levels in governance architecture; inclusion of local and district level capability to manage public funds as a means of developing ability to govern/administer at those levels). In this way, the dynamic equilibrium has likely been shifted in the direction of the "demand" to an extent greater than it would have in the absence of the "pull". This has clearly facilitated the achievement of Danida's intervention objectives because, for example, the GoN has placed a high level of priority on these sectors and has provided (or enabled) the emergence of champions, including at the Prime Minister level (PFM) and ministerial levels (ex: ministers of education and energy). The NSAs are involved in both sides of the equilibrium equation: either as suppliers of services encouraged (at best as in the case of industry or trade associations) or tolerated (at least as in the case of governance) by the State.

There has not been the emergence of formal accountability relationships between the various parties. Danida has encouraged both the demand and supply factors through its support to NSAs. The support (at least as can be observed in the small sample used in this evaluation) has been seen by NSA as instrumental: ex: "we could not have done without Danida"; "Danida has helped us organise for, and develop our services which are now regarded as indispensable by those we serve"). On the other hand, the GoN is apparently not overly sympathetic at this moment to the continued pressure to deliver, because it shows that the State cannot deliver. There is evidence to show that Danida's support to NSAs is welcome as long as it does not put the State in a defensive or confrontational position. It is early days to see the extent to which the NSAs will become determinant forces in policy development but, compared to many other countries, the emerging signs appear to be positive.

The hypothesis cannot be supported as a blanket statement because it is overly generic. The issue needs to be contextualised and specified.

Hypothesis 4: Donor support to capacity development is (more) effective when it uses results sensibly to measure progress, correct course and learn

Most of Danida's CD projects in Nepal speak to "results" but are managed on the basis of outputs and inputs rather than outcomes and impacts. Moreover, where RBM has been implemented (or parts thereof), such as with NGO development projects or the AEPC-related programme, the focus of management has concentrated much more on achieving results than would otherwise be the case. Overall, the evidence points to the confusion between terms used in RBM and the problem of clearly specifying, "what is the CD result(s) we want to put into place?" All respondents have indicated that Danida should insist on RBM and that it will take CD to get there. They also suggest that all activities should be geared towards achieving those results (ex. international training needs to reflect specific results and clearly defined needs).

Except for the HRGG Programme, there is no evidence to support the contention that there is a "Learning System" in place in Danida programmes, or that corrective actions were based on "results". Based on the foregoing, the hypothesis appears to be validated. If CD results were employed as a management basis it would help to focus management's attention towards higher-level performance and integrating the CD and operational aspects.

4.2 Response to the generic hypotheses in the ToR

On the basis of the evidence gathered during this field mission, it is possible to begin to address these hypotheses in a generic manner, but *based solely on the case of Danish experience with the selected interventions in Nepal.*

Hypothesis 1: Dealing with effectiveness and "best fit"

Not surprisingly, the more an intervention is specifically designed to reflect the specific realities of the problem it purports to resolve, and the more it is designed to deal with the drivers for, and constraints to, the achievement of its objectives, the greater are its chances of success. So in many ways the hypothesis is not a hypothesis at all, but a statement of experimental fact. The Approach paper also lists a number of generic factors that affect the outcomes of Capacity Development in response to "best fit" including the scope or distribution of the capabilities, the incentives to perform, the specificity of the required changes. These will be further developed in the evaluation's main report.

Overall, Danida has not imported "best practices" and blindly applied them in the Nepalese context (a strategy that is called "isomorphic mimicry" by researchers and political analysts). Danida has provided ample opportunity for adaptation and flexibility in its intervention formulation. It has not used a "blueprint" approach and since the GoN and its agencies have been the drivers of the cooperation planning and have had a leadership role in design and adaptation to local contexts, the designs should have been a "best fit", at least as far as it was possible. This has supported relationship building and has enabled both partners to work on solutions in a flexible manner as interventions evolved. It has worked in domains where there has been consensus on political and societal priority (ex. education, democracy structures, energy to rural poor), and has accepted the development strategies of the GoN as a base position. On the other hand, it has not been successful in mitigating very important constraints (ex. mobility, quality of change management, focus on outcomes). Based on the above, concluding that "best fit" was a positive reinforcing factor for increased effectiveness, but was not able to cope with all contextual uncertainties.

Hypothesis 2: Dealing with appropriate ability to contribute and legitimacy

There is no evidence to suggest that any major donor is restricted by complexity or any other factor from "contributing" to a national priority, unless there is a political, policy or strategic reason to not engage. The response from the donor is primarily dependent upon the result of the negotiations with the partner country; an appropriate design that incorporates a common understanding of the terms of the agreement, and a commitment to engage resources and other tangible and intangible assets. The condition under which a donor should engage is solely a factor of the expected impacts, the risks involved, and the expected value to both parties. In some cases, the expected degree of success is low if the environment is constrained, but the donor will engage for reasons other than effectiveness and rationality.

In the case of Nepal, Danida has been a trusted partner for decades and its behaviour and commitment to capacity development corresponds to the needs of its partner as well as to its values, norms and sense of identity (to name a few). For that reason it is a legitimate partner and

can not only provide partnership services but it can also challenge its partner without breaking the bonds of the relationship. This is a considerable value-added for development in general and capacity development in particular where one of the most difficult challenges is to bring about change.

On the other hand, people we have interviewed have spoken to the real challenge of generating or at least identifying a "willingness" to change. There was consensus that Danida should not proceed if this willingness is not present and evident. Danida needs to find a way to gauge the "willingness" and to proceed with caution if it is not there. Some amount of CD under these conditions of risk may be appropriate under conditions where this willingness to change is not clear, but where there is some prospect of willingness would materialise. In those cases, much smaller "foundation" interventions should be used. Based on the above, it would appear that the hypothesis would be validated.

Hypothesis 3: Dealing with "supply and demand".
There are numerous examples where the interventions supported by Danida incorporated a significant "demand" or "pull" component from potential beneficiaries, stakeholders or society at large. The energy and education interventions were undertaken in a context of significant demand, which, importantly, was met with political acceptance and commonality of priority. Danida's interventions did not create that demand, nor did the interventions always actively manage that demand in a way that produced capacity-related responses from GoN. But in every case the interventions "enabled" the demand to be channelled and resulted in an "equilibrium" between the state and society that was likely closer to the expectations of the people that would have been the case if such "pressure" had not been there. There are many factors that define where that equilibrium will rest: in this case the people's interest proved to be highly compatible with political interests, for example.

Given the above, the Denmark-Nepal experience would indicate that given the possibility to do so, finding ways to empower society (or stakeholders, or citizens) would eventually require agencies to provide a higher level of service; therefore, it is logical to assume that managing both sides of this equilibrium would require Capacity Development of both parties. Although this is stated as a duality (two parties), it is recognised that it is highly complicated. The hypothesis could be understood to be validated, with the proviso that it be considered as a highly context-based hypothesis, as noted in Section 4.1 above.

Hypothesis 4: Dealing with results-based approaches
The hypothesis, in many ways, is a statement of fact, for it is not possible to maximise performance (effectiveness) without measurement, supervision and management, and adaptation. It is always possible to perform, or produce results, but they will clearly be sub-optimal unless change processes and appropriate resources are applied. Every agency interviewed in the course of this mission to Nepal has indicated that their CD interventions were not results based. Further, they noted that the management focus was on lower end results rather than outcomes or impact. All agreed that Nepal needs to have better understanding and application of the entire RBM concept.

A few interventions have established RBM-based systems (ex: PFM), but most have not. Furthermore, significant funds are being placed in joint financing mechanisms where they are used without knowing what will be the expected results (ex: Governance). It should be recognised that DanidaHUGOU assisted many CSOs to develop strategic and CD plans that reflect an integrated approach and are quite specific as to the results to be achieved. Going the next step will likely be difficult for Danida in Nepal because it will require interventions to be

formulated in much more detail and will require managerial and behavioural changes from stakeholders at all levels.

Based on the above, the hypothesis would appear to be validated. If results were to become the foundation, then the effectiveness would improve.

5. Conclusion

5.1 Synthesis on past CD support

Danida's support to CD in Nepal has had the following characteristics:

Type of cooperation: All three sector programmes (ESAP, SSRP and HRGG) have been based on a long-term cooperation. Danida was the lead donor through several phases of the support the rural energy and education sectors, which provided significant leverage to shape the programmes. Danida was through DanidaHUGOU instrumental in developing the CSOs' capacity. The LGCDP (component of the HRGG) was launched in its first phase and thus had less leverage compared to the other interventions. The close cooperation promoted ownership and mutual accountability.

Donor harmonisation: Multi-donor cooperation was applied in all the Danida interventions reviewed, which promoted donor harmonisation and reduced transaction costs through Joint Financing Agreements (JFA) and increasingly moving towards the sector-wide approach (SWAp). The multi-donor cooperation also implied that compromises had to be made as regards capacity development and TA. UNDP has played a significant role in providing TA support to a number of interventions in a rather mechanistic way, which was not always appreciated neither by other development partners nor by the recipient agencies. The issue has been raised with UNDP, but a changed approach seems not to be forthcoming.

Approach to capacity development: Danida promoted a holistic approach to capacity development, which involved most entities and stakeholders of relevance for programme implementation. AEPC engaged with the private sector (engineers, banks and contractors), which was imperative in order to disseminate renewable energy technology solutions and generate demand among households and communities. Strategic and organisational plans were the main mechanism to ensure a coordinated approach to achieve the planned results. Policy, legal and institutional aspects were integral parts of the strategic plans. The approaches generally focused on inclusion and downward and upward accountability.

Results-Based Management: Although strengthening of the agencies capacity was an expressed objective, specific results related to capacity development were generally not clearly stated. Baseline studies and capacity needs assessment appears not to be conducted, which could otherwise have provided more insight into capacity gaps and assisted in defining capacity results. In consequence of not having well-defined capacity development results RMB of human resources could not be practised. Both AEPC and MoE suffered from many vacancies – like the other supported institution – and encountered frequent transfers. In such situations the optimal capacity development results would be hard to achieve. Despite such constraints, planned outputs were achieved to a satisfactory degree, suggesting that a measure of capacity was developed through some targeted training and endogenous capacity development processes.

TA modality: TA was integrated in the recipient and executing agencies in MoE and AEPC where the Danida advisers worked closely with the senior management of those agencies. The TA provided to MoE in connection with the SSRP was much appreciated and MoE would have liked it to continue – too effective TA may on the other hand risk that internal resources are not adequately mobilised. In AEPC the sentiment was that the Centre has developed adequate technical capacity, which would reduce the need for TA. The long-term and high level of engagement of Danida created mutual trust and confidence. DanidaHUGOU was first

established as a PIU, but was later changed to a supporting facility. [11] DanidaHUGOU developed a close cooperation with the CSOs it supported. Generally, the issue of too much TA was raised in several meetings with government institutions.

Involvement of CSOs: The involvement of CSOs has played a significant role in the Danish supported interventions, either in a supporting implementation capacity or in enhancing accountability. Overall, the Danish bilateral support to CSOs has been highly to the Nepalese context and needs of priorities of poor and marginalised people and has largely been relevant to the needs of civil society. The longer-term core support through the Strategic Partnerships has been particular responsive to the needs of the concerned CSOs; while the shorter-term support through, for instance the RDIF, LGA and some Danish CSOs has usually been too short to address key civil society needs.[12]

EOD's role: Generally, the EOD staff has played its role well and is seen as a credible development partner by the Nepalese cooperation partners. The EOD has competent Nepalese senior programme managers, who have been with the embassy for many years – and thus constitute the institutional memory – who know the intricacies of the political context well and are able to act sensibly and oversee the programme implementation. The posted Danish staff and the programme managers interact well and combined constitute a strong management team. The comparative advantage of Danida's support in Nepal can be ascribed to: long-term commitment, high degree of flexibility, and level of engagement.

5.2 Considerations on current and future CD support

This section presents points to consider for CD support based on observations and findings that were obtained in Nepal. Most points are the result of interviews that were held in Nepal, which appear to be quite coherent with the analyses that has been made during the literature review, the portfolio screening and the desk-based review of Nepalese programmes. It should be noted that persons interviewed in Nepal – mainly managers and practitioners – offered most of the points presented below. The points have been grouped under four headings:

- Feasibility and justification
- Formulation of interventions
- Implementation and monitoring
- Completion

Feasibility and justification

The Theory of Change modality should preferably be applied for long-term and comprehensive interventions that are well adapted to the larger national reform process into which it should fit and be related to the national partners' desire for change.[13] Based on a detailed analysis of the interventions' context – including governance context and absorptive capacity – assumptions should be made and the associated risk situation analysed. Data should be gathered to establish the CD baseline and a CD needs analysis conducted for outlining of the results-chain for competencies to be obtained. The stated results should be adequately specific to become the

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[11] The Joint Evaluation of the International Support to the Peace Process in Nepal, May 2013 states (p.11) under the 'wider lessons' that "despite of the Paris Declarations intentions, the use of a PIU was wholly appropriate in the case of Nepal. This is likely also to apply to other fragile settings where government parties are reluctant to advance certain issues".

[12] Danida. 2013. Evaluation of Danish Support to Civil Society, Annex G: Nepal Country Study.

[13] This is based on the assumption that government policies and plans are legitimate in relation to citizens' demand and consistent with international conventions.

basis for RBM with concrete targets set for the anticipated performance (i.e. results should be observable).

It is essential to map and understand the push and pull factors that drive service delivery and its ties to politics and the various forces within civil society. It seems logical to assume that in a bilateral relationship, donors should be on the "supply" side of the equation. National partners should take the lead as well as ownership of the supported intervention and demonstrate readiness to change – which at times may require intense dialogue to overcome barriers to change. Champions that drive the change process should be identified. CD should encompass the organisation that is the centre of the intervention as well as external organisation that are essential for the overall performance of the intervention. CD should focus on technology/technical aspects as well as organisational/ management aspects. CD should include planned tasks as well as provided incentives for endogenous CD. As capacity will evolve over time, measures of flexibility should be applied in order to adjust to evolving circumstances.

Formulation of interventions

Much depends on the accurate fit between intervention design and the internal and external contexts. Thus the context description and how the context may evolve over time is an essential element of the programme documents. Whether it is a single-donor or a multi-donor intervention – possibly pursuing a SWAp – it should be ensured that the emphasis is on generating outcomes and impacts that are consistent with the government's reform process. Accountability should be built into the intervention design, i.e. mutual accountability between the recipient organisation and the donor; and downward accountability to the beneficiaries and upward accountability to the Government's oversight institutions.

CD should be planned as an integral part of the intervention (as opposed to a stand-alone thrust) and should facilitate the reform and change process. A comprehensive CD concept should be applied that is dynamic and strategic about time, quantity, relationships, leveraging, and change management strategies. The thrust of the CD should be on improvement of the processes and quality of outputs – and training should lead to such improvements. A basic change management strategy should be created and performance benchmarks established to enable RBM. Progress should be analysed regularly – at least once a year – to assess adequacy of resource allocation and priorities. CD should support all players, but prioritise those that are at the centre of the intervention. The functioning of the supported organisations should be well understood including their absorption capacity. ICT should be applied if it contributes to improve productivity and accountability.

Many public sector programmes involve interaction with CSOs and the private sector. CSOs could either have a demand side and a supply side. The demand side of CSOs would in many cases be concerned with downward accountability of public services, whereas the supply side would be concerned with CSOs taking part in the implementation on behalf of the public organisation. Similarly, the private sector could have this dual role. When conceiving CD support to CSOs and the private sector, it is important to be aware of their specific roles related to the demand and supply sides (push-pull) and the significance of their involvement in contributing to outcomes and impacts. RBM might be more complicated when CSOs and the private sector is involved, as they are not subject to the same control mechanisms as the public sector organisations.

The use of foreign TA should be considered carefully as it is generally seen by the recipient organisations as being very expensive and TA personnel is not easy to integrate in the public organisation. Project Implementation Units, which was formerly the used modality for

accommodating TA, is generally no longer seen as the most optimal solutions. Good justification for TA should be provided in terms of complementary competence contributing to the reform and change process as regards knowledge, useful international experience, analytical and management skills, etc. TA should preferably be provided in an advisory capacity with well-defined relationship to the recipient organisation's management that is meant to own and drive the process.

An ex-ante evaluation (using the OECD/DAC five evaluation criteria) to validate the intervention design including CD could be a means of adjusting expectations and minimising risks – especially so if there is a high degree of uncertainty. Provided that the intervention design is based on the ToC modality, the results chain should be modified to reflect a realistic change process and the impact scenario should correspondingly be modified.

Implementation and monitoring

During the Inception Phase, the baseline data should be reviewed and updated if need be – the period from conceptualisation to implementation may be as long as one to two years and thus some changes may have occurred. Norms, standards and performance parameters for the organisation's services and regulatory functions should be modified to ensure that they realistically could be achieved within the set timeframe. Correspondingly, the performance targets including those for CD should be reviewed.

The detailed design of CD outputs – which may include policy, legal, strategy, and organisational and capacity development – should be linked to the stated outcomes. Similarly, the donor supported training should be linked to the stated outputs and outcomes. It is important that senior management and staff share similar values related to the organisation's mandate and the perceived change process, and that all are well oriented and take part in the process.

The change process in public organisations is confronted with a number of potential risks, e.g. many vacancies, high mobility (staff turnover), low motivation among staff, slow approval processes by oversight institutions, inadequate budgets, etc. The associated risks should be managed and compromises may need to be made on performance level and targets, as many of the risks are largely outside the control of the organisation itself. Monitoring of performance, i.e. results achieved and actual or emerging risks (and the data that feeds it) is crucial. Annual reviews – often joint donor and Government – is generally the norm for taking stock of the situation and adjusting for internal and external factors including risks. Annual reviews may be adequate if the context is largely unchanged and risks are low. More frequent reviews would be needed if the context changes radically and when risks are high.

Completion

Some programmes could have as much as three to four five-year phases – mainly because the intervention was from the onset determined to be a long-term engagement, or because it was anticipated that the outcomes of the previous phase could be further developed and disseminated. In such cases there would be no need to have an 'exit strategy' from the very beginning. In cases where the intervention is conceived to only last for three to five years, an exit strategy would be an important element for the design and implementation of the intervention.

Exit strategies are critical in long-term CD interventions and should be better reflected in the intervention plans. When unsure of what could happen in terms of potential continuation at the end of the planning period, the expression of intent should be agreed upon and a decision should be made no later than mid-term. Comprehensive CD for an organisation's institutional capacity – not only the execution of individual functions – generally requires long-term engagement in or

order to achieve significant impact. Exit needs to be defined well in advance to enable partner's capacity to evolve to the point where it can continue autonomously. Capability traps should be avoided by matching expectations to the level and rate of improvement that can realistically be achieved in the prevailing institutional setting.

The level of capacity reached at the time of exit is closely related to the intervention's prospects for sustainability. The likelihood of sustaining the intervention's benefits is much higher if the organisation's sense of ownership is higher compared to the time of launching the intervention and if the corporate capacity has matured adequately to perform its mandate as perceived in the change process. In multi-donor supported interventions, all donors may not exit at the same time, but in cases of being a lead donor an exit strategy may nonetheless be important for the further CD process. In fragile states where the country is striving to move towards stability and democracy – like Nepal – it is essential that government and state institutions have the capacity to lead such processes. CSOs can contribute significantly, but could not replace legitimate central and local governments. At the time of exit, an ex-post evaluation focusing on outcomes, impacts and sustainability could provide important insights to how the organisation could best continue the CD endeavours.

Appendices

A. List of Person Met

Name	*Designation*
Embassy of Denmark	
Jan Møller Hansen	Deputy Head of Mission
Ingrid Dahl	Development Counsellor
Manju Lama	Senior Programme Officer
Jeet Bahadur Thapa	Former Senior Programme Manager
Shiva Sharma Paudyal	Senior Programme Officer
Saroj Nepal	Senior Programme Manager
Aayush Rai	Programme Officer
Karsten Schack	Chief Financial Officer
Maja Kaalund Bygvrå	Public Diplomacy and Communication Intern
Sally Bergh Palmvig	Peace Support/HRGG Intern

European Union	
Mr Andreas Rottger	Head of Cooperation

Ministry of Peace and Reconstruction/ Peace Fund Secretariat	
Mukunda P. Paudyal	Director and Joint Secretary
Thomas Thomsen	Team Leader EU TA
Shyam Sundar Sharma	Senior Capacity Development Manager EU TA
Apekchya	Cluster/Program Officer EU TA

Ministry of Science, Technology and Environment/Alternative Energy Promotion Centre	
Ram Prasad Dhital	Executive Director
Raju Laudari	Assistant Director
Nawa Raj Dhakal	Assistant Director
Surya Kumar Sapkota	Assistant Director
Anand Raj Maskey	Component Manager, Rural Energy Fund
Shekar Sharma	Programme Officer, Biomass
Rohit Bahadur Shrestha	National Compliance adviser
Shubha Laxmi Shrestha	Senior Officer
Chaitanya Prased Chaudhry	Officer

Ministry of Education	
Dr Lava Deo Awasthi	Director General, Department of Education
Karna Bahadar Bhuwaji	Under Secretary
Thum Prased Rai	Under Secretary
Badri Tathar	Under Secretary
Khagaraj Paudyal	Under Secretary
Java Prasad Acharya	Deputy Director
Deepar Sharma	Under Secretary
Balaram Timalima	Under Secretary
Mukunda Mani Khanal	Under Secretary
Daphre De Souza	Policy Adviser
Diwakar Dhungel	E. Director
Dili Ram Rimel	Director General

Ministry of Federal Affairs and Local Development	
Purusottam Nepal	LGCDP Programme Manager
Narahari Sharma Bhandari	Under Secretary

National Human Rights Commission	
Bed Bhattarai	Acting Secretary

DanidaHUGOU/ Governance Facility
Niels Hjortdal   Head of Programme
Murari Shivatoti   Deputy Head of Programme

UNDP/UNCDF
Yam Nath Sharma   Assistant Country Director
Pragya Basyal   Programme Analyst
Pragyan Joshi   Programme Analyst (UNCDF)

Micro Hydro Project, Sikre Village Development Committee, Nuwakot District
Mr Sudarshan Budhathoki   Coordinator of the Micro Hydro Project

District Land Rights Forums (DLRF), Kalikastan Village Development Committee, Rasuwa District
Kalpana Karki   Campaign Coordinator, CSRC
Chitra Kumari Lamichhane   Chairperson, DLRF
Putali Tamang   Member, National Land Rights Forum
Shanta Kumari   Member NLRF
Bhawani Lamchhane   Member DLRF
Bhawani Neupane   Founding member DLRF
Chhatra Kumari Neupane   Member DLRF
Hem Nath Khatiwada   Secretary DLRF
Tek Bahadur   Vice Chairperson DLRF

Internal Revenue Department
Ram Mani Duwadi   Deputy DG IRD
Nara Sagar Shrestha   Deputy Chief Technical Adviser (GIZ)
Bianca Schnober   Technical Adviser (GIZ)

Royal Norwegian Embassy
Håkon Arald Gulbrandsen   Deputy Head of Mission
Bhola Prasad Dahal   Governance Adviser
Vibeke Sørum   First Secretary

Ministry of Finance
Babu Ram Subedi   Deputy Financial Comptroller General
Bhuban Karki   Under Secretary
Tilakman Singh Bhandari   Senior Project Officer

NB: Please see the Visit Programme for participants in the Focus Group Discussions

B. Visit Programme

Danida CD Evaluation: Visit Programme 1-13 February 2015

Date	Time and Activity	Venue	Contact Person
1 February Sunday	Robert Le Blanch & Per Kirkemann arrive at 15.10 and check in at the Shangrila Hotel		
2 February Monday	09.00 - 10.00 Team Session	Shangrila	
	11.00 – 12.00 Briefing meeting with EOD management: Jan	Embassy	Jan Møller Hansen
	13.00 -15.00 EOD Programme Officer ESAP II and RAS project: Shiva Sharma Paudyal	Embassy	Shiva Sharma Paudyal
	15.00-16.30 Meeting with Andreas Roettger, Head of Development Cooperation, EU Delegation	EU Delegation, Lainchour	Manju Lama
3 February Tuesday	10.00-12.00 HRGG/NPTF and Aid Effective project: Jan, Saroj and Manju	Embassy	Manju Lama
	14.00-15.30 Meeting with Thomas Thomsen, NPTF	Peace Fund Secretariat, Babarmahal	
	15.30-16.30 Meeting with Mukunda Sharma Paudyal, NPTF Director		
4 February Wednesday	09.00-10.00 Meeting with Karsten Schack on PFM	Embassy	Karsten Schack
	10.30 onwards Visit to AEPC to meet with staff engaged in ESAP I & II	EAPC Office	Shiva Sharma Paudal
	16.00 -17.30: Meeting with Purosottam Nepal, LGCDP Director	MoFALD	Manju Lama

5 February Thursday	09.00-10.00 EOD Programme Officer SSRP: Manju Lama and Jeet Bahadur Thapa	Embassy	Manju Lama
	10.30-12.00 Meeting with NHRC Secretary Bed Bhattarai	NHRC Rabibhawan	Manju Lama
6 February Friday	09.00-10.30 Meeting with Niels Hjortdal and Murari Shivakoti on HRGG	Governance Facility, Panipokhari	Manju Lama
	11.00-13.00 Visit to SSRP to meet with various stakeholders Meeting with DG Dr Lawa Deo Awasthi and staff	Ministry of Education Singhadubar	Manju Lama
	14.00-16-00 Meeting with Yam Nath Sharma, Pragyan Joshi, and Pragya Basyal, UNDP	UNDP	Manju Lama
7 February Saturday	Summing-up and report writing		
8 February Sunday	Field visit to Nuwako and Rasuwa Districts	-	Manju Lama
9 February Monday	09.00-12.00 Visit to RAS/IRD: Meeting with Ram Mani Duwadi, Nara Sagar Shrestha and Bianca Schnober	Internal Revenue Department	Manju Lama
10 February Tuesday	10.00-12.00 Meeting with Norwegian Embassy on capacity development in general and specifically on joint programmes: Hakon Arald Guldbrandsen, Bhola Prasad, Vibeke Sorum	Norwegian Embassy	Manju Lama
	13.30 - 14.30 Visit to WB PFM project: Babu Ram Subedi	PEFA Secretariat/ MoF	Manju Lama
11 February Wednesday	09.00 - 11.00 Focus group discussion with technical specialists assigned to various projects	Embassy	Bhakta Bishwakarma NNDSNO) Vishnu Karki (Room to Read) Jagat Deuja (CSCR) Jit Gurung (Governance Facility) Madhusudhan Adhikari (AEPC)

			Nigma Tamrakar (AEPC) Lily Thapa (WHR) Tula Narayan Shah (Nepal Madhesh F)
	14.00-15.30 Meeting with Bhuban Karki and Tilakman Singh Bhandari: Visit to MoF – Aid effectiveness	MoF	Manju Lama
	16.00-17.00 Meeting with Narahari Bhandary – LGCDP, Local Governance Accountability Facility	MFALD	Manju Lama
12 February Thursday	09.00 - 12.00 Focus group discussion with programme/project managers	Embassy	Niels Hjortdahl, (HRGG/GF) Murari Shivakoti (HRHH/GF) Rohit Bahadurt Schresta (AEPC) Nawa Raj Dhakal (AEPC) Shuva Sharma (Scott Wilson)
13 February Friday	10.00 - 11.30 Debriefing embassy staff 18.30 Departure for airport	Embassy	Manju Lama

*Will be arrange during the team's interviews with stakeholders

Selected Danida Interventions

ESAP	Energy Sector Assistance Programme
SSRP	School Sector Reform Programme
HRGG/GF	Human Rights and Good Governance Programme/ Governance Facility
NPTF	Nepal Peace Trust Fund
RAS/IRD	Revenue Administration Support Project/ Support to the Inland Revenue Department
Nepal PFM	Nepal Public Financial Management Support – Multi Donor Trust Fund
MoF Aid Effectiveness	Support to Ministry of Finance on the aid effectiveness agenda – Developing Capacities for Effective Management and Coordination

C. Nepal Country Note

Nepal Capacity Development Background Note[14]

Country context that may influence success of CD or organisational change initiatives

Nepal is one of the poorest countries in Asia with an HDI ranking of 145/187. Good progress in reducing poverty has been achieved with the poverty headcount falling from 55% in 1995 to 25% in 2011 (IMF 2014).[15] Investments in education and health have traditionally been low and access to higher education has, in practice, been restricted to higher caste groups (UNDP 2002:150; UNDP 2004: 175 cited in Haugaard 2005). However recently the education sector has become more progressive, recognising the role of education in achieving the MDGs (EC 2012).

Nepal faced severe economic problems throughout the 1990s linked to endemic political instability since the introduction of multiparty democracy in 1990. There was only modest economic growth (averaging 3%), increasing trade deficits and unemployment and a poorly developed private sector (UNDP 2002: 131). The monarchy was abolished in 2006. Having emerged from political deadlock when an interim government was formed, an election successfully took place in 2013.[16] Economic growth has however remained below 5% and although the country is now pursuing a peace process and has been making steady progress, political uncertainty continues to hamper reform efforts.

The Maoist conflict has had a severe impact on the country's capacity. The chronic political instability has affected the bureaucracy by increasing the frequency of major reshuffles and by leading to constant changes in the cadre of politically appointed civil servants. The public sector has not been endowed with adequate resources to perform its tasks – a debilitating brain drain has weakened human resource assets. This appears to be particularly pronounced in local government.

The public sector institutional context has made CD initiatives challenging. The poor performance of local bureaucracies in Nepal can partly be explained by an absence of transparent incentive mechanisms leading to low motivation and poor performance. Furthermore personnel management is very rigid and salary levels are not linked to outputs and the performance of civil servants (Bryld 2004: 8 cited in Haugaard 2005).

Civil society activity has been severely hampered by the political crisis. The curtailment of civil liberties and censorship of the press make it difficult to hold civil servants accountable through voice and participation. It is only recently that the external environment in Nepal has become conducive to capacity development initiatives. There are now many agencies supporting capacity development initiatives in a range of sectors. ODA financed 21% of all government expenditure and over 40% of capital expenditure in 2010/11.[17] Around 20% is from the IDA, 20% from ADB, 10% from DFID, 6% from the EU and 4% from USAID.[18] The remaining 40% is from other donors. Local development and education are the two main sectors, followed by electricity, health and roads. Grants and loans are major modalities and there has been a move to budget support as a major modality.[19] For example the Ministry of Education has a

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[14] Prepared by Helen Tilley, Research Fellow, ODI h.tilley@odi.org
[15] https://data.un.org/CountryProfile.aspx?crName=Nepal
http://www.imf.org/external/pubs/ft/scr/2014/cr14214.pdf
[16] http://web.uri.edu/nonviolence/files/NEPAL-PROFILE-2013.pdf
[17] http://www.undp.org/content/nepal/en/home/operations/projects/democratic_governance/dceamc/
[18] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389073/Nepal.pdf
[19] AMP dashboard http://portal.mof.gov.np/

sector wide framework (School Sector Reform Plan 2009-2015, SSPR) through which donors channel their sector budget support. National stakeholders in the education sector prepared a capacity development framework in 2010 (OECD 2009, MoE 2010).

Key findings of ex post evaluation reports and approval documents from CD-related interventions

Many of the initiatives considered had CD as a small part of a much larger intervention. They were selected on the basis that they may have included some training, some system development to allow organisational capacity to increase. There was also an effort to focus on the largest donors to Nepal.[20] Most of the documents obtained were evaluations of either specific projects or country programme evaluations. The country programme evaluations were limited in their information on specific capacity building interventions but where relevant they have been referred to. As information was limited the analyses below have been drawn from all sections of the reports.

Were the initiatives designed to take contextual factors into account?

Given the challenging political environment and ongoing conflict at the time when many of the initiatives were planned, difficulties were noted in building in sufficient flexibility for contextual factors beyond the sector. Many of these related to GoN's capacity. An early review concluded that the environment is not conducive for CD initiatives (Haugaard 2005), however later initiatives proceeded and took the conflict into account in some regard. However, it appears that the impact of the conflict on the capacity of the public sector was not always sufficiently anticipated. This resulted in GoN's reduced implementation capacity having a negative impact. For example this oversight on the part of the World Bank resulted in unrealistic objectives and outcome targets being set as the strategy depended on a few reform champions with no alternative scenarios. In particular after 2001 when the conflict increased the World Bank did not change Nepal's classification to a conflict or fragile state (World Bank 2010). A complex ADB TA project neither accurately factored in the limited implementation capacity of the agencies involved nor the impact of the political unrest that was ongoing at the time (ADB 2012).[21] While the design of the ADB Rural Finance Sector Development Cluster Program was appropriate to the context of the sector, the assessment of the political and economic situation and the capacity of institutions were not adequate and changes in the political situation delayed legislative changes and impacted on implementation (ADB 2013:5).

EC support in the area of social exclusion and gender however does not appear to have been well informed by the national context: 'the design of EC interventions shows an inadequate understanding of institutional issues and state responses. EC support has largely focused on specific social groups in isolation and does not establish strategic links to broader efforts for structural change.' (EC 2011: 44).

A different challenge was experienced by ADB's Skills for Employment Project: the different leadership between agencies was not adequately considered in the design phase leading to some agencies feeling that they had less ownership. This resulted in implementation problems in districts. The sector context was well responded to in the design, it was aligned to GoN's Five-Year Plan and included a component to increase access for marginalised groups as there was political conflict during the design period.

Several other ADB projects were considered to take good account of the context. The Subregional Transport Facilitation Project (2012a) was relevant and in line with GoN's Five-Year Plan (FYP) to upgrade governance capacity as part of a programme to reduce transport costs and goods clearance time. The Urban and Environmental Improvement Project (2014a) was consistent with GoN's and ADB's policies and priorities and major lessons learned from previous ADB projects were also considered in the project's design – presenting a good example of self-reflection and learning. One challenge related to the

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[20] Some country evaluations were reviewed but not included, as there was no relevant discussion of CD (e.g. Finnida, SDC).
[21] The level of ambition in relation to the limited domestic capacity was highlighted during the design phase but the recommendations were not taken on board. Efforts were made to make adjustments during the Mid-Term Review.

weak institutional capacity of participating municipalities and suggested that the project investments were spread too thinly over too many subsectors and municipalities.

Were the initiatives based a monitoring framework including baselines and a Theory of Change logic? Was there a clear description of the results chain i.e. how each part of the chain was supposed to produce the next part?

There is an absence of baselines, needs assessments and coordinated monitoring frameworks, as is common in many countries, although there appear to be efforts to develop tools and frameworks to put these in place.

It is notable that over time tools for CD in the education sector have been developed and in 2011 the EC recommended a capacity needs assessment (CNA) in the education sector to be done jointly with other donors. The MoE CD framework (2010) presents tools for developing a CD plan. In 2008 there was no long-term capacity development plan for local government bodies in Nepal and limited monitoring capacity in local governments (UNDP and SNV 2008).[22] UNDP carried out a CNA for Urban Search and Rescue, Sustainable Training and Resilient Disaster Management in 2012 that reviewed the context and presented a baseline that outlined the functions and roles of organisations, operating procedures, involvement of stakeholders. This developed a log frame containing indicators and targets. The CAN doesn't however contain a clear ToC outlining risks and assumptions and it is not clear whether further work has been carried out.

GoN capacity development plans and project plans supported by donors were generally based on ad-hoc estimates rather than on any systematic needs assessment. Donor projects tended to be determined by donors' project objectives rather than local needs. Furthermore, it noted that few training programmes have integrated follow up activities or effective monitoring. 'As a result, after completion of the training it is not known whether the inputs of the training were applied in the work or not. This situation not only creates an information gap but also prevents the capacity development suppliers from knowing what approaches are most effective.' (UNDP and SNV 2008: 38)

The monitoring frameworks associated with individual projects were mixed in their scope and quality without a clear pattern by donor or sector being apparent. Most ADB initiatives assessed had inadequate monitoring frameworks. Indicators to measure progress were generally inadequate with frameworks not being well thought through and only measuring numbers of participants in training courses (ADB 2012a, 2014a). In some cases frameworks that were developed were not applied during implementation (ADB 2012a).

One particular difficulty seems to have been ensuring that government counterparts had sufficient resources or that donor expectations regarding their role were appropriately modest. Notably the large TA project (ADB 2012b) was designed well to carry out appropriate monitoring and evaluation of the project activities. However in the face of a difficult socio-political environment, the effort and diligence given to project implementation by MoF was inadequate with little monitoring or implementation activities. The monitoring of ADB (2014b) suffered due to insufficient M&E resources being allocated to the PIU for monitoring large-scale training activities.

The ToC logic was found to be weak in most projects and a general weakness was the limited articulation of outcomes and impact. The EC intervention logic followed the results chain and outlined the ToC in relation to the Government's priorities. CD was an output and an outcome from education, civil society, governance, and energy interventions. There was however no detailed analysis of links between different parts of the results chain and limited information on the implementation mechanisms (EC 2012). Having implications beyond CD interventions, 'The absence of a results-based framework for Gender Equality and Social Inclusion has led to insufficient clarity on what the EC wants to achieve on social inclusion.'

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[22] While there are Information and Documentation Centres established in District Development Committees there is a shortage of trained staff to maintain them and/or financial resources and therefore monitoring systems are weak (UNDP and SNV 2008).

(2011: 45). The ADB Subregional Transport Facilitation Project framework provided links between the outputs and the project goals, but measuring the outcome for the economy was less well designed due to attribution challenges. There was no consideration of how training and systems development may lead to changes in outcomes (ADB 2012a). While the ADB support to the primary education sector achieved some important results there were weaknesses in the articulation of its results chain. Also there is no descriptor for assessing overall impact (ADB 2012c). While Japan's support to Nepal reflects its comparative advantage of developing technical skills in infrastructure and developing 'human resources through assistance for technology transfer and training in the field', it is lacking in specific policy objectives. It is also not possible to clearly separate Japan's contribution from that of other donors (2012: 8).

Civil society and local government appeared to be a particularly weak area for monitoring. Danida (2013) notes that strategy goals for civil society support to Nepal were not consciously implemented or monitored. Therefore within this it is expected that CD components would have been subject to the same weakness.[23] Some CD activities for civil society were also found to be one off activities that were not followed up, although there were some ongoing initiatives that were in greater depth (Danida 2013: 38). Many training programmes for local government are set up as single step interventions, which overlook the opportunity for participants to progress. This is related to the weakness in monitoring noted above as there is no clear ToC and appreciation of how capacity should be built and integrated (UNDP and SNV 2008).

Were the recipient countries the primary designers, implementers and decision-makers?

In most cases GoN does not appear to have been in the driving seat, although the pattern varied by donor. The review of the Paris Declaration (2010: 9) recognises the need to increase leadership from GoN and the importance of increasing confidence and assertiveness to lead development, as well as requiring increased alignment amongst donors. The independence of donors was recognised as a challenge by the reviewers.

ADB (2012b and 2013) appears to have been more successful than the EU (EC evaluation 2012, 2011) at ensuring the GoN (MoF specifically) was the implementing partner although challenges were experienced. For the ADB's large TA project (ADB 2012b) while MoF was responsible for administration, implementation and monitoring, there was little effective ownership and a general apathy of MoF was noted that was attributed to the ongoing political conflict: 'Ministers resigned, departments and offices were being restructured, the Parliament was dissolved, and normal legislative business could not be carried out.' (2012b: 4).

EC support has not been strong in enhancing the ownership and leadership of GoN and the respective national partner (EC evaluation 2012, 2011). While the strategy was in line with priorities, there was little engagement with stakeholders during its formulation and it was not a joint exercise. 'EC…took the lead and sought consent of GoN afterwards for programmes that were already formulated and decided upon by EC HQ' (EC 2012). Overall EC support for 'developing partners' implementation capacities and enhancing ownership by national stakeholder (sic.) have been rather limited.' (2011:39).

A notable positive development was the development of the education sector capacity development framework and action plan gained momentum when a group of GoN official took the lead and defined the content (OECD 2009).

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[23] This evaluation was not very rigorous in the evidence it presented and analysed so there are few direct conclusions for this note.

Individuals or organisations that could shed light on CD-related issues

- Centre for Development Innovation, Wageningen UR, Netherlands[24]
- SNV Nepal
- Harry Jones, GRM (worked for 2 years in Nepal at the ASI implemented Centre for Inclusive Growth with ODI) Harry.Jones@grminternational.com
- Mr Lokendra Prasad Poudyal (consultant, UNDP and SNV 2008 author)
- Ms Victoria Room victoria@devinit.org http://www.aidinfo.org/learnings-on-aid-transparency-in-nepal.html
- Organisation Development Centre Inc. http://odcincorp.com/ [known to NCG]
- NGO Federation of Nepal[25]

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[24]https://www.wageningenur.nl/en/newsarticle/Namaste-Capacity-development-programme-Nepal-in-full-swing.htm
[25] http://www.ngofederation.org/index.php?option=com_content&view=article&id=1:welcome-to-ngo-federation&catid=29:welcome-note

D. Notes From Field Visit

<u>**Field Notes- 1**</u>

Lapse Baaire Micro Hydro project

Sikre VDC, Nuwakot district

Power generation capacity:	33 KW
Current Production:	21 KW
Total Cost:	9.1 million NPR
Bank loan:	3.8 million NPR
Interviewee:	Sudarshan Budhathoki, Coordinator of Micro Hydro Project

Brief summary

A small micro hydro plant, with a production capacity of 10 KW, was established in Sikre VDC of Nuwakot district in 2000. As this capacity was not adequate to fulfil their daily requirement, the community people (comprising 242 households) decided to seek the support of AEPC for a micro hydro project with a larger capacity.

AEPC commissioned a feasibility study in 2007, which took three years to complete, due to the delay caused by the slow approach of the consulting company. Finally, the project construction commenced at the end of 2010 and power generation started in 2013. Coincidently, the national grid line was also connected to Sikre VDC in the same year. Apparently, the possibility of grid line connection was not adequately explored and analysed by the feasibility study. Currently, many households of the community are connected to the national grid line and the power generated by the Micro Hydro project is not in full use.

In line with the agreement, the project would receive a subsidy (125,000 NPR per KW) from AEPC provided the entire community (242 households) used the power from the micro hydro plant. However, with only 180 households connected to the micro hydro power plant, the community is less likely to receive the full subsidy as per the agreement. The final payment (20%), which was to be disbursed after final inspection, is still held in AEPC, as the final inspection has not yet been made.

Currently, the community is burdened with a NPR 3.6 million bank loan with 12% interest rate (Agriculture Development Bank was demanding 16% interest). Some of members, who have placed their property as collateral for the bank loan, are worried for their properties. Though the community has developed an alternative plan for selling the power to Nepal Electricity Authority (NEA) on a monthly basis, it is not certain that NEA will opt for this as the voltage of the of micro-hydro (only 220 volt) does not match the much higher voltage of the NEA grid line. For this to happen, NEA will require additional equipment to synchronize the voltage.

The project coordinator found that some of the equipment, listed in the agreement, has not yet been installed in the project. This was reported to AEPC authorities, but no action been be taken.

Findings and observation:

It was reported that the power generation from micro-hydro plants had coincided with communities being connected with the national grid line in many other places. Thus many communities, supported by APEC, are facing similar problems. This is mainly due to slow moving feasibility process, inadequate analysis during the feasibility study, which generally focuses only on technical and financial viability, and delay in project construction.

While the Government and donor partners are investing a huge amount of fund for subsidy, in sharp contrast, banks, including government owned ones, are charging high interest rate (12% and higher). This indicates a lack of capacity in terms of coordination with key stakeholders

Field Notes – 2
District Land Rights Forums (DLRF)
Kalikasthan VDC, Rasuwa District

Participants:
Kalpana Karki, Campaign Coordinator, Community Self-reliance Center
Chitra Kumari Lamichhane, Chairperson, DLRF
Sano Maya Tamang, Activist, DLRF
Sushma Neupane, Activist, DLRF
Bhawani Lamchhane, Member, DLRF
Bhawani Neupane, Founding member, DLRF
Chhatra Kumari Neupane, Member, DLRF
Hem Nath Khatiwada, Secretary, DLRF
Tek Bahadur, Vice chairperson, DLRF
Putali Tamang, Member, National Land Rights Forum (NLRF)
Shanta Kumari , Member, NLRF

Brief summary
Landlessness and skewed land ownership is a major problem of the district. A large proportion of people who have been tilling agricultural land they live in, do not have land ownership title deeds. Thus their livelihood is uncertain while motivation and production levels are low leading to continued poverty

Around 10 years back, with facilitation of CSRC, groups of people who were facing land related discrimination came together and organized themselves. At present, there are 24 Village Land Rights forums (VLRF) in different VDCs and a DLRF at the district level.

These forums are facilitating the mobilization and organization of land poor and landless people, increasing pressure on authorities at the local and national levels to support just and equitable land reform initiatives while also fighting court cases to acquire land ownership.

A total of 152 families haves been able to acquire land ownership up to now. Land ownership has helped improve the livelihood of poor families. Production has increased due to increase in motivation levels induced by land ownership. Tillers put in more effort on the land they own and thus agricultural production from their land has improved. They have searched for irrigation options, started group farming (off season vegetables), and made investments on (by putting their land on collateral for bank loan) more advances agricultural tools and equipment.

People also feel that land ownership has increased their social status and credibility. Now they are treated as permanent members of the community, have easy (relatively) access to loan from local people in the time of needs and have more say in community decision making.

The knowledge, confidence, and advocacy/negotiation skill of members Land Rights Forums have improved significantly as they participated in training, visited government offices and through exposure visits to different districts. VLRF and DLRF members are represented in many local level structures (such as: forest user groups, school management committees, ward citizen forums, etc.)

Putali Tamang is a middle-aged woman from the Tamang ethnic community. She could not even speak Nepali language when she became member of the VLRF in her village. Over the period, she has not only learned to communicate in the Nepali language, but also developed her capacity to mobilize groups, lead delegations and manage advocacy campaigns. At present, she is a member of National Land Rights Forum.

She also proudly says that when her family, including her husband, were planning to send her two adolescence daughters to the middle east for employment, she was strong enough to confront them and kept her daughters with herself. Now both of them have passed high school.

CSRC has been able to facilitate Land Rights Forums in 53 districts. These forums have been able to address discriminations related to land rights.

Finding and Observation
A strong group dynamics has been created across the country through Land Rights Forums.

At present, the voice of these groups cannot go unheard by authorities, but favourable policy and legal reforms are needed to make these authorities work for land less people.

Many issues have been addressed but still challenges remain. There are many land related cases with legal complexities, which forum members are unable to settle.

E. Synthesis of Focus Group Discussions

Analysis of NEPAL FGD questionnaire

There were thirteen participants, four of which were managers and nine were technical or sector staff, or from NGOs. Responses were given on a scale of 1-7. The key points that were noted are that the participants:

A) Quite strongly disagree with (Less than 3)

Q3: International consultants and Danida personnel wrote most design documents with or without consultations with Nepal (AVERAGE= 2.62; δ=1.5)

Compared to what the literature indicates globally, respondents believed that foreign experts did not prepare most design documents. It should be noted that the question did not exclude Nepali consultants. Responses were similar for managers and non-managers, but the standard deviation was relatively high for the non-managers.

B) Mostly disagree with (3.0 to 3.9)

Q 23 The project's objectives probably agreed with the interests of the political leaders (the "elite" and party leaders) of Nepal. (AVERAGE= 3.46; δ=1.66)

Q 37 Danida and Nepal have worked out an exit strategy for its support (AVERAGE= 3.9; δ=1.37)

Q 39 Although Danida financed this project in whole or in part, any donor could have done the job as well; Danida did not bring any special comparative advantage to the project (other than funding). (AVERAGE= 3.42; δ=1.51)

In Q23, the respondents are noting that the interventions were not in the interests of political elites, a striking result. Managers disagreed with the statement considerably more than non-managers (2.75 to 3.78), indicating that they believed that the projects were clearly not in line with the interests of the political elite. Respondents also note that they thought that there is no exit strategy although interviews showed that this is always the case, and therefore we expected the respondents to be more in disagreement than they were.

Q39 was particularly interesting because it shows that there is a relationship between Denmark and Nepal that is not only financial. Managers tended to downplay the value added slightly more than non-managers (a score of 4 rather than 3.13), a difference that is statistically significant.

C) Clear, but low level of agreement with (5 to 5.5)

Q 1 The need for capacity development in the project was identified by Nepal (and not the donors) (AVERAGE= 5.1; δ=1.3)

Q 6 The project design was built upon a baseline study that clearly specified and evaluated what capacities were already there (AVERAGE= 5.08; δ=1.5)

Q 7 In addition to a project plan that listed activities, responsibilities and budgets, the project created a change management strategy (AVERAGE= 5.42; δ=1.38)

Q 8 The design and management of the project allowed project managers from Nepal to change (if required) both the planned activities and the way that resources and budgets were used (AVERAGE= 5.31; δ=1.44)

Q 9 The project design included an analysis of the extent to which **all** stakeholders and partners should receive capacity development in order for the project objectives to be attained (AVERAGE= 5.15; δ=1.14)

Q 10 I was informed, in detail, of what were the project's **capacity** development outputs and outcomes (AVERAGE= 5; δ=1.21)

Q 12 The project was mostly designed to improve the personal skills and knowledge of people in the key organisation(s) (AVERAGE= 5.38; δ=1.19)

Q 14 Today, the ability of staff to deliver the required levels of goods and services is still limited because any one or more of the following are not in place: a) financial resources, b) processes, systems and equipment or c) authority to implement or d) some other critical resources (AVERAGE= 5.08; δ=1.71)

Q 18 During project implementation all, or almost all, of the people involved continued to be motivated to learn and acquire new abilities (AVERAGE= 5.17; δ=1.03)

Q 19 The project always had the support of "champions", (individuals who could influence decision-makers so that the project could proceed as planned) (AVERAGE= 5.08; δ=1.83)

Q 26 The type of Capacity Development support that was made available by Danida changed over time to reflect changes in the external influences of the project (the "context") (AVERAGE= 5.09; δ=1.04)

Q 32 DANIDA and Nepal completely agreed on what the results of the Capacity Development thrust of the project are supposed to be (AVERAGE= 5.23; δ=.06)

Q 33 Nepal was clearly providing the project direction (decision-making, leadership) during the implementation phase of the project (AVERAGE 5.15; δ=1.21)

Q 34 Nepal was the most active player in the oversight function; for instance it prepared most of the progress reports and analyses as well as conclusions and recommendations, and made the important decisions (AVERAGE= 5.23; δ=1.88)

Q 35 The oversight and management mechanisms have the authority to adapt the project as required to meet objectives and targets (AVERAGE= 5.23; δ=1.01)

Q 36 The project contains all the elements (time, resources, relationships, etc.) that are required to have a real and sustained impact (AVERAGE= 5.31; δ=1.35)

Q 47 "Demand-side" actors related to my project, such as the private sector or community level organisations, actually influence, or can influence, the decision-makers in Nepal (AVERAGE= 5.38; δ=1.5)

A significant number of questions were located in this bracket. A response of 5 is a full point past a neutral response (4).

Q6, Q7 and Q9 are particularly interesting because while respondents indicated that they thought that baselines and analyses had been generated for CD and that a change management strategy was in place, the project documents and the interviews with officials in Nepal indicated that this was not the case at all. Moreover, both managers and non-managers thought the same way (no statistical difference between them). Q10 notes that respondents were informed of the expected CD outcomes when there was none developed (exception: rural energy and perhaps NGOs).

Q12 and Q14 show that there are still important capacity gaps to fill. In part because the focus was on individual abilities and not organisational capacity, and the organisation still has weaknesses.

Respondents believed (but just) that there was flexibility to change plans and adapt; managers believed this much more than non-managers   People tended to be motivated and there were champions, but the responses to these questions were not as strongly positive as one would have expected. Generally, the research shows that where there are champions they are particularly visible.

Interestingly respondents were just barely agreeing that Nepal was the leader in the project and provided the ownership through the oversight function (Q33 and Q 34) and that intervention managers possessed the delegation of authority to adapt (Q35). These are not strong statements on their parts. There was no statistically relevant difference between manages and non-managers on these points.

One question where there was a very big difference of opinion between manages and non-managers concerned the so-called supply and demand factors (Q47) and the extent to which "demand" forces can influence decision-makers. Managers were clearly not convinced (average of 4.25) while non-managers were much more optimistic (average of 5.89).

D) Strongly agree with (5.6 to 5.99)

Q 4 The design of the project was based on a detailed description of what new levels of services or products were supposed to be created\delivered (AVERAGE= 5.62; δ=1.04)

Q 5 Nepal determined the type of Capacity Development support it needed (training, equipment, etc.), how much of it was required, and when (AVERAGE= 5.77; δ=.93)

Q 41 Danida and Nepal agree on the priority to place on cross-cutting issues (ex. cross-cutting targets were integrated into the project and monitored) (AVERAGE= 5.69; δ=.75)

Q 46 The actors involved in "demand-side influences" were specifically identified and targeted by the project, and resources were allocated to them so that they ALSO improved their capacity levels. (AVERAGE= 5.54; δ=1.39)

Q 51 Project documents are specific about what results have to be produced, and all results are stated in a way that it is possible to know when they are achieved. (AVERAGE= 5.62; δ=1.19)

Q 54 Monitoring and supervision are based on evidence of the attainment of results (AVERAGE= 5.46; δ=1.13)

Q 55 Reporting to Danida is based on results (AVERAGE= 5.92; δ=1.31)

Q 58 Human-rights related targets are based on expected results (AVERAGE= 5.91; δ=1.3)

Q 59 Supervision of the project has been made easier because discussions are facilitated by being based on results (especially monitoring and progress data) (AVERAGE= 5.77; δ=1.36)

Interestingly, although respondents strongly agreed with statements indicating that the intervention had a detailed description of performance requirements (Q4), interviews and documentation were not nearly that positive on that point; in fact, we found a lack of result definition at all levels. So the respondents may have had a developed sense of belief in their superiors' definition and management prowess. There was a strong agreement that Nepal had determined the type of support it needed (almost entirely training), a fact that was borne out in the field. There was no significant difference in managers' and non-managers'' responses to that question.

Q46, relating to funding to "demand side" players, showed a strong agreement, with no difference between management and non-management. This was triangulated in the field through interviews and document review. However, Q 51 provided a mystery to this evaluation team: respondents perceived that the project documents were very specific concerning the definition of results; in-field analysis showed that the interventions were not, except for a small number of interventions, exposed to results-based management, and all interventions were vague in terms of what their results were supposed to be. The only explanation that we can offer is that when respondents think of a good "result" definition, they do it by using standards and definitions that are different than those of donors. The same logic goes for Q54 and Q55 where the respondents' answers were very different from the observations of the team in the field. Q59 points to a significant agreement on the idea that RBM-based processes can help supervision and therefore monitoring and decision-making).

E) Very strongly agree with: (6 or more)

Q 27 While Danida may have contributed resources and expertise, it is the responsibility of Nepal and its organisations to generate the capacity required to achieve national goals

Q 44 If the project achieves all of its objectives, Nepal will be able to achieve some of the key strategic objectives that will generate development

Q 48 If donors were to increase their levels of capacity development support to "demand-side" actors, that would eventually facilitate and speed up change processes in Nepal

Q 49 By increasing the capacity of "demand-side" stakeholders to better influence the Government and public organisations of Nepal, a more direct sense of accountability and transparency between the Government and the people will emerge

These responses point to a very strong level of agreement on the following: first, that Nepal is the master of its own destiny (so to speak) when it comes to CD. Second, the intervention was strategic and will allow Nepal to achieve some objectives. Third is more strategic and interventionist in nature, and shows a great deal of support to the granting of more support to the demand side of the State-society equation. In fact, the team was informed of many risks involved in that type of intervention, especially if the development support provided by donors generates expectations that the State cannot meet.

F. Briefs on Danida Supported Interventions

1. Energy Sector Assistance Programme (ESAP), Phase II 2007-2011
Country and Danida Code: 104.**Nepal**.802-200

Overview and Assessment

Introduction: The first phase of ESAP commenced in 1999 with support from Danida (and later on with support from Norad) with the objective of creating a sustainable rural renewable energy sector in Nepal within a timeframe of 20 years, which included support to the Alternative Energy Promotion Centre (AEPC), rural energy investments, and technological support. The second phase commenced in 2007 with the aim of providing access to clean, cheap and reliable energy in remote rural areas. The ESAP II had three components: 1) Institutional strengthening of the rural energy sector; 2) Rural energy investment/ Rural Energy Fund; and 3) Technical support. The ESAP I & II were succeeded by the National Rural and Renewable Energy Programme (NRREP), which commenced in 2012. The ESAP is anchored in the Ministry of Science and Technology and Environment (MoSTE) with the AEPC being the implementing agency.

Relevance: A Rural Energy Policy was adopted in November 2006 (MoSTE). Difficulties had been experienced in expansion of the national grid due to adverse topography, dispersed habitation patterns, and limited government financial resources. The ESAP II was formulated in accordance with the 2006 Energy Policy. The organisational network (business ecosystem) – emerging from the ESAP I – was well perceived with programme implementation addressing stakeholders' needs – including capacity development. While substantial gains had been achieved on institutionalising rural energy policy, AEPC's own achievements on institutional and capacity development were modest. At the onset of ESAP II, it was recognised that there was a need to develop AEPC as an apex institution on rural energy.[26] Danida and Norad were instrumental in supporting AEPC's delivery mechanisms for rural energy and provided a major part of the financing required. Danida's and Norad's support were conducive to generating endogenous and autonomous capabilities and in formulating a long-term vision and strategy.

The accountability framework for ESAP at central level includes among others of the ESAP Steering Committee (SC), which is the formal mechanism for coordination and decision-making. The SC comprises representatives from GoN, donors, private sector, NGOs, academic institutions, user organisations, credit organisations, etc. The Danida funding contribution is on budget. The 1998 Sector Programme Support (SPS) Guidelines were in place when the ESAP was formulated, which emphasise support to policy and strategy development as well as capacity development in situations where there is not an established national sector framework – as were the case in Nepal. Correspondingly, the Guidelines – A Results-oriented Approach to Capacity Development (ROACH) – were in place.

Efficiency: ESAP support has reached more than one million households in Nepal. ESAP has worked directly with rural communities to provide a variety of energy sector services and financial support options. Technical support was an integral part of each programme component, while financial support came from the Rural Energy Fund – ESAP's ISO certified integrated funding mechanism. ESAP II build on the experience and lessons learned from ESAP I and shared similar overall goals. During implementation of Phase 2, joint and annual reviews recorded that the AEPC/ ESAP capacity was not optimal. Strategic and Organisational Development plans were updated periodically, but apparently the financial resources have not been adequate to recruit the warranted number of staff with the required abilities. AEPC was only able to offer enumeration in accordance with the public salary scales.

Effectiveness: The ESAP II interventions related to the institutional component focussed particularly on policy, divisions of roles between AEPC and cooperating partners (local governments, NGOs and the private sector), promotion of SWAp and donor harmonisation, accountable and effective management, conducive working environment in AEPC including human resources development. The capacity development interventions specifically related to the AEPC/ESAP organisational set-up appears not to be clearly spelled out in the Programme Document. AEPC was the host organisation for five donor-

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[26] The civil war ended in 2006.

supported programmes – each having their specific implementation arrangements and focus. The donors' programme set-up tended to have more emphasis on reaching their specific targets (physical) rather than promoting AEPC's corporate capacity. The joint review in 2008 (GoN, Danida and Norad) of ESAP II stated that the ESAP arrangement resembled a 'project management unit' and recommended and changed approach. The intent was that AEPC should be turned into an autonomous apex organisation, which could offer competitive salaries and assumedly attract more competent staff.

The physical targets for rural energy were reached to a reasonable extent – implying that the capacity of the organisational network (business ecosystem) has evolved in parallel with the physical achievements. The organisational network comprised District/Village Development Councils mandated to improve energy services for their constituencies; NGOs involved with promotional and management activities; private companies engaged in supplying, installing and maintaining rural energy solutions; and financial institutions providing managing financial affairs and insurance. The capacity development was to a large extent driven by the efforts to reach the physical targets, the achievement of which was effectively monitored. A corresponding M&E system for capacity development did not evolve. The programme concept emphasised a holistic approach for disseminating rural energy technology and services, while also emphasising a SWAp. As the physical results were rather impressive – even though they were below the set targets – the general acceptance of the AEPC/ESAP achievements in promotion of rural renewable energy have probably stimulated GoN's interest in consolidating the policy and legal framework and donors' interest in a SWAp.

Impact: The introduction of mini-grid electrification, solar home systems and improved cooking stoves has had a considerable positive impact on the lives and livelihoods of rural communities that benefitted from the ESAP interventions across the country. Studies carried out during the programme period reveal that access to rural energy technologies and services can improve health and education levels of rural communities in addition to improving the economic status. Cross-cutting issues such as gender and social inclusion, and access to information and community empowerment are also positively affected by energy interventions. In addition, clean renewable energy systems have a positive impact on the environment. In consequence of the positive impact generated, AEPC/ESAP is a well recognised organisation.

Sustainability: The number and capacity of private sector organisations and NGOs increased significantly across the country. Involvement of local government institutions became significant, as most District Development Committees (DDC) and Village Development Committees (VDC) made investments in renewable energy. The awareness level of users has increased significantly. ESAP's achievements are likely to be sustained as a strong institutional framework has been established at all levels. AEPC will continue to support the rural energy sector, among others through the NRREP. (Source: ESAP II Programme Completion Report, 2013).

Effective operation and maintenance (O&M) systems and routines of the installed energy systems are essential aspect for ensuring sustainability.

Overall comments:

Some interesting issues emerged from the review:

- Focus on the host institution's corporate capacity versus the donor's implementation arrangement for programme implementation;
- The significance of a national sector framework;
- The relative effectiveness of autonomous public agencies versus government agencies.

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2. Human Rights and Good Governance (HRGG) Phase III, 2009-2013
Country and Danida Code: 104.**Nepal**.54-300.KTM

Overview and Assessment

Introduction: Denmark has supported human rights and good governance in Nepal since the early 1990s. The HRGG III was designed to support initiatives by government and state institutions and civil society organisations in order to deepen democracy and contribute to realisation of human rights and effective, inclusive and accountable local governance. HRGG comprises three inter-related components: 1) Inclusive Democracy; 2) Human Rights and Justice; and 3) Local Governance. Development objective: A functional and inclusive democracy based on respect for human rights established. Component 1 & 2 were implemented through a Programme Implementation Unit (PIU) DanidaHUGOU[27], which was downsized and streamlined in Phase III and would focus more on policy analysis and development of strategic partnerships and joint harmonised funding mechanisms. Component 3 was implemented through the MLD/MoFALD and administered by the EOD. Human rights and good governance are included in the succeeding programme Peace, Rights and Governance Programme (PRGP) 2014-2018.

Relevance: Nepal emerged from a decade of civil war, which ended in November 2006 when the Comprehensive Peace Agreement (CPA) was signed. The challenge ahead was to build a sustainable peace, which included restoration of democracy and addressing the causes of the conflict through political, social and economic reforms and strengthening of the delivery of public goods – by taking the interests of Nepal's highly diverse population into account. In January 2007 an Interim Constitution (IC) was approved. An election to the Constituent Assembly was held in April 2008, which was tasked with writing of a new constitution to be promulgated by May 2010. The deadline for the constitution was extended several times. In May 2012 the Prime Minister dissolved the Constituent Assembly after it had failed to finish the constitution in its last time extension, ending four year of constitution drafting and leaving the country in a legal vacuum.

In March 2013, major political parties agreed to replace the Government that was relegated to a caretaker status after the dissolution of the Constituent Assembly (CA) in May 2012. As a positive development, the newly formed Government initiated preliminary steps towards holding elections to a new CA in November 2013, which was seen as an opportunity to complete the constitution writing process and put in place mechanisms to deal with challenges that Nepal has faced in its post-conflict transition. The election to the Constituent Assembly on 19 November 2013 went out peacefully and with great voter turnout. The Nepali Congress along with the coalition partner Communist Party of Nepal formed a coalition in March 2014. The Constituent Assembly had pledged to submit a new constitution for deliberations by January 2015, but the deadline was missed again. One contentious issue is how to draw state boundaries.

The regulatory and service delivery functions for local governance are stated in the 1999 Local Self-Government Act. Elections for local governments were held in 1998 for a five-year term. When the term expired in 2003 new elections were not held. Elections await the outcome of the new Constitution – the formulation of which is still debated in Parliament. Local governance has since 2003 been conducted in the absence of elected councils with seconded central government officers. Local governments receive national grants (performance based) and generate local revenues as well.

There is evidence that the design of HRGG took the post-conflict context into account. The HRGG is the third phase – except for the LGCDP, which entered into its first phase in 2009. As regards the Inclusive Democracy Component and the Human Rights and Justice Component there was substantial information at hand for the design and subsequent implementation. The HRGG facilitated endogenous capacity development of partner institutions. There was limited mentioning of lessons learned regarding capacity development from other countries in the programme document. The most significant contextual issue was the post-conflict situation with all the challenges that had to be overcome. The HRGG interacted with government and state institutions and CSOs. Accountability was attained through the annual work plans and budgets and through progress and performance monitoring of results according to

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[27] Human Rights and Good Governance Advisory Unit.

set targets. The HRGG was subject to annual reviews and Steering Committee meetings. Donor assistance – including Danida's – in terms of knowledge (TA) and funding were significant contributions to re-establishing a democratic and human rights based foundation for state and community functions. Danida adhered to its programmatic and thematic guidelines and promoted joint implementation and funding arrangements with other donors.

Efficiency

Overall

In sum, the overall HRGG results have been satisfactory with almost all major targets and priorities achieved, time considerations largely met. The challenges faced by HRGGP III were systematically addressed despite obstacles created by the political environment that is still rather muddled in terms of completing the peace process, drafting the new constitution, and preparing for state restructuring and socio-economic transformation in Nepal. DanidaHUGOU support to the Election Commission of Nepal (ECN) and National Human Rights Commission (NHRC) was in collaboration with other donors and UN agencies. Joining Rights, Democracy and Inclusions Fund (RDIF) was another important step to harmonise donor support mechanism in its areas of work.

DanidaHUGOU has been playing a leading role in strengthening mechanisms of donor harmonisation and alignment. DanidaHUGOU's efforts since mid-2008 to harmonise and align donor support to selected civil society partners through support to their strategic plans have been increasingly successful. DanidaHUGOU by mid-July 2009 entered into Strategic Partnerships with 12 CSOs, who are altogether being supported by five bilateral donors and 16 INGOs – in a new modality of support to CSOs in Nepal that is a clear departure from the past practice of project-centric grants. This demonstrated that harmonised donor support to civil society, which established common partnership management principles and practices, is possible in Nepal.

Component 1

ECN is an autonomous body established under Part 14 of the Interim Constitution of Nepal, and is empowered to hold elections for the Constituency Assembly (CA) of Nepal.

ECN drafted a five-year strategic plan that was put in place on 8 February 2009, which outlined a very specific, ambitious and wide-ranging reform agenda. The three most wide-reaching issues addressed in the reform agenda include: a) efforts to gain more control over the retention of its human resources; b) drafting and seeking approval for a new organisational structure; and c) creating a permanent biometric voter database. The issues of human resources retention is addressed in provisions of ECN's draft consolidated election act. ECN has made significant achievements (November 2011) in improving its capacity and electoral processes since the implementation of strategic plan in 2009. The key outputs include: i) submission of recommendations to Constituent Assembly on new electoral system; ii) draft legislations on electoral dispute resolution and electoral campaign financing; and iii) preparation of framework for future consolidated electoral legislation.

The Electoral Support Project (ESP) was conceived as a three-year project (August 2008 – July 2011) – being the Phase I of the support to ECN. In moving forward the ESP Phase II (2012-2016) should consider: i) the systemic issues that have complicated its capacity development in Phase I and base the strategy for moving forward with continued capacity development support on an analysis of ECN's institutional context; ii) strengthening of the capacity of the ECN based on a detailed and joint capacity building strategy; and iii) consolidating gains already made.

Component 2

NHRC registered 276 complaints against various types of human rights violations and completed investigation into 216 backlog cases, which related both to "civil and political" and "economic, social and cultural" categories of rights. After the investigation, NHRC made 104 recommendations to the Government for interim relief and compensation to the victims, and launched prosecution of alleged perpetrators – in some cases, against public officials responsible for the violation. (Ref. DanidaHUGOU 2013).

As part of the establishment of a Crime Trend Research Centre, Office of the Attorney General (OAG) completed a baseline survey with information on strengths and weaknesses of existing institutional and legal framework of criminal justice system, existing human resource capacity, existing case load, duration of case disposal and overall costs involved to settle a case, existing acts not in conformity with international human rights standards. Similarly, OAG completed the revision of the eight-year old "Prosecutor's Manual", which guides the entire prosecution process, incorporating the developments that have occurred over the years. In particularly, the revised Manual has included recent precedents, added a new chapter on custodial monitoring and human rights protection role of the OAG, and discussed ways to professionalize prosecution.

Working closely with the Central Bureau of Statistics (CBS), Women for Human Rights (WHR) were able to establish the total number of single women to be at 498,606, based on the census undertaken in 2011. The figure now clears confusion as to the exact number of single women in Nepal and helps policy makers to plan what to do and how. In a striking revelation, the CBS data show that only 11.1% of single women are literate, against the national average female literacy rate of 57.4%.

Component 3
Training has been delivered on a large variety of topics including: procurement management, gender and social inclusion, building code for contractors, public financial management, information disseminations for journalists, social mobilisation strategies, and training on administration of the LGCDP programme for DDC, VDC and Municipal staff. While the number and diversity of trainings and related programming are impressive, the programme has lacked the focus and coordination – and as a consequence has not had the expected impact. The social transformation of citizen has not been matched by a transformation in the performance of local bodies.

The allocation of fiscal transfers has been rationalized and a performance culture has been introduced at the local level. LGCDP I has also promoted social accountability processes like public audit, public hearings and social audit throughout the country. The programme has been highly successful in mainstreaming disadvantaged groups into the development process by taking a rights-based approach to local governance.

Overall assessment
The support to ECN and NHRC was based on ten years' of experience implying that there was a good understanding of the capability and capacity that were in place. As regards the LGCDP, the programme commenced its first phase and thus there was limited prior knowledge of the capacity development context – bearing in mind that the local governance system had to be re-established. Given the complex network of participating partners in many DDCs and VDCs across the country, an overall detailed CD management plan would not have been meaningful. The thrust of the support was to enable each entity to prepare their respective management plans.

Effectiveness

Overall
Overall, the Danish bilateral sector support to CSOs in Nepal has been highly relevant to the Nepalese context and needs. The support has responded to the needs and priorities of poor and marginalised groups and been largely relevant to the needs of civil society. The greater focus on micro and meso level CSOs, capacity development and internal governance systems has been well recognised. HRGG is the most noteworthy aspect of Danish support to the Nepalese civil society. Inclusion and the rights of marginalised groups have been central themes.

Component 1
The ESP Phase II (January 2012 -January 2016) responds to the need for continued capacity building for the ECN to build long-term institutional and human resources capacity in order to organise credible elections in the context of highly polarised political environment and during a period of political instability. Under three outputs the ESP aimed at: 1) strengthening the capacity of ECN to function as an independent, credible and professional institution of governance; 2) providing support activities throughout the electoral cycle to ensure key processes are conducted effective, sustainable and credible

manner; and 3) increasing democratic participation in the forthcoming cycle of elections and ensure an inclusive electoral process including underrepresented groups and vulnerable and traditionally marginalised communities.

Component 2

NHRC, OHCHR (Office of the High Commission for Human Rights), civil society and international organizations continued to make concerted efforts to build pressure on the Government for implementation of NHRC recommendations, which resulted in a progressive increase in the status of government implementation of the NHRC recommendations.

By end of 2012, the Community Self Reliance Centre (CSRC), Centre for Legal Research and Resource Development (CeLRRd), and the Advocacy Forum (AF) had made the following achievements:

- The CSRC facilitated land rights campaign, implemented through the land rights forums of the landless and land-poor people. 629 families received land entitlement certificates of around 11.5 hectares of land. The entitlement has secured shelter for the landless and has enabled them to gain access to services, such as bank loans and other public services, which are dependent on land certificate. Another 149 families acquired joint land ownership of an area of 38.34 hectares. The number of women inheriting an equal share of land has been increasing, a trend that gives the women both recognition and power to participate in family and social affairs.

- The CeLRRd provided mediation services in relation to 2,030 cases, which benefited around 4,100 people. Of the beneficiaries, some 35% were women and 75% were from adibasi-janajati and other marginalised communities. The rate of success, gauged in terms of the level of satisfaction with the service of the beneficiaries and non-repetition of dispute/violence, was estimated to be more than 90%. In addition to direct justice, the mediation process was also held to bring to the community skills necessary to analyse community-level disputes and find negotiated settlement to those disputes at the local level.

- As part of its detention monitoring activity, AF visited 3,171 detainees in the reporting period to ensure that the detainees are treated fairly and have legal representation on their trial. 709 of the detainees claimed being tortured, according to AF. AF brought the report of torture to the attention of concerned authorities and continued further investigation into the claim. Similarly, AF filed seven First Information Reports (FIRs)/Mandamus in concerned government authorities and closely followed up all pending cases in districts. AF also documented 80 cases of human rights violations including disappearances, extrajudicial execution and rape, and completed video documentations of five emblematic cases that related to extrajudicial execution, disappearance and torture.

Component 3

The Focused Evaluation (September 2012) concluded that the extent to which citizens have been actively engaged and able to hold local government to account has seen modest progress. It found that much of the new social infrastructure that is needed to enable this to happen has been successfully put in place. It was noted that the extent to which women, children and disadvantaged groups (DAG) have been included in governance processes has been greatly enhanced by the establishment of community institutions like Citizens Awareness Centres (CACs) and Ward Citizen Forums (WCFs). The Focussed Evaluation Noted that there has been a significant change over the life of LGCDP in the capacity of local governments to manage resources and deliver services in an inclusive and equitable fashion; and significant increase in access to resources by local governments as a result of LGCDP activities.

The most significant achievements of LGCDP I have been the re-establishment of links between state and citizens in the aftermath of the conflict, the reinforcement of participatory planning process in the absence of elected officials and the creation of citizens' institutions across the country. The programme has promoted inclusive and participatory development and built government partnerships with Civil Society Organizations (CSOs) and Non-Government Organisations (NGOs) for citizens' empowerment.

More specifically, LGCDP I has: (i) involved more than 770,000 citizens in WCFs in 3,817 VDCs and 387 Municipal wards in local level planning processes using 741 local service providers to facilitate that engagement; (ii) implemented a GESI strategy to ensure that the social mobilization process was inclusive of women, children and DAGs; (iii) established a Local Governance Accountability Facility (LGAF) for promoting downward accountability in the local governance system; (iv) increased the level of unconditional capital grant funding to local bodies (LBs) three-fold; (v) developed and implemented a system of performance-based intergovernmental fiscal transfer system known as the Minimum Conditions and Performance Measures (MCPM) system; and, (vi) implemented a system of capacity development grants to LBs that allows them to manage their own capacity development agendas.

Overall assessment
The interventions were targeted to address the executing agencies' delivery of services, while also supporting CSO to contribute to the overall performance by assisting the executing agencies and holding them accountable. The interventions did to a satisfactory degree achieve the planned results, but the agencies' organisational capacity suffered from frequent staff transfers – but nonetheless results were achieved. There was no overall results framework in place that clearly defined capacity gaps. The ECN did develop a strategic plan, but given the volatile political situation it would be difficult to establish a results framework that took account of the fluid political situation. The approach was rather too support the executing agencies in striving for achievement of the overall results as per their mandates. Unintended results would generally be identified and corrective measures put in place. The M&E systems were more geared to account for progress as opposed to monitoring of the results chain. Danida took a lead role in designing and implementing the interventions in due consultation with the executing agencies – and contributed significantly to improved performance, especially as regards local governance and addressing the needs of disadvantaged groups.

Impact: In terms of poverty reduction, the HRGG Programme has contributed to local governments' capacity to: a) mange resources and deliver services in an inclusive and equitable fashion; b) increase in access to resources by local governments as a result of LGCDP activities – which have had an impact on communities' socio-economic conditions and peoples' livelihood. The HRGG Programme has contributed to citizens' capacity to hold local government accountable for service provision regulatory functions.

Sustainability: As the HRGG continues into a fourth phase (PRGP), there is a probability that benefits achieved during Phase III will be maintained and further expanded – especially so if local governments with elected councillors are reinstated by adopting a new constitution and holding government elections.

Issues

Some issues emerged from the review:

- The scope of influence of Danida's support when operating in multi-donor development frameworks as opposed to being a single donor;
- Danida's specific contributions when taking part in multi-donor interventions;
- Scope of CD when supporting processes with no clearly defined end results and no time limits, e.g. the peace process, human rights processes, etc.

Documents consulted:

Danida. December 2008. Administration Note (Styrelsesnotits)

Danida. November 2008. Human Rights and Good Governance Programme, Phase III (2009-2013): Programme Document

Danida/HUGOU. July 2009. Human Rights and Good Governance Programme, Phase III Nepal: Inception Report (*Component I & II*)

ECN/UNDP. November 2011. Mid-term Evaluation of the Five-Year Strategic Plan (2009-2013) of Election Commission, Nepal (*Component I, Sub-component I.A*)

DFID. June 2012. Review of the UNDP Electoral Support Project for Institutional Strengthening and Professional Development for the Election Commission of Nepal (*Relates to Component I, Sub-component I.A*)

MoFALD/LGCDP. September 2012. Focused Evaluation: Local Governance and Community Development Programme (LGCDP)

UNDP/ECN. January 2013. Electoral Support Project for Institutional Strengthening and Professional Development for the Election Commission of Nepal (*Relates to Component I, Sub-component I.A*)

Danida. April 2013. Evaluation of Danish Support to Civil Society: Annex G, Nepal Country Study (*Relates to the HRGG's three components and the Peace Support Programme*)

DanidaHOGOU. April 2013. Semi-annual Progress Report July 2012 – January 2013. (*Component I & II*)

Danida. May 2013. Joint Evaluation of "The international support to the peace process in Nepal 2006-12 (*Relates to Component I, Sub-component I.B*)

GoN/MoFALD. August 2013. Local Governance and Community Development Programme – II (LGCDP II): Programme Document FY 2013/14 – 2016/17

GoN/MoFALD. August 2013. Local Governance and Community Development Programme, Phase II: Programme Document 2013/14-2016/17

Danida. 2014. Rights and Governance for Development: Experiences from support to a Nepal in Transition (*Overall*)

CRSC. 2014. Land and Agrarian Rights Movement – Life with Dignity and Self-reliance: Strategic Plan

3. School Sector Reform Plan (SSRP), 2009-2015

Country and Danida Code: 104.**Nepal**.813-4.KTM

Overview and Assessment

Introduction: Denmark has since 1992 been one of the leading donors in supporting the Nepalese education sector. Initially the support focused on primary education, but from 2003 the support was expanded to comprise secondary education up to the 10th Grade. Denmark supported the Education for All (EFA) Programme 2004-2009 and the Secondary Education Support Programme (SESP) 2003-2009 through joint financing arrangements with Ministry of Education (MoE) and other development partners (DPs). Denmark continued its support to the education sector through its participation in the School Sector Reform Plan (SSRP) 2009-2016, which covers: early childhood education, basic and secondary education, neo-literacy and lifelong learning, technical education and vocational training, teachers professional development, and capacity development. Denmark ceased with the support to the SSRP in 2013. The SSRP is GoN's education sector plan. Denmark's Country Programme for Nepal 2013-2017 does not include further support to the education sector.

Relevance: The SSRP has been prepared by the GoN/MoE based on the School Sector Reform Core Document (SSR Core Doc), the EFA National Plan of Action 2001-15, and the feedback received from stakeholder consultations conducted at all levels. Key policy goals and values, such as the rights to education, gender parity, inclusion, and equity have guided the plan preparation process and have been integrated as strategic interventions in the SSRP. The SSRP stressed that the plan with its level of funding in 2009 would not be adequate to achieve the Millennium Development Goal (MDG) "Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete free and compulsory primary education of good quality".

There is evidence that Danida's support – jointly with other DPs' – was well aligned to the context that emerged in the wake of the civil war towards a more stable and democratic country and that lessons learned from previous donor supported interventions in the education sector were taken into account. The SSRP adopted a sector wide approach including the entire organisational network from the MoE to the individual school. An Education Management Information System (EMIS) was established for the SSRP, which was further developed utilised during implementation. The oversight structure (Steering Committee, Government, councils and school management) held implementing stakeholders accountable and facilitated that non-performance malpractices were identified. The donors' support was essential for provision of expertise and financing and for ensuring accountability. Danida advocated strongly for the SWAp and took a special interest in capacity development and other interventions of importance for the SSRP – consistently with the Danida guidelines.

Efficiency: From 2009/10 onwards, the SSRP was implemented throughout the country, focusing on the integration and consolidation of basic education (grades 1-8), completing the process in 2012. At the same time, the model building for secondary education (grades 9-12) and vocational education started from 2009/10 and continued through 2012/13 and will be completed by 2015. In June 2010, MoE issued the National Framework for Capacity Development for the entire education sector including strategies and guidelines for capacity development with the intent of providing a comprehensive but flexible capacity development framework. The process of establishing a baseline for capacity development, conducting a performance-gap analysis, and designing a results-oriented capacity development plan aimed at closing performance gaps is time-consuming and requires full resourcing and commitment throughout the system, from teachers at the end of the service delivery chain to the top management.

The framework for capacity development was outlined, studies conducted and workshops held. The intent was that each entity in the school system should prepare its own capacity development plan. The overall change process was outlined, but the details and implications only became evident during the SSRP implementation process. One complication was that the SSRP applied a highly decentralised model for capacity development, which proved to be challenging – given the political situation.

Effectiveness: Lack of adequate capacity was accepted as a major challenge to the implementation of the SSRP. There were also problems with the way capacity building is conceived, designed, budgeted and implemented. The current mechanism for CD is supply driven. (ADB 2013)

SSRP continued strengthening its decentralised management system – particularly at school and district levels. Significant gains have been made in MoE's EMIS in terms of systems coverage, regularity and accessibility of information. Other achievements include a significant reduction of repetition and dropout rates; textbook production and distribution have improved; the qualification criteria for basic education teachers have been raised to the intermediate level, etc. With almost all teachers having basic minimum teachers' training, SSRP has launched a demand based and decentralized training programme. (Danida 2013)

Capacity development has largely been financed outside the JFA, as capacity building within the SSRP was getting inadequate attention. The Joint Direct Funding Arrangement (JDFA) was by design an integral part of SSRP. It was designed to be a broad sector support mechanism through a direct pool funding arrangement for channelling of multi donor contributions – however, only Danida and Finland contributed. The JDFA was set up to support three main areas: 1) capacity building; 2) key reform initiatives; and 3) piloting of innovations. The Education Programme Support Office (EPSO) served as the secretariat for the JDFA. The major thrust of EPSO funds has been capacity building of MoE and DoE institutions at various levels. (Danida 2013)

During the past decade Nepal has made impressive gains in the schooling sector in terms of access, equity and completion. Primary education Net Enrolment Rate (NER) has reached 95%, Primary cycle completion rate stands at 77%; the proportion out-of-school children has declined to 11%; gender parity in primary NER has already been achieved; and disparities in education access across income groups and ethnic/caste groups have decreased significantly. (WB 2014)

The SSRP capacity development framework included all entities in the school system's organisational set-up. The CD interventions targeted the stakeholders at entity level, but planning and selection of supplied training activities were to a large degree left to the individual entity, which generally may not have had adequate management capacity to make the optimal choices. Overall the SSRP generated the warranted outcomes to satisfactory level according to the EMIS, indicating that improvement in capacity and capabilities has taken place consistently with the results generated.

It appears that a specific CD result framework was not developed, but the weak areas were identified through the performance monitoring of school results. There is evidence that Danida through it support to JDFA applied its comparative advantage, which is deemed to be of critical importance for the capacity development efforts. The JDFA mechanism provided a flexibility to intervene rapidly in situations that warranted a response in terms of capacity development. The SSRP JFA and the government PFM did not have that flexibility.

Impact: In all probability, the enhanced performance of the school sector in terms of access, equity and completion have contributed to poverty reduction. Much of the significant progress in educational indicators can be attributed to a series of national level programmes and projects undertaken by the country in the school sector. These include the Education for All Program (EFA, 2004-09) and the ongoing School Sector Reform Program (SSRP, 2009-16).

Sustainability: The GoN has given a very high priority to the education sector. The education sector has been receiving the largest share (16%) of the government budget in recent years. Public investment in education as a share of the country's GDP has increased from less than 2.9% in 1999 to over 4.7% in 2010, and represents a very significant increase in investments in absolute terms. School education, implemented through the SSRP receives about 86% of the Government's annual education budget. Sustainability of the SSRP will depend on adequate budget allocation in the education sector in the post SSRP period, and not least a prioritization of the school system's capacity and capabilities in each of its entities – including a flexibility to adjust to changing demands.

Issues:

- Advantage or disadvantage of controlling funds outside the PFM/JFA;
- Advantage or disadvantage of many donors being involved;
- Coping with decentralisation when legal and institutional frameworks are not yet fully in place;
- Judgement of capacity development through non-CD performance indicators.

Documents consulted:

GoN/MoE. March 2009. School Sector Reform Plan, 2009-2015

Development partners. December 2008. Nepal School Sector Reform: Pre-appraisal mission December 1-11, 2008 Aide memoire

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Train for Development. September 2009. Capacity Development in the Education Sector in Nepal

GoN/MoE. April 2010. School Sector Reform Programme: First Joint Annual Review (JAR) – Aide Memoire

Development Partners. June 2010. Joint Quarterly Meeting of MoE and SRRP Development Partners – Meeting Notes

GoN/MoE. June 2010. National Framework for Capacity Development

Danida. December 2010. Assessment of Programme Support

ADB. September 2013. School Sector Reform Plan Nepal: Institutional Analysis and Capacity Development Plan

Danida. December 2013. Review of Danida Education Support to Nepal Ministry of Education's School Sector Reform Plan (2009-2013)

WB. March 2014. Public Expenditure Tracking and Quantitative Service Delivery Surveys in Nepal's Education Sector

4. Local Grant Authority (LGA) Interventions

4.1 Nepal Peace Trust Fund (NPTF) 2010-2013 (UNDP/EU)

The NPTF derives its mandate from the Comprehensive Peace Agreement (2007). NPTF functions as a coordinating body for peace related initiatives; acts as a funding mechanism for GoN and donor resources; and monitor the peace process. The general purpose of the NPTF is: Core challenges of the peace process as defined by policymakers and assigned to the NPTF, are professionally addressed and coordinated by the NPTF and its implementing agencies.

Based on the experience from the first phase (2007-2010), the NPTF has consolidated its working areas (core challenges) in order to concentrate on those areas that do not fall within the mandate of other line agencies and to ensure that tangible outcomes can be yielded within the given three-year time frame. The five thematic working areas of the NPTF during its second phase are:

- Cantonment management and integration/rehabilitation of Maoist combatants;
- Assistance to conflict affected persons/communities;
- Reconstruction of public infrastructure;
- Promotion of Security and transnational justice;
- Support to the Constituent Assembly, elections and peace building initiatives at national and local levels.

The NPTF follows a two-pronged approach in translating its mandate into practical operations:

1. Prioritisation of NPTF working areas is done by the NPTF Board. This prioritisation is based on an analysis of peace building needs and an assessment of what can be agreed upon and shall be done by NPTF. During the course of the second phase, the Peace Fund Secretariat (PFS) will facilitate comprehensive conflict assessment and an update of peace building needs in order to support the Board in governing the Fund.

2. Within the framework provided by the Board, the NPTF follows a demand-oriented approach in identifying specific projects. In regular briefings with existing and potential implementing agencies, which can be state or non-state actors, the PFS initiates a call for concept notes on potential projects. Concepts that are found eligible and of good quality are transferred into project documents to be approved by the NPTF Board for funding.

Document consulted:

Peace Fund Secretariat/ Ministry of Peace and Reconstruction. 2010. Programme Document of the Nepal Peace Trust Fund.

Joint Government/Donor Review of the Nepal Peace Trust Fund. 2012. External Review Report

Peace Fund Secretariat. 2014. Review of NPTF's ten projects on National Action Plan on UN Security Council Resolutions 1325 and 1820

Peace Fund Secretariat. 2014. Review of MoPR/PFS Capacity Development Programme

4.2 Developing Capacities for Effective Aid Management and Coordination (DCEAMC) 2010-2015 (UNDP)

Nepal is a signatory to the Paris Declaration on Aid Effectiveness, 2005. Nepal was an active participant in the follow-up to the Paris Declaration and completed two monitoring surveys in 2008 and 2011, and one evaluation in 2010. The 2011 survey found some persistent challenges, including difficulties to operationalize a national development strategy in an unstable political context, donor reluctance to increase use of national management systems for aid delivery, and harmonisation efforts that remain focussed on few sectors (education, health, local development, while aid fragmentation has increased. One of the main lessons learned was the need not only to include Ministry of Finance, but also other ministries and the National Planning Commission.

UNDP launched a new round of support in 2009 in partnership with Ministry of Finance to strengthen the Government's aid management and coordination system. The scattered information across the systems of different government agencies on aids receipts, budgets, expenditure and impact has been a major constraint to aid effectiveness. The project helped to overcome this constraint by assisting the Government to set up an online database as a central source of information on aid. Furthermore, the project helped to customise a standard software package that enabled Nepal's Aid Management Platform to be installed in the International Economic Cooperation Coordination Division (IECCD) of the Ministry of Finance in 2010. The platform will be accessible for all in 2013. The AMP database has been designed and implemented in more than 27 countries. The AMP is based on and harmonised with the Development Gateway Foundation (DG), which also provides services to the countries.

Self assessments in 2010 identified the capacity development needs of four of the main ministries (finance, health, education and local development) plus the National Planning Commission that are responsible for managing much of Nepal's foreign aid. The assessments provided the basis for building aid management and coordination capacities to ministry officials concerning: results-based management, sector-wide approach, negotiation skills, aid effectiveness and meeting management.

Documents consulted:

GoN/Ministry of Finance. 2014. Development Cooperation Report FY 2012-2013

GoN/Ministry of Finance. 2014. Development Cooperation Policy, 2014

4.3 Nepal Public Financial Management, Support Multi-Donor Trust Fund (MDTF) 2011-2016 (WB)

The overall programme development objective of the Trust Fund is to strengthen the performance, transparency and accountability of public financial management (PFM) in Nepal. The main activities are: strengthening PFM systems and capacities; enhancing accountability in PFM; and deepening knowledge related to PEFA. Key expected results are:

- Improved resource management as a result of strengthened PFM systems and processes;
- Increased awareness and oversight of government PFM processes by diverse constituencies; and
- Better knowledge of value for money challenges and PFM gaps, contributing to improved design of PFM interventions at the country and sector level.

Documents consulted:

WB. 2011. Trust Fund Administration Agreement between the Government of the Kingdom of Denmark represented by the Danish Ministry of Foreign Affairs and the International Development Association (IDA), concerning the Nepal Public Financial Management Support Multi-Donor Trust Fund (TF No. TF07617)

Ministry of Finance. 2014. Strengthening Public Financial Management (SPFM) Project Progress Update

4.4 Revenue Administration Support Project (RAS) 2013-2015 (GIZ)

In 2012, the Cabinet adopted the first strategic plan for the Inland Revenue Department (IRD) for the period 2012/13 to 2016/17, which set the framework for long-term decisions and is the cornerstone for the operational planning of tax administration. Based on the strategic plan, the IRD has drawn up a reform plan for 2012/13 to 2014/15 aimed at improving its service orientation and professionalism, promoting innovation and economic growth, and also mobilising revenue – and has thus aligned IRD itself with the ongoing process of economic development and state building.

The project achieved considerable results during the previous phase. Progress has been made in modernising the ICT system and implementing the E-taxation Master Plan, which improved the capacity

of the IRD and made tax administration more transparent and efficient. Newly developed applications for taxpayers (electronic registration and submission of tax return) have reduced compliance costs, improving the framework for medium-sized and large scale businesses. Progress has been made in human resources management and development of capacity in IRD. Through information and communication programmes, IRD has continuously contributed to improving relations between Government and taxpayers.

The project objective is: Taking due account of the corporate environment, the IRD has improved its ability to collect government revenue in a transparent and efficient way. The outputs are:

A. IRD is able to efficiently steer the implementation of the strategic reform plans;
B. Personnel are trained according to the newly developed training strategy;
C. With the participation of key actors, a reform proposal has been drafted for simplifying tax procedures for SMEs;
D. A memorandum of understanding has been agreed on between Ministry of Finance and representatives of the private sector (e.g. chambers) for carrying out taxpayer education;
E. Personnel in the IRD division for information and communication technology (ICT) have been enabled to operate the consolidated ICT system of revenue administration;
F. The foundation has been laid for reducing the cost of doing business and in particular the cost of (voluntary) tax compliance for SMEs.

Document consulted:

IRD. 2013: Project Document – Revenue Administration Support Project (RAS), Nepal