

## Annexes:

### Annex 1. Terms of Reference



#### Effective Development Financing and Coordination Project: Mid-Term Review Terms of Reference

##### I. Background

International economic cooperation plays an important role in Nepal's development efforts. Nepal has been a recipient of foreign aid for over six decades and the volume of aid to Nepal is significant. In Fiscal Year 2017/18, the volume of ODA disbursement was over USD 1.6 billion; of the total national budget allocation for the same fiscal year, foreign aid represented about 22% of the national budget. Over time Nepal has put in place national systems, policies, and institutional mechanisms for aligning aid to national priorities and for adapting global development cooperation principles to the national context. Milestones include the enactment of national development cooperation policies, establishment of coordination platforms, and establishment of a transparent and functioning aid management information system, the Aid Management Platform. These achievements were made possible in part due to the support provided through the Developing Capacities for Effective Aid Management and Coordination (DCEAMC) project, which was established in the Ministry of Finance (MoF) with support from UNDP, DFID and DANIDA and implemented during 2009-2014.

Following the DCEAMC project, the Effective Development Financing and Coordination (EDFC) project, was formulated to build on DCEAMC's accomplishments, while supporting MoF to strengthen its approaches to effectively plan, manage, and coordinate international development cooperation and finance. The EDFC project, with support from UNDP and DFID, is being implemented during the five-year period of 2016-2020, and has the following three expected outputs:

**Output 1:** Ministry of Finance has enhanced institutional capacity for leadership and coordination to plan, manage, and coordinate Official Development Assistance

**Output 2:** Capacity of Ministry of Finance strengthened for high quality and evidence-based analysis to inform policy decisions

**Output 3:** Aid Management Information System (AMIS) is institutionalized with enhanced user interfaces, collection and validation process, functionalities

During the first three years of implementation, 2016-2018, EDFC has made important progress towards meeting overall objectives. At the same time, the development cooperation and finance context in Nepal is changing and it is imperative that EDFC's approach for the remaining project period, and looking ahead to a potential next phase of the project, takes this into account and adapts its strategy accordingly. With the historic transition from a unitary to a federal system of governance well underway in Nepal, previously established approaches to aid coordination and management must be adapted

to the new system. The EDFC project is already responding to this transition by supporting the Ministry of Finance to revise the *Development Cooperation Policy 2014* and produce an *Aid Mobilization Guideline* to reflect various national systems and operational procedures.

As Nepal looks to meeting its goals of LDC graduation and achieving the SDGs and emerging as a middle-income country by 2030, the role and use of ODA will need to be considered within the overall development finance and partnership landscape and acknowledged financing gap. Responding to a more complex financing scenario may require new ways of working- such as more integrated approaches to planning and budgeting, new coordination mechanisms including with non-government actors, and strategies to mobilize additional finance from non-traditional sources and to work with both existing and new partners.

These contextual factors are expected to impact the EDFC project context and strategy, and it is opportune to commission a Mid-Term Review (MTR) of the project to document lessons learnt over the past three years and propose a relevant approach for making best use of the project's capacities and resources over the remaining project period. The MTR is also expected to provide ideas and perspectives on a possible next phase of the project, post-2020.

Against this backdrop, this Terms of Reference (ToR) outlines the objectives, approach, and expected results of the EDFC Mid-Term Review (MTR) to take place in early 2019, as well as the individual duties and responsibilities of the MTR Team Lead (International Consultant).

## **II. Duties and Responsibilities**

### ***Objectives of EDFC Mid-Term Review***

The EDFC MTR offers the opportunity to assess progress towards the achievement of objectives, identify and document lessons learnt, make recommendations to improve the project implementation approach, and offer thoughts on next-phase programming. This includes considering if/how changes in Nepal's development context since the project was formulated should be reflected in the project strategy employed for the remainder of the project period. The main objectives of the MTR are the following:

- Identify the main achievements and results of the project's activities
- Reflect on the relevance, efficiency, effectiveness, and sustainability of project interventions
- Enhance the likelihood of achieving the project's objectives by analyzing project strengths and weaknesses and suggesting measures for improvement
- Document lessons learnt
- Make recommendations for the project's remaining implementation period
- Create the basis for replication of successful project interventions and results achieved so far
- Review the project's continued relevance in the evolving context of development finance and cooperation in Nepal, and (as appropriate) globally
- Consider the level of satisfaction of project stakeholders and beneficiaries with the project's approach and results achieved since the project's inception
- Offer ideas and perspectives on a potential next phase of the project

The MTR will create a forum for dialogue among the project's partners and stakeholders on the progress made on achieving the objectives and the overall approach to project implementation.

### ***Scope of the MTR***

The MTR will consider the relevance of the project, quality of project design, efficiency of implementation, effectiveness to date, partnership strategy, and sustainability of project

interventions. The MTR will consider the project design, including whether the assumptions and risks remain valid, noting external factors beyond the control of the project that have affected it negatively or positively to date. The MTR will consider the following factors:

The MTR should review the *project's conceptual design and relevance*, with attention to:

- Whether the project responds to priorities of the Government of Nepal, including MoF, as well as those of other relevant stakeholders
- Whether the project design (and underlying theory of change) is clear, logical, and commensurate with the time and resources available
- Whether the project is promoting ownership and meeting the needs of stakeholders

The MTR should review the *efficiency of project implementation*, with attention to:

- Whether the project is efficient in planning, organizing, and controlling the delivery of project interventions
- Whether there is efficiency in the coordination and communication processes between stakeholders and partners of the project

The MTR should review the *effectiveness of the approach* used to produce the project results:

- Whether the management structure of the project, the distribution of responsibilities, and coordination mechanisms are appropriate for the achievement of project objectives
- Whether there is a sound partnership approach to engaging with relevant stakeholders; identify opportunities for stronger substantive partnerships for the remainder of the project duration

The MTR should review the *potential sustainability* - the extent to which, based on the project's strategy, the benefits of the project will continue after it has come to an end, including:

- How the project is making a contribution to capacity development
- Whether the project has the potential to be replicated based on implementation progress so far

**Given that this is a Mid-Term Review, the emphasis will be on identifying lessons learnt, with a view to adjusting the project design and implementation accordingly, as well as to inform thinking on a potential next/future phase of the project.** The MTR will therefore make recommendations for the way forward, based on progress thus far.

#### Findings and lessons learned:

- Outline, as logically and objectively as possible, findings and conclusions
- Highlight the major problems, shortcomings, and weaknesses in a constructive manner but with reference to potential remedial actions
- Indicate the likely project outcomes and impact

#### Recommendations:

- Present recommendations for corrective actions; recommendations should be objective, realistic, practical, understandable and forward looking
- Recommend and prioritize those activities and initiatives that the project should support during the remainder of the project duration
- Suggest new project activities for the remaining project implementation period, as well as perspectives on a future/subsequent phase of the project

#### **MTR Approach and Methodology**

The MTR will review the first three years of EDFC, using various techniques and data sources:

- Desk review of all relevant background documentation and literature
- Consultations with stakeholders and partners - including the MoF/IECCD Chief and other IECCD officials, project board members (Ministries of Education, Health, Local Development, and the National Planning Commission), UNDP/DFID and the EDFC project team
- Questionnaires and other methods as appropriate and feasible

The MTR Team Lead is responsible for proposing the final methodology, taking into account the data sources available and most likely to yield reliable and valid information. The final decision about the specific design and methods for the MTR should emerge from inputs provided by the Ministry of Finance, UNDP, and DFID. All relevant documentation will be made available to the MTR team. Similarly, the team will be provided with contact information and introductions to key stakeholders and partners. The team will be able to conduct some consultations in person, during a 5-day mission in Kathmandu. However, much of the data collection will need to take place through telephone, email, and other methods.

### **III. Timeframe and Deliverables**

#### ***Timeframe***

- Contract begins: 10 April 2019
- Pre-mission desk review of relevant documents: early/mid April 2019
- Submission of MTR Inception Report: 17 April 2019
- Mission [five days] in Kathmandu (inception meetings; consultations and stakeholder meetings; debriefing on findings): 21-26 April 2019
- Draft MTR Report submission: 17 May 2019
- Final MTR Report submission: 7 June 2019

#### ***Deliverables***

The MTR team will be accountable for the following deliverables:

**Inception Report:** The inception report should be prepared by the MTR team before going into the full-fledged MTR exercise. It should detail the reviewers' understanding of what is being reviewed and why, showing how each area of inquiry will be answered by way of: proposed methods; proposed sources of data; and data collection procedures. The inception report should allow MoF, UNDP/DFID and the MTR team to verify that they share the same understanding about the MTR.

**Draft MTR report:** MoF, UNDP and DFID will review the draft MTR report to ensure that it meets the required quality standards and covers all agreed components and contents of the MTR. Detailed comments and feedback on the draft report will be provided to the MTR team.

**Final MTR report:** The final report will be produced by the MTR team based on feedback received on the draft report. The final report will be shared with stakeholders and other partners.

### **IV. Team Composition and Implementation Arrangements**

The MTR team will be composed of two independent consultants. UNDP will oversee the administrative process of recruitment and contracting. The MTR will take place during the period of April-June 2019 and is expected to take a total of 30 working days: 15 working days for Consultant 1 (Team Lead- International) and 15 working days for Consultant 2 (Team Member-National). Logistical support and travel arrangements will be handled by UNDP and the EDFC Project. The MTR team will report to the EDFC National Project Director (MoF/IECCD) and the UNDP Deputy Country Director, who will consult closely with DFID colleagues. The team will also work closely with EDFC National Project Manager, Project Team, and UNDP Country Office colleagues.