



RAP3 MONITORING, EVALUATION & LEARNING

INSTITUTIONAL M&E REVIEW OF DOLIDAR

JULY 2015

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Introduction

Itad, in association with Development Consultancy Centre (DECC), has been contracted by DFID to manage and implement the independent monitoring, evaluation and learning (MEL) component of the third phase of DFID's Rural Access Programme (RAP3).

This report summarises the findings arising from an institutional review of the Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)'s Monitoring and Evaluation Unit.

This report is divided into four sections:

- **Section A:** Presents the objective and methodology of the review.
- **Section B:** Clarifies background institutional context of DoLIDAR
- **Section C:** Reviews the mandates, organisational structure and activities of the M&E Unit within DoLIDAR. It analyses the progress on implementation of M&E action points recommended by the Nepal Road Sector Strategy (2013).
- **Section D:** Presents potential MEL component support to the M&E Section in year 2.
- **Section E:** Concluding Remarks

Section A: Objective and Methodology of the Review

Objective

The RAP MEL component plans to support the strengthening of DoLIDAR's M&E capacity in year 2. In order to determine the appropriate form and modality of this support MEL component conducted a rapid assessment of DoLIDAR's M&E unit during June 2015. The scope of the review included the following:

- Contextual background of DoLIDAR institutional structure and mandate
- Map out ongoing M&E activities, existing human resources and planned activities of DoLIDAR's M&E unit.
- Map out ongoing donor support to DoLIDAR's M&E unit.
- Review implementation status of the M&E action plan identified by the Nepal Road Sector Assessment Study (2013).
- Identify potential areas for MEL support under different resource scenarios.

Methodology

The assessment included review of secondary literature, discussions with DoLIDAR officials (RAP3 coordinator, Chiefs of Planning and M&E Unit) and donor funded programmes personnel, notably RAP3.

The review commenced with a brief group meeting of DoLIDAR senior officials. The objectives, scope and deliverables of the review was shared in the meeting. This was followed by in-depth discussions with key informants. The review was coordinated with DoLIDAR's RAP3 Coordinator.

Section B: Background of DoLIDAR's Institutional Structure

The Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) has a broad mandate in the area of local infrastructure development. A summary of its functions include capacity building of District Development Committees (DDCs) policy development and its harmonisation, producing technical specifications for local infrastructure development and the monitoring and evaluation of local infrastructure programmes. All donor-funded local infrastructure development initiatives in Nepal are coordinated through DoLIDAR and one of its key functions is to support these initiatives through the Planning, Monitoring and Foreign Aid Coordination Division. More specifically it provides technical and administrative support for donor funded projects under an established agreement and coordinates these development activities in order to enhance local level technical capabilities with minimal duplication of resources and effort. It is also responsible for the monitoring and evaluation of these activities under the Monitoring, Environment and Technology Development Section. An Operational Procedures Manual of DoLIDAR (2005) sets out mandated tasks of DoLIDAR and all sub-units¹.

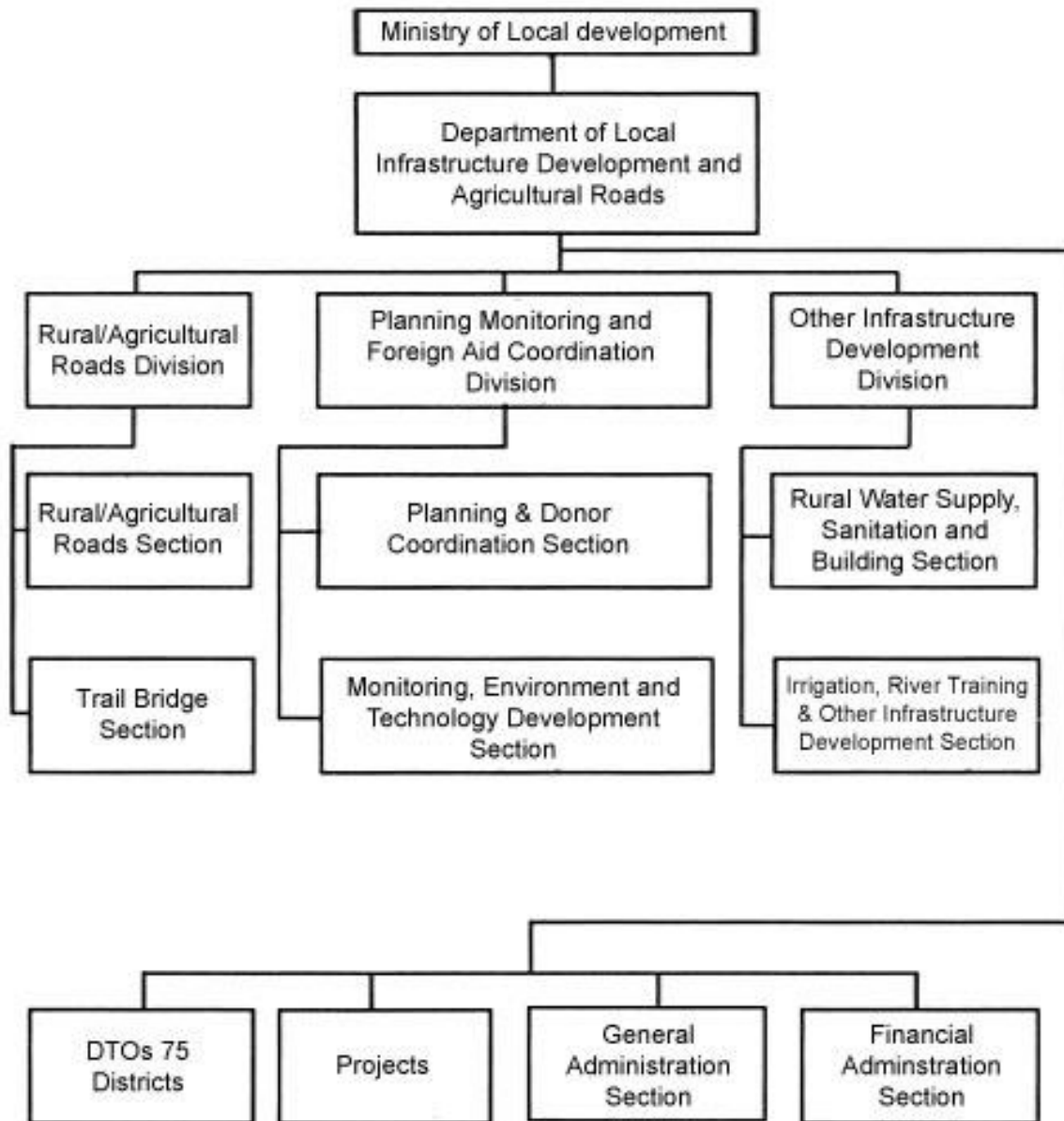
The Ministry of Federal Affairs and Local Development (MoFALD²) is responsible for the implementation of local level development activities funded by the Government of Nepal (GoN) across all districts in the country. DoLIDAR is a central level agency under MoFALD and is responsible for overseeing all local infrastructure development programmes, including all those funded by donors, which align with the GoN's goals in its National Strategy for Rural Infrastructure Development. The department was created in 2005 is responsible for the implementation of Rural Transport Infrastructure (RTI) Sector Wide Approach (SWAp)³. It currently manages 14 programmes funded by bilateral and multilateral development partners. Due to the growing number of programmes implemented by DoLIDAR, strengthening the M&E Unit to support evidence based decision making has received a priority from the departmental level leadership and development partners. The Nepal Road Sector Assessment Study (2013), jointly funded by DFID, SDC, World Bank and Asian Development Bank, has identified a number of action plans to strengthen DoLIDAR's M&E system. The diagram outlines DoLIDAR's responsibilities.

¹ DoLIDAR (2005) Operational Procedure Manual of DoLIDAR: Kathmandu (in Nepali).

² Ministry of Federal Affairs and Local Development (MoFALD) is sometimes referred to simply as Ministry of Local Development (MoLD). In this report it is referred throughout by its full name and abbreviation MoFALD.

³ RTI SWAp calls for harmonisation of donor funded programmes with GoN policy priorities and include rural roads and bridges.

DoLIDAR Institutional Arrangement



Section C: Overview and Review of M&E

Institutional M&E Structure

At the central government level, M&E systems are defined in the 'Results Based Monitoring and Evaluation Guidelines' developed by the National Planning Commission (NPC) of Nepal. The guidelines are for the M&E of all projects and programmes related to development in Nepal through the government and donors. The M&E guidelines state requirements for the preparation of a logical framework (logframe) and monitoring plans for all projects. Whilst the guidelines address key sector issues, for the road sector it only addresses M&E of the Strategic Road Network (SRN). Previously there has been no reference to the Local Road Network (LRN) and the role of MoFALD. However in recent years the NPC has required each Ministry in Nepal to establish its own M&E Section. The Monitoring, Environment and Technology Development Section (or M&E Unit)⁴ is responsible for the monitoring and evaluation of donor funded infrastructure projects coordinated through DoLIDAR. Within the Operational Procedures Manual of DoLIDAR, the M&E Unit is mandated to conduct nine major tasks (see below). It should be noted that not all of tasks are, strictly speaking, M&E related and has other additional responsibilities.

- Monitoring and evaluation of development programmes implemented by DoLIDAR.
- Development and updates of M&E guidelines, procedures and tools.
- Capacity building of DoLIDAR staff on rural infrastructure development and management.
- Coordination of rural infrastructural activities conducted at local level.
- Documentation, information and library related services within DoLIDAR.
- Activities to institutionalise rural engineering.
- Appropriate technology promotion for rural infrastructure development.
- Promotion of environment aspects (e.g. through Initial Environmental Examinations) in rural infrastructure development.
- Establish and operate workshops in different parts of the country.

DoLIDAR is headed by a Director General. The M&E Unit is headed by a Senior Divisional Engineer and has lower ranking engineers, one sociologist, and four support staff. Yes, some of the task outlined for the unit are not directly related to M&E because the unit has some other additional responsibilities such as technology development for rural infrastructure development.

The M&E Unit is required to maintain working relations with the Monitoring and Evaluation Section in MoFALD. The M&E Section of MoFALD is responsible for monitoring of all central government funded programmes whereas DoLIDAR is responsible for monitoring of all donor funded programmes implemented, and local infrastructure related programmes implemented by District Development Committees (DDCs) across the country. The M&E Unit collects and compiles periodic progress reports from donor funded programmes which are forwarded to MoFALD and the District Development Committees (DDCs) submit periodic reports via an online database created by the National Planning Commission (NPC). The data submitted by donor funded programmes are not analysed by DoLIDAR.

Hence the function of the M&E Unit in DoLIDAR is essentially to ensure that the M&E reporting of projects are compiled in the NPC results format. In addition to periodic compilation of donor funded programmes' data, the M&E Unit also conducts trainings to local bodies in the area of rural infrastructure development. The M&E Unit also provides support to the Nepal Road Board to monitor maintenance of Local Road

⁴ This review refers to the Monitoring, Environment and Technology Development Section as the M&E Unit as shorthand.

Networks (LRN). The Nepal Road Board is an autonomous central body responsible for the management of both central and local strategic road networks. The board supports the M&E Unit with limited human resources to carry out this activity.

Historically, little attention has been paid to M&E in DoLIDAR and it has not played a significant role regarding decision making. In recent years the GoN has made efforts to improve accountability and promote evidence-based decision making through results-based M&E. However without supporting structures that can deliver an improved M&E system it is unlikely that these new efforts will be institutionalised within DoLIDAR. The Nepal Road Sector Strategy Report 2013 outlined challenges faced by the M&E Unit. The challenges faced can be divided into two broad categories: 1) generic LRN monitoring and evaluation challenges faced by local bodies, and 2) specific challenges faced by the DoLIDAR M&E Unit.

LRN M&E constraints faced by local bodies

Political Economy issues: Districts are not prioritising actual investments according to the approved plans, complicating M&E. For example, the District Transport Master Plan (DTMP) is expected to guide the investment on road building and maintenance in the district. However, the decisions on road building and maintenance are in reality based on different local factors such as political influence and interest of local vested groups such as contractors. The prevailing political economy of road infrastructure investment means it is difficult to evaluate a DTMP as investments do not always match approved plans.

Effectiveness of current systems: All approved projects above the value of NR 1.5million are expected to conduct regular monitoring of activities at least three times in a year. The District Monitoring and Evaluation Committee is responsible for this. However not all projects are monitored and monitoring is itself conducted infrequently.

Capacity constraints: District Supervision and Monitoring Committees are generally understaffed, have insufficient resources and skills and are generally not prioritised.

Challenges faced by DoLIDAR M&E section (in priority order based on discussion with DoLIDAR officials)

Challenges faced by DoLIDAR M&E Unit emerged from a discussion with department officials. Although not exhaustive, the following challenges are priority issues defined by DoLIDAR.

- 1) **Data Compilation:** Data from rural infrastructure programmes implemented with the GoN's resources (i.e. non-donor funded) are sent via an online data entry system to the M&E Section within MoFALD. The DoLIDAR M&E Unit compiles donor funded project reports through a regular approach whereby data, once compiled, is forwarded to the Ministry. The lack of a web-based data entry option for DoLIDAR is a disjunction that makes data compilation slower but also prone to lower priority for decision making.
- 2) **Lack of analysis:** The data submitted by donor funded projects is not analysed by DoLIDAR M&E Unit for management and policy decision making. The data is also not analysed by MoFALD. There is a lack of capacity but also inertia to use data for meaningful action.
- 3) **Lack of capacity:** The DoLIDAR M&E Unit has not received any systematic support from any of the donor funded programmes to strengthen its capacity. DFID's RAP3 has previously provided some support by providing office equipment (e.g. printers, computers, etc.) at a time when the Unit lacked basic working equipment. However, the major issue that the M&E Unit faces is a lack of a plan of how to implement the major tasks it is responsible for. This is due to the lack of skills of the existing staff as well as an adequate number of well trained staff overall.

4) Lack of forward planning: District M&E reports are rarely completed or submitted on time, and often they are only prepared as a part of a request for further funding. Little capacity building is conducted for DoLIDAR and DDC staff, and if conducted is only done on an ad hoc basis. The M&E Unit does not have a clear annual plan of action which impedes forward planning.

The senior departmental leadership has expressed an interest in additional research and analysis including an annual VFM study, hence there is demand for better M&E. Although DoLIDAR officials have identified specific issues, the overarching one is that of coordination that is hampered by each of the specific issues mentioned above. The split monitoring duties by MoFALD for all central government funded programmes and DoLIDAR for all donor funded projects has logic but one that is less effective due to lack of coordination. Budgets for infrastructure development to DDCs are sent directly by MoFALD and hence DDCs are the local implementation ‘unit’ for such programmes. At the local district level, DoLIDAR is represented by the District Technical Office (DTO) which falls under the DDC. In reality there is little coordination between the two institutions causing greater confusion. In addition, and as mentioned in the Nepal Road Sector Assessment Study, the limited capacity of monitoring and evaluation is compounded by a lack of proper evaluation at the outcome and impact level.

Implementation Status of the Nepal Road Sector Strategy Action Plan

The MEL team assessed the implementation status of the M&E related action plan for the LRN recommended by the Nepal Road Sector Strategy Report. The findings are based on discussions with DoLIDAR officials. The identified problems and actions to be taken mirror the challenges and indicate that whilst the problems are understood there is a lack of capacity or understanding as to how help solve these problems. The table shows the implementation status of the Nepal Road Sector Strategy recommendations.

| Identified Problem | Action | Timeframe | Responsible | Status |
|--|--|------------|-----------------------------|-----------------|
| NPC sector strategies and objectives for the road sector neglect the LRN and the role of MoFALD and DoLIDAR. | Revise sector indicators in NPC and MoFALD documents to include the LRN. | FY 2012-13 | NPC MoFALD DoLIDAR | Not implemented |
| M&E for the LRN is based on project outputs rather than the overall status and condition of the LRN and the impact on local development. | Define LRN outcome and impact level indicators and targets in terms of accessibility and transport services as well as LRN inventory and condition targets. | FY 2012-13 | MoFALD DoLIDAR Donors | Not implemented |
| No clear guidelines for M&E exist apart from the NPC guidelines. | Develop M&E guidelines for the LRN within DoLIDAR and MoLD. These are currently being prepared by MoFALD, but need to be completed and incorporate specific recommendations for LRN M&E. | FY 2012-13 | DoLIDAR MoFALD | Not implemented |

| | | | | |
|---|--|-------------------|---|--|
| <p>DTMP guidelines do not provide for the use of DTMPs in the M&E of the LRN.</p> | <p>Revise DTMP guidelines to include M&E, with a common set of results-based indicators, targets and objectives expressed in terms of accessibility, transport service provision, etc.</p> | <p>FY 2013-14</p> | <p>DoLIDAR MoFALD SWAp Pilot DDCs</p> | <p>Not implemented</p> |
| <p>Existing M&E Sections are weak and receive low priority within their organisations</p> | <p>Raise awareness within MoFALD and DoLIDAR of the importance of M&E and the role it plays in decision making. Support MoFALD and DoLIDAR to improve the capacity and effectiveness of their M&E. Merging the planning and monitoring units in DoLIDAR to improve coordination, and ensuring all LRN related reports are copied to DoLIDAR.</p> | <p>FY 2014-15</p> | <p>DoLIDAR MoFALD DDCs</p> | <p>Importance of M&E has been increasing among department leadership. The unit does not have a work plan to lobby resources within DoLIDAR. The merger of the unit with planning section is being debated within DoLIDAR. There is strong argument that planning and monitoring need to be separate.</p> |
| <p>Districts often do not submit their M&E reports on time, or at all.</p> | <p>Raise awareness of importance of M&E within DDCs and provide incentives for report submission, e.g. through performance monitoring and fund distribution.</p> | <p>FY 2014-15</p> | <p>DoLIDAR MoFALD SWAp Pilot DDCs</p> | <p>Web based reporting adopted by Districts upto level of MoFALD. However, DoLIDAR M&E unit is yet to clarify its role on compilation and analysis of such information.</p> |

Section D: Potential Support from MEL Component

DoLIDAR was institutionalised specifically to manage and coordinate donor-funded rural infrastructure projects which fit into the wider mandate of policy harmonisation. Yet it is clear that existing capacities fall short at all levels, particularly with regards to the M&E Unit. A lack of focus on outcome and impact levels of projects undermines DoLIDAR's standing in the governing institutional hierarchy that it is a part of. A more effective M&E Unit would be one that has a clear understanding of the value of M&E, has systems in place to capture and report data in a timely fashion, and is able to utilise results and critically examine project effectiveness to inform higher policy level decision making. Hence there is a compelling need to support the capacity development of DoLIDAR, which would ideally take form in a multi-year programme format.

The MEL team propose a list activities of support in year 2 which could be used as a basis for developing a more long term and ambitious plan of M&E support in the future. The proposed support falls under two scenarios: 1) support under the existing resource available with MEL, 2) support if additional resources are made available to MEL. It should be noted the two scenarios do not claim to be an all-purpose approach to capacity development but merely aim to prioritise key areas through which MEL could support activities. It is envisaged that support in either scenario (with more support in the second scenario) will 'kick-start' momentum to leverage resources beyond MEL for a more comprehensive capacity development package from the end of year 2. Hence the support from MEL should be seen as a raising momentum and interest to build a clearer vision within DoLIDAR of the importance of M&E for the purposes described above.

1) Existing resource scenario

Whilst the existing resource scenario is limited, MEL envisages the following areas where it can provide targeted support that will be of significant value to DoLIDAR relative to the resources required:

Leverage existing products: As noted, DoLIDAR currently lacks the capability to showcase evidence that can be used for higher level policy making. Without this capability DoLIDAR risks undermining its strategic role and hence perpetuate the neglect that it has thus far gained. The MEL team posits utilising existing MEL products (e.g. baseline reports, RCA reports, process monitoring summary notes, etc.) to showcase the value of evidence and its links with policy making. The MEL team will work with DoLIDAR M&E Unit to organise joint dissemination events of its major products, in particular the baseline and research findings, as well as disseminate this and the existing household survey data through DoLIDAR's website. The baseline report and household survey contain some of the most comprehensive data of the Far Western and Mid-Western Region in Nepal, and hence carry significant credibility that can be used to DoLIDAR's advantage.

Conduct discrete VFM assessment: Under the remit of DoLIDAR's M&E Unit, the MEL team proposes conducting discrete activities of value to DoLIDAR including a VFM assessment. The purpose would be to showcase the role of the M&E Unit in collecting and analysing information that has been prioritised by the GoN, and raise importance of M&E within the department and amongst department leadership for resource prioritisation. During discussions with DoLIDAR officials, the concept of conducting an explanatory VFM study of rural road projects was assessed. The officials were positive that the required information for such a study could be obtained from the development programmes as DoLIDAR is the nodal reporting agency to them.

Develop Business Case for extra resources: Discussions with DoLIDAR officials revealed that they believe the M&E Unit could be able to leverage resources from DFID, ADB, World Bank and SDC funded programmes if the department level leadership were to prioritise the importance of the M&E role. IMC/RAP3 have also expressed interest in jointly exploring options for support if DoLIDAR were to develop a business case that demonstrates clear steps to build improved capacity for generating evidence at the policy level. The MEL team will support the M&E Unit to identify existing and future requirements of central level authorities. It would assist in the development of a business case for additional external support and in defining activities

that are realistic and sustainable. The aim would be to explore credible options that would lead to a more ambitious programme of support to the departmental level M&E by MEL or other stakeholders in future plans.

2) Additional resources scenario

With additional resources, MEL would be able to conduct the activities described under the existing resource scenario and, in addition, support the development of a departmental level M&E framework. A number of recommendations made by Nepal Road Sector Strategy, specifically aligning LRN indicators in the departmental and ministry level results frameworks, have not been implemented. This would be one step toward DoLIDAR being capable of monitoring beyond outputs, and toward outcomes. The MEL team would work with DoLIDAR to emphasize and demonstrate the relevance of outcome level indicators. Associated support and capacity building for upgrading and institutionalising the department's M&E systems, processes and tools would be provided. This would require additional resources mostly in the form of additional national experts embedded within the M&E Unit that would support the implementation of the plan with support from MEL. This scenario would necessarily be implemented over the course of year 2, and MEL would set out a workplan with milestones to keep progress on track.

The table below summaries the activities, resource requirements and outcomes of MEL support to DoLIDAR M&E Unit under two different resources scenarios

| Resources Scenarios | Activities | Resources | Outcomes | Time frame |
|--------------------------------------|--|---|---|--------------------------|
| Existing Resources Scenario | VfM study of LRN projects | External expert to develop framework and undertake the analysis | Develop a cost effective tool for DoLIDAR for monitoring of ongoing LRN projects and feed in the information for effective management and coordination of the projects | Sept – Oct 2015 |
| | Leverage existing MEL knowledge products | MEL full time staff for dissemination activities | <ul style="list-style-type: none"> Institutional memory of the activities conducted by MEL M&E Unit staff are trained and appraised on good M&E practices conducted by MEL such as process monitoring templates | Sept 2015 to August 2016 |
| | Develop Business Case for extra resources | MEL full time staff | Comprehensive plan for the M&E Unit developed | Nov to Mar 2015 |
| Additional Resources Scenario | Analysis of the existing M&E system and processes of DoLIDAR | <ul style="list-style-type: none"> Additional national expert with 100 days’ input over 12 months with support from existing MEL staff DoLIDAR to seek provision for an additional full time staff to work with the MEL national expert | Departmental level indicators and processes for monitoring to better reflect contribution of LRN developed | Sept 2015 to Aug 2016 |
| | Develop/revise M&E norms/protocols of DoLIDAR | | M&E norms/protocols for DoLIDAR developed | |
| | Central level consultations on revision of M&E framework for DoLIDAR | | M&E norms/ standards/ protocols for DoLIDAR agreed | |
| | Capacity building on revised M&E framework | | Three training slots (three days each) for DoLIDAR and M&E Unit staff on the revised norms and formats | |

Implementation Modality

The activities implemented under both resource scenarios will be monitored by a committee headed by the Deputy Director General responsible for planning and M&E in DoLIDAR. A technical committee comprising of Section Chiefs of M&E, Planning and both RAP3 and MEL team will be responsible to oversee the plan. The MEL team will be responsible for the implementation of the activities and procurement of consultants. The proposed modality will address the gap that was observed in the implementation of recommendations made by the Nepal Road Sector Strategy Report through active participation of DoLIDAR in both scenarios. ‘Buy-in’ from DoLIDAR is important in order to take forward the activities seriously. Engagement with DoLIDAR on all activities requires engagement of time which the MEL team will provide. The activities that are proposed directly addresses the recommendation of the study report with an exception of the merger of M&E and planning sections.

Challenges and Support Overview

The support outlined above in the two scenarios is based on the needs and issues identified by DoLIDAR as well as the logic of improved M&E for evidence-based decision making. The table below sets out each of the challenges and presents an outline of the support from MEL under each resource scenario.

| Challenges | MEL Support | |
|---------------------------------|---|--|
| | Existing resources | Additional resources |
| Data compilation | Develop business plan for the M&E Unit to leverage resources from donor funded programmes | Provision of a part time national expert for 12 months to support the implementation of a results framework. |
| Lack of analysis | Explanatory VFM analysis of existing rural road programmes implemented by DoLIDAR. | Annual VFM assessment of rural road programmes implemented by DoLIDAR. |
| Lack of capacity | Two capacity building events by MEL staff. | A detail work plan of the section including type of reports/analysis to be produced by the Section and capacity building plan. Provision of part-time national experts to support the resources. |
| Lack of forward planning | -- | Revision and update of the LRN indicators at departmental and ministry level. |

Section E: Concluding Remarks

The Nepal Rural Road Sector Strategy has previously outlined the lack of capacity at various levels within DoLIDAR and provided recommended action points. The purpose of this review has been to pull the main issues together, and in discussion with DoLIDAR, examine specific issues which the MEL component can support DoLIDAR in the area of M&E. It is clear that an all-purpose approach is not feasible particularly within the time frame of year 2 and with limited resources. However, the review highlights key areas to which the MEL component can assist DoLIDAR in enhancing its understanding of M&E, particularly with regards to strengthening understanding of the value of M&E for evidence-based decision making. Through this approach, which includes a discrete plan of action for a VFM review, it is intended that MEL will be able to demonstrate to DoLIDAR how to better utilise new and existing data. It is envisaged that enhancing DoLIDAR's understanding of the value of M&E, MEL can then further support DoLIDAR in preparing a business case to leverage further resources from existing donor funded infrastructure programmes. The review has highlighted two routes through which this is feasible including under an existing and additional resources scenario.

List of Interviewees

Dilli Prakash Situala, Deputy Program Manager, IMC/RAP3

Guru Prasad Sharma, SDE/Planning Head, DoLIDAR

Jeevan Guragain, SDE/GIS Unit Head, DoLIDAR

Maheshwor Ghimire, SDE/RAP3 Focal Person, DoLIDAR

Michael Green, Program Manager, IMC/RAP3

Ramchandra Shrestha, Deputy Director General, DoLIDAR & National Program Manager, SNRTP

Uma Shankar Shah, SDE/M&E Unit Head, DoLIDAR