

ILO PROJECT REF NEP/06/51M/NET  
“Employment Creation and Peace Building based on  
Local Economic Development (EmpLED)”

MID-TERM EVALUATION REPORT

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By

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## ACRONYMS

BDSPOs	Business Development Service Providing Organisations
CBO	Community Based Organisation
CSO	Civil Society Organisation
CDF	Community Development Fund
CFUG	Community Forest User Group
CTA	Chief Technical Advisor
DAG	Disadvantaged Group
DC	District Council
DCED	Donor Committee on Enterprise Development
DDC	District Development Committee
DDF	District Development Fund
DFID	Department for International Development
DLGSP	Decentralised Local Governance Support Programme
DISCO	District Soil Conservation Office
D-MEGA	District Micro-Enterprise Group Association
EmpLED	Employment Creation and Peace Building based on Local Economic Development
FECOFUN	Federation of Community Forestry Users' Nepal
FUG	Forest User Group
GoN	Government of Nepal
GTZ	German Technical Cooperation
IGA	Income Generating Activities
INGO	International Non Governmental Organisation
IP	Indigenous People
LA	Line Agencies
LDF	Local Development Fund
LDO	Local Development Office / Local Development Officer
LDTA	Local Development Training Agency
LFP	Livelihoods and Forestry Programme
LED	Local Economic Development
LGP	Local Governance Programme
LSGA	Local Self Governance Act
MEDEP	Micro-Enterprise Development Programme
MLD	Ministry of Local Development
NGO	Non Governmental Organisation
NTFP	Non Timber Forest Products
PAC	Project Advisory Committee
PAF	Poverty Alleviation Fund
UNDAF	United Nations Development Assistance Framework
VDC	Village Development Center

## TABLE OF CONTENTS

Acronym	2
Executive Summary	4
Key Conclusions	4
Key Recommendations	6
1 Context and Evaluation Methodology	7
2 Project Evaluation Analytical Framework: Findings, Conclusions and Recommendations	8
2.1 Relevance and Strategic Fit	8
2.1.1 Findings and Observations	8
2.1.2 Conclusions	15
2.1.3 Recommendations	16
2.2 Validity and Design	17
2.2.1 Findings and Observations	18
2.2.2 Conclusions	22
2.2.3 Recommendations	23
2.3 Effectiveness	24
2.3.1 Findings and Observations	25
2.3.2 Conclusions	27
2.3.3 Recommendations	28
2.4 Efficiency	29
2.4.1 Findings and Observations	30
2.4.2 Conclusions	31
2.4.3 Recommendations	31
2.5 Sustainability	31
2.5.1 Findings and Observations	30
2.5.2 Conclusions	32
2.5.3 Recommendations	33
Annex 1: TOR	
Annex 2: Organizations and People Met	

## EXECUTIVE SUMMARY

This report presents the independent mid-term evaluation consultants' consensus findings, conclusions and recommendations for the ILO's 'Employment and Peace-Building based on Local Economic Development (EmpLED)' project being piloted in two of Nepal's seventy-five districts. The project is being implemented by the Ministry of Local Development (MLD) in conjunction with local partners (LED Forums) in the target districts of Dhanusha in the Tarai Region (lowlands), and Ramechhap in the Hills north of Dhanusha. The project is funded by the Netherlands International Cooperation and the implementation period is 1 May 2007 to 30 April 2010. The mid-term evaluation was required by the approved project document, and was completed by the independent consultants during the period 10-30 November 2009: a copy of the evaluation Terms of Reference is provided in Annex 1. The study and report structure follows the ILO's evaluation guidelines. The key immediate priority evaluation conclusions and recommendations are summarized below:

### **Key Conclusions:**

1. The Project is one of its kind both in Ramechhap and Dhanusha (and Nepal) that is seeking to contribute to economic growth and employment generation by supporting (i) private sector development in strategic areas of competitive advantages and (ii) associated infrastructures. The district stakeholders (LDO, Chamber of Commerce, government line agencies heads) whom the Evaluation Team interviewed confirmed that the Project has been adding value by **instilling "economic planning and management" dimensions and in helping create an environment for public-private-civil society partnership**. Further, the evaluation confirms that the project has the possibility of minimizing the current negative impact of the global financial crisis at local level by creating local employment. This approach could be a viable model for local economic growth and poverty reduction, and thus, worthy of an upscale.
2. The institutional modality that has been adopted to operationalize the concept of local economic development (LED) is the "LED Forum" convened by the chair of the DDC and with members comprising of representatives from government line agencies, private sector and civil society organizations. **The Forum lends an environment for public-private-civil society partnership for economic growth and employment creation.**
3. The Forum until the present time has been "project-led" and the decisions made therein are left to the Project to be executed. Although the concept of LED and the relevance of LED Forum have been deemed to be relevant and effective, care must be taken to ensure that the LED Forum does not evolve to become an executing body. **How the LED Forum ought to evolve in the future in terms of its structure, scope of work and management is to be further explored.**
4. The Project started effectively from September 2007 subsequent to the government approval and recruitment of District Project Managers. The inception phase originally stipulated to be of 3 month period dragged until April 2008. **The delay is understandable.** This is attributable to the political upheavals including strikes and lockouts in large parts of the country. The eastern Tarai including Janakpur was additionally affected by conflicts between the government and armed rebels.
5. The Project's substantive work on the ground started from May 2008 after the completion of the Inception Phase (which concentrated on office establishment, technical studies, formation of LED Forums and defining of priority action programs). The Project now has a substantial number of approved and soon-to-be-approved action projects in its portfolio and will operate at full steam. The

time has come to put the actions programs into work and deliver substantive results. **The funds are more or less fully programmed and earmarked. The project funding level should be at least maintained.**

6. It is likely that the Project results **and financial delivery will be constrained by staff-time** as and when action programs come into stream. Further, CTA's current contract expires end of December 2008. These may have implications of the timely delivery. The incumbent officials have been undertaking multiple roles ranging from action program planning, designing, contracting, monitoring and validating. Staff time could be a limiting factor in the delivery of the project results. It might be worthwhile to look into outsourcing certain functions to NGOs and/or consulting firms especially for matters relating to monitoring and conducting/managing training programs.

7. The evaluation team feels that ILO's technical assistance, particularly in relation to **CTA's services, ought to continue for a period of six months** in light of the fact that the concept of LED is just beginning to crystallize and there is still a need to take it to a strategic level. However, efforts over the next six months should also focus on transferring management responsibilities both within the team and to the relevant local partners. In this regard, possibilities of **"funds flow" through District Development Fund (DDF) should also be explored.**

8. The evaluation team felt that there was a need to have a **common understanding** amongst the project team members of the underlying focus of the project, and also assess how the activities and actions programs lead to the project's objectives and goals.

9. There is a need to **adjust and tighten the Logical Framework** of the Project so that the outputs and activities relate better to growth/private sector development and creation of decent jobs. Such readjustments would result in different outputs that are strategically linked to achieve the development objectives. This would enhance greater effectiveness and lead to undertaking of action programs that are strategically linked. At the time of the evaluation, CTA and his team were in the process of defining the amendments to be made in the logical framework.

10. There are **project management issues** such as the following that need to be further studied and addressed:

- Delegation of authority from Country Office to CTA and onward to Program Managers and below on areas such as program funding approval, travel approval, leave approval, petty cash handling, etc.

- The capacity of its local partners and team

- Staff training

- Internal communication (within the project and upward with the Country Office)

- Excessive delays in processing of payments

11. There is a need for the Project to have a **communication strategy** that enables the project to reach out to different audience groups such as the general public, stakeholders, other development partners, Country Office, etc. The type and nature of information and the modality for disseminating these information vary according to the target groups. The strategy would also facilitate feedbacks to the project.

12. Studies are also needed to assess how the core values of ILO such as decent job, social protection and gender may be further mainstreamed.

### **Key Recommendations:**

1. Adjust the Logical Framework so that the outputs are strategically linked to achieve the project objectives assigning activities (and indicators) that reinforce ILO's core values such as decent work, social protection and gender.
2. Ensure that the funds are available for action programs that have already been programmed and earmarked: the project's resources should be at least maintained at the existing funding level.
3. Ensure that the infrastructure works are part of the value chain in support of market/product development as against stand-alone projects.
4. Extend CTA's contract for an additional six months during which time he will focus on capacity building of national project staff and concurrently transfer project management responsibilities to them.
5. Undertake management review of the Project, as a matter of priority, to assess and address the points made in paragraph 10 of the Conclusion section.
6. The Project should outsource certain project activities (such as surveys and designs, conducting trainings, etc.). This not only relieves staff members to concentrate on quality assurance but also builds capacities of private sector service providers/professional organizations.
7. Engage competent staff/firms to develop and operationalize "communication strategy".

## 1. CONTEXT & EVALUATION METHODOLOGY

The International Labour Organization (ILO) Office in Nepal is assisting the Ministry of Local Development (MLD) and local partners to implement the EmpLED Project in Dhanusha and Ramechhap Districts of Nepal. The project, designed in 2006/2007, is a response to the request of the Government of Nepal to enhance peace and stability through an economic development approach that would bring local actors together and reconstruct the Nepal economy. The ILO's approach to Local Economic Development (LED) was adopted as a means to achieve this goal. The focus of the project is on two Districts (Dhanusha and Ramechhap).

The project started in May 2007 and will end on 30 April 2010. The project document required a mid-term evaluation after 18 months. The mid-term evaluation was meant to (i) assess progress made on the implementation towards realization of target District, project and DWCP objectives and outputs; (ii) adjust the programme management and implementation strategy according to the evaluation recommendations including as relevant, guidance/comments on the project's exit strategy; and, (iii) strengthen the organisational learning by sharing lessons learnt and good practices that emerged from the evaluation findings. (TOR for the Evaluation is given in Annex 1)

The evaluation reviewed progress made in the implementation of the programme. The immediate objectives were looked at to measure progress made towards achieving impact after a one-and-a-half year of implementation. The evaluation revisited the initial programme design, examined the planning process and agreed implementation strategies in each District and adjustments, the institutional arrangements and partnerships. These were conducted with due account of the constantly and rapidly changing national and local situations. The mid-term evaluation was not intended to systematically measure the impact of the interventions, as the project had not yet operated long enough to generate sustainable results. At best, anecdotal evidence of emerging signs of impact were identified. Thus, the evaluation included a reflection about the strategic fit, role and approach of EmpLED. This will, hopefully, help the project establish effective partnerships and sharpen its focus in the dissemination and advocacy strategy for the remainder of the implementation period.

From consultations with the project partners (LED Forums and PAC) it appeared that they would like to obtain a better understanding about the *effectiveness* of the project strategies and partnerships, the *efficiency* of the use of inputs for the expected outputs, and the *relevance* of the integrated approach in the changing social and economic context of Nepal. In terms of *sustainability* the evaluation focused on the institutional dimension of the project (working through LED Forums) and the current and expected capacity to plan, implement and monitor LED initiatives.

ILO engaged a team of two external consultants, one national and one international, to undertake a mid-term evaluation. The consultants worked under the overall management and responsibility of the ILO Director in Kathmandu and received technical guidance from the EmpLED Chief Technical Advisor, assisted by ILO technical specialists and national and local partners. The review was completed during the period 10-30 November 2008.

## 2. PROJECT EVALUATION ANALYTICAL FRAMEWORK – FINDINGS, CONCLUSIONS & RECOMMENDATIONS

### 2.1 RELEVANCE & STRATEGIC FIT

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- The ‘relevance and strategic fit’ evaluation criterion establishes: (1) the extent to which the objectives of a development intervention are consistent with beneficiary requirements, country needs, global priorities and partner and donor policies; and, (2) the extent to which the approach is strategic and the ILO uses its comparative advantage.
- The issues the evaluation team were asked to address under project relevance and strategic fit as per the terms of reference were:
  - Does the programme continue to address a relevant need and decent work deficit? Are the needs assessed at the inception phase of the project still relevant? Have new and/or more relevant needs emerged that the project should address?
  - To what extent have the recipient stakeholders taken ownership of the project concept and approach since the inception phase?
  - How does the project align with and support national and district development plans?
  - How well does the project compliment the UNDAF?
  - How does the programme align with and support ILO's strategies embedded in the DWCP?
  - How well does the programme complement and fit with other ILO programmes in the country?
  - How well does the programme complement and link to activities of UN and non-UN donors at local level?
- In addition to the above, the evaluation team explored the extent to which the objectives of the project are consistent with beneficiary requirements, country needs, global priorities and partner and donor policies.

#### 2.1.1 Findings & Observations:

##### (a) Relevant Need & Decent Work Deficit Addressed by Project:

- The major relevant need (and strategic niche) as refined by the LED stakeholders in both Districts (a synopsis of the large lists of needs and deficiencies in the original project document) that the project continues to address is integrated action programmes promoting employment-intensive and inclusive growth at scale. The priority decent work deficit that the project continues to address in both districts is short and long term inclusive employment creation.



- The needs that emerged during the inception phase of quick-win entry points demonstrating tangible evidence of the post-conflict peace dividend and that also address major issues in each district such as limited economic and business growth to sustain employment creation, underemployment, exclusion and poor living conditions remain high amongst the major relevant issues for project responses and any expanded LED process in the target districts and Nepal.

*(b) Recipient Stakeholder Ownership:*

- Recipient stakeholder (LED Forums and MLD) ownership of the project and LED process was actively promoted during the inception phase start-up steps through training for the LED Forum and PAC members using the standard existing ILO LED sensitization modules including hands-on LED strategy-making. LED Forums ownership of the subsequent packaging, design, implementation and monitoring of the LED action programmes and interventions that have been elaborated since the initial LED strategy-making in late April 2008 has fallen short of project document expectations as this has been largely project team-led (mainly due to immense budget delivery pressures): this ownership situation is however recoverable.
- In both districts, LED Forum member organization/institution involvement in growth and employment profiling during the inception phase was minimal: this was mainly due to limited time availability of Forum members arising from the combination of political disruption followed by electioneering during the inception period.

*(c) Alignment with & Support for District Periodic Plans:*

- The project faces challenges in aligning the more dynamic LED process and approach with district-level local development planning processes and periodic plans. Existing decentralized planning deficiencies that need to be addressed by all parties include:
  - Decentralized planning processes are annual with limited implementation cycles within the fiscal years due to monsoon rains and main national holiday periods: annual district plans are summaries of individual VDC (sub-territory), and budgets/projects of the DDC, municipality (as relevant), government line agencies, and other, however with no joint cohesion under common a development vision, goals and objectives.
  - Planning is not local population-driven and subject to political influence in the absence of locally elected officials (as local elections have not been held for many years and await a new national constitution, the roles of elected officials to local development bodies are currently filled by local government officers and elected national assembly politicians).
  - The population and planners are poorly informed because of the absence of current information and lack of knowledge of best practices and approaches for investing in employment-intensive and inclusive growth, and how communities and households engage in such processes.
  - Most development targeting is at the community, household and government line agency sector levels with limited sustainable impact for growth and job creation.
  - Most development assistance implementation at the community and household level is delivered by local NGOs or fully-subsidised service delivery programmes such as MEDEP: in the case of MSE initiatives, there is no emphasis on sustainability as regards the development of service providers and service markets.

- The ‘social mobilization project group model’ commonly used in Nepal for delivery of project investments to communities and households is ineffective in pro-poor targeting and outreach according to a recent SDC study.
  - Improved coordination and management of investment funds and sources: the GoN system of notification by the MoF to DDCs of new centrally-based projects and disbursements does not function in practice and DDCs are not aware of all incoming investments from central sources.
  - Credible measurement and reporting of local development investments and results is lacking limiting transparency and accountability, and public confidence.
- Through the training of personnel from local NGOs as LED Promoters and subsequent contracting of the NGOs for LED promotion services,, the project is assisting the LED Forum and DDC to better approach sub-territory planning using economic rationale (economic clusters of VDCs) and tools than can facilitate better targeting of the poor for relevant enterprise, skills and infrastructure project decision-making and receipt of benefits while updating the District profiles that are nearly ten years out-of-date. However, the framework within which LED planning can be aligned with and supportive of more productive local development planning processes in the future still need to be identified.

(d) Alignment with & Support for National Plans & UNDAF:

- The project’s relevant complimentary alignment with the GoN three-year interim plan 2007-10 and UNDAF 2007-10 are summarized in the table below:

RELEVANT GoN 3-YR INTERIM PLAN 2007-10 STRATEGY	RELEVANT UNDAF FRAMEWORK 2007-10	RELEVANT EmpLED PROJECT OUTCOMES & OUTPUTS
Inclusive development process and carry out targeted programs (with emphasis on supporting development through the inclusion of communities, regions and gender excluded from all processes of development).	UNDAF National Priority/Goal #4: Social Justice and Social Inclusion <ul style="list-style-type: none"> <li>• <u>UNDAF Outcome:</u> Respect, promotion and protection of human rights strengthened for all, especially women and the socially excluded, for sustained peace and inclusive development.</li> </ul>	<u>IMMEDIATE OBJECTIVE #1:</u> Local stakeholders implement LED strategies aimed at job creation more effectively and contribute to LED policy-making <ul style="list-style-type: none"> <li>• <u>Output 1.1:</u> Functional, inclusive LED Forums designing and implementing initial LED strategies for employment-intensive economic growth</li> <li>• <u>Output 1.2/3:</u> Foundations laid for inclusive LED expansion at the district/national level”</li> </ul>
Increase investment in physical infrastructure (particularly development of physical infrastructure, using new concepts as well as regular maintenance and quality improvement)	UNDAF National Priority/Goal #2: Quality Basic Services <ul style="list-style-type: none"> <li>• <u>UNDAF Outcome:</u> Socially excluded and economically marginalized groups have increased access to improved quality basic services</li> <li>• <u>CP Output B.2.4:</u> Local bodies with enhanced skills to establish Public Private Partnerships</li> <li>• <u>CP Output B.2.5:</u> Local bodies have the knowledge and skills and increased resources for participatory and inclusive planning, implementation, transparent budgeting.....and effective monitoring</li> </ul>	<u>IMM. OBJECTIVE #1 &amp; Output 1.1/2/3:</u> As above <u>IMMEDIATE OBJECTIVE #2:</u> District residents have better access to productive assets and (new) jobs <ul style="list-style-type: none"> <li>• <u>Output 2.1:</u> Actual productive infrastructure and services provided improving access and living conditions for District residents</li> <li>• <u>Output 2.2:</u> EIIP capacities strengthened supporting improved EIIP policy, investments and implementation</li> </ul>
Achieving employment-oriented, pro-poor and broad-based economic growth [with special emphasis on agriculture and big projects with capacity to generate jobs especially projects providing more employment to women, Dalit, indigenous (Adibasi) Janjatis, youth and Madeshis: for	UNDAF National Priority/Goal #3: Sustainable Livelihoods <ul style="list-style-type: none"> <li>• <u>National Priority or Goal:</u> (1) New and decent employment and income opportunities; (2) infrastructure, especially rural infrastructures.</li> <li>• <u>UNDAF Outcome:</u> By 2010, sustainable livelihood opportunities expanded, especially for socially excluded groups in</li> </ul>	<u>IMM. OBJECTIVE #2 &amp; Output 1.1/2:</u> As above <u>IMMEDIATE OBJECTIVE #3:</u> Private enterprises are more competitive, create more jobs and local income <ul style="list-style-type: none"> <li>• <u>Output 3.1:</u> Target business services for value chain upgrading and connectivity enabled and facilitated for target value chain actors</li> </ul>

<p>economic prosperity, strategies will be adopted to make the role of the private sector and cooperatives effective]</p>	<p>conflict-affected areas</p> <ul style="list-style-type: none"> <li>• <u>CP Outcome C.1</u>: Policies, programmes and institutions improved for poverty reduction, better economic opportunities and protection of workers</li> <li>• <u>CP Outcome C.1.1</u>: Employment and income opportunities under safe conditions and access to financial services enhanced and diversified, especially for youth and excluded groups</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Output 3.2</u>: Entrepreneurship and enterprise culture encouraged and promoted through business radio programming</li> </ul>
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- The project's evolving action programmes are responsive to prevailing GoN priorities for promoting growth and employment creation in the economic key sectors of agriculture, tourism and infrastructure as well as environmental conservation.
- Through the training of personnel from local NGOs as LED Promoters and subsequent contracting of the NGOs for LED promotion services,, the project is assisting the LED Forum and DDC to better approach sub-territory planning using economic rationale (economic clusters of VDCs) and tools than can facilitate better targeting of the poor for relevant enterprise, skills and infrastructure project decision-making and receipt of benefits while updating the District profiles that are nearly ten years out-of-date. However, the framework within which LED planning can be aligned with and supportive of more productive local development planning processes in the future still need to be identified.

(e) Alignment with & Support for Strategies Embedded in the DWCP:

- The EmPLED project team contributed to the development of the current 2008-09 DWCP in January 2008, the implementation of which is in progress. The priorities defined in the DWCP are:
  - Improved policy coherence supporting increased availability of decent jobs opportunities.
  - Improved labour market governance for creating enabling environment for jobs.
  - **Increased availability of productive employment opportunities for needy groups in targeted areas.**
  - Increased capacity of the constituents in the development and implementation of labour law and policy.
  - Strengthened institutional capacity of employers' organizations.
  - Strengthened institutional capacity of workers' organizations.
- The DWCP priority relevant to the project and to which the project is strategically contributing is "increased availability of productive employment opportunities for needy groups in targeted areas" and specifically the following:
  - Milestone 3.1: Increased capacities of key stakeholders to design, implement and monitor pro-poor LED strategies and activities.
    - Output 3.1.1: Inclusive LED Fora established and operationalized in targeted areas.
    - Output 3.1.2: Local development action plans designed agreed and implemented by inclusive LED Fora.

- Milestone 3.2: Action programmes designed, piloted and awareness raised among key stakeholders and policy makers for replication of good practices.
  - Output 3.2.1: Productive infrastructure created and maintained, optimizing the use of labour based technologies.
  - Output 3.2.3: Capacity of potential and existing entrepreneurs enhanced to start and expand viable enterprises.

(f) Fit & Complimentarily with Other ILO Country Programmes:

- Other current relevant technical cooperation programmes of the ILO Office in Nepal include trade union capacity building (focus on Kathmandu), HIV/AIDS awareness and prevention in the workplace, and bonded labour prevention (target intervention districts includes Dhanuhsa while the DWCP expects the EmpLED project to implement).
- During 2009, new technical cooperation projects will include job creation for peace building targeting two central region Tarai Districts (implemented in conjunction with FAO), an IFAD-supported skills development project in districts of western Nepal, and a national capacity building programme on Convention 169 (rights of indigenous and tribal peoples). Also during 2009-10, and following discussions with the EIIP programme at ILO ROAP, part of additional ILO RBSA funds of US\$250,000 for EIIP in Nepal will be programmed in complimentary demonstration road maintenance and urban infrastructure interventions complimenting the Ramechhap and Dhanuhsa LED programmes and related technical assistance. In addition, current DWCP technical assistance inputs include targeting labour market reform.
- Observations of the evaluation team on relevant EmpLED project fit and complementarity with the ILO Nepal projects from the above are as follows:
  - The expectancy of the C169 project incumbent manager is that EmpLED will provide tangible decent work creation results for indigenous peoples (IPs) in the target Districts complimenting national C169 project capacity building endeavours: such expectations of the EmpLED project results are realistic, especially in Ramechhap District where IPs are represented at the LED Forum (also in Dhanuhsa) and appear well-targeted in current and earmarked LED action programmes and interventions (IPs account for nearly 60% of the Ramechhap population and about 16% in Dhanuhsa).
  - The new management and staff of the new jobs-for-peace and IFAD-funded skills development interventions could duly gain sound action programme and intervention focus and early momentum for their projects through consulting the EmpLED project team on good practices on integrated action programme design (that include skills development and productive infrastructure) as well as available EmpLED tools and approaches for market-led opportunities identification.
  - In the context of a very large evolving LED projects portfolio, and given competent field staff technical capacity in Dhanuhsa on the bonded labour project, the EmpLED team could be overstretched adding the bonded labour project job creation component responsibility to its portfolio as required by the DWCP: the practical solution here is for the bonded labour prevention project technical staff to consult with the EmpLED local technical team on appropriate opportunities and implementation modalities that compliment the LED focus and approach in Dhanuhsa, and then implement directly.
  - The EmpLED project team and the HIV/AIDS programme are in discussions on adding the decent work component of HIV/AIDS awareness and prevention in the workplace to

the District LED programme in Dhanuhsa (the HIV/AIDS programme has resources for this).

- As part of tourism value chain upgrading in Ramechhap District and because over 3,000 Ramechhap artists are engaged in the sector in Kathmandu, EmpLED is planning an initiative in Thanka art value chain upgrading in 2009 which may open doors for hands-on employer-employee organization cooperation and therefore direct linkages with the ILO's trade union capacity building programme in Kathmandu. As most evolving LED action programmes are targeting self-employed farmers in Dhanuhsa District there is limited entry-point scope for hands-on ILO partner interventions in the district (but this could change in future when industrial and trade sectors are targeted by LED once the local investment climate improves (this currently very poor due mainly to a weak rule of law). There is no trade union activity in Ramechhap District. More flexible labour legislation (related technical assistance initiatives in-progress by ILO) will also assist in creating a better investment climate, nationally.

(g) Complementarities & Linkages to Local Activities of UN and non-UN Donors:

- Current and planned local activities of UN and non-UN donors in each project target project district include and complementarity/linkage status with the project are as follows:
  - UNDP DGLSP & GoN Annual Decentralized Grants & Funding: Relevant participating local government line agencies and VDCs have contributed complimentary funding to some LED action programme interventions. On a broader scale, and as planned by the project, and appropriately after the project and LED Forum have all their evolving action programmes at least under implementation and early results measurement, the project will assist the LED Forums and DDC to identify specific complementarities and linkages commencing with the GoN fiscal year 2011-12.
  - UNDP MEDEP: Implemented under the Ministry of Commerce and operational for several years in both target districts as well as many others, UNDP's micro-enterprise programme supports micro-enterprise start-up and survival (including targeting one-third of its beneficiaries from ultra poor backgrounds) by fully subsidizing local business service providers previously trained by the ILO in use of the ILO's SIYB tool to deliver free business services in business plan preparation using the ILO's SIYB tool and post-business start-up counselling to beneficiaries. District micro-entrepreneur groups association (D-MEGA) are established in all Districts to institutionalize and continue these services: the D-MEGA is a member of the Ramechhap and Dhanuhsa LED Forums. The MEDEP model does not currently incorporate BDS best practices including as published by the DCED including the development of 'paid for' business service markets with the inherent danger that if funding for MEDEP/D-MEGA were to cease or reduce that many ME clients would fail and business service providers would become unemployed. In Ramechhap, and during 2009, the EmpLED project will enhance the service delivery capacities and focus of D-MEGA by enabling and facilitating the institution to deliver group building and networking and value chain actor linkage services to farmers and other value chain actors in support of food products value chains upgrading.
  - UNDP Urban PPP and Rural Energy Programmes: No current complementarities/linkages.
  - DFID rural agriculture and forestry programmes: No current complementarities/linkages.
  - ADB Skills Development Programme: To start in Dhanusha during 2009.

- DFID, ADB rural roads programmes: No current complementarities/linkages.
  - PAF: No current complementarities/linkages.
  - SDC Ramechhap forestry programme. No current complementarities/linkages.
  - WFP Food-For-Work Programmes: No current complementarities/linkages.
  - UNICEF Nutrition & Sanitation Programmes: No current complementarities/linkages.
  - WHO Healthy Cities initiative: No current complementarities/linkages.
  - CARE Watershed Management Programme, Dhanuhsa: No current linkages; complimentarity to the point that the environmental conservation aims are similar.
  - USAID Peace Building Programme, Tarai: No current complementarities/linkages.
  - Evolving donor cash transfer programmes: No current complementarities/linkages but ILO Nepal office a member of related donor-government task force.
  - Various donor programmes for climate change mitigation: No current complementarities/linkages.
  - FAO Dairy Development Programme: On-going technical consultations.
- With regard to the above, feedback from the project team confirms limited immediate opportunities for greater cooperation in earmarked LED action programmes other than those noted.

*(h) Consistency of Project Objectives:*

- The in-progress revised draft project logical framework states that the development objective of the project as being that 'employment-intensive and inclusive growth is sustained'. The revised draft immediate objectives of the project are:
  - Local stakeholders implement LED strategies aimed at job creation more effectively and inclusively, and contribute to LED policy-making.
  - District residents have better access to productive assets and (new) jobs.
  - Private enterprises are more competitive; create more jobs and local income.
- Observations of the evaluation team regarding the extent to which the revised draft project immediate objectives are consistent with beneficiary requirements, country needs, global priorities and partner and donor policies are as follows:
  - LED stakeholders and beneficiaries interviewed confirmed that the major issues in both target districts are increased availability of job opportunities, and inclusion in development decision-making and access to employment: the revised development objectives expressly reflect these issues which are also nationally relevant in Nepal.
  - The revised immediate objectives reflect the need for more responsive local policies and strategies that address current strategy shortcomings where insufficient new and improved job and income opportunities are being created to satisfy the overwhelming demand, and so also contribute to meeting global priorities in terms of the MDGs: it is important that the role of local and central government as catalyst and facilitator of employment-intensive and inclusive growth is clearly elaborated and defined in LED policy-making.
  - The economic backbone of both Districts is agriculture: in response to the global food crisis and the large national food production deficit, the revised immediate objectives responsively address the need to produce more food in Nepal supported by increasing

investments in productive assets (while creating more jobs through employment-intensive approaches in providing and maintaining such as rural access roads, irrigation, storage, processing and so forth), and supporting enterprise growth through creating an enabling environment inclusive growth, and increasing the availability of business and financial services for entrepreneurs at all levels.

- In the short-medium term, and as covered by the immediate objectives, increasing employment-intensive investments in the provision and maintenance of productive assets can help meet global priorities to mitigate any adverse impact of the global financial and economic crisis: it is important that investments in productive assets are clearly linked to assisting target territories and their enterprises to become more competitive, and are also complimented by relevant soft investments (e.g. business services for value chain upgrading, cluster development and so forth).
- The revised immediate objectives also recognize the important role of private enterprise as the appropriate driver of local and national growth and expansion, and the importance of LED strategies and policies in making private enterprise more competitive to achieve this (the private sector is inadequately engaged in current development processes): the objectives also reflect emerging donor-government policies for accelerating inclusive growth and green job creation.

### **2.1.2 Conclusions:**

- The Project is one of its kind both in Ramechhap and Dhanusha (and Nepal) that is seeking to contribute to economic growth and employment generation by supporting: (1) private sector development in strategic areas of competitive advantages; and, (2) associated infrastructures.
- The district stakeholders (LDO, Chamber of Commerce, government line agencies heads) whom the Evaluation Team interviewed confirmed that the Project has been adding value by instilling “economic planning and management” dimensions and in helping create an environment for public-private-civil society partnership. Further, the evaluation confirms that the project has the possibility of minimizing the current negative impact of the global financial crisis at local level by creating local employment. This approach could be a viable model for local economic growth and poverty reduction, and thus, worthy of an upscale.
- Since the project document was finalized, and while the political and developmental conditions have changed in Nepal, the core of LED that seeks to accelerate pro-poor and inclusive recovery and growth and job creation in rural Nepal has become even more relevant at which the project’s revised immediate objectives are wholly consistent with ultimate beneficiary requirements, country needs, global priorities, and partner and donor policies.
- The LED approach is also relevant and unique in the target districts because it:
  - Facilitates crucial engagement of the private sector in local economic development through active membership on the LED Forums (the private sector plays a very limited role in current decentralized local development planning).
  - Promotes positive approaches to local development by assisting development planners and practitioners to focus on building strategic competitive advantages for growth by taking advantage of opportunities and local assets compared with the prevailing development paradigm of responding to needs and deficiencies.
  - Provides a crucial public-private-civil society dialogue platform for key local decision-making institutions and organizations in the absence of locally elected officials.

- The LED approach to decent work promoted by the project provides the ILO with a unique strategic and integrating framework for introducing the ILO's decent work agenda at the local level: for this particular project the ILO is responsively using its comparative organizational and technical advantages to address the key local post-conflict issues in the target districts of underemployment and exclusion. Priority pillars and components of the decent work agenda being responsively employed in the project's evolving integrated action programmes include:
  - Employment (including business services development and employment-intensive infrastructure supporting growth food products and tourism sectors).
  - Social dialogue (tripartite partners are members of the LED Forums for consensus dialogue and decision-making on LED strategies and action programmes).
  - Social protection (including environmental conservation to reduce flooding, occupational safety and health skills and awareness, HIV/AIDS awareness and prevention in the workplace, and targeting of poor households and excluded minority groups for labour recruitment on employment-intensive infrastructure interventions, MSE development and transfer of productive assets).
- Other pillar/components of decent work should be gradually added in the Districts on a priority responsive basis as more resources become available and local absorption capacities for the decent work agenda expand.

### **2.1.3 Recommendations:**

- Through such as mini-workshops, LED Forum meetings, LED action programme sub-committees, training and other approaches, the project team should assist the LED Forums to acquire full ownership of all action programme and intervention design rationale (including explaining how various consensus strategies activities listed by the LED Forums in April 2008 were subsequently packaged), implementation monitoring and impact measurement and reporting.
- The framework for aligning LED planning with decentralized local development planning should be further explored and identified as a component of a broader initiative for identifying appropriate institutional frameworks and focus for the LED Forums.
- Cooperation with other ILO national/regional/headquarter programmes and backstopping units should be enhanced towards gradually introducing additional components of the decent work agenda in response to available resources and local priorities.
- As part of the project's desired exist strategy in support of wider partner and donor buy-in to the LED process in the future, and when it duly comes to assisting the Forums to replicate/upscale action programmes, explore in greater depth during 2009 complementarities and linkages with other UN and non-UN donor programmes in the carious cooperation programmes noted above and others including:
  - How reflecting its current focus the MEDEP programme might be appropriately restructured as separate components complimenting LED such as: (1) more sustainable best-practice approaches to enterprise development incorporating service market development and better targeting of beneficiaries and business opportunities; and, (2) helping very vulnerable beneficiaries whose needs are so basic that they are beneath the level of enterprise development to trickle up to enterprise development support levels.



- Leverage the ILO Office in Nepal's representation on both the donor-government task force groups for economic growth and for social protection to identify/activate complementarities for enabling the most vulnerable groups amongst ultimate LED target beneficiaries to trickle-up to those levels where they can proactively participate in LED processes and productive employment creation.

## 2.2 VALIDITY OF DESIGN

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- The 'validity of design' evaluation criterion establishes the extent to which the project design is logical and coherent.
- The issues the evaluation team were asked to address under validity of design as per the terms of reference were:
  - What was the starting point of the programme at the beginning of the inception phase? How and how effective was the inception phase carried out? Was a gender analysis included? To what extent were the interests and needs of Indigenous Peoples (IPs) addressed?
    - How do indigenous peoples (IPs) participate in and benefit from the programme? Are indigenous peoples (their representative organizations, including traditional decision making structures) fully consulted in the LED Forum on development processes that affect them and do they participate freely [free prior informed consent (FPIC)]?
  - Are the planned programme objectives and outcomes relevant and realistic to the situation on the ground? Do they need to be adapted to specific (local, sectoral etc.) needs or conditions?
  - Is the intervention logic coherent and realistic? What needs to be adjusted? (refer to the programme logframe and, more in particular, to the district action plans)
    - Do outputs causally link to the intended outcomes (immediate objectives) that link to broader impact (development objective)? How plausible are the underlying causal hypothesis?
    - On which risks and assumptions does the programme logic build? How crucial are they for the success of the programme? How realistic is it that they do or not take place? How far can the programme control them?
    - How appropriate and useful are the evolving rolling indicators of the logical framework in assessing the project's progress? Are the targeted indicator values realistic and can they be tracked? If necessary, how should they be modified to be more useful? Are indicators gender-sensitive? Are the means of verification for the indicators appropriate?
    - What are the main strategic components of the programme? How do they contribute and logically link to the planned objectives? How well do they link to each other? What are the main means of action? Are they appropriate and effective to achieve the planned objectives?
    - Who are the partners of the programme? How strategic are partners in terms of mandate, influence, capacities and commitment?

## 2.2.1 Findings & Observations:

### (a) Inception Phase:

- The entry-point point for the project in both Districts for implementation of the inception phase was application of the ILO's six LED start-up steps in conjunction with LED sensitization training. These were implemented as follows:
  - **STEP 1, PUBLIC ORIENTATION MEETINGS:**
    - Dhanusha: Public orientation meetings were held on 26 September and 14 October 2007. The second meeting had a gender balance and included a substantive participatory brainstorming session on cultural and religious tourism development.
    - Ramechhap: The public orientation meetings were held on 31 August and 9 October 2007.
  - **STEP 2, PROMOTING THE LED FORUMS:** Stakeholder orientation and LED kick-start meetings were held in Dhanusha and Ramechhap on 26 and 28 November 2007 respectively during which stakeholders agreed to establish the LED Forums and brainstormed on sectors of the local economies with growth potential for further elaboration.
  - **STEP 3, DATA COLLECTION & ANALYSIS:** Using various approaches noted earlier, this step was on-going in both target Districts from August 2007 to April 2008. Information was collected by the project team and consultants. The role of the district LED stakeholders was mainly in providing information. A constraint for planning is the limited availability of current information in Nepal.
  - **STEPS 4 & 5, LED SENSITIZATION TRAINING & STRATEGY-MAKING:** The ILO's five LED sensitization training modules were translated into Nepali and the project document synopsis: staff were trained in January 2008 (and at intervals thereafter for new staff added). Training Modules one and two were delivered to the Ramechhap LED Forum 17-18 February 2008, and to the Dhanusha LED Forum 19-20 March 2008. Modules three-five including hands-on LED strategy making were delivered jointly to the Forums 28 April to 1 May 2009. Training in all five sensitization modules was delivered to the Project Advisory Committee (PAC) during 5-7 May 2008.
  - **STEP 6, IMPLEMENTATION:** This commenced in early May 2008 with limitations on implementation of infrastructure interventions due to the monsoon season followed by the main festival season such that three of the four large infrastructure projects did not get underway until December 2008.
- The project document timeline for the inception phase was three months. The actual timeline for the inception phase which essentially commenced end August/early September 2008 following recruitment of the two national project managers was eight months. The extended duration was due to the political upheavals including strikes and lockouts in large parts of the country. Moreover, the eastern Tarai including Janakpur was additionally affected by conflicts between the government and armed rebels. Even had a favourable operating situation prevailed, there were some shortcomings in the inception phase timeline design: for example,

the actual lead time on the project for recruiting national staff has averaged 4-5 months per position whereas the inception phase timeline for recruitment was just a few weeks.

- While it appears very professional and technically sound, feedback from the LED stakeholders and project team confirms that they found the project document difficult to absorb and understand compounded by similar difficulties with the ILO's sophisticated LED sensitization training package.
- During the inception phase, the stakeholders and project team used a combination of brainstorming events, Local Competitive Advantage (LOCA) exercises, partial growth and employment profiling, and other to provide LED stakeholders with an informed basis for initial LED strategies and quick-win entry points and that also addressed the consensus stakeholder key issues for both target districts of underemployment and exclusion. Skills and infrastructure studies originally proposed for the inception phase have been deferred by the project team to 2009 when stakeholders will be in position to use these to advance the LED programme (in the opinion of the team, they were less relevant to quick-win, entry-points). While the overall, gender situation in both districts has been documented. An expert gender analysis is also planned by the project for 2009 for similar LED stakeholder use.
- The confirmed effective outputs of the inception phase from early May 2008 are national and district stakeholders trained in LED sensitization, inclusive LED Forums established and functional, and consensus LED vision and goals for each target District. The less effective output in early May 2008 was the provisional list of LED activities to be implemented and provisional cost estimates assigned: with the benefit of hindsight the project team would have allocated more time to elaborate this list with stakeholders into the current evolving integrated action programmes supporting a revised project logical framework (this also in-progress during the evaluation). Because of budget delivery pressures following the slow start-up, implementation of some individual activities from the list commenced in May 2008 (these however have appropriately being housed within relevant integrated action programmes in the interim).
- The project has addressed inclusion (IPs, Dalits, etc) in three appropriate ways: (1) compilation of comprehensive geographic population distribution data including the highlighting of concentrations of ultimate LED beneficiary groups for informed targeting decision-making; (2) marginal and excluded institutional representation on the LED Forums and consequently participation in consensus decision-making including where and whom to target as regards ultimate LED beneficiary groups; and, (3) project beneficiary targeting using baselines, local asset user groups and other.

(b) Relevance of Programme Objectives & Outcomes:

- When the original logical framework was designed, objectives were flexibly pitched since it envisaged that these would subsequently be adjusted for the outcomes of the inception phase which is what currently now happening. As noted in Section 2.1.2 (project relevance and strategic fit conclusions), the project's revised development objectives are realistic and relevant to the current situation on the ground in both districts (and to Nepal in general).

(c) Intervention Logic:

- Beyond the project's evolving action programmes appearing to solidly support the revised project objectives, the evaluators are unable to comment on the coherence and reality of the revised logical framework as regards its outputs, indicators, means of verification, and risks

and assumptions since related revisions are work is in-progress: at that, there are no known standard log frame models, indicators, etc for LED programmes that the project team and stakeholders can refer to.

- With regard to assumptions, the obvious pre-condition for the project (and all other development programmes and projects) is that relative peace and stability continue to prevail in Nepal.
- The project team does not appear to have considered how the linkage between the immediate objectives and the development objective (outcome) will be practically achieved.
- The main means of action and strategic components of the project are the investment of the project's programme resources in the consensus action programmes of the LED Forums that are clearly linked to achievement of the project's revised immediate objectives. The linkage is summarized as follows:
  - Immediate Objective 1, *'Local stakeholders implement LED strategies aimed at job creation more effectively and inclusively, and contribute to LED policy-making'*:
    - The evolving joint action programmes for both districts are: (1) skills for effective LED management and upscaling; and, (2) information and tools for LED upscaling.
    - The 'skills for effective LED management and upscaling' action programme portfolio currently includes or is planned to include LED Forum member, MLD and PAC member various LED skills trainings and events locally and at the International Training Centre in Turin, training and facilitation of service delivery by LED promoters and others, LED gender strategy identification, support for LED Forum meetings, improvement of district management information systems, and other.
    - The 'information and tools for LED upscaling' action programme portfolio currently includes or is planned to include pilot sub-territory (VDC) LED outreach profiles, market and value chain research, planned strategic highway impact study and other including specifics such as district transport and urban, and improved skills development coordination in the case of Dhanuhsa.
  - Immediate Objective 2, *'District residents have better access to productive assets and (new) jobs'*:
  - Immediate Objective 3, *'Private enterprises are more competitive; create more jobs and local income'*:
    - Evolving action programmes supporting both of the above revised immediate objectives are complimentary and are the same for both target Districts except where noted: (1) food products value chains upgrading; (2) tourism value chains upgrading; (3) encouraging entrepreneurship and a culture of enterprise through LED radio programmes; and, (4) linking the environment, green jobs and the world of work (Dhanuhsa District).
    - Current common planned features of the food products value chains upgrading action programmes in both districts are enabling and facilitating private farm extension and vet services for farmers, and services for farmer group building and networking and connection of actors in food value chains; supporting productive asset investments in Dhanuhsa include irrigation and rural access roads; in Ramechhap, supportive productive asset investments are targeting rural access roads, micro-storage for cash crops and riverine fish pond construction.

- The tourism value chain upgrading programme in Ramechhap portfolio includes Homestay facilities upgrading and trail improvements, tidy village and upgrading schemes, skills training for Homestay management and women trekking guiding, cultural performances, promotional materials and media, and local tourism association capacity building including market linkages.
- The LED radio programmes are responsive to high levels of aid dependency and low levels of entrepreneurship in both districts.
- The green jobs action programme portfolio in Dhanusha includes watershed conservation, degraded community forest upgrading and green forest products enterprise, and incense stick value chain upgrading.
- Observations of the evaluators on the above evolving action programmes are:
  - As the action programmes and their portfolios are only evolving and since most implementation is being programmed for 2009, it is not possible to measure the effectiveness of the action programmes at this point.
  - Compared with the original long and disjointed list of activities developed by the LED Forums during LED strategy-making in April 2009, the project team is making good progress in responsively packaging these under action programmes that support the project's revised development objectives as well as GoN priority economic sectors (though as noted in Section 2.1, the project team should duly revisit the rationale for and structure of the action programmes with the LED Forum members to transfer ownership and understanding).
  - The evolving programmes appear complimentary and also appear to address the key local issues of quick-win and short- and medium-/long-term inclusive employment creation (through the combination of immediate jobs through employment-intensive infrastructure and medium-long term jobs through value chain upgrading/ entrepreneurship promotion).
  - The evolving action programmes are thoughtful as regards effectively targeting and addressing the need and situation of very poor and excluded beneficiaries (for example, irrigation and watershed action programmes target these beneficiaries for labour incomes during works, productive assets for use for socio-economic benefits, and skills development to secure MSE incomes through effective use of the productive assets).
  - The action programmes are creatively structured to assist the LED Forums to duly market their LED programme upscaling by taking advantage of emerging sectors of donor investment interest in Nepal in areas such as 'green jobs' and 'inclusive growth'.
  - There is a lack of consensus amongst the team that needs to be addressed (consider use of a radio specialist/communications specialist) on the content/messages of the in-progress pilot radio programmes in Dhanusha and how these are delivered.
- With the exception of some interventions where the opportunity for linkages was immediately available (such as watershed conservation and irrigation scheme), and because the project model is that of change, it was largely not possible to link the evolving action programmes and interventions with prevailing district annual plans due to the challenges noted in Section 2.1.1 (c) though also as noted in the same section, foundations are being laid and initiatives are planned to align district planning and LED in the future.
- The project's main implementing partners of the programme are the MLD and the two LED Forums. The MLD is the responsible ministry for decentralized local development and was the

logical choice of ministry partner for the ILO during project design. The MLD as well as local government and line agency members of the LED Forum largely wish to see the project institutionalized within the prevailing decentralized local government structure. The MLD is one of Nepal's largest and most influential development ministries but heavily focused on delivery of development support at the household and community level (and mobilization of vast related resources from donors) which may not be the appropriate mandate under which LED is replicated and upscaled. The EmpLED project is very tiny in the context of the MLD's budget and activities which are nationwide, while in advance of impact measurement and reporting (by which time the project will be nearing its conclusion), there may be limited opportunity to promote the LED model of change within the MLD and decentralized local government. That said, the evaluators observed a genuine interest on the part of LED Forums members in the LED process. The evaluators did not have the time to undertake a detailed evaluation of the capacities and commitment of individual LED Forum member organizations and institutions, and the relevance of their individual mandates and alignment with LED.

### **2.2.2 Conclusions:**

- The Project started effectively from September 2007 subsequent to the government approval and recruitment of District Project Managers. The inception phase originally stipulated to be of 3 month period dragged until April 2008. The delay is understandable. This is attributable to the political upheavals including strikes and lockouts in large parts of the country. The eastern Tarai including Janakpur was additionally affected by conflicts between the government and armed rebels.
- The evaluation team felt that there was a need to have a common understanding amongst the project team members of the underlying focus of the project, and also assess how the activities and actions programs lead to the project's objectives and goals.
- There is a need to adjust and tighten the Logical Framework of the Project so that the outputs and activities relate better to growth/private sector development and creation of decent jobs. Such readjustments would result in different outputs that are strategically linked to achieve the development objectives. This would enhance greater effectiveness and lead to undertaking of action programs that are strategically linked. At the time of the evaluation, CTA and his team were in the process of defining the amendments to be made in the logical framework.
- In the opinion of the evaluators, the evolving revised project logical framework appears likely to emerge as a product that is both logical and coherent. There is flexibility within the logical framework to expand upon issues related to components of decent work as well as improving the local business environment within the LED policy-making immediate objective: insofar as it may be relevant, the important business environment component of LED has limited coverage within the project to date.
- Feedback from the project team and observations of the evaluators suggest that emerging lessons to be learnt for the design of future LED projects in Nepal include the following:
  - In the context of Nepal, LED promotes a dynamic model of change based on using assets and opportunities to create key competitive advantages for growth, whereas the original project design approach was based on the old development paradigm of responding to needs and deficiencies (in the case of EmpLED focusing on specific needs and deficiencies in the sectors of infrastructure, skills and enterprise). Ideally, and towards assisting incoming project teams to gain early momentum, specific opportunities for growth and possible integrated responses as well as potential LED

Forum stakeholders and their outline capacity building challenges would be explored in outline during project design with local participants for subsequent early elaboration by stakeholders and the project team leading to those quick-win interventions supporting growth and competitive advantages and tangible benefits of the peace dividend that Nepal needs. With limited local absorption capacities in Nepal and a difficult operating situation, Nepal needs a simple introduction to LED flowed by a gradual advancement of LED (including the type detailed studies proposed in EmpLED inception phase) in tandem with stakeholder capacity development. Appropriate LED manuals, training and start-up and process development should be made available to support this approach.

- In addition to the criteria used for selecting the project target districts, the management, staffing and programme implications of effectively servicing two non-adjointing districts need to be pre-evaluated, particularly in the case of Ramechhap district with limited and at times difficult motorable road access. Adjoining district selections for EmpLED would have facilitated easier management servicing (and by one field office instead of two) as well as more opportunities for inter-district LED linkages and cooperation. Had Ramechhap been paired with neighbouring Dolakha District for example, the Jiri-Dharapani road upgrading project (the only access road into north Ramechhap via Jiri in Dolakha) could have been developed via mutual inter-district cooperation project model instead of Ramechhap having to fund the project fully from its LED resources. Tourism value upgrading synergies could also have been exploited. Similarly, had neighbouring Sindhuli District been selected with Dhanuhsa, a more effective inter-district watershed conservation intervention could have been planned to prevent seasonal flooding as many seasonal rivers flow from Sindhuli into Dhanuhsa. For geographic selections, the traditional peace building component of the project (employment) might also ideally have been elaborated to explore themes such as more north-south cooperation and business linkages.
- Project staffing should be more flexible and responsive to actual needs arising from consensus integrated action programmes supporting growth and the building of key competitive advantages emerging through the inception phase and beyond. Under the original project design, staffing needs were already pre-determined in advance of the inception phase on the basis of ILO sectoral approaches to LED in infrastructure, skills and enterprise development.
- LED inception/start-up timelines should reflect the realities of lead times needed for organizational recruitment and procurement processes to conclude, data collection and analysis to get started and availability of information, and so forth. To promote ownership and active engagement, LED stakeholders should be directly involved from the earliest opportunity in data collection and analysis supporting the informed identification of LED strategies and design of action programmes.

### **2.2.3 Recommendations:**

- Adjust the project logical framework so that the outputs are strategically linked to achieve the project objectives assigning activities (and indicators) that reinforce ILO's core values such as decent work, social protection and gender.
- Ensure that the infrastructure works are part of the value chain in support of market/product development as against stand-alone projects.
- The revision of the original project logical framework (in-progress by the team), should distinguish itself from other development approaches, particularly to allow the outputs and

activities to better relate to inclusive growth and employment creation. Such adjustments would result in different outputs that are strategically linked to achieve the development objectives and enhance their effectiveness. It would also lead to better undertaking of the action programmes that are strategically linked to achieve the intended development objectives, in turn enhancing the effectiveness and understanding of the action plans. In this context, the logical framework revision might ideally include the identification/development/adaption, and insofar as possible during the EmpLED project, introduction of those action programme /intervention design, and results measurement and reporting standards that will plausibly set the LED model and the EmpLED project apart and are consistent with a 'model of change'.

- To appropriately link the revised immediate objectives of the project to the development objective (i.e. the desired outcome), translate the model of change that the project promotes into various systemic changes of behavior required of local development practitioners/policy-makers and beneficiaries: specific systemic changes arising within individual or common to action programmes should then be elaborated/defined by the project team and local stakeholders, as well as how such changes of behavior will evolve in practice (results measurement/reporting, LED policy-making, training and so forth).
- Develop simple new LED training materials/manuals and tools suitable for least-developed country situations like Nepal, and supportive of efficient quicker start-up and gradual advancement of LED processes while promoting the LED model-of-change and local ownership.
- Contribute to making LED project design more effective from the outset by focusing on positives (assets and opportunities) and realistic start-up and gradual advancement timelines: do as much planning during design as possible to facilitate early start-up momentum for the incoming project team. Consider initial LED Forums with smaller numbers of decision-making stakeholders (relevant to start-up quick-win intervention focus/scope) with gradual subsequent expansion.

## 2.3 EFFECTIVENESS

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- The 'effectiveness' evaluation criterion establishes: (1) the extent to which the project's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance; and, (2) the extent to which management capacities and arrangements put in place supports the achievement of results.
- The issues the evaluation team were asked to address under 'effectiveness' as per the terms of reference included:
  - As relevant to project progress to date:
    - Level and quality of realized/targeted project outputs: What kind of the tools have been developed to help achieve the Project's targets? To what extent is the project reaching the target group, in particular women, youth and indigenous peoples? What signs are there of emerging impact of the implemented activities on poverty reduction? What outputs have not been implemented and the implementation progress? What products and approaches do not show signs of early impact?



- Technical supports and capacity building undertaken at national and district level: To what extent have LED Forum and other stakeholders increased their understanding and capacities for employment-intensive infrastructure development and MSE promotion for poverty reduction?
- Products and approaches: What type of products and new approaches has been developed, partnerships and networks established and maintained, and to what extent have inter-linkages been established with other donor-funded projects? How has the “integrated approach” been used by implementation of the project.
- Are there any additional achievements of the project over and above what was foreseen in the project document? If so, do these achievements reflect the strategic areas of the project, or the strategic partnerships?

### **2.3.1 Findings & Observations:**

#### (a) Level & Quality of Project Outputs:

- As action programmes are emerging and most implementation will take place during 2009, results have not yet been realized related progress measurement against expected results is not possible. The quality of revised logical framework indicators can only be duly evaluated against the plausible action programme design tools and results indicators standards that are adopted by the project team during the project logical framework revision and for action programme/intervention design as noted in the section of ‘validity of design’: in this regard, and of relevance to LED practitioners, interesting emerging standards are under development by the DCED.
- The project appears to be ably reaching ultimate project LED beneficiary groups in rural areas, but to date and less so, youth in the Janakpur urban setting. At the same time, there has been a mass exodus of rural and urban youth to major urban centres and to popular foreign employment locations for Nepalis. Training institutions in Janakpur met by the evaluation team confirmed that once in possession of skills qualifications that local youth immediately seek foreign employment opportunities which are exploited by local manpower agents and money lenders. SME industry entrepreneurs also interviewed by the evaluation team in Janakpur expressed a current reluctance to recruit local apprentices as these inevitably seek more lucrative overseas employment following employer investment in skills development (and so the current practice is to hire skilled and semi-skilled labour from across the border in India – Nepalis can more easily obtain foreign employment visa whereas Indians cannot).

#### (b) Technical Supports & Capacity Building:

- In addition to completion of LED sensitization training, selective Forum members have implementing partners have received infrastructure intervention training in good labour practices and project management, and the Nepal green road concept. In the context of promoting systemic changes leading to effective LED policy-making, the project has not yet reached that point with stakeholders on their understanding and capacities for increasing investments in employment-intensive infrastructure development and MSE promotion incorporating for poverty reduction, and the impact of integrating these within focused action programmes.
- Promoting systemic change in the way infrastructure investments are planned and programmed needs to be sensitively and cautiously approached by the project because of the

large leakage of resources and related vested interests in Nepal, especially in road construction. The appropriate time for promoting more permanent change is later in the project when there is justification for conducting a broader study into past investment outputs and practices for the purposes of comparison with project results and approaches, thus promoting a basis for follow-up action by the LED Forum (policy-making).

- The observations of the evaluation team are that while a nucleus of members of the LED Forums in both districts appreciates that the LED approach is dynamic and interesting, these and other Forum members appear to still lack a solid grasp of LED.
- The evaluators confirmed from the project team that there has been regular backstopping of the project on site and from distance, particularly by the ILO LED Programme at headquarters in Geneva, the EIIP programme at ILO ROAP in Bangkok, and the OSH, gender and skills development technical backstops at the ILO SRO, Delhi.

(c) Products & Approaches:

- Target value chains were selected by the LED Forum stakeholders based on economic sectors and activities that have existing/potential competitive advantages from which key competitive advantages could be built. Key entry points were selected by the LED Forums based on various informed means such as LOCA exercises (mini-value chain and support sector rapid appraisal), and other. Integrated action programmes were then designed with portfolios of relevant support interventions such as associated infrastructure and business services/skills. As the Forums had limited involvement in the structuring of action programmes, and as noted earlier in the report, this and the rationale for the programmes needs to be revisited with the stakeholders by the project team as part of capacity building and ownership transfer.
- The entry-point approach was to focus on business sectors (such as food products) and support interventions that were unlikely to fail and that addressed the key local issues of inclusive growth and employment creation. Associated infrastructure interventions have provided the Project with such responsive action programme entry-points to date.
- A key to improved local development planning and investments is greater participatory involvement of target population groups in the VDCs. Together with LED stakeholders, the Project is piloting an initiative in both districts to better focus planning with more economic sensibility. LED promoters from the Districts have been trained by the project to compile VDC economic cluster profiles and responsive interventions. In the case of infrastructure, the promoters and stakeholders are using the IRAP tool to prioritize local infrastructure investments. The profiles and projects can duly assist local development planners to include relevant projects in annual development plans.
- Findings and recommendations relating to partnerships, networks and inter-linkages with other donor-funded projects are presented in Sections 2.1.1 (g) and 2.1.3 on Project relevance and strategic fit.
- The Project's emerging action programmes appear diverse, responsive and well-structured: again as noted earlier, it is the standards to be duly adapted as regards rationale for design structure, indicators and results measurement and reporting that will set these integrate action programmes apart from others.

(d) Management Capacities & Arrangements:

- Fully-equipped field offices have been established at the district headquarters in Janakpur (Dhanuhsa) and Manthali (Ramechhap), and since late 2007, the project team has forged a logistics link between Dhanuhsa and Ramechhap without having to travel via Kathmandu, thus saving time and costs. Base in Janakpur, the CTA divides his time between the two field offices and project matters in Kathmandu. Each field office has a district project and infrastructure technical officer. The enterprise development and database and monitoring technical officers based in Janakpur divide their time between the two district programmes, as will the skills development technical officer who will be based in Ramechhap from January 2009. In addition to one driver in each field location, the project team includes project administration-finance assistants in each of Janakpur and Kathmandu.
- The project team appears delicately staffed to effectively manage the large emerging portfolio of LED activities (the team estimates that there will about 150 LED activities to be managed during 2009), and is also currently stretched to capacity.
- The CTA has developed comprehensive work planning and delivery rate management tools for the team including detailed master work plan linked to action programmes and development objectives, and detailed monthly cash flow forecasts for all budget lines. These need to be transformed by the project team into individual work plans as relevant.
- Because of constant time pressure over the past few months to load the programmes and activities into firm budgetary commitments and expenditure while retaining quality control, the pace of production has somewhat overtaken the project team's understanding of the underlying focus of the project and its action programmes, and as previously noted, the ownership and understanding of the LED Forum members. These need to be studied/addressed by the CTA and the project team.
- Other important Project management issues needed to be studied/addressed are included in the conclusions section below.

**2.3.2 Conclusions:**

- It is likely that the Project results and financial delivery will be constrained by staff-time as and when action programmes come into stream. Further, the CTA's current contract expires end of December 2008. These may have implications of the timely delivery. The incumbent officials have been undertaking multiple roles ranging from action program planning, designing, contracting, monitoring and validating. Staff time could be a limiting factor in the delivery of the project results. It might be worthwhile to look into outsourcing certain functions to NGOs and/or consulting firms especially for matters relating to monitoring and conducting/managing training programs.
- The evaluation team feels that ILO's technical assistance, particularly in relation to CTA's services, ought to continue for a period of six months in light of the fact that the concept of LED is just beginning to crystallize and there is still a need to take it to a strategic level. However, efforts over the next six months should also focus on transferring management responsibilities both within the team and to the relevant local partners. In this regard, possibilities of "funds flow" through District Development Fund (DDF) should also be explored.
- Other Project management issues such as the following that need to be further studied and addressed:

- Delegation of authority from Country Office to CTA and onward to Programme Managers and below on areas such as program funding approval, travel approval, leave approval, petty cash handling, etc.
- Staff training.
- Internal communication (within the project and upward with the Country Office).
- Excessive delays in processing of payments.

### 2.3.3 Recommendations:

- Extend CTA's contract for an additional six months during which time he will focus on capacity building of national project staff and concurrently transfer project management responsibilities to them.
- Undertake a management review of the Project as a matter of priority to assess and address the points made in the conclusions section above.
- The Project should outsource certain project activities (such as surveys and designs, conducting trainings, value chain upgrading, etc). This not only relieves staff members to concentrate on quality assurance but also builds capacities of private sector service providers/professional organizations.

## 2.4 EFFICIENCY

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- The 'efficiency' evaluation criterion measures how economically resources/inputs (funds, expertise, time, etc) are converted into results.
- The issues the evaluation team were asked to address under 'efficiency' as per the terms of reference as relevant to project progress to date are as follows:
  - The project's *efficiency* in terms of management and capacity building: How efficient has the project budget been used on outputs and activities in comparison with what has been laid out in the project document? How efficient has the project been managed, in terms of project information, communication, cooperation, coordination and financial arrangements within the project and with the national and provincial stakeholders, communication between the stakeholders of the project? How has the project acted on the responsibility for implementation and project ownership to date?
  - To what extent have international and national consultants contributed to the technical support of the project?
  - Has the project created or used opportunities for more programme-based approaches and for harmonized management principles within other development partners?
  - Should the project seek additional resources for expansion as per potential opportunities available, and if so, what approach should be followed?
  - Should there be any major change in focus, approach, partnerships or implementation strategy? Is the approach building on the comparative advantages of ILO and MLD?

### 2.4.1 Findings & Observations:

#### (a) Management & Capacity Building:

- Management and team/stakeholder capacity building and ownership shortcomings to be addressed are covered in the previous sections of Chapter 2.
- The project team confirms that the action programmes resources laid out in the original budget of US\$ 1.35 million are intact and are being programmed as follows:
  - Immediate Objective 1, '*Local stakeholders implement LED strategies aimed at job creation more effectively and inclusively, and contribute to LED policy-making*':
    - Action programme for effective LED management and upscaling US\$372,000 (28%)
    - Action programme for information and tools for LED upscaling US\$69,000 (5%).
  - Immediate Objective 2, '*District residents have better access to productive assets and (new) jobs*':
  - Immediate Objective 3, '*Private enterprises are more competitive; create more jobs and local income*':
    - Food products value chains upgrading Dhanuhsa action programme US\$245,000 (18%), including US\$153,000 in associated infrastructure.
    - Food products value chains upgrading Ramechhap action programme US\$ 336,000 (25%), including US\$286,000 in associated infrastructure.
    - Religious and cultural tourism value chain upgrading action programme Dhanuhsa US\$36,000 (3%).
    - Mountain and cultural tourism value chain upgrading action programme Ramechhap US\$137,000 (10%), including US\$40,000 in associated infrastructure.
    - Green jobs action programme Dhanuhsa US\$130,000 (9%), including US\$100,000 in associated infrastructure.
    - LED radio programmes in both Districts US\$25,000 (2%).
- The mix of the above resource allocation of 35% for capacity building and 65% for demonstration growth and jobs action programmes appears appropriate. It is not possible comment on the efficiency of itemized programme budget investments and outputs since the action programmes have not been concluded. The Project may duly establish various useful indicator and cost standards for the ILO: the elements of baseline costs should be considered in the light for example of emerging DCED standards where all project costs (programme inputs, staff and running costs) are used in making calculations.
- The project team anticipates cumulative expenditure delivery of about 30% of the total budget of US\$3.0 million by the end of 2008: the target cumulative expenditure delivery to end 2009 is at least 90%.
- The project team was making a good effort to keep stakeholders and ILO technical backstoppers informed on progress and issues through publication during May to July 2008 of the 'Nepal LED Diary' but was unable to continue this publication in the interim due to excessive budget delivery and programming contracting pressures. There is a progressive flow of information to the local LED Forums via the regular LED Forum meetings and other informal

contact, but less so to the MLD and PAC. The Project does not have a communication strategy. The project has acted responsibly to date on implementation but the LED Forum stakeholders will shortly greater ownership of monitoring, the plans for which also need to be developed.

(b) Use of Consultants:

- No international consultants have been used to date but the Project has related work plans for 2009. Local consultants have been successfully used to date on initial data collection during the inception phase including LOCA exercises and animal products value chain study, Ramechhap tourism products identification, and training and backstopping of LED Promoters. As noted in Section 2.4, there is a need to look at outsourcing some project activities to reduce the project team's workload.

(c) Programme-Based Approaches:

- The Project's evolving programmes can duly be replicated and upscaled, and also duly structured to accommodate harmonized management principles within other development partners as relevant.

(e) Expansion Relevance & Approach:

- The LED process could begin to stall in both Districts during the period from November 2009, the point at which the project's activities and budget resources allocation should be largely completed, and also the commencement of that primary annual period of about 7-8 months for implementation of most LED-type interventions, especially infrastructure and food products.
- It would be prudent for the Project and the project stakeholders to consider the next steps during the first half of 2009, and for the ILO to clarify/explore with the GoN, the next steps for LED in Nepal, action programmes, resources and institutional frameworks and other relevant matters.

(f) Focus, Approach, Partnerships & Implementation Strategy:

- No major overall changes in focus and approach appear to be required at this point. Issues regarding partnerships and implementation strategy can be duly addressed. As noted earlier in the report, the LED does build on comparative advantages of the ILO, and certainly for the MLD towards improving its delivery efficiency and impact in local development planning and investments. The comparative advantage of the MLD as the focal point home for LED in Nepal needs to be further studied.

#### **2.4.2 Conclusions:**

- The Project's substantive work on the ground started from May 2008 after the completion of the Inception Phase (which concentrated on office establishment, technical studies, the formation of LED Forums and defining of priority action programs). The Project now has a substantial number of approved and soon-to-be-approved action projects in its portfolio and will operate at full steam. The time has come to put the actions programs into work and deliver substantive results. The funds are more or less fully programmed and earmarked. The project funding level should be at least maintained.

- There is a need for the Project to have a communication strategy that enables the project to reach out to different audience groups such as the general public, stakeholders, other development partners, Country Office, etc. The type and nature of information and the modality for disseminating these information vary according to the target groups. The strategy would also facilitate feedbacks to the project.

#### **2.4.3 Recommendations:**

- Ensure that the funds are available for action programs that have already been programmed and earmarked: the project's resources should be at least maintained at the existing funding level.
- Engage competent consultants/consultancy firms to develop and operationalize a communication strategy.

## **2.5 SUSTAINABILITY**

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- The 'sustainability' evaluation criterion measures the impact orientation and sustainability of the project as regards: (1) the strategic orientation of the project towards making a significant contribution to broader, long-term, sustainable development changes; and, (2) the likelihood that the results of the project are durable and can be maintained or even scaled-up and replicated by project partners after major assistance has been completed.
- The issues the evaluation team were asked to address under 'sustainability' as per the terms of reference are as follows:
  - How has the project started preparing for handover to legalized/operational LED Forums?
  - What crucial issues from the project document remain to be addressed and what plans are in place for this?
  - Is further capacity building of national and district stakeholders required, and if so, what are the priorities to be addressed?
  - Which strategies have been/are being developed to sustain project outcomes?

#### **2.5.1 Findings & Observations:**

##### *(a) Project Handover Preparations:*

- While the LED Forums are operational, the institutional framework needs to be further studied and handover subsequently complimented by additional responsive capacity building of the LED Forums.

##### *(b) Project Document Crucial Issues to be Addressed:*

- The project will complete outstanding studies from the inception phase at appropriate points during the course of 2009: the remaining crucial issue to be addressed from the project document is the project's exit strategy.

(c) Further Stakeholder Capacity Building:

- Observations of the evaluation team, feedback from the Forums, and discussions with the CTA point to the following additional stakeholder capacity building needs during the course of 2009:
  - In conjunction with the project team, and towards improving the project team's understanding of the underlying focus of LED and the Project's action programmes, identify/adapt appropriate action programme/intervention structure, indicators and results measurement and reporting standards for the Projects programme portfolio, and transfer related capacities to the stakeholders.
  - Assist the LED Forum stakeholders to measure and report on results of the Project, and to develop the post-project results measurement and reporting plan.
  - Following a study of appropriate institutional frameworks, focus and operational modalities, assist the national and local stakeholders to establish these in the districts.
  - Facilitate LEF Forum selection of gender and communication strategies.
  - Local consultant/service provider capacities development, contracting and outputs for informed decision-making on new LED strategies and action programmes.
  - Assist the LED Forums and national stakeholders to identify/develop new/enhanced LED strategies and action programmes, and related resource mobilization including alignment with district development planning.
  - Assist the LED Forums in responsive policy-making supporting the systemic changes needed for sustained inclusive growth and employment creation.

(d) Project Outcomes Sustainability Strategies:

- The development of strategies to sustain project outcomes will duly be a product of the following:
  - Credible measurement and reporting of results including systemic change to appropriate standards.
  - Functional LED Forum operational frameworks and work process.
  - New/enhanced action programmes and related funding.
  - LED policy-making supporting employment-intensive and inclusive growth.
  - Appropriate central government anchor for the LED process.
  - Simplified tools for expanding the LED process to other parts of Nepal.

## **2.5.2 Conclusions:**

- The institutional modality that has been adopted to operationalize the concept of local economic development (LED) is the "LED Forum" convened by the chair of the DDC and with members comprising of representatives from government line agencies, private sector and civil society organizations. The Forum lends an environment for public-private-civil society partnership for economic growth and employment creation.



- The Forum until the present time has been “project-led” and the decisions made therein are left to the Project to be executed. Although the concept of LED and the relevance of LED Forum have been deemed to be relevant and effective, care must be taken to ensure that the LED Forum does not evolve to become an executing body. How the LED Forum ought to evolve in the future in terms of its structure, scope of work and management is to be further explored.
- ILO technical studies are also needed to assess how the core values of the ILO decent work agenda including social protection and gender may be further mainstreamed.
- The overwhelming sustainability issue for donors on LED-type programmes is the credible measurement and reporting of results including systemic changes, for which there are emerging DCED standards that the project team and ILO can consider.
- Equipped with the standards and simplified tools, LED Forum frameworks and central anchor, in the opinion of the evaluation team, the project can make a significant contribution to broader, long-term, sustainable development changes in Nepal through credible results which will attract new upscaling resources for a variety of available sources.

### **2.5.3 Recommendations:**

- Commission an expert study on how the LED Forums ought to evolve in the future in terms of its structure, scope of work and management is to be further explored.
- Develop a specific responsive exit strategy including related stakeholder capacity building.
- Place the strongest possible emphasis on adopting/adapting standards for quality programme structuring, indicators, and results measurement and reporting.

## **Terms of Reference**

### **1. INTRODUCTION & RATIONALE FOR EVALUATION**

The International Labour Organization (ILO) Office in Nepal is assisting the Ministry of Local Development (MLD) and local partners to implement the above project in Dhanusha and Ramechhap Districts of Nepal. The project, designed in 2006/2007, is a response to the request of the Government of Nepal to enhance peace and stability through an economic development approach that would bring local actors together and reconstruct the Nepal economy. The ILO's approach to Local Economic Development (LED) was adopted as a means to achieve this goal. The focus of the project is on two Districts (Dhanusha and Ramechhap).

The project started in May 2007 and will end on 30 April 2010. A mid term review or evaluation is called for as stipulated in the project document. The Ministry of Local Development is keen to establish the progress and the perspectives of the project with a view to adopting good practices for other District-level initiatives. The ILO and project funding agency (donor) wishes to assess the efficiency of the project with a view to relocating project funds and to adjust the project implementation strategy to better achieve the intended outcomes. The ILO is also interested in assessing the project's contribution to the implementation of the ILO-Nepal Decent Work Country Programme.

The mid term evaluation will address these issues and engage the Ministry and other project partners in a joint review which will not only produce realistic recommendations but also increase local ownership and alignment with the Governments own development policies and related programmes.

These Terms of Reference serve as a guide for all those involved in the evaluation. They also describe the tasks to be undertaken by the two main external consultants engaged by the ILO for the purpose of the evaluation. A list of Annexes is included with more details on specific components of the project and the evaluation.

### **2. BRIEF BACKGROUND ON PROJECT & CONTEXT**

#### **2.1 Brief Project Progress Summary:**

Following a ten-month partially-completed inception phase during an extended period of difficult local and national operating conditions, two LED Forums are established and operational in each District consisting of representatives of key public, private and civil society organizations. Having identified consensus initial LED strategies, the District LED Forums are now implementing a range of LED action programmes in support of their strategies mainly using mostly local implementing partners. At the national level, guidance is provided by a Project Advisory Committee (PAC). LED is also an important component of ILO's Decent Country Work Programme (DWCP) contributing to the DWCP outcome of increasing the availability of productive employment opportunities for needy groups in targeted areas (see 2.2 below). The LED Forums meet regularly (monthly), while the PAC has met twice since the project commenced. The operating conditions for development assistance programming have improved significantly since the April 2008 Constituent Assembly elections.

**KEY PROJECT CHARACTERISTICS:**

- Project formulation: Jointly by local stakeholders and ILO 2006-07.
- Period of implementation: May 2007 – April 2010:
- Start-Up Phase: July 2007 – May 2008 (included introductory events, studies, LED sensitization training and LED strategy-making for LED Forums and PAC).
- Action Programme Design & Implementation Phase: From May 2008 executed jointly by LED Forums and ILO.
- Participating Districts: Dhanusha (lowlands – ‘Tarai’) and Ramechhap (hills).
- Project Support Structure:
  - 1# international Chief Technical Advisory (start date 1.7.07; end date 31.12.08).
  - 2# National District Managers (effective start dates 1.9.07)
  - 2# Employment Intensive Infrastructure Development Technical Officers – 1# in each District (effective starting dates 1.6.08).
  - 1# Enterprise Development Technical Officer (effective starting dates 1.11.07).
  - 1# Skills Development Officer (will commence 2.1.09)
  - 1# Development Communications Officer (post advertisement in July 2008 but no appropriately relevant applications received; not readvertised to date).
  - 1# Database and Monitoring Officer (effective recruitment date 1.6.08).
  - 2# Project Assistants – one each in Kathmandu and Janakpur (effective starting dates 1.11.07)
  - 2# Drivers (effective start dates 1.7.07).
  - Two field offices in Janakpur (Dhanusha) and Manthali (Ramechhap).
- Project budget: US\$ 3.0 million.

**2.2 Decent Country Work Programme:**

The EmPLED project contributes to Outcome #3 of the Nepal DWCP “Increased availability of productive employment opportunities for needy groups in targeted areas” as follows:

- Output 3.1.1: Inclusive LED Fora established and operationalized in targeted areas.
- Output 3.1..2: Local development action plans designed, agreed and implemented by inclusive LED Fora
- Output 3.2.1: Productive infrastructure created and maintained, optimizing the use of labour based technologies.
- Output 3.2.2: Labour market responsive skill training demonstrated, leading to increased employability (possibly).
- Output 3.2.3: Capacity of potential and existing entrepreneurs enhanced to start and expand viable enterprises.

**2.3 District LED Goals, Strategies & Action Programmes:**

The Dhanusha and Ramechhap District LED goals and strategies are similar and are summarized as follows:

<b>GOALS</b>	<b>STRATEGIES</b>
<p><b>GOAL #1:</b> “Local stakeholders are planning and implementing pro-poor and inclusive LED strategies”</p>	<p><b>STRATEGY #1:</b> “Strengthen LED capacities and outreach for inclusive and pro-poor planning and implementation of LED action programmes and activities”</p>
<p><b>GOAL #2:</b> “Women and men in the targeted communities effectively engaged in, and benefiting from, decent and productive local employment and economic development opportunities”</p>	<p><b>STRATEGY #2:</b> “Demonstrate integrated LED for the creation of pro-poor and inclusive productive employment and economic opportunities”</p>

### 3. PURPOSE, SCOPE & CLIENTS OF EVALUATION

#### 3.1 Purpose:

The project document requires a self-evaluation after 12 months and a mid-term evaluation after 18 months. As the project has been operational for less than 12 months with a full staff compliment, the self-evaluation process will appropriately be conducted as part of the mid-term evaluation.

The mid-term evaluation is meant to (i) assess progress made on the implementation towards realization of target District, project and DWCP objectives and outputs; (ii) adjust the programme management and implementation strategy according to the evaluation recommendations including as relevant, guidance/comments on the project's exit strategy; and, (iii) strengthen the organisational learning by sharing lessons learnt and good practices that emerged from the evaluation findings.

#### 3.2 Scope:

The present evaluation is to review progress made in the implementation of the programme. The immediate objectives should be looked at to measure progress made towards achieving impact after a one-and-a-half year of implementation.

The evaluation will revisit the initial programme design, examine the planning process and agreed implementation strategies in each District and adjustments, the institutional arrangements and partnerships, all this with due account of the constantly and rapidly changing national and local situations. The evaluation should yield a contextualized analysis of the initial response and later adjustments deployed by the programme, the effectiveness of these adjustments, and factors affecting the effectiveness of the implementation and its adjustments. It should also spell out concrete recommendations on needed adjustments for improving implementation over the remaining project period.

The mid-term evaluation is not intended to systematically measure the impact of the interventions, as the project has not yet operated long enough to generate sustainable results. At best, anecdotic evidence of emerging signs of impact may be identified. Thus, the evaluation will include a reflection about the strategic fit, role and approach of EmPLED. This would help the project establish effective partnerships and sharpen its focus in the dissemination and advocacy strategy for the remainder of the implementation period.

From consultations with the project partners (LED Forums and PAC) it appeared that they would like to obtain a better understanding about the *effectiveness* of the project strategies and partnerships, the *efficiency* of the use of inputs for the expected outputs, and the *relevance* of the integrated approach in the changing social and economic context of Nepal. In terms of *sustainability* the evaluation will focus on the institutional dimension of the project (working through LED Forums) and the current and expected capacity to plan, implement and monitor LED initiatives.

The evaluation will also evaluate the project's existing and potential contributions to the relevant DWCP outcomes and make any relevant recommendations thereon.

In summary, the main expected outputs of the evaluation are:

- (1) An up-dated project management structure and implementation strategy for enabling stakeholder transition from EmPLED project support to expanded self-sustaining programming and capacity building;
- (2) A set of recommendations on how the EmPLED project can enhance contributions to the District LED and DWCP outcomes and outputs during the remaining project life.

### 3.3 Clients:

The intended users of the evaluation results are the member of the PAC, the LED Forums, ILO Office in Nepal, ILO SRO Delhi, ILO ROAP Bangkok, ILO Geneva and the Netherlands International Cooperation as well as other relevant partners in Nepal. (TC Manual, page 19 – included in list of documents in Annex I):

## 4. SUGGESTED ANALYTHICAL FRAMEWORK (ISSUES TO BE ADDRESSED)

The evaluation is guided by the ILO's Technical Cooperation Manual and the policies and procedures established therein (see Chapter 7 of the manual - included in list of documentation in Annex 1, including – see Section starting Page 17 for key guiding questions. Based on development objectives, outputs and activities specified in the EmPLED project document, the mid term evaluation will include, but not be limited to, the following issues:

### I. Relevance and strategic fit

1. Does the programme continue to address a relevant need and decent work deficit? Are the needs assessed at the inception phase of the project still relevant? Have new and/or more relevant needs emerged that the project should address?
2. To what extent have the recipient stakeholders taken ownership of the project concept and approach since the inception phase?
3. How does the project align with and support national and district development plans (relevant documents listed in Annex I)?
4. How does the programme align with and support ILO's strategies embedded in the DWCP (relevant documents listed in Annex I)?
5. How well does the programme complement and fit with other ILO programmes in the country?
6. How well does the programme complement and link to activities of UN and non-UN donors at local level?
7. How well does the project compliment the UNDAF (relevant documents listed in Annex I)?

### II. Validity of design

1. What was the starting point of the programme at the beginning of the inception phase? How and how effective was the inception phase carried out? Was a gender analysis included? To what extent were the interests and needs of Indigenous Peoples (IPs) addressed?
2. Are the planned programme objectives and outcomes relevant and realistic to the situation on the ground? Do they need to be adapted to specific (local, sectoral etc.) needs or conditions?
3. Is the intervention logic coherent and realistic? What needs to be adjusted? (refer to the programme logframe and, more in particular, to the district action plans)
  - a. Do outputs causally link to the intended outcomes (immediate objectives) that link to broader impact (development objective)? How plausible are the underlying causal hypothesis?
  - b. What are the main strategic components of the programme? How do they contribute and logically link to the planned objectives? How well do they link to each other?
  - c. Who are the partners of the programme? How strategic are partners in terms of mandate, influence, capacities and commitment? How do organizations of IPs participate and benefit from the programme?
  - d. What are the main means of action? Are they appropriate and effective to achieve the planned objectives?
  - e. On which risks and assumptions does the programme logic build? How crucial are they for the success of the programme? How realistic is it that they do or not take place? How far can the programme control them?
4. How appropriate and useful are the evolving rolling indicators of the logical framework in assessing the project's progress? Are the targeted indicator values realistic and can they be tracked? If necessary, how should they be modified to be more useful? Are indicators gender-sensitive? Are the means of verification for the indicators appropriate?

### III. Effectiveness

As relevant to project progress to date:

- Technical supports and capacity building undertaken at national and district level.
- Level and quality of realized/targeted project outputs
- What kind of the tools have been developed to help achieve the Project's targets
- What type of products and new approaches has been developed, partnerships and networks have been established and maintained, and to what extent have Inter-linkages been established with other donor-funded projects.
- To what extent is the project reaching the target group, in particular women, youth and ethnic minorities
- To what extent have LED Forum and other stakeholders increased their understanding and capacities for employment-intensive infrastructure development and MSE promotion for poverty reduction.
- How has the "integrated approach" been used by implementation of the project.
- What are signs of emerging impact of the implemented activities on poverty reduction
- What outputs have not been implemented and the implementation progress.
- What products and approaches do not show signs of early impact

Are there any additional achievements of the project over and above what was foreseen in the project document? If so, do these achievements reflect the strategic areas of the project, or the strategic partnerships?

### IV. Efficiency

As relevant to project progress to date:

1. What is the project's *efficiency* in terms of management and capacity building
2. How efficient has the project budget been used on outputs and activities in comparison with what has been laid out in the project document
3. How efficient has the project been managed, in terms of project information, communication, cooperation, coordination and financial arrangements within the project and with the national and provincial stakeholders, communication between the stakeholders of the project
4. To what extent have international and national consultants contributed to the technical support of the project?
5. How has the project acted on the responsibility for implementation and project ownership to date?
6. Has the project created or used opportunities for more programme-based approaches and for harmonized management principles within other development partners?
7. Should the project seek additional resources for expansion as per potential opportunities available, and if so, what approach should be followed?
8. Should there be any major change in focus, approach, partnerships or implementation strategy? Is the approach building on the comparative advantages of ILO and MLD?

### V. Sustainability

1. How has the project started preparing for handover to legalized/operational LED Forums?
2. What crucial issues from the project document remain to be addressed and what plans are in place for this?
3. Is further capacity building of national and district stakeholders required, and if so, what are the priorities to be addressed?
4. What should be the role of ILO for the remainder of the project including contributions to the DWCP outputs and outcomes?

## 4. MAIN OUTPUTS

- Present and discuss findings and recommendations at PAC half-day workshop in Kathmandu towards the end of the mission.
- Compile a final report with findings and recommendations addressing the issues in 3 above and incorporating any relevant matters arising from the PAC workshop (max. 30 pages, excl. Annexures – see ILO Technical Cooperation Manual/Chapter 7/Page 26 for guidance on report structure).

## **5. OPERATIONAL ASPECTS & REVIEW METHODOLOGY**

ILO is engaging a team of two external consultants, one national and one international, to undertake a mid-term evaluation. The consultants will work under the overall management and responsibility of the ILO Director in Kathmandu and will receive technical guidance from the EmPLED Chief Technical Advisor, assisted by ILO technical specialists and national and local partners. The review will be completed during the period 10-30 November 2008.

The review will be carried out by examining key documents, and interviewing project staff and stakeholders in the field and in Kathmandu. The evaluation will review the key issues listed above in Section 3.2. Furthermore, the review will make use of the ILO Evaluation Guidance document of April 2006 and address any other relevant questions contained therein.

## **6. ARRANGEMENTS, TIME FRAME & INDICATIVE MISSION SCHEDULE**

The evaluation will be managed by ILO EmPLED in consultation with the members of the PAC. The project will propose a team of one national and one external consultant for the evaluation which will be financed by the project. The evaluation mission will review the project's implementation in the two Districts and is planned for 10-30 November 2008. The team members will carry out the following activities:

- i. Review relevant report and documents
- ii. Interview project staff, stakeholders and other key partners and selected support programmes.
- iii. Travel to and undertake an assessment in 2 Districts
- iv. Participate in a half-day workshop with project partners (MLD, LED Forum representatives and project staff), to present and discuss main findings
- v. Draft a report with main findings and conclusions, and formally submit report to ILO Office in Nepal Director with copies to the MLD.
- vi. Collect, review and integrate comments (where deemed justified) in final report.

## **Organizations and People Met**

### **Ministry of Local Development (MLD):**

- Mr. Baburam Gautam (Under Secretary)
- Mr. Punya Paudel (Section Officer)

### **ILO & EmPLED:**

- Mr. Shengjie Li, Director ILO Office in Nepal
- Mr. Kees van der Ree, LED Backstop
- Mr. Gerry McCarthy, CTA, EmPLED
- Mr. Shailendra Jha, EmPLED National Programme Manager, Dhanusha District
- Mr. Prem Neupane, EmPLED National Programme Manager, Ramechhap District
- Mr. Nabin Karna, EmPLED Enterprise Development Officer
- Mr. Raju Shrestha, EmPLED Employment Intensive Infrastructure Development Officer, Ramechhap
- Mr. Ravindra Yadav, EmPLED Employment Intensive Infrastructure Development Officer, Dhanusha
- Mr. Nabin Karna, EmPLED Enterprise Development Officer, Dhanusha (duty station) & Ramechhap
- Mr. Kaji Awaley, EmPLED Database & Monitoring Officer, Dhanusha (duty station) & Ramechhap
- Mr. Shiva Roy, EmPLED Project Assistant, Dhanusha
- Mr. Mani Ram Pandey, EmPLED Project Assistant, Kathmandu

### **LED Forum Members – Dhanusha and Ramechhap (Observed LED Forum Meeting in Ramechhap)**

### **Local Consultants Used to date by EmPLED:**

- Mr. Buddhi Tamang, LED Trainer & Appreciate Inquiry/Asset-Based Community Development Specialist
- Mr. Gobinda Shrestha, Local Tourism Advisor

### **LED Action Programme/Intervention Implementing Partners & Beneficiaries:**

- Dhanusha District Soil Conservation Office (DSCO)
- Kamala Irrigation Management Division (KIMD)
- District Technical Office (DTO), Dhanusha
- Janakpur Municipality, Dhanusha
- Regional Fish Training Centre Janakpur, Dhanusha
- Friends of Dhanusha, LED Promoter Services for rural employment creation at VDCs level
- Sita Media (Janakpur FM Radio), Dhanusha
- Ramechhap Chamber of Commerce and Industries (RCCI)
- Road User Committees, Bhaluwajor and Okhrene VDCs, south Ramechhap
- Road User Committee, Jiri-Dharapani Road, north Ramechhap
- LED stakeholders, Kimti VDC, central Ramechhap
- Majhi fishing community, Bhaluwajor VDC, south Ramechhap
- Village Tourism Committees – north and west Ramechhap
- JYC, Homestay facilities and tourism services upgrading contractor, west Ramechhap
- NSSC, Homestay facilities and tourism services upgrading contractor, north Ramechhap
- Sweet orange producers, Okhrene VDC, north Ramechhap
- Potato Producers Group, Ghaledanda, west Ramechhap
- Potato producers Group, Dapre/Rasnal, north Ramechhap
- CDS Ramechhap, LED Promoter Services for rural employment creation at VDCs level
- D-MEGA Ramechhap, LED Promoter Services for rural employment creation at VDCs level