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**' PARTICIPATORY DISTRICT
DEVELOPMENT
PROGRAMME NEPAL (
NEP1951008)**

**Evaluati
on
Report**

Report of UNDP/NORAD/HMG Evaluation Team,
Kathmandu, February 1999

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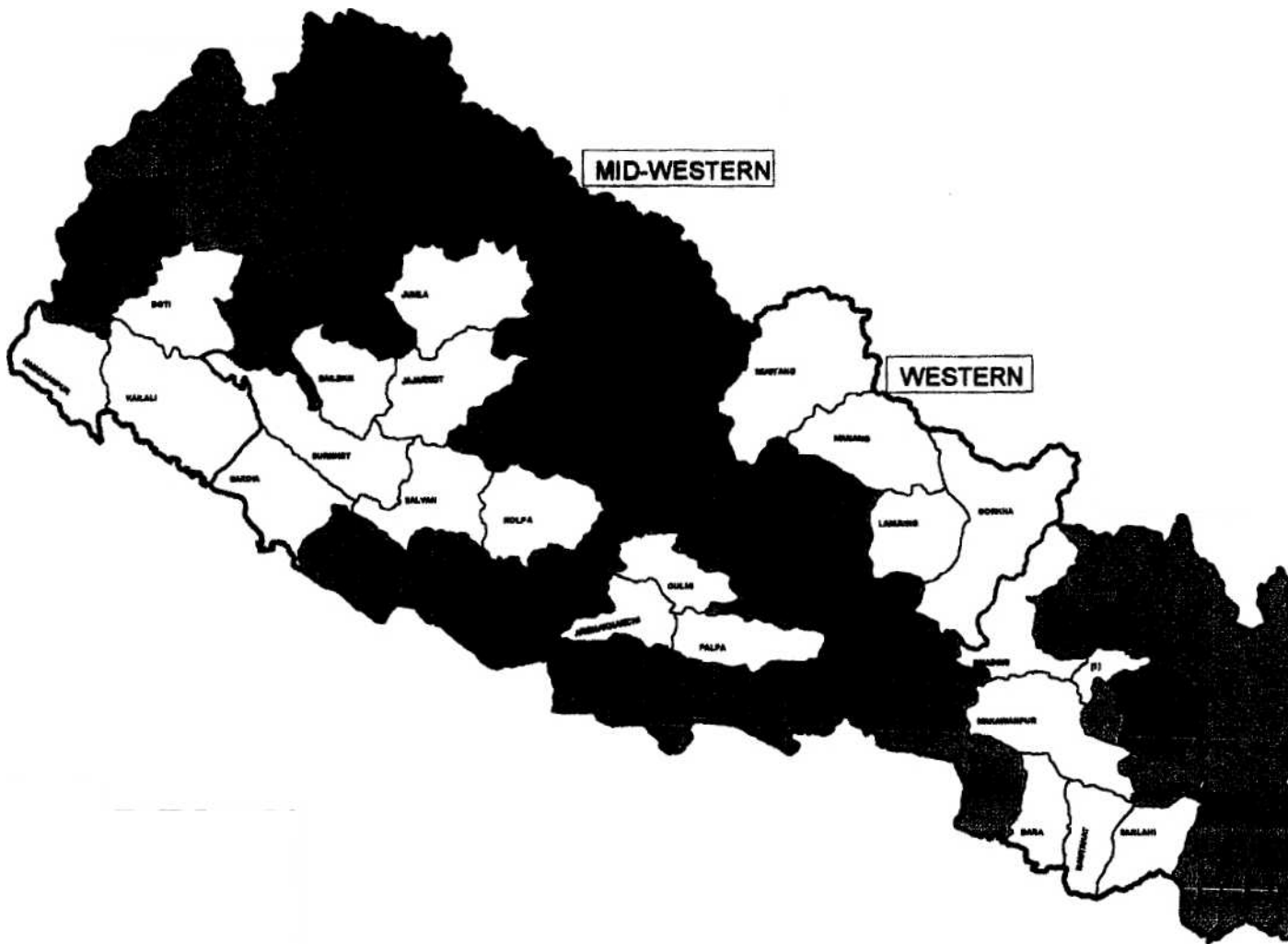
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FAR WESTERN

NEPAL

Districts under PDDP, KLDP and LGP Programme

N
A

**CENTRAL
Legend**

I **y** International Boundaries **N** Regional Boundaries **/** District Boundaries

PDDP Districts KLDP Districts ® LOP Districts

*100
0
100*

300

400 Klometers

GISFe y,NEP*CO&1a19

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Abbreviations used in the report

CO	Community Organisation
DDC	District Development Committee
HMG/N	His Majesty's Government of Nepal
INGO	International Non-Government Organisation
LDO	Local Development Officer

LG	Local Governance Programme
LTF	Local Trust Fund
MLD	Ministry of Local Development
NPC	National Planning Commission
NGO	Non Government Organisation
NORAD	Norwegian Agency for Development Co-operation
PDDP	Participatory District Development Programme
PO	Programme Officer
SAARC	South Asian Association for Regional Cooperation
SNV	Netherlands Development Organisation
UNDP	United Nations Development Programme
VDC	Village Development Committee

PDDP Evaluation Report

EXECUTIVE SUMMARY

1. An Evaluation was initiated by UNDP Nepal with consent of HMG/N, National Planning Commission, Ministry of Local Development and NORAD to assess the Participatory District Development Programme (PDDP) and the Local Governance Programme (LGP). The team started work from January 11, 1999 which concluded on February 9, 1999. The team consisted of team leader Dato K. Pathmanaben (UNDP), with Ms Mirjam Bergh (NORAD) and Mr Ramesh L. Shrestha (HMG), as members.
2. The report of the evaluation by the team is set out in Chapter II. Broadly speaking, the team found both the projects to be well managed and on target in its activities and expansion. The basic objective of the Projects was to alleviate poverty among the rural population. This was done through a process of mobilising elected local institutions from the districts down to the communities. This would in turn generate solidarity among them and engage in participatory development process. Community action and their savings form the basis of this

effort. Villagers and coordinating bodies at village, *ilaka* and district levels enter into a disciplined process of identifying needs, planning and managing projects to meet the needs, as well as acquire the skills and technology to implement projects of their own.

3. Supporting credit for village projects are organised at district level through a Local Trust Fund. Some grant funds are also available through VDCs from the central government and particularly to initiate infrastructure projects at community and village levels.
4. The combination of self-help and capacity building among villagers, together with credits and grants make the whole programme viable. The poor also save every week for leveraging these funds. The Community Organisations are gradually becoming vital centres of energy and capacity building among villagers to uplift them from poverty.
5. Besides funds provided by the Ministry of Local Development, VDCs and DDCs have begun to network with other institutions for the resources they require. UNDP has invested US\$ 19,000 to assist the Management Support Group for PDDP and LGP, as well as programme support for village projects. The technical assistance provided is for administrative and human resource development together with computers and vehicles for the project's use. Some funds are also provided for the Local Trust Fund which assists in projects and infrastructure development.
6. NORAD is also associated with the PDDP project through a grant of about US \$ 3.08 million, particularly for the Credit Capital, and Seed Grant funds. Some funds are also invested in the LTF to support local planning and projects.
7. Chapters II and IV examine the projects in detail. While chapter V contains the findings of the evaluation team. As LGP is a parallel project to PDDP, most of the observations, findings and recommendations made on PDDP also apply to it. Section II of the Report describes the workings of LGP, without repeating the comments on PDDP. Consolidated Tables summarising achievements and status of PDDP and LGP are to be found in a set of four tables in Annex 5.

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8. The findings may be summarised as follows:

(i)

The main objective of PDDP and LGP to use decentralised district and village institutions to bring about participatory development by the rural people, is being met.

- (ii) The battle of poverty alleviation is being waged at the local people's level. This is a viable strategy as the poor and women have begun to show that they can generate savings and plan and manage projects for their own well-being, provided some management support and easier credit are extended to them.
- (iii) The LTF loans, credit capital and seed grant funds have enabled villagers to escape from the clutches of traditional usurious money lenders. Under PDDP, villagers do not have to provide security for their loans and are able, in a simple procedure, to avail themselves of these funds.
- (iv) Social mobilisation activities have to be backed by considerably more projects and planning ideas. Social mobilisers and programme officers need more training, exposure and capacity.
- (v) Linkages with local Chambers of Commerce and Industry, cooperatives and public corporations may help in regard to (iv).
- (vi) Marketing of increased agricultural products needs particular emphasis. The links with the chambers, cooperatives and other bodies could help to bring market ideas to villagers. They can also help to raise capital for enterprises, such as milk chilling and processing, cold room facilities for vegetables and fruits. Unmarketable surplus tend to drive farmers out of production of the high income yielding activities. The provision of better seeds to support farmers has to receive particular attention.
- (vii) There are gaps in coverage of about 25% of the households in each Community Organisation. A good number of these are the poorest households, or households with sick or invalid bread winners. Both PDDP and LGP will have to undertake a study in the more established villages and COs to understand the reasons for their staying out or not being covered. Suitable approaches to reach them can then be devised to avoid their estrangement from the projects.
- (viii) The PDDP/LGP structure provides a unique core system into which other donors and efforts could integrate. PDDP/LGP can provide training to their staff while these organisations could provide funds and other assistance. Agencies such as NORAD and UNICEF, and INGO programmes such as the Dutch SNV, have already begun to do so.
- (ix) The projects of PDDP/LGP now receive support for only 60% from the government's Annual Budget. Major line ministries, such as Power and Roads, have stayed out. Advantages of all these agencies working together have been amply demonstrated in terms of greater efficiency and a sense of "ownership" of these

- projects by villagers.
- (x) Both projects have so far given less emphasis to the social issues of development, which are also crucial to poverty alleviation.

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Recommendati

ons

9. The list of recommendations of the team is at Chapter (VI). Those recommendations have emerged from our findings. Only the major recommendations are set out below:
- (i) Local community involvement in schools and education, particularly for girls, and in health activities such as maternal and child health, have to be greatly enlarged. Line ministries need to provide more support to the communities and PDDP/LGP in this regard.
 - (ii) The financial and accounting system of PDDP/LGP has to be made more professional to maintain their transparency. A legal framework needs to be provided for the LTF and other community funds.
 - (iii) Implementation of the Local Governance Act, 1998, already adopted by Parliament and sent for Royal Assent, needs to be done in stages as DDCs, VDCs etc. need to be trained in the basic issues of self governance. Most of them (90%) still remain outside the scope of PDDP/LGP at this stage.
 - (iv) UNDP can, with technical support from PDDP and LGP, prepare a short suitable module to orientate them for their new responsibilities. Aspects of good governance, financial and expenditure systems, as well as injection of project planning ideas now being carried out by PDDP/LGP, can be incorporated into this module.
 - (v) The new Bill does not provide for the existence and activities of Community Organisations. COs are vital institutions for participatory development mobilising and energising the village population. The thrust of development actually takes place at the CO level. By-Laws under the Act will have to pay careful attention to the presense of the COs.
 - (vi) Internal revenue of the PDDP/LGP apparatus are insufficient to meet their management costs. Loanable funds under the LTF

and other launching grants also need to be provided. HMG/N will be unable to fund the balance of money required in the medium term, as its own budgetary resources are limited.

- (vii) UNDP (and also NORAD) funding of the projects now provides them an added stimulus. It needs to be placed on a longer term basis, as substantial social and economic restructuring for the rural poor takes time to show results. Internal funds are also significant. Thus UNDP/NORAD and other funds need to continue to be available for these high priority projects for another four to five years.
- (viii) The Evaluation Team did not have the time to work out solutions to the problem of internal funds. However, it does appear that a longer term solution lies in linking these projects with commercial and development banks, which can, under the definition of priority sector lending, provide revolving funds based on the PDDP/ LGP system's capacity to manage projects at the village and CO level.

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Report of the Evaluation Team on PDDP and LGP

I. INTRODUCTION:

UNDP Nepal constituted a team to evaluate the Participatory District Development Programme (PDDP) according to a document establishing the project. The project is

funded by UNDP and NORAD. The terms of reference of the

Team is at Annex 1. **2. The Team consisted of the following three**

persons: Team Leader : Proposed by UNDP

Members : One person proposed by NORAD,
One person nominated by His Majesty's
Government, Ministry of Finance.

3. The following persons constituted the Evaluation Team.

Team Leader : Dato K. Pathmanaban (UNDP)

Members : Ms. Mirjam Bergh (NORAD)

Mr. Ramesh Lal Shrestha

(HMG/N) Work Programme and TimeTable of

the Evaluation Team.

4. The work programme and time table of the Evaluation Team was worked out with UNDP/ Kathmandu and the PDDP and LGP officials. These are set out in Annex 2 of this report.

Work Programme Methodology

5. We received detailed briefings from UNDP Kathmandu, as well as from senior officials of PDDP and LGP in relation to our work. We also held discussions with related UN agencies, INGOs and NGOs in Kathmandu. We visited five districts covered by PDDP and five by LGP where we held discussions with project and local authorities. We also observed a number of CO meetings both of men and women. Finally, we went through a wide range of documents emanating from various levels, including previous evaluation reports and SAARC documents on SAPAP projects.
6. We were accompanied in all our visits by Mr. Sanjaya Adhikary, Officer-in-Charge of PDDP and Mr. R.K. Pokharel, Programme Manager of LGP. The long road trips involved enabled us to raise questions and discuss specific areas of concern with them. A list of the people we met in the course of our work is included in Annex 3.

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Scheme of the

Report

7. Though the report uses the standard UNDP format, we experienced some difficulty in complying fully with it. In section II of the Evaluation Report we have set out our observations, conclusions and recommendations relating to LGP, the sister project of PDDP. As both these projects have the same objectives and are structured similarly, we have sought to avoid repetition in the text. We have done this by not repeating the objective, structures and strategy of LGP. We have, however, constructed/consolidated tables setting out the growth and achievements of both PDDP and LGP. It must be remembered that LGP was launched during the latter part of 1997, with many of the DDCs, VDCs and COs functioning only from mid-1998.

II. PROJECT CONCEPT AND DESIGN

A. Context and Summary of PDDP

8. The basic objective of the PDDP is alleviation of poverty in Nepal, an effort that had not been effectively addressed in the usual "top-down" or resource based strategy of successive normal development plans. Poverty alleviation is also the fundamental objective of Nepal's Ninth Five-Year Development Plan. Nepal has a per capita income of only US\$ 200 with more than 45% of households living in poverty. Perhaps an indication of the socio-economic profile of Nepal can be gained by the fact that literacy rates are a mere 39% and female life expectancy is only 54 years, which is lower than that of the male. This is due largely to the high maternal and infant mortality rate of the country.
9. The PDDP addresses the challenge of poverty alleviation by strengthening and supporting decentralised, participatory and more sustainable management of development. This people-centered strategy works through PDDP, which provides management support to local level institutions that does the work through:
 - i) Community Organizations (COs) at the people level, each consisting of three or four settlements
 - ii) Elected Village Development Committees (VDCs) which encompasses three or four COs each
 - iii) Elected *Ilaka* level committees which comprises of three to four or even more VDCs each, and Elected District Development Committees (DDCs) catering to 50 or more VDCs

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The organogram of PDDP is set out below:

NPC

National Programme Director

i

PDDP

Programme Advisor

(vacant, covered by Officer in-charge)

Research! Admin Monit. Unit Unit	Enterprise Unit	Hum. Res. Dev. Unit'	Comm./Publ. Unit	GIS Unit
Programme Administration	Enterprise	Training	Communications	Information
Research Assistan Assistant (vacant) secretaries	Development Advisor	Officer	Publications Officer	Programmer (located at 2 GIS/NPC) Drivers Clerk / mess enge r

10. The COs are formed through a process of social mobilisation. Social mobilisers deployed to each VDC motivate villagers to organise themselves, strengthen cohesiveness, build up their capacity to identify their priority needs and undertake their own savings, as well as seek out and use locally available and external resources. Skill development and technology as well as loans from Local Trust Funds established at DDC levels, support their efforts. In addition to this, they also get a one-time grant from Capital Credit and Seed Grant funds administered by the DDCs for infrastructure projects in their VDCs.

Larger projects are submitted through the VDCs and *ilaka* Committees to the DDCs in a prioritised format for central government funding through annual budgets. The COs take a pledge at every meeting to commit themselves fully to this.

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(See box below for a translation of the creed).



The 15 creeds of the COs

We believe we can develop through organisation, saving and skills.

We agree that the work done by our elected chairman, manager and village experts is on our behalf and therefore our responsibility

We agree to attend our, weekly, meetings according to the schedule and programme of our organisation

We agree to save money every' week to contribute to our savings according to the rules set up by our community' organisation.

According to our capacity we shall use our COs savings or take loans to carry out at least one enterprise for income generation

We shall grow vegetables on our fields all through the year. We shall feed our families plenty of vegetables. If there is an excess we shall sell it.

We shall, according to our capacity and with the help of our COs grow at least five fruit trees.

We will pay the village experts who have been selected to serve our communities for their services.

We shall send all the children of school going age to school.

10. Taking into consideration the hygiene and environmental conditions of our village we shall build toilets and smokeless stoves. We shall also make sure that they are used.
11. We shall take good care of our livestock and give them the needed medicines and vaccinations from time to time.
12. We shall take part in trainings provided by the Community Development Programme, which is for our own good. And we shall also share the knowledge we gain through the trainings with other members of the CO.
We shall take part in the discussions and decisions in the weekly meetings of our COs. What we do not understand we shall enquire about and as need arises we shall express ourselves and put forward our suggestions and recommendations.
1. When needed we shall cooperate with other COs to carry out community development projects.
15. We shall take part in participatory planning processes as required.

11. The UNDP supports this programme by providing Technical Assistance. It also funds equipment for the project as well as the management support group, salaries of DDC level staff and Social Mobilisers. UNDP also supports Human Resource Development, inducting skills into the villagers and supporting staff. DDCs and VDCs gradually take over the payment of staff as well as themselves. They also employ supplementary staff for Social Mobilisation, technicians and other areas. The balance of UNDP funds goes into the Local Trust Fund, which is used to provide loanable funds for income generating projects of villagers. Initially, the total UNDP input in November 1995 was US\$ 1.4 million. After reviewing it the first year, this was revised to US\$ 5.15 million. This funding was to terminate at the end of 1999.

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12. The National Planning Commission (NPC) provides the National Programme Director, an Executive Committee comprising of representatives from UNDP, NPC and MLD who provide policy direction for PDDP and LGP at the top level.
13. One of the more recent activities of the Project has been the linkages developed by it with the private sector through Chambers of Commerce and Industry, cooperatives and public corporations such as the National Dairy Development Corporation, etc.

14. UNDP's funding of the Project has attracted and enabled NORAD to associate with it by investing US\$3.08 million. Total project funding for PDDP and LGP is set out in Table 1 of Annex 5. As can be seen, HMG funding is US\$ 19,000, which is used mainly for project staff premises and the like.
15. Thus the Project has fitted well into the nation's priorities as well as into UNDP's area of concentration, i.e. poverty alleviation, grassroots participation in development, as well as others.

B. Project Document

16. The project document was well prepared with the involvement of National Planning Commission and the Ministry of Local Development. Objectives and strategies were well set out, particularly in the revised document of April 1997. The document sets out the risks involved in the Project. The institution created to run the Project and provide management support to it, i.e., PDDP, is compact and efficient, with demonstrated capacity to do the job, though it is only in its third year of implementation.

Beneficiaries

The users and beneficiaries of the Project were clearly identified and the Project was implemented with their involvement, which is the essence of participatory development. The poor have been identified and targeted specifically. Gender issues have been identified and targeted. While women are members of COs in their settlements, a new strategy has been developed to establish exclusive women COs where women have the chance to speak up and organise their own activities. Social mobilisation and the experience of participation has developed the capacity of villagers and staff to plan, manage and implement their own programmes as well as to raise savings and seek other resources in such implementations.

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(See box below for a "wish list" of one of the COs).

Visions Listed by a Female CO

Mahila Jagaran Samudayic Sangathan, Jante VDC, Moran.

We want to improve irrigation for agriculture.

We want to train cadres on livestock **and** agriculture.

We want to train some of our **members in** midwifery.

We want to conduct literacy training for illiterate adult women.

We want to train people for productive and income generating activities.

We want to develop a market center to sell and export local products and make available

other goods needed for daily living.

We want to establish a Post Office and a Tele-communication Center to facilitate communication.

We want to establish a health post and a police station to secure better health services, peace and security in our community.

We shall endeavor to have electricity in our village.

- 1 We want the road linking us to the East-West highway to be black topped.

Structural problems arising from long existing poverty and a lack of attention to reach and build-up capacity at village level have been adequately addressed through the Social Mobilisation effort as well as Human Resource Development activities of the project.

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23. These are substantial achievements both in the context of the history of aided projects in Nepal, and in terms of the efforts to alleviate poverty in rural areas. Nevertheless, there is still a long way to go before reaching most, if not all the VDCs in PDDP covered districts. Skill Development Programmes and project ideas need further emphasis. Though cost of the project has been kept relatively low, accountability, audit and investment management needs to be given further attention. Comprehensive audit of the project by an external auditor was done for Fiscal Year 1996 and 1997. The audit points out various areas of weaknesses and shortcomings, which are being addressed by UNDP/PDDP.

24. The strategy described in the preceding paragraphs of decentralization and participatory decision-making was first initiated in Nepal in the early 1980's. It received further emphasis when multi-party government was introduced in 1990, with appropriate legislation being enacted. However, the concept in PDDP of bottom-up or grassroots level planning, management and implementation of development, based on needs perceived by villagers themselves, is new. Prioritisation of projects at the local levels, providing loanable funds leveraging the savings of villagers, particularly of the poor and women is also new and an innovative one.

25. Similar concepts are being implemented in slightly different ways by the SAARC countries of South Asia. They are clearly an improvement of older "top-down resource based" strategies and make a direct impact on the poor households. HMG Nepal appears fully committed to this new approach and strategy. HMG has provided financial support to the project by providing some staff of MLD, premises and annual budget allocations. NPC is also closely associated with this project. It has devoted high level participation, and provided a National Programme Director for the project. Attention is also given at member's level to the project.
26. This project has little expatriate staff input, apart from a first year review that was done in 1996. PDDP management support is provided entirely by national staff hired under the project, apart from a senior officer from MLD assigned to each district. The future direction of this project and LGP in terms of their location has not yet been considered. It would have to be ensured that Project staffs in-terms of the management support group at headquarters, the District Planning Advisors, Programme Officers and Social Mobilisers are retained to ensure smooth success and expansion of this vital and high priority project.
27. Macro linkages of this project with NPC and MLD in terms of decentralised local governance, have begun to be established and used. Parliament has passed the Local Governance Bill, 1998, now awaiting Royal Assent, to strengthen and improve local governance and institutions. NPC has used data and information of the project to issue PDDP project guidelines and in other ways. Further use of this data can be made at macro levels.

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28. Overall funding has been secured to meet the present targets of the project. However, as noted earlier, scaling up of the project to the remaining 90% of the VDCs and new districts, will require additional funds and manpower. The present staff of the Project can be used as starting blocks to achieve speedy implementation. The flow of committed UNDP and NORAD funds has occurred as planned.

Financial controls and procedures have now been put into place. However, the vacant positions both in PDDP management and those at district levels should be filled as a matter of urgency to further the momentum and scope of PDDP project. Professional external audit has been done for 1996 and 1997.

29. Security problems have led to some setbacks in the project in 3 districts. Appropriate capacity and project ideas of villagers and VDCs to utilize the available loanable and grant funds have been a constraint. These are being addressed by project staff, and villagers to some extent. This will, however, constitute the main constraint in the project for some time to come. We have suggested ways and means of dealing with this problem in our conclusions.
30. The project received grant support from UNDP in the form of computers, photocopiers, fax machines 4-wheel drive jeeps and the like. Each District Development Committee was provided with a jeep. The equipment provided is being used effectively. Total cost of equipment support for the project was US\$ 377,585. However, much of the equipment has become outdated and the vehicles have been in use for more than 6 years. Only a small amount is set aside each year for maintenance.

Quality of monitoring and back-stopping

31. Most of the internal monitoring was in the form of quarterly reports by District Development Advisors, and progress reports from VDCs in regard to approved projects to obtain the next quarterly allocation of loans or credit. Annual reports were prepared by PDDP central office. Workshops have been held at district levels to review progress and problems encountered.
32. In the first year, external evaluations were held which eventually led to the expansion of PDDP. External audit of the accounts for 1996 and 1997 were conducted professionally for additional UNDP funding. The audit pointed out a number of operational and financial control weaknesses. These were obviously useful to UNDP and PDDP to improve various aspects of the project. An accounting and financial manual was produced to systematise and train officers on these matters.

33. A tripartite review of the project was undertaken in 1997. Major policy matters were discussed and decided upon by the Executive Council comprising of NPC, MLD, UNDP and NORAD.

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IV. PROJECT RESULT

A. Relevance .

34. The project and its activities to build up decentralised local governance, participatory development and skill formation in villages, are of high relevance and priority in Nepal. And they will continue to be so.

B. Efficiency

35. The project has been well managed, and has given due attention to all the developmental objectives envisaged. Training of staff and village leaders, as well as exposure to officials of line ministries and agencies will have to be further strengthened to gain deeper impact and wider coverage. HMG contribution to the project has been in terms of the National Project Director at NPC, as well as the Local Development Officers in each district. HMG has also provided budgetary support and infrastructure to projects identified as priority needs of villagers through the annual budget. This has funded the Project's activities, as well as supplemented district and village resources in a valuable way.

C. Outputs

36. PDDP was implemented only since November 1995 and expanded substantially with NORAD funds. Therefore, any evaluation of success and achievement of outputs envisaged have to take this factor into account. By and large the expected objectives and outputs envisaged for the Project are being steadily achieved. Except for more quantifiable indices for monitoring, other processes launched by the project are taking root and appear to have achieved relative sustainability.

D & E. Immediate Objectives and Development Objectives

37. The immediate objectives of creating the structures and managing the operations of the project have been met. Extending project coverage to 20 districts and 215 villages within three years has been a substantial achievement. It would be possible to up-scale the project

to cover all villages in PDDP covered districts, based on the skills built up in Social Mobilisers, Programme Officers and other district level officers. The District Human Resource Development Centres can also be used to train DDC and VDC officials from the new districts. Some additional staff and supplementary financial resources will have to be obtained for this purpose. It would then be possible to double the number of villages covered every year.

38. Micro level effects of the project have been the influence that project processes wielded in enabling project planning, management and implementation among all levels of the PDDP hierarchy. Villages have also learnt to prioritise their project portfolio, as well as seek the needed resources. At macro level, more use can be made of district/village level data and information and the five - year plans that districts are now beginning to make for national planning which meets decentralisation goals. Substantial household

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data is available for sharpening the approaches to alleviate the extensive poverty among Nepalese. The GIS maps should also help in building up a network of public services, such as schools, clinics, etc. and infrastructure in Nepal.

F. Effectiveness

39. The effectiveness of the PDDP approach could become immense by working with INGO's and NGO's which operate in various districts. Social Mobilisation could be one area of networking, while some inputs in terms of training and skill development could also be available from these potential partners. The cost of the project so far, particularly the management overheads, has been low, estimated at no more than US\$ 1000 per VDC annually. The rest of the PDDP management support structure is also relatively lean and low cost, as only Nepali staff with Nepalese salaries are engaged.

G. Strengthening/Enlarging PDDP Capacity

40. The PDDP vehicle and structure have been found to be a viable capsulised way of adding new partners to the project. Thus UNICEF has recently provided support to the project by contributing to the

activities related to children both in PDDP (three districts) and LGP (two districts). The UN Capital Development Fund is at present assessing how to inject capital funds into the districts to enlarge coverage and develop human resources and strengthen DDC capacity to undertake PDDP. Some small scale economic and infrastructure and development activities will also be supported by UNCDF. A total of US\$ 5 million is being planned for 1999-2004.

41. Bilateral aid for the project has been available in a substantial way from NORAD in two trenches as shown in Table 1.
42. SNV, the Dutch aid agency has already started to provide a parallel programme in five districts in the Karnali area. PDDP helped to train some of the officials involved in the SNV programme.
43. Prospects exist for other INGO's and NGOs to integrate into the PDDP project, adding funds and personnel to assist particular activities. GTZ, the German NGO, UMN and others are possible candidates.

G. Capacity

building

Enabling the

environment

44. The new decentralisation policy that was promoted in 1990 provided an environment enabling the inception of PDDP program. Networking among the DDCs and the DDC Association has enabled the government to enact a new Local Governance Act that will give legal sanction to self-governance promoted by - PDDP.

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Impact

45. Anticipated Project outputs were not set out in quantitative terms initially, but achievements and outputs have been set out in the project's subsequent revision in 1996. An internal evaluation was done by NPC in November, 1996. The initial effort to assess performance

and derive impact indicators was done by PDDP and published in September, 1998. This is attached in Annex 6 of this report. We understand that the performance and impact indicators are at present being refined.

Institutional Development/ Human Resources Development

46. Institutional development was found at all levels. At district level, the DDC office was equipped with computers. Staffs were trained on how to use them. Programme Officers were employed and trained in planning techniques and DDC Chairman, Secretary and members were given training in management and planning. Most DDCs have set up their own Human Resource Development Centres. At DDC level, the Local Trust Fund has been set up and staff were trained in its management. A Secretariat for the Local Trust Fund was set up, headed by the District Development Advisor.
47. As a result of this the DDC offices have been able to initiate data collection at VDC level, enter the data into computers and pass it on to the GIS office at NPC for processing. Then GIS publishes the information and feeds it back to the VDCs in the form of maps. These then form an integral part of the bottom-up planning process. Using GIS maps and datas, DDCs have been able to single out the VDCs that are most deprived as well as identify gaps in infrastructure and community services in VDCs.
48. Thus the DDC members have been equipped and empowered to work at the planning process in a more organised and systematic manner than before.
49. There has also been institutional development at the VDC level with training of VDC members in planning and prioritising techniques. This has enabled them to make their budget submissions better and plan their projects in a more organised and transparent manner.
50. Finally, COs have developed as institutions and the chairmen and managers of COs have grown in their ability to run the COs and interact with other donors as well as with the various levels of the PDDP project.

Unforeseen effects

51. Marketing problems and the inability of the market to meet an

increased demand of seeds for off-season crops have emerged as second generation problems as a result of villager's growth in production. "Milk holidays" have been imposed on dairy farmers because of surplus milk in the area due to lack of chilling and processing facilities. Non-covered districts and villages have become aware of the advantages of the Project and have begun to press for orientation and training so as to enable them to better planning.

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Losers and winners

52. Losers are going to be some groups who have limited capacity to save at a rate to leverage sufficient credit and loans from DDC established funds. Other losers may be households that do not take part in the COs. If utter poverty is the reason, e.g. not being able to put in the minimum savings, there is a risk of the poorest getting even poorer. If caste is the reason, those who are already marginalised will be even more marginalised'.
53. The winners are the members belonging to COs who can save larger amounts, even up to Rs. 50 per week. They benefit quickly from the LTF and can have larger loans, earn more and pay back the loans more easily.

The impact on environment

54. The impact on environment was reported to be better roads and tracks, cleaner villages etc. Many community forest projects have been implemented under PDDP. However, as time goes and a third and fourth crop is grown, farmers are going to discover that the soil will need more fertilises to continue to yield. Generally they will have to adopt better agronomy practices.

I. Sustainability

55. To be sustainable there needs to be a balance between the context, the activities and organisational and financial capacity. A project can be said to be sustainable if it has the organisational capacity to provide services that are in sufficient demand among the target group over a longer period of time, particularly after external support ceases

56. The following contextual factors affect the sustainability of the achievements of PDDP:

- (i) The poverty in the target areas which may be an inhibiting factor--it may take a long time before a CO (of poor people) reaches maturity to tap DDC/LTF funds. There is a danger that their interest in the project may wane.
- (ii) The resources in terms of manpower, farm land, natural water sources, access roads etc.
- (iii) The strength of the demand for the VDC activities that are created by the model areas within the DDCs.
- (iv) A political environment that is conducive to the principles of Participatory Peoples Development. The PDDP programme has the advantage of being located within the NPC and is therefore seen as a government programme.
- (v) The human and technical skills for productive individual or community projects.
- (vi) Marketing channels to absorb new products or an increase in production.
- (vii) Provision of depreciation and maintenance funds to renew equipment and vehicles of the project.

A study carried out in April 1998 of a separate South Asia Poverty Alleviation Programme in Nepal (under SAARC and UNDP) showed that of the households that did not take part in the COs, about 17% do not participated because of poverty while 21 % live in dispersed mountain areas. The main reasons were that main household members had migrated or there were differences in view with the CO members.

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57. Activities carried out to achieve the results of PDDP

- (i) Strengthening of DDCs planning capacity by equipping an Information Centre, filling posts with key personnel, upgrading and enhancing of knowledge and management capabilities of officials of PDDP and DDCNillage/CO level leaders, politicians etc.
- (ii) Human resource development at various levels, training of village leaders, training in various vocational skills are now being stressed.
- (iii) Continual social mobilisation and strengthening and expansion of COs, so that both coverage and commitment of the villagers are ensured.
- (iv) With project absorption capacity being enhanced, sufficient loanable funds and supporting grants as well as professional loan supervision have to be available.
- (v) Critical linkages with the private sector and market centres and facilities are established to meet growth in production from

farms.

Organisational Capacity

58. (i) The work of PDDP has apparently enabled a local planning process that is based on the expressed needs of grassroot people. The capability both depends on the assumption that the GIS system will continue to function (that data will be regularly updated by VDC staff and that the computer facilities and staff can be maintained) and that the social mobilisation process started with formation of COs will continue.
- (ii) There is also increased financial capacity at DDC level - in addition to receiving Rs 1.4 million from the MLD, further revenues are earned from sale of GIS information, and from an increase in tax collections at VDC level, of which 25% is passed on to DDCs. In addition, there are reasons to believe that a more transparent accounting system yields more efficient use of the resources, which also contributes to increased financial capacity.
- (iii) At VDC level, the Rs 500,000 per year received from the central government and an additional revenue through increased tax collection capacities are likewise contributing to increased organisational capacity at this level.
- (iv) At CO level, their savings, possibilities to receive Seed Grant and Credit Capital have extended the capacity of villagers by making available large loanable funds - a minimum of twice as much as their savings.
59. Potential weaknesses are the risks of further marginalisation of the poorer households, many of whom have remained outside the COs because of their poverty. At present nearly 90 % of the COs have not yet received support from PDDP as coverage has necessarily to grow in stages. Dissatisfaction from these groups could create political problems in years ahead. This raises problems of equity and financial sustainability.

Financial sustainability

60. Financial sustainability of the project would require that after external funding ceases, either the project itself or other government agencies which may absorb the project, are able to generate sufficient finances from their investments, loan and other resources. Or they have the budgets to fund the management support and activities of the project, including the provision of loanable revolving funds in the LTF. Transparency and professionalism in financial and accounting management can also help financial capacity, as well as protect the project from public and politician's criticism.

J Follow up

61. There is a need to follow closely what happens in the formation of COs. Attention should not only be paid to the households that conform/comply and participate but also to the households that do not participate. There is a risk that people who are already marginalised become even more marginalised when COs are formed. If this is so, corrective measures should be taken. Poverty, caste, status and the like should not be allowed to fester and prove a challenge to the whole project. Reasons for their non-participation must be found and their problems addressed in innovative ways. The evaluation team did not have an adequate opportunity to make any assessment of the monitoring process. There are monitoring workshops, and District Development Advisors quarterly reports, as well as reports from COs of project accomplishment, which are presented before their loans are disbursed by LTF in progress payments. However, the reports appear to be scanty and may not be receiving the attention required at DDCs and PDDP Central Office to enable changes or improvements to be made.

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FINDINGS:

62. In addition to the observations we have made in the preceding paragraphs, we highlight the following salient findings:

The project has achieved the objective of encouraging and enabling the participation of people at district and village levels towards their own development. Projects are increasingly "owned" by the people. Besides

making

their own decisions on projects and prioritising them for their benefit, the upward flow of the planning process from villages to district and national levels is taking place. District annual plans have been successfully implemented for two years now. This people's need-based planning is in stark contrast to the previous regime of central planning which allocated resources to local level almost on a pro-rata basis.

- (ii) According to the transparent nature of decision making in the whole hierarchy of PDDP, the battle of poverty alleviation is being carried to the location of poor households. The poorest applicants are given priority in the choice of projects at community and village levels. We saw a remarkable degree of consensus in COs about which households could be classified as "poor"- based on land ownership, employment, status, etc. For the present this categorisation is adequate, but over the years, as the development process matures, more complex choices will have to be made to keep the focus on poverty.

For social mobilisation to continue to succeed and to retain the interest of participants, it has to work within an environment of growth. New opportunities and satisfying activities have to be constantly opened up. In some of the DDCs and VDCs there was a lack of concrete ideas on how to find these opportunities and activities in spite of there being substantial funds. District Development Advisors, Program Officers and Social Mobilisers have to be constantly alert for such opportunities. Periodic brainstorming among them and interactions with outside institutions such as Chambers of Commerce and NGOs should be useful avenues. The four Sectoral Committees that operate at DDC level should also be more pro-active in generating new ideas and methods and bringing these to VDCs and COs for necessary action.

- (iv) The key factor in bringing about a spirit of solidarity in the community and willingness to plan and participate for their own betterment through self-effort, savings and the like, has been social mobilisation. The social mobiliser is a critical person in the whole process. Their present training of about 10 days has to be extended to enrich their vision and communication skills, as well as to enable them to absorb ideas of planning and implementing

projects. The social mobilisers need to be given career prospects in their line to retain and motivate them.

(v) PDDP has helped to remove the widespread belief that the poor are helpless and need extensive subsidies to alleviate their poverty. Through this project, the poor

(i)

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have shown that they have the latent strength and commitment to lift themselves out of poverty. They have come forward to participate, plan and implement projects that increase their income. They **have** saved regularly to help themselves, however small the amount. They have used their savings to leverage more substantial loans for income-yielding projects from VDCs and the LTF. They have shown by their repayment record that they are indeed "credit worthy"

(vi) However, the truth is that the poorest segments of the community may still be marginalised under the various schemes of the programme. Savings of CO members are based on the capacity of the poorest members. In some COs, members save a mere Rs.2 per week which comes to be Rs.208 per member per year. This amount is hardly sufficient to launch any meaningful income-generating project. Thus, poverty alleviation through such projects and strategy could be a distant dream for the poorest groups. However they may benefit from investments that are made from capital credits and seed grant funds, which would help to bring drinking water, irrigation, access roads, [etc. to](#) their

area. This would in turn slowly build up their productive capacity. Some of the poorer COs have already recognised this and members are encouraged to overcome the problem by depositing an additional Rs. 10 or so in the first week of every month, in order to increase their internal assets. Nevertheless, more innovative ways will have to be worked out to reach and develop these poorest groups.

Gaps in Coverage of Households

63. We noted that on an average, only 74% of the households in the COs covered by PDDP are at present members. Various reasons have been stated for the shortfall. Some of the reasons could be poverty, or households having handicapped people, or being in isolated and dispersed settlements especially in the mountains. It is also due in part to the phased implementation (some districts started later than others) to cover more households. In some cases, the affluent households may stay out as it is not worth their while. PDDP should undertake specific studies to determine the reasons for non-participation of almost a quarter of the households in the area covered, choosing villages and COs who are more established. This can help social mobilisers develop appropriate approaches to widen the scope of COs. Otherwise, a substantial number of villagers can get alienated, to the detriment of the participatory concept of PDDP.
64. The PDDP and LGP staffs are highly motivated with the objectives and momentum of change that they have been able to bring about. We found the Project staff competent and committed in providing management support to the programme. They are willing to deepen the impact of the programme in the areas now covered and extend the concept to the remaining villages in the districts. They would, of course, need additional resources and personnel to achieve this.
65. Very significantly, the PDDP structure and participatory activities at the local level have, even in the short period of its existence, become a core system into which other donors

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and efforts could integrate. The DDC's, VDC's and CO's have the information structure and database, the solidarity, and strength to

handle additional resources from any quarter. Thus NORAD and the UNICEF Program for Children (now in five PDDP and two LGP districts), have found PDDP a suitable vehicle to associate with where they can inject their visions and funds. Indeed, other INGO's and NGO's such as GTZ, SNV have also expressed their keenness to join the effort, either by joining the PDDP or by undertaking similar programmes in other districts. PDDP has been able to provide some training to these agencies. A more viable partnership for poverty alleviation with a variety of agencies is possible through the PDDP structure. UNDP/PDDP should develop a proper strategy and target potential contributors/participants to associate with the programme.

66. Decentralized decision making and local governance have proven to be successful micro-planning efforts. However, their impact on macro planning at national level is taking root only now. According to this data, NPC/MLD have based a number of decisions in their guidelines regarding decentralisation. The data and information generated by the DDC's is available in the GIS program. The sustainability of the effort through people's participation should lead the central ministries and NPC to make greater use of the data so that those national plans are more realistic and are implemented effectively.
67. In the last budget only 60% of the district plans and project proposals have been accepted. Mainly the large line ministries, such as the roads and power ministries have stayed out of the district level planning process. Many of their programmes would stand to gain substantially from the inputs and participation of district and village levels. Some line ministries and departments undertaking rural projects have set up their own user groups for implementing such projects. VDC's and CO's can provide effective user inputs through functional groups, and parallel groups set up outside the established PDDP planning and implementation structures at these levels.
68. There is a greater degree of transparency of all activities under the participatory programme and the community is willing to contribute funds, manpower and materials for projects in their areas. With such linkages, it seems apparent that projects implemented by the community through functional groups are more cost effective when compared to those implemented by line agencies. Savings of up to 60% or more have been reported for building bridges, laying tracks, drinking water and irrigation projects in the villages. Additionally, there

is a sense of "ownership" of these projects by the local community.

69. A new dimension of development through private sector linkages is slowly emerging in the districts. Periodic contacts between Chambers of Commerce and DDCs/NDCs could yield valuable ideas for enriching the development process. It could also be possible as in a few projects already underway, and in projects such as the Chitwan Milk Processing Project, Agricultural Crop Chilling Facilities, Silviculture Projects, and Marketing Efforts, for private capital to be associated with DDCs/NDCs in promoting joint enterprises.

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70. The accounting system of the programme has been upgraded with a computer based system in the districts, including LTF, to record and monitor investments and other financial transactions. This has helped to enhance accountability for resources belonging to local levels, as well as resources raised by the community. At the CO level the accounting system is still done manually. Transactions are recorded painstakingly, including the passbooks of the members for their savings accounts. These accounts are subject to periodic audit by a person appointed from among the members. Annual external audits are also conducted. There is concern among many people that the investment, financial and accounting systems at all levels of the programme need more professional attention and that the funds managed must have a legal framework. The new Bill enables such steps to be taken and we hope that this will receive early attention.
71. The new "Local Self-Governance Bill 2055 (1988)" adopted by Parliament, which is now awaiting His Majesty's assent, provides considerable powers and enlarges the scope of local government institutions, particularly the District Councils, the DDCs and VDCs. The varying capacity of districts and villages will require a carefully phased programme to confer these powers and jurisdiction to them. The social mobilisation approach will have to be used to prepare them to shoulder their responsibilities. A suitable training module needs to be prepared by UNDP/DDP/LGP, containing aspects of local governance, project planning, accounting and transparency for the purpose. Human Resource Development Centres in PDDP districts

could be used for this purpose.

72. A matter of concern in the new Bill is that Community Organisations (COs) are not referred to or provided for. We have seen that COs, consisting of a manageable number of neighborhood households are vital starting points for participatory development. While they do not constitute an administrative unit in a formal sense, in development terms, the momentum of growth and the impact being made on poverty alleviation so far have been based on the COs. They form the level at which plans are made and where the thrust of development actually occurs. Ways will have to be found, through bylaws under the Act when it is promulgated, to protect and entrench the COs in the decentralisation and development process.
73. There is at present only patchy emphasis on social issues of development, particularly education, health, family planning, environment, etc. These, as much as income growth, help in poverty alleviation and in improving quality of life. There is already a movement in COs to prevent the sale of liquor in village shops and to punish those who drink in public. Schools and health facilities must be "owned" by communities so that they take greater interest in them and their workings. School enrolments, including girls, maternal and child health, environment, cleanliness, nutrition and family planning need particular attention.
74. Marketing of village products needs more attention as with development, a substantial increase in vegetables, fruits, milk and meat become available. The physical terrain

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and transport networks in Nepal fragment markets and places a constraint on market channels. Market centres are also not well developed in most districts. These affect farm production, as farmer's interests will wane if markets are not found for their products. The UNDP assisted RUPP Project, working together with the Chambers of Commerce and Industries, private enterprises and public corporations, can help substantially in this regard.

75. Internal revenue of DDCs, LTF, VDCs and COs are insufficient to meet the management costs of the whole project. Perhaps only 30% of the

cost can be met internally. Loanable funds have also to be found for LTF and Seed Grant Funds. External funding cannot be expected to be available for long term. Government budgetary resources are also limited, with 60% or more of the Annual Budget coming from donor funds. Ways have to be found to overcome this problem in the years ahead.

VI. RECOMMENDATIONS

PDDP Strategy correctly aligned

76. The main objective and strategy of PDDP should be further secured and supported. Decentralisation of local government and socio-economic development should encourage "ownership" of the projects by the local authorities and villagers down to the COs level.
77. Alleviation of poverty should remain the fundamental attack of the programme and of national planning. However, in the years ahead a more refined and objective assessment of who constitute the poor households has to be developed for this purpose.

78. Social mobilisation of villagers needs to take place in an environment of growth. Officials and community leaders at all levels should broaden their perspectives of project and enterprise opportunities and be more pro-active in bringing these perspectives to the village and district levels.

Social Mobilisation to be Strengthened.

79. Social mobilisation, which generates community solidarity, self-reliance and savings should be strengthened by further training of the mobilisers to enhance their communication skills and broaden their vision.

Avoid Marginalisation of the Poorest Households

80. The fact that the poor have latent strength and are prepared to act together to plan and manage income raising projects, should be carefully and continuously nurtured and supported.

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81. More innovative ways have to be found to reach and develop the poorest groups. Their poverty should not sideline them from the dynamic growth that is occurring in their own neighborhood through COs. Schemes to enable them to lease land for productive agriculture, providing them cattle for dairy from CO's own funds which can be paid later by milk revenues, engaging more female COs to enlist greater female participation, and the like, could be considered. This will enable them to have more access to projects than their own meager savings can support from LTF and other funds.

Gaps in coverage.

82. As up to 25% of the households do not appear to be CO members, PDDP should undertake specific studies to determine the reasons for their non-participation, so as not to marginalise them on account of poverty or caste.

Up-Scaling of PDDP

83. A master plan to extend PDDP to districts and villages still not covered needs to be drawn up. Some additional manpower and financial resources need to be provided to the PDDP management team to extend such coverage. We recommend that the expertise of experienced Social Mobilisers, District Development Advisors and local officials be used to up-scale the level of PDDP.
84. To accelerate the up-scaling of the project, INGOs and NGOs now working on various aspects of rural development should, **as** far as possible, be used. Some PDDP orientation would also have to be undertaken for such potential partners.
85. The Human Resource Development Centres established in districts covered by the programme can be used as training centres for villages which are yet to be covered within districts already in the programme's scope.

PDDP a tested and viable vehicle for integration of related efforts

86. The core PDDP strategy and structure provides a valuable vehicle for integrating the inputs and participation of others. NORAD and the UNICEF programme for Children have already associated themselves

with the PDDP vehicle, injecting funds and vision for the whole or particular aspects of the project. Other INGOs and NGOs appear willing to join in the process of building viable partnerships and undertake work in districts yet to be covered. UNDP/PDDP should develop proper strategy and target potential participants to join the programme.

Macro Planning

87. The wealth of data and information available on households, activities, etc., should be used more purposefully in making national plans which focus on decentralisation and poverty alleviation.

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Participation of Line Ministries and Agencies

88. Large line ministries with substantial budget provisions, such as roads and power ministries, should be encouraged to use the PDDP facilities to plan and implement their projects through functional groups already available under the PDDP structure at the local level. This should lead to greater impact, cost savings and transparency in their projects.

Private Sector Linkage

89. The opportunity already opened up for DDCs to link with Chambers of Commerce and Industry, cooperatives and semi-autonomous public corporations should be actively used. This will provide a new and valuable dimension to plan enterprises and develop marketing skills and facilities

Marketing Development

90. PDDP activities have already developed a substantial increase in agricultural production. Marketing problems are already emerging. A good marketing strategy needs to go hand in hand with increased agricultural production. The Human Resource Development Centres need to include and emphasise training in marketing in their curriculum. Linkages in this regard with local Chambers of Commerce and Industries would be valuable.

91. The newly established UNDP project in Rural Urban Partnership Programme (RUPP) (NEP/96/003) should also focus on such marketing needs. Besides developing market centres, RUPP should

join with others in the Chambers of Commerce, municipalities and DDCs to develop chilling and processing facilities for agricultural products. This will help ensure a steady market as well as stable prices for farmers.

Quality of Life Issues

92. PDDP should familiarize villagers and their development machinery to emphasise social issues also. In addition to increased incomes, these constitute the essence of a better quality of life. Issues relating to health, education, nutrition, family planning must be the concern of VDCs and COs. Schools and health centres should become "owned" by VDCs and COs, so that they become more involved with the problems of school (specially girls) enrolments, early drop-outs in the primary section, quality education, as well as maternal and child health, cleanliness, nutrition, family planning and the like.

Coverage of New Districts

93. We recommend that UNDP work with PDDP/LGP to develop a module of exposure and training for the principal officials of districts and villages which are not in the PDDP areas. This module should encompass:

- Matters of Local
- Governance
- Mobilisation of
- the community

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- Project preparation and prioritisation Financial and Accounting
- Procedures
- Transparency in the whole management and financial transactions of the districts.

This approach can meet some of the criticism and pressure from these districts as well as from the politicians. It can also meet the challenges of bringing them within the jurisdiction and operation of the Local Governance Bill, 1998, when it is brought into force.

Transparency and Accounting Controls

94. Financial transactions and accounting controls are now being put into place through a Manual prepared for this purpose. There is concern among many people that the financial transactions, investments and accounting controls must be more professional and within- a legal framework. We recommend that due attention be paid to these aspects.

COs not provided for in Local Governance Bill

95. By-laws need to be enacted to provide for and protect the institution of COs under the Bill. These are the focus and starting points for the whole decentralised, participatory development process. The strategy and momentum for the alleviation of poverty will be lost if the institution of COs is not preserved and continued. Village levels are too farflung and big to achieve this objective.

Financial sustainability of PDDP

96. We estimate that the internal revenues that DDCs, VDCs and COs can raise will not, for some years to come, be sufficient to meet the management costs of the PDDP/LGP projects. Their contributions to LTF and other grants will also be very meager. It is thus important that external funding of the projects must continue for a longer term than the four years (ending 1999) for which UNDP funding has been provided. Similar projects elsewhere, e.g. the Grameen Bank in Bangladesh, have needed about 8-10 years to mature into self-reliance.
97. The Government too must earnestly take steps to fund a larger portion of the financial requirements of PDDP than it does now.
98. We suggest that consideration be given to possible linkages between PDDP and LGP funding to a commercial or development bank, which can provide a substantial revolving fund for LTF at each district. Since rural agricultural sector falls within the categorisation of "priority lending", and with this it can get low cost loans. LTF can have a larger revolving loanable fund to enable its earnings from lending to projects in PDDP/LGP to become increasingly capable of funding the management costs of the whole programme.

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VII LESSONS LEARNED

99. Without repeating the comments and observation we have made earlier, a few matters can be set down as lessons learned in the project.
- (i) The project has been set in too short a time frame. Social engineering of the type sought in the project takes time to yield results. A time span of 8-9 years needs to be considered in the light of experience elsewhere.
 - (ii) A determined effort must be made to seek out further resources and other agencies - INGOs and NGOs - to integrate with the project or associate with it in some constructive ways. There are INGOs already working on various aspects of rural development. The capacity of the project to cover more districts and villages can thus be extended.
 - (iii) The poor have shown through this project that they can get together to participate in their own development. What they need is mobilisation and easier credit to undertake productive projects, from which the loans can be repaid. They are "credit worthy".
 - (iv) Political will and commitment to decentralise participatory development must be continuous and a priority. A "stop-go " approach will jeopardise villagers' interest and the project will then fail. In this project, the support of the National Planning Commission and facilitation from MLD have ensured priority and continuity.
 - (v) Agricultural growth must go hand in hand with good marketing strategies and supply of high yielding seeds. The Rural Urban Partnership Programme (NEP/ 96/003) acting with other entrepreneurs can help in establishing market centres, etc.
 - (vi) Human Resource Development, by way of skill training and exposure to new technology is critical to such projects and must start early at the inception of the project itself.
 - (vii) The inculcation of the concepts of good governance, and financial transparency must be included in the project's activities from the start. This will strengthen decentralised local authorities and earn considerable public support.
 - (viii) Ways and means must be found to enlist the private sector on this effort. The chambers, cooperatives and banks can play a valuable role in training, project ideas, marketing and enterprise

development. Banks can come in to develop lending schemes to LTF on a revolving basis to avoid too much reliance on donors and the government. They can add professionalism to project planning and financial control, as well as exercise greater discipline in project screening and approvals.

- (ix) It cannot be assumed that villagers and project officials have clear vision of possible project portfolios. They have to make a deliberate effort to expand visions and understand rural development. Networking with the private sector, and periodic brain storming among the various parties can help a great deal.

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- (x) Social development issues to break the cycle of poverty, such as education, health, nutrition, family planning and environmental activities, should be given priority at the outset itself. These will improve the quality of life and farmer productivity.

SECTION II

LOCAL GOVERNANCE PROGRAMME

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LOCAL GOVERNANCE PROGRAMME

Introduction

1. The Local Governance Programme (LGP), was launched in late 1996 and came into active operation in 20 districts in mid-1997. There had been nation-wide elections for the various arms of local governance -DDC, *llaka* committee and VDCs.
2. LGP shares the same objectives of PDDP of participatory self-reliance in rural districts to alleviate poverty. The structures of LGP are parallel to those of PDDP.

3. LGP also relies on social mobilisation at settlement level as the main tool. A Local Trust Fund is also set up in each district to fund rural development projects, which can be [leveraged by](#) villagers savings to inculcate self-reliance. This supports the vision, planning and management of projects at VDC and CO levels.
4. The Human Resource Development Unit is also set up at each district to help broaden the vision of the elected people as well as the villagers, in self-reliance, project formulation and prioritisation. Skills are also imparted by visits as well as training at the unit and in line agencies.
5. Manuals have been developed and used as training tools as well as guidance for action by those concerned in development of cooperatives, techniques of planning and management of projects at CO, VDC, and higher levels.
6. The system of data collection from villagers on human settlements, land and resource use, financial instructions, and detailed action in each sector at DDC level are transmitted to GIS for detailed mapping of each local area.
7. Linkages are being developed at macro level in NPC, MLD etc.
8. Similar linkages as PDDP are also being established between LGP, local Chambers of Commerce, cooperatives, etc. This is part of the effort to enlarge the dimensions and source of revenue and entrepreneurship of the DDCs.
9. Tables 1-8 in Annex 5, present consolidated data and information on LGP and PDDP. Though progress in LGP's work is increasing in speed, it must be remembered that LGP programmes only got underway seriously ly in mid 1997. The process of growth is still taking place.

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10. In terms of financing, LGP is funded by MLD, which provides some

staff inputs and accommodation. In addition, UNDP has also invested US\$ 3.4 million in LGP. NORAD is not involved in this programme.

11. The supervision, policy decisions and coordination of both LGP and PDDP are the same and a Joint Project Management Committee at official levels and the Executive Committee chaired by the Minister of Local Development. There is close collaboration between LGP and PDDP sharing "best experiences", manuals and ideas.

LGP Management Capacity

12. The observations and recommendations we have made in Section I applies in equal measure to LGP. LGP is also a success, with increasing expansion in coverage. LGP as a Management Support Group has demonstrated its' ability to manage the project, and has shown the capacity to extend the project to cover more districts and villages. The strategy proposed is to reach villages within covered districts first and then to expand to new districts. Thought is being given to include new districts in the Terai (plains) areas.
13. LGP, being part of MLD, has been able to establish closer linkages with line ministries and agencies. Gaps in these linkages remain, but what has been achieved has led to greater CONDC involvement in line ministry and Central Agency Projects securing more projects and funds to meet their objectives. Constraints will be funding and personnel. At the activity level, marketing and deeper skill creation among villagers and technology have to be given continued emphasis.
14. LGP will have to intensify its focus on net-working with other programmes and seek additional funding sources for continued growth.
15. LGP has been relatively more successful in its linkages between COs, VDCs and DDCs. The resources of VDCs have been more directly devoted to priority projects of COs. This has provided strength and resources to COs to plan and implement their own projects.