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# **Final Evaluation of the UNNATI Inclusive Growth Programme Nepal**

Final Report

February 2019



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LTS International Limited (UK)  
Pentlands Science Park  
Bush Loan  
Penicuik  
Nr. Edinburgh EH26 0PL  
Scotland

 (+44) 131 440 5500

 (+44) 131 440 5501

 [mail@ltsi.co.uk](mailto:mail@ltsi.co.uk)

 @LTS\_Int

[www.ltsi.co.uk](http://www.ltsi.co.uk)

Registered in Scotland Number 100833

# Acronyms

ADS	National Agriculture Development Strategy 2015-35
A2F	Access to Finance
BFI	Banks and Financial Institutions
CF	Challenge Fund
CPA	Comprehensive Peace Accord
DAC	Development Assistance Committee
DANIDA	Danish International Development Assistance
DCC	District Coordination Committee
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DRCN	District Road Core Network
DTO	District Technical Offices
EIA	Environmental Impact Assessment
FGD	Focus Group Discussion
FSP	Financial Service Provider
GESI	Gender Equality and Social Inclusion
GoN	Government of Nepal
IFC	International Finance Cooperation
ILO	International Labour Organisation of the UN
IP	Implementing Partner
KII	Key Informant Interview
LFA	Logframe
LMCC	Lean Management Coordination Committee
MALD	Ministry of Agriculture and Livestock Development
MC	Management Contractor
MIW	Market Infrastructure Window
MoF	Ministry of Finance
MoV	Means of Verification
MRM	Monitoring and Results Measurement

MSME	Micro, Small and Medium Enterprises
NBF	Nepal Business Forum
NEAT	Nepal's Economic Agriculture and Trade programme
NRB	Nepal Rastra Bank
NTIS	Nepal Trade Integration Strategy
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
PPD	Public-Private Dialogue
PSO	Private Sector Organisation
PSU	DANIDA Programme Support Unit
ToC	Theory of Change
UC	User Committee
UCF	UNNATI Challenge Fund
UNCDF	UN Capital Development Fund
VC	Value Chain
VRCN	Village Road Core Network

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# Executive Summary

The UNNATI Inclusive Growth programme in Nepal was a five-year DKK 400 million programme supported by the Danish Government, that ran from January 2014 to December 2018. Implemented in seven hill districts of the Eastern Development Region of Nepal - Dhankuta, Bhojpur, Terhathum, Sankhuwasabha, Ilam, Panchthar and Taplejung - the overall objective of UNNATI was the “Promotion of sustainable inclusive growth that reduces poverty and raises living standards.” The programme was divided into 3 key components:

1. The Value Chain Component. This included a focus on the commercialization of selected value chains including orthodox tea, ginger, dairy and cardamom (1.1), and interventions to improve Access to Finance for rural households and MSMEs (1.2)
2. The Infrastructure Component. This component focused on infrastructure with two subcomponents, the first focused on Rural Transport Infrastructure (2.1), and the second on Public Market-Related Infrastructure (2.2)
3. The Enabling Environment Component. This included two further subcomponents, one focused on Public Private Dialogue (3.1) and the other on Advocacy for Rights and Good Corporate Governance (3.2)

The overall objective of this evaluation is to provide an assessment of the performance of the UNNATI Inclusive Growth programme. The evaluation aims to provide an analysis of the processes and achievements made towards the accomplishment of project objectives, component objectives, and outputs. In addition, it aims to assess the programme’s contribution to achieving the priorities and goals of Government of Nepal. Guided by the OECD Criteria for Evaluating Development Assistance, a synthesis approach to evaluation has been employed, building on the findings of four national evaluation reports and component evaluation primary data. A review of key documents, additional key informant interviews, focus group discussions, and case studies have been used to supplement and triangulate these data.

Findings show that in design, the UNNATI programme was closely aligned with the national priorities and strategies of the Government of Nepal as well as with the strategic objectives of Danish development assistance. This relevance was maintained through programme implementation. UNNATI’s overall objective of promoting sustainable economic growth was highly relevant to both national and donor priorities. The programme’s overall coherence with national, donor, and beneficiary priorities, is further reflected in its relevance to wider development interventions in the region and beyond.

In relation to programme efficiency, the contrast between the early and latter stages of implementation is marked. A key contributing factor in this was the impact that changes in the intervention context had on programme delivery. The significant influence of external factors, including political change in both Nepal (including the roll out of new constitution in 2015 and move to federalism) and Denmark (specifically the change of Government in 2015 resulting in the decision to close Embassy), contributed to slow initial progress in implementation. Internal challenges added to these delays.

The introduction of a hard deadline for the completion of programme activities, where previously the assumption had been that the programme would comprise multiple phases, in practice shortened the effective implementation period of UNNATI to around two and a half years. Given the challenges faced at programme start up, and these significant time constraints, a remarkable amount was achieved in the latter stages of UNNATI. The adaptive and consultative approach to programme implementation lay at the heart of this, and was undoubtedly one of the key strengths of UNNATI. Decisions taken by DANIDA to adapt the programme and adjust implementation modalities in response to these challenges helped to precipitate significant gains in the final years of the UNNATI; by programme close the majority of components had made significant progress towards their aims.

It is too soon after the closure of the programme to give a definitive assessment of the degree to which the programme has achieved its overall development objective. Accurate data in relation to indicators at the programme development objective level is not yet available. Data extrapolated from selected component evaluation reports does, however, offer some encouragement in this regard. Similarly, data included in component level evaluations is broadly supportive of positive progress towards component specific goals.

In terms of specific programme impacts, an assessment at programme close is possible. Data presented in the four national evaluation reports is indicative of a positive social, economic and environmental impact as a result of UNNATI interventions. Positive social impacts were intended, and have been achieved, under all project components. Significant benefits have resulted from training and capacity building activities at the local level, as well as improved rural infrastructure.

In relation to economic impacts, value chain linkages between producers, collectors and processors have been improved as a result of UNNATI interventions in the 7 programme districts. As a consequence, incomes and livelihoods are also likely to benefit. Over 200 branchless banking points have been created improving access to finance for around 430,147 additional smallholders, increasing their resilience to shocks and improving their capacity to engage in value chain activities. In the longer term, interventions under component 3 that have raised awareness of the importance of and mechanisms for lobbying for sector reforms, may have positive economic impacts at the local level.

Agricultural expansion has the potential to have significant negative environmental impacts. However, the four national subcomponent evaluations did not identify any short term negative environmental impacts from UNNATI interventions. Indeed, this evaluation identifies the positive environmental impact of programme interventions including those focused on introducing methods for environmentally friendly pest control and composting, supporting organic certification, and awareness raising activities, which have helped to mitigate potential environmental threats. Over the medium to long term there is, however, some potential for unintended negative impacts.

Overall, sustainability seems likely for the majority of UNNATI components, if not guaranteed. The relatively narrow geographical and value chain focus of UNNATI interventions in particular has helped to strengthen the likelihood of sustainability. For component 1, gains realised through the core, value chain, component of the programme were found to have a high likelihood of sustainability for the majority of enterprises. There is also positive evidence for sustainability in relation to subcomponents 1.2 and 3.2. The greatest concerns for sustainability of programme achievements are in relation to rural transport infrastructure improvements. Delays and slower than anticipated completion of road improvements, due to challenges with implementation modality and the wider move to federalism, cast some doubt on the sustainability of these interventions. Additional financial inputs are needed to ensure the full completion of all roads improved through the UNNATI programme, and to ensure provision is made for their ongoing maintenance.

This evaluation report highlights a number of key lessons learnt through programme design and implementation for donors and beneficiary governments. These include, among others, for donors to ensure sufficient length of programmes to enable value chain bottlenecks to be identified and addressed, and to include clear lines of accountability, and a single apex organisation to coordinate and guide implementation. In terms of best practice, the UNNATI programme has demonstrated that grant-based challenge funds are an effective delivery mechanism, while focusing interventions on priority value chains in a geographically limited area was a design strength. This evaluation also shows that effective implementation has been dependent on engaging with government partners in an appropriate capacity, while engaging with cooperatives and the private sector has shown to contribute positively to programme reach and effectiveness. Finally, user committees have, in the context of UNNATI, been viable institutions through which to implement programme interventions, as seen in the infrastructure component.

UNNATI was conceived as an innovative, holistic approach to inclusive growth in Nepal. The programme was designed during a period of intense political change and optimism and represented a novel approach to development interventions in the country, for both DANIDA and the Government of Nepal to achieve the shared goals of economic growth and greater employment. Despite initial delays in implementation and challenges both within the programme, and in the wider context, the programme has been able to take significant strides towards its overarching goal. Whilst it remains too soon to provide a definitive assessment of the overall impacts of UNNATI, as the analysis in this report demonstrates, the programme has made some significant achievements over the last five years.

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# 1 Introduction

## 1.1 What is UNNATI?

The UNNATI Inclusive Growth programme in Nepal was a five-year DKK 400 million programme supported by the Danish Government, that ran from January 2014 to December 2018. From the outset, the key programme priority was to strengthen market-based growth with a focus on reducing poverty and improving living standards. As described in the 2013 UNNATI programme document<sup>1</sup>, “...Nepal is among the poorest and least developed countries in the world, with almost one-quarter of its population living below the poverty line. Agriculture is the mainstay of the economy, providing a livelihood for three-fourths of the population and accounting for about one-third of the gross domestic product.” (UNNATI programme document, 2013). Consequently, inclusive growth and job creation was – and remains – a key government priority.

In line with this, the strategic focus of the UNNATI programme was on private sector development in compliance with the government of Nepal and DANIDA’s strategies, that is, the Nepali development objectives and strategies as stated in the Government’s Three-Year Plan 2010/2011 – 2012/2013, and the Danish development policies and strategies. The focus of Danish development assistance on the promotion of growth and employment has been based on the overall strategy for Denmark’s development cooperation at the time of programme design, “The Right to a Better Life” and the “Strategic Framework for Priority Area – Growth and Employment 2011-2015”.

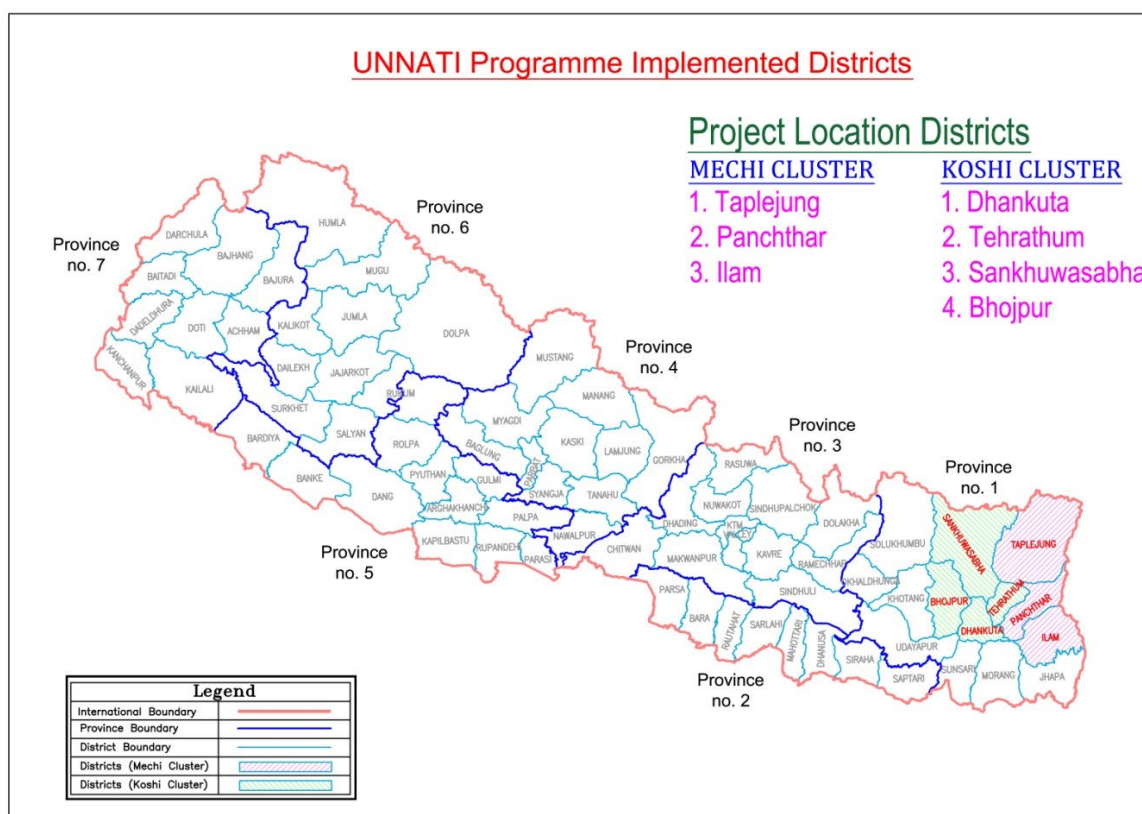


Figure 1 UNNATI Implementation Districts<sup>2</sup>

The UNNATI programme was implemented in seven hill districts of the Eastern Development Region of Nepal, Dhankuta, Bhojpur, Terhathum, Sankhuwasabha, Ilam, Panchthar and Taplejung. Additional activities

<sup>1</sup> DANIDA. August 2013. Final Programme document UNNATI Inclusive Growth Programme in Nepal.

<sup>2</sup> Taken from: Inception Report Evaluation of UNNATI Inclusive Growth Programme Component 2.1: Rural Transport Infrastructures



were implemented at the regional and national levels. The overall objective of UNNATI was the “Promotion of sustainable inclusive growth that reduces poverty and raises living standards.” Programme interventions were specifically targeted at smallholder farmers and Micro Small and Medium Enterprises (MSMEs) involved in four selected value chains: orthodox tea, ginger, and dairy, with cardamom later added at the behest of the Ministry of Agriculture.

To achieve its overall objective, the programme supported three components:

- **Component 1: The Value Chain Component** comprised two sub-components, *1.1: Commercialization of Selected Value Chains* (orthodox tea, ginger, dairy and cardamom) and *1.2: Access to Finance*. The Value Chain component of the programme (1.1), is the core component of UNNATI, with the other components playing a supporting role. The overarching objective of Component 1.1 was, “sustained improvement in competitiveness of selected value chains,” with the immediate objective being to commercialise the four selected value chains. Implementation began in January 2014. The immediate objective of 1.2 was to improve access to and use of a range of financial services by rural households and MSMEs, with implementation running from January 2015 to October 2018.
- **Component 2: The Infrastructure Component** comprised two sub-components, 2.1 “*Rural Transport Infrastructure*” and 2.2: “*Public Market-Related Infrastructure*”. The objective of component 2 was to precipitate “Sustained improvement of rural infrastructure”. The Infrastructure Component addressed the infrastructure constraints of the selected value chains – orthodox tea, ginger, cardamom and dairy. In December 2015, component 2.2 was integrated with component 1.1 to broaden the scope of component 1.1 (commercialization of the value chains). Implementation of 2.1 and 2.2 started in January 2014.
- **Component 3: The Enabling Environment Component** comprised two sub-components 3.1: “*Public-Private Dialogue*” and 3.2: “*Advocacy for Rights and Good Corporate Governance*”. The objective for Component 3 was “Sustained improvement in the enabling environment”. Component 3.1; Private Public Partnership was designed to help, establish and operationalize the Nepal Business Forum (NBF), which was Nepal’s first platform for dialogue between the public and private sectors. The immediate objective for this component was to enhance public private dialogue for improved policy and regulations. The implementation of 3.1 started in January 2015 and concluded on 15<sup>th</sup> July 2017. Component 3.2, Advocacy for Rights and Good Corporate Governance aimed at improving advocacy for responsible business development including rights and good corporate governance in selected four value chains. Implementation of 3.2 has been ongoing since May 2015.

The wider context within which the UNNATI programme has been implemented has changed significantly over the 5 years of project implementation. The devastating earthquake in 2015, the blockade of the Indian border in the same year, and the country’s wider move towards federalism have all posed challenges to effective programme implementation. In addition, the decision by the Danish Government to close their Embassy in Nepal with effect from 2017, and phase out its development cooperation, have significantly impacted upon the UNNATI programme. The detail of these events, their implications for UNNATI and lessons learnt throughout the 5 years of implementation have been captured in depth by component specific evaluations and are discussed in more detail in Chapters 3 and 6.

## 1.2 Objective and scope of the evaluation

The objective of this ex post evaluation is to provide an assessment of the performance of the UNNATI Inclusive Growth programme. Specifically, it aims to provide an analysis of the processes and achievements made to the accomplishment of project objectives, component objectives, and outputs. In addition, it aims to assess the project’s contributions towards achieving the priorities and goals of Government of Nepal.

In order to achieve these overarching objectives the evaluation has adhered closely to the OECD DAC Quality Standards for Development Evaluation, and been guided by the DAC Criteria for Evaluating Development Assistance. The evaluation focuses on programme relevance, effectiveness, efficiency, impact and sustainability, with specific evaluation questions structured around this broad framework (see Section 4). In addition, the evaluation provides an assessment of the overall quantitative and qualitative achievements of the programme, the role of external factors in determining intervention success, the extent and impact of changes in programme context and implementation approach, and specific examples of good practice. Key lessons learnt, and specific relevant and actionable recommendations have been identified and are discussed in Chapters 6 and 7 respectively.



To inform the overall evaluation of UNNATI, four national evaluations of the programme subcomponents have been conducted. These subcomponent evaluations led by national evaluation teams, reflect changes and mergers in programme components during implementation:

- Evaluation of Sub-component 1.1 and 2.2: Value Chain and Market Infrastructure
- Evaluation of Sub-component 1.2: Access to Finance (A2F)
- Evaluation of Sub-component 2.1: Rural Transportation Infrastructure (RTI)
- Evaluation of Sub-component 3.2: Enabling Environment

The evaluation (both the overall evaluation and the four sub-component evaluations) took place between September 2018 and January 2019, to coincide with the closure of the programme.

### 1.3 Purpose of this report and intended users

In line with the overall evaluation objective, this report aims to provide an assessment of the performance of the UNNATI Inclusive Growth programme as a whole. It is based on the four component evaluation reports, as well as on interactions between the programme evaluation team and key stakeholders and beneficiaries during field visits in November and December 2018, and a review of key programme documents.

The intended users of this evaluation report are:

- DANIDA: It is hoped that the lessons and recommendations identified in this evaluation can help to inform decisions about how to plan, design, and implement future inclusive growth programmes funded by the Danish Government.
- The Government of Nepal: including relevant government Ministries and Departments such as MAGA, MoI, MoFAGA, and DoLIDAR. Lessons learnt and examples of good practice identified in this report will be of use in informing elements of future GoN initiatives.
- The UNNATI implementing Partners (IPs): Including the MC, UNCDF, Nepal Rastra Bank, NBF and the ILO. This report provides a qualitative synthesis of evidence from the UNNATI programme, examining key programme achievements and lessons and the processes through which these have come about. This could be used to inform implementation approaches to similar future programmes.
- Inclusive growth teams: In DANIDA and beyond. This report documents examples of where UNNATI interventions have been particularly effective including highlighting key achievements, examples of good practice and lessons. This learning may be useful in informing the design of future programmes focused on inclusive growth through the commercialisation of value chains.

This evaluation report may also be value to others designing, implementing, funding and evaluating inclusive growth programmes in Nepal and beyond, and may be of interest to programme beneficiaries. A comprehensive list of key programme stakeholders is included in this report as Annex B.

The final evaluation report is consistent with DAC Evaluation Quality Standards, and its form follows the broad suggested structure outlined in the DANIDA evaluation guidance. Following the current introductory chapter (Chapter 1), this evaluation report describes the evaluation methodology employed (Chapter 2), including sections on approach, synthesis evaluation, data sources, quality and strength of evidence, as well as limitations of the evaluation. The intervention design is then discussed (Chapter 3), focusing on both programme design and programme implementation. The findings (Chapter 4), structured according to the OECD DAC criteria are then presented, describing in detail the relevance, efficiency, effectiveness, impact, and sustainability of the programme, leading on to the conclusions (Chapter 5), lessons learned (Chapter 6) and recommendations (Chapter 7).



## 2 Evaluation methodology

### 2.1 Evaluation approach

A robust, consultative, mixed methods approach was employed in this evaluation, in order to best assess programme achievement, relevance, efficiency, effectiveness, sustainability and impact. As already mentioned, the purpose of this final evaluation report is to provide an assessment of the performance of the UNNATI Inclusive Growth programme as a whole. To reflect this, a mixed methods approach to evaluation has been employed to enable the distinct strengths of both qualitative and quantitative approaches to be built upon, whilst overcoming the limitations associated with employing each approach in isolation. Gathering data from a range of sources has also enabled findings to be triangulated to further improve the breadth, depth, and validity of the data. Quantitative and qualitative primary and secondary data focused on each of the programme components has been collected by four teams of national evaluation consultants, which has been used to inform this report. A brief summary of the methods employed in these component evaluations is included in Section 2.3.5. A more detailed overview is provided in each of the component evaluation reports.

To supplement and validate findings from the component evaluations, and in order to focus specifically on the overall programme level and interlinkages between components, a field visit was undertaken by the international programme evaluators. This international evaluation team visited Nepal between November 26 and December 9, engaging with stakeholders in Kathmandu as well as in Province 1. In addition, one member of the international evaluation team visited Kathmandu for 1 week prior and 2 weeks following the core field visit, to facilitate field visit preparation, to attend a range of UNNATI events, and to follow-up with key informants post fieldwork.

At the programme level, engagement with key stakeholders through semi structured key informant interviews and focus group discussions, complemented by a synthesis evaluation approach to primary data, reinforced by a review of key documents, facilitated a comprehensive programme assessment that identified achievements, good practice and replicability, key lessons, and recommendations from the intervention. The focus of this broad approach has been on gathering and collating evidence to test and substantiate claims, to identify strengths and areas of improvement in programme design and delivery, and to ensure learning focused practical recommendations, to inform future interventions.

Specifically, the evaluation has sought to answer the following overarching question:

- With reference to the DAC Criteria for Evaluating Development Assistance, to what extent has the UNNATI programme resulted in inclusive growth, poverty reduction, and improved living standards in project intervention areas?

The following sub questions provide the entry point for this evaluation and will enable the overarching questions to be fully addressed:

- To what extent have interventions under programme component 1 resulted in sustained improvement in competitiveness of selected value chains?
- To what extent has the UNNATI programme resulted in sustained improvement in rural infrastructure?
- To what extent has the UNNATI programme resulted in sustained improvement in Nepal's enabling environment for private sector development?

In order to answer these broad questions, the evaluation draws on the four detailed component evaluations.

### 2.2 Synthesis evaluation

The programme level evaluation has adopted a synthesis evaluation approach. A synthesis approach to evaluation is a formal approach that draws together research studies and literature on a specific topic with the purpose of providing analysis. Synthesis evaluations are widely applied across the international development sector with approaches ranging from relatively light touch literature reviews, to systematic



reviews of peer reviewed publications. Box 1 provides a brief summary of the process of synthesis evaluations.

### **The Process of Synthesis Evaluation<sup>3</sup>**

- Defining the scope of the review
- Summarising existing research, documents and component evaluations
- Analysis and identification of implications from existing research, documents and component evaluations
- Creating recommendations for management and policy

#### *Box 1 Synthesis Evaluation*

Data for synthesis evaluations is drawn from a range of different sources including programme reports, academic and grey literature, and qualitative and quantitative primary research. Analysis is frequently narrative and systematic in focus, based around key review questions identified as part of the process of defining the review scope. A core component of analysis in synthesis evaluation, is a consideration of data quality and strength of evidence (see sections 2.4 and 2.5).

## **2.3 Data sources**

The UNNATI evaluation has drawn upon a range of primary and secondary data sources to assess the process and achievements made in the attainment of programme objectives, and their contribution to the achievement of the priorities and goals of the Government of Nepal (GoN).

### **2.3.1 Document review**

A large number of publications have been studied including programme documents, periodic progress reports, project implementation manuals and guidelines, and other relevant project specific documents. Document selection was initially guided by information gained through discussions with the UNNATI MRM coordinator. Additional relevant documents were subsequently identified through analysis of this initial selection of literature.

Data contained within these core documents has informed this final evaluation report and been used to identify key programme stakeholders and further relevant literature sources. In order to ensure data quality, information from these documents has been used to triangulate findings and analysis from primary data collection. A full list of the literature reviewed during this evaluation is included in Annex C.

### **2.3.2 Key informant interviews**

At the programme level semi-structured interviews were undertaken with key informants identified through discussion with the MRM coordinator and through document review. Key informants identified and interviewed included representatives from the DANIDA Program Support Unit (PSU), Ministry of Agriculture, Ministry of Finance, Ministry of Industry, Ministry of Federal Affairs and General Administration. Key informants were also identified among the implementing partners in ILO, UNCDF, Nepal Rastra Bank, and the managing contractor for component 1.1 and 2.2. A full list of people met can be found in Annex D.

These interviews enabled additional detail to be obtained regarding processes and achievements made by the UNNATI programme and, in particular, on the changed implementation context and approach. Interviews to inform the programme level evaluation were conducted between November 26 and December 7, 2018 in Kathmandu and at selected field sites.

At the sub-national level, interviews were held with stakeholders from local government institutions, and representatives from local IPs.

<sup>3</sup> Taken from: Olsen, K. O'Reilly, S. 2011. Evaluation Methodologies p.5.





A purposive, opportunistic approach to interviewee selection was adopted, to ensure that representatives from each of the key stakeholder organisations at the national and district levels were able to engage with this evaluation. Conducting interviews at this range of levels has enabled information to be obtained on the cross-scalar issues, systems and procedures which interact to influence programme achievements, and has ensured that the diverse views of different stakeholder groups were considered in the completion of this report.

### 2.3.3 Focus group discussions

Focus group discussions (FGD) were held with selected stakeholders at the sub-national level in districts visited in Province 1. FGDs are centrally concerned with the views of stakeholders, enabling respondents to highlight and provide detail on the issues that they deem to be of greatest importance. This research method represents an important component of this evaluation, as a valuable qualitative research method at the local level. In addition to the FGDs undertaken through the programme level evaluation, FGDs were held with beneficiaries in across all districts as part of the national component evaluations. A sample FGD protocol is included in Annex E of this report.

### 2.3.4 Case studies

A case study approach is a powerful tool, well suited to providing an in-depth understanding of complex social and environmental interactions and causal links<sup>4</sup>. A case study approach makes use of both qualitative and quantitative methods, and data from a range of sources can be used to triangulate findings, leading to a more holistic understanding of the key issues under investigation. As part of this evaluation, data synthesised from the four component evaluations, supplemented by programme level FGDs, interviews and document review, has been used to draw together short case studies highlighting key findings, specific examples of good practice and lessons learnt.

### 2.3.5 Component evaluation data

The central sources of data underpinning this evaluation are the four individual component evaluations undertaken by the national consultants. Each component evaluation has been conducted by a separate consultant team. The four component evaluations were completed by mid-January 2019. Below is a short summary of the evaluation scope and methodology for each of the four component evaluations, based on the respective inception reports:

**Sub-component 1.1 and 2.2: Value Chain and Market Infrastructure:** The evaluation of programme components 1.1 and 2.2 was undertaken by Narma Consultancy Limited. Evaluation design followed a quasi-experimental approach comparing treatment and comparison groups to attribute observed changes to programme interventions by comparing baseline and endline results. Sampling design followed that used in the baseline study to ensure consistency of approach and minimise sampling bias, and data was collected using a combination of questionnaires, FGDs and key informant surveys.

**Sub-component 1.2: Access to Finance (A2F):** The evaluation of sub-component 1.2 applied an interactive approach with mixed methods (qualitative and quantitative). This included both contribution analysis based on the Theory of Change and beneficiary assessment approach, strengthening the contribution of the A2F component towards the UNNATI Programme's immediate outcome. The consultant carried out focus group discussions, selected key informant interviews (KII), beneficiary survey, and case studies in UNNATI Programme Districts, as well as KII in Kathmandu. Methods included FGDs, KIIs, case studies, and data analysis and verification, as well as analysis as per the A2F performance indicators. Four tools were used to support these four methods of information and alternative explanation gathering; FGD checklist, KII Questions, beneficiary survey, and an outcome level indicators verification framework.

**Sub-component 2.1: Rural Transportation Infrastructure (RTI):** The evaluation of sub-component 2.1 Rural Transportation Infrastructure was conducted by an evaluation team consisting of a Road/Highway Engineer and two sociologists cum researchers, a civil engineer, a data analyst and enumerators. It was based on the following approaches: 1) document review (project appraisal document, programme design document, resources (budget allocation, material, equipment and manpower) input, time to time progress monitoring reports and financial reports), 2) stakeholder meetings and field work with the UNNATI Unit of DoLIDAR, MRM Coordinator, DCC/DTO, local government organisations, political leaders and MC staff;

<sup>4</sup> Yin, R. K. (2009). Case study research: Design and methods (4th Ed.)



contractors, stakeholders and other local people as required to collect the information about the project achievement and impact, 3) data analysis and verification.

**Sub-component 3.2: Enabling Environment:** The evaluation process for sub-component 3.2 relied upon a host of approaches to evaluate achievement, including desk reviews of programme documents, baselines, annual and semi-annual reports, relevant for the Advocacy Challenge Fund and the enabling environment component; KII with relevant stakeholders; FGDs on perceptions, opinions and attitudes towards achievements and effectiveness of project outcomes related to workers' rights and their income for quality livelihoods, workers' role in implementing the advocacy activities and broad public awareness initiatives; Observation/Project site visits on activities undertaken in the project sites, and the effect of these; Data Analysis: Descriptive statistics such as mean, variation, standard deviation were used to analyse the quantitative data. Qualitative data was analysed using deductive and content analysis approach. Findings were consolidated, verified, refined, and analysed focusing on relevance, efficiency, effectiveness, impact, and sustainability, against the outcome indicators and baseline survey data.

## 2.4 Limitations

The main limitations to a synthesis evaluation approach rest with the quality of source evidence. The quality and robustness of evidence is dependent upon the quality of the IP and component evaluation data upon which it is based. For this assignment, to ensure the quality of component evaluation data, national consultants were required to submit draft evaluation inception reports to the MRM coordinator who reviewed and provided comments on the draft reports which were then revised accordingly. In addition, the programme evaluation consultant was provided the opportunity to comment on component evaluation approaches and to provide feedback to influence data collection as required. Supplementary interview and FGDs undertaken as part of the programme level synthesis has enabled the findings of the component evaluations to be triangulated and any inconsistencies in the data identified.

An additional challenge specific to UNNATI that has to a certain degree limited the quality of the evaluation is the lack of continuity of key stakeholders. Few of the original stakeholders from the start of the programme remain in place; many of the current programme staff have only latterly become involved in the programme. A consequence of this has been that the institutional knowledge rests with a few individuals, making it somewhat difficult to uncover details of motivations and decisions made early in the life of the programme. During fieldwork the longest serving members of the UNNATI programme including the MRM coordinator, who has been in place since April 2015, the current lead of the A2F programme, and several original members of the Management Contractor, were consulted and provided valuable inputs to mitigate this limitation. Key staff at the DANIDA Program Support Unit have also proved to be an important resource to help address this challenge.

## 2.5 Quality and strength of evidence

A fundamental strength of synthesis evaluations is their focus on the triangulation of data drawn from a range of sources using a broad toolkit of diverse methods. However, to ensure evaluation quality, analysis must include a consideration of the quality of data sources used, and therefore of the evidence provided. The final evaluation report draws heavily on the national evaluation component reports. In assessment the quality and strength of evidence contained in these reports and other key sources, the criteria outlined in Annex F have provided a useful framework.



## 3 Intervention context

### 3.1 Timeline of key events

A timeline illustrating key events in the lifetime of the UNNATI programme is included as Figure 2, below. This diagram summarises important external events that impacted upon programme delivery, as well as those relevant to specific programme components.

### 3.2 Programme design

#### 3.2.1 Political context

The period leading up to the design of UNNATI is characterised by significant social change. The signing of the Comprehensive Peace Accord (CPA) in 2006 marked the end of the 10 years of civil war and the start of a reconciliation process. With this came renewed hope in democratic governance reforms. With the 2013 elections for the Second Nepali Constituent Assembly, the design and appraisal of the UNNATI programme took place against the backdrop of the optimism that accompanied the signing of the new constitution. This was accompanied by a degree of uncertainty surrounding the changes that might accompany the new national government. Key development priorities for the Nepali Government at the time included agricultural and economic development as stipulated in the Government's Three-Year Plan 2010/2011 – 2012/2013.

#### 3.2.2 Donor context

With more than 25 years of bilateral development cooperation between the two countries, Danish engagement in Nepal has traditionally focused on and contributed to decentralisation, peacebuilding, the Nepali education system, renewable natural resources, and the urban/industrial environment. At the time of the design of UNNATI, the focus of Danish development assistance included a strong emphasis on the promotion of growth and employment, based on the overall strategy for Denmark's development cooperation at the time of programme design, "The Right to a Better Life" and the "Strategic Framework for Priority Area – Growth and Employment 2011-2015". This focus on economic growth complemented the objectives and priorities of the GoN, making the strategic alignment of objectives for the UNNATI programme possible.

In the preparation and design of UNNATI, DANIDA elected to support a value chain approach in Nepal for the first time. The programme also represented the first time in its cooperation in Nepal that DANIDA had adopted a "holistic" approach to inclusive growth, including not only value chain interventions but also infrastructure and advocacy activities, and a broader focus on creating an enabling environment. The use of a Value Chain approach was also somewhat novel for the Nepali government. The initial intention was that UNNATI would be a flagship five-year programme with the potential for roll out over several phases following completion of the initial phase in 2018.

#### 3.2.3 Key elements of design

The design phase of UNNATI involved consultations with a wide range of stakeholders and was considered to have been participatory according to a majority of stakeholders interviewed during the programme evaluation field visit. Collaboration with GoN was deemed critical for the success of the programme, and consequently the GoN was awarded a central role in the Programme Steering Committee. The Secretary of MoALD was chair of this committee with additional participation from the Ministry of Finance (MoF) and the Embassy of Denmark. Implementation of Comp 2.1 Rural Transport Infrastructure as well as 1.2 Access to Finance and 3.1 Private Public Dialogue were all implemented through government partners.

The role of the Programme Steering Committee was to provide overall oversight of and guidance on the priorities of the programme in line with the programme document and the programme agreement, and to sign off any major programme changes. In addition, a Management and Coordination Committee was created with responsibility for the management of 1.1 and 3.2 and for coordination across all three components, including overseeing management contractor performance, and the management of the advocacy challenge fund. The Management and Coordination Committee was also responsible for monitoring progress towards targets, overseeing financial management, and resolving any major implementation issues.



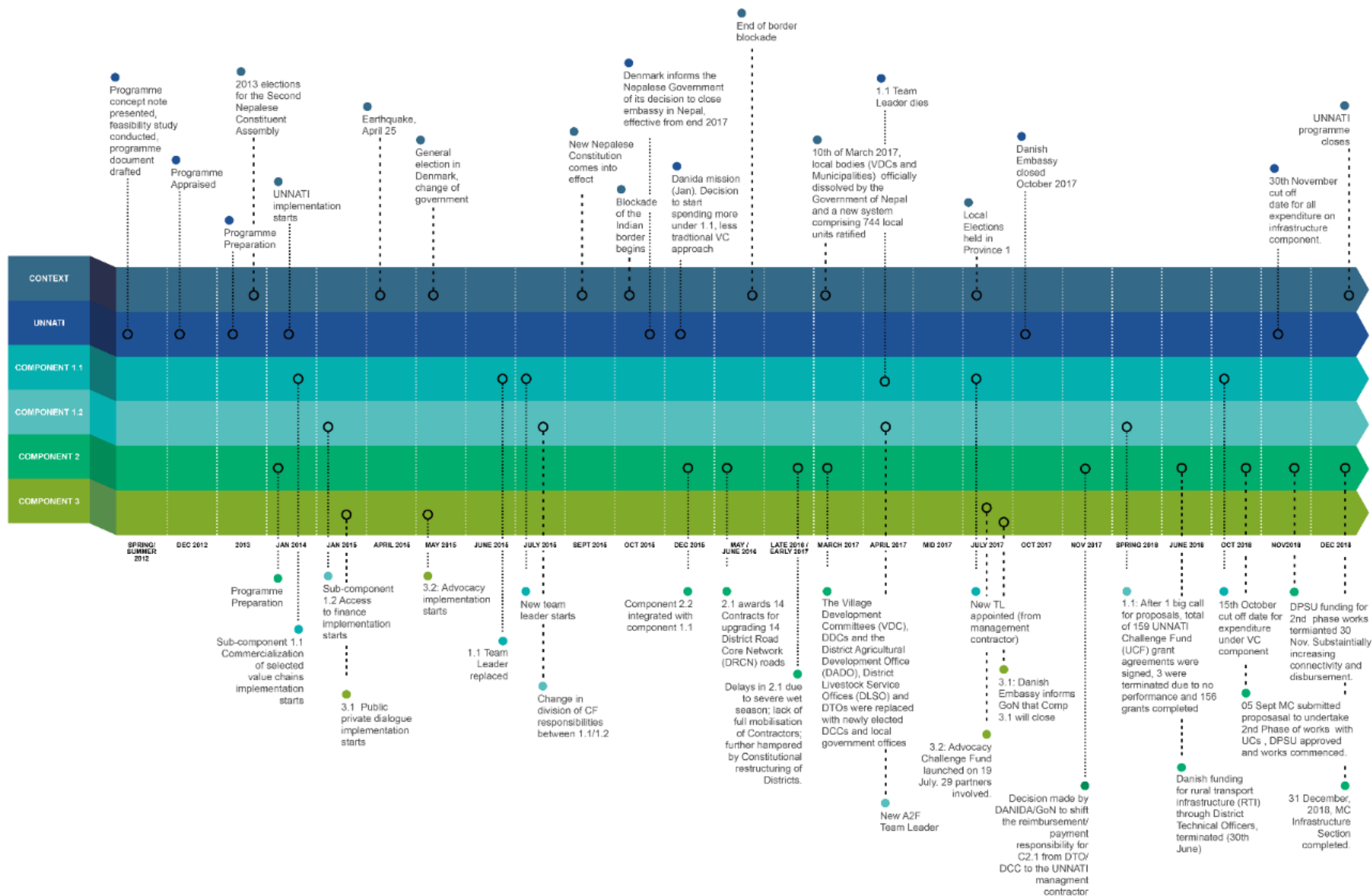


Figure 2 Timeline of key events



During the programme design phase, the decision was made to have different lead organisations for the different programme components based on their presence in Nepal and their relevant skills. Key considerations included identifying implementing partners that had previous experience in implementing similar projects or programmes.

An external Management Contractor, with technical expertise in value chain and infrastructure development, was contracted to implement component 1.1 of the programme, as well as to provide field-based support and advisory services for component 2.1. The original programme design of component 2.1 used existing government procurement processes and systems, through DoLIDAR, to select and make payments to infrastructure contractors to undertake rural infrastructure improvement works. This process of fund disbursement involved both District Technical Offices (DTOs) and District Development Committees (DDCs).

Nepal Rastra Bank, the national bank of Nepal, was selected to lead component 1.2 with UNCDF providing advisory support. The UNCDF was already working on access to finance programmes in Nepal and was deemed to be well placed to advise Nepal Rastra Bank in implementing component 1.2. The Nepal Business Forum was considered relevant to support for enhancing environment in component 3.1, and the International Labour Organisation (ILO) of the United Nations had implementing experience in relation to working with workers' rights and responsible business practices relevant for component 3.2. Each individual implementing organisation was responsible for monitoring the results of its component. An internal Monitoring and Results Measurement (MRM) Coordinator function was contracted by DANIDA to be responsible for providing advice on monitoring and results measurement, and collecting and delivering overall monitoring data to the Embassy of Denmark.

Component 1.1 was considered to be the core component of the programme, with the additional components designed to support and enabling the goals of component 1.1.

### **3.2.4 UNNATI Theory of Change**

A cornerstone of programme design is the intervention Theory of Change (ToC), that illustrates the overall logic of an intervention by depicting the link between resources (inputs), intervention activities (processes), intervention results (outputs or deliverables), intended outcomes (intervention objectives), overall impacts, and their relationships in terms of the criteria of relevance, efficiency, effectiveness, impact and sustainability.

ToC is an outcomes-based approach which applies critical thinking to the design, implementation and evaluation of initiatives and programmes intended to support change in their contexts. It has many similarities with the logical framework approach but encourages a greater emphasis on the identification of critical assumptions in the chain of causality between inputs and impacts. It facilitates greater consideration of the influence of wider contextual issues on programme outcomes, as well as highlighting areas of risk and uncertainty. The ToC for the UNNATI programme, included in the final project document, is included as Figure 3 below.

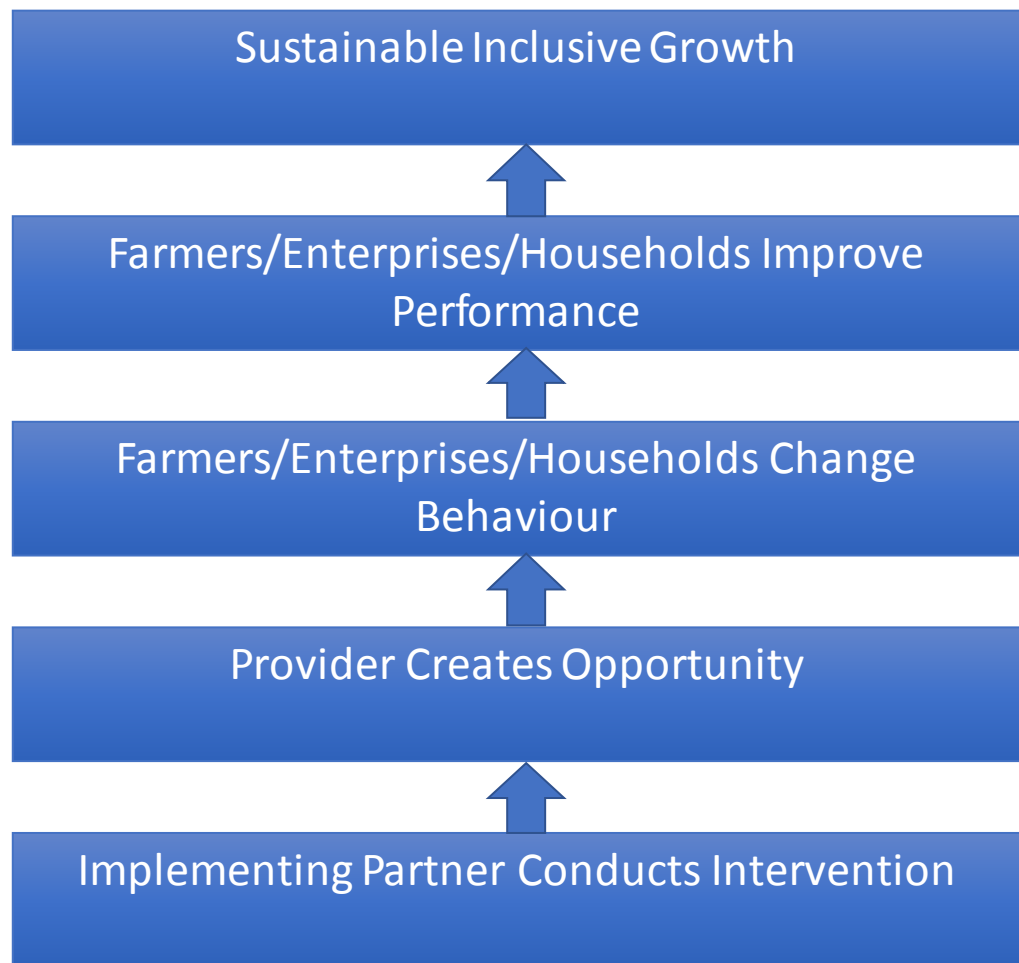


Figure 3 UNNATI Theory of Change taken from Final Programme Document

The UNNATI ToC summarised in Figure 1, forms the foundation of the programme’s MRM system, and illustrates how programme interventions contribute, through a series of intermediate changes, to sustainable inclusive growth. To summarise the intervention theory:

- Implementing Partners (IPs) conduct interventions in conjunction with sustainable “providers”.
- These “providers” include public and private sector stakeholders in the relevant VCs and governance systems.
- As a result of the interaction between IPs and “providers”, opportunities are created for beneficiaries (including farmers, MSMEs, and households) to change their behaviour to improve performance.
- Performance improvements result in increased income and more competitive value chains.
- Improved competitiveness of VCs contributes to long-term, broad-based, sustainable and inclusive growth.

This programme level ToC is underpinned by component-level theories of change that are aligned to it. Whilst these are not explicitly articulated in the final UNNATI programme document, they are expressed through the individual subcomponent results chains as well as in the UNNATI MRM System, which detail the specific changes expected as a result of subcomponent activities and how these changes will contribute to the overall programme objective of sustainable inclusive growth. These results chains serve as a tool to guide monitoring and analysis of information on intervention results, and a means of enabling adaptive programme management. At the subcomponent and programme levels, the results chains are summarised in the programme logframe to facilitate monitoring, reporting, and evaluation.



### 3.2.5 UNNATI logframe

The first version of the UNNATI logframe reflects the above-mentioned ToC. It has largely quantifiable indicators and less focus on capturing change through more qualitative measures. Based on the logframe it is clear that the success of the programme rests quite heavily on the assumption that the components will support each other and have the necessary understanding of the different work streams to do so, e.g. that component 1.1. is the main programme component and that others have been designed to support and enable 1.1.

## 3.3 Programme implementation

### 3.3.1 Political context

Over the course of the programme implementation, from 2014 onwards, the political and operational context surrounding UNNATI changed significantly. 2015 in particular proved to be a challenging year.

A devastating earthquake hit Nepal in April 2015 causing the deaths of around 9,000 people and injuring almost 22,000. This had a significant social and economic impact on Nepal, in both the short and longer term. In the case of UNNATI it most likely resulted in implementation delays, causing a certain amount of confusion and refocusing of efforts that would also impact UNNATI for a while. This only added to the difficulty experienced by the programme at the time in getting up and running smoothly.

In September 2015, the new constitution for Nepal became effective, resulting in significant changes in national and local governance structures. The introduction of federalism and associated move towards a decentralised multi-layered political system with an increased influence given to local governments, had particularly significant impacts on the programme. This includes the impact resulting from the subsequent local elections, which consumed a lot of time for several stakeholders, further contributing to delays in programme implementation. As UNNATI largely works in Province 1 which comprises a number of districts, the impact was especially keenly felt in the implementation of Component 2.1 on Infrastructure. Here, the DTOs who from mid-2017 had been the government entity responsible for facilitating implementation, were officially dissolved on 17<sup>th</sup> July 2018.

The trade embargo, that was primarily a response from the Madheshi population to the new constitution, that also began in September 2015, compounded these challenges. This unofficial blockade of the Nepal-India Border, resulted in the limited movement of goods between the two countries, leading to a range of challenges including fuel shortages. It affected the trading relationship between the 2 countries and hence also the production and trade in the four selected value chains, making export to the Indian market challenging. Even though the VC grants had not yet been given out, the economic consequences for potential grantees are evident.

### 3.3.2 Donor context

Also in 2015, in June, a general election was held in Denmark, leading to a change of government. The consequence of this for the UNNATI programme was significant. The decision was taken to refocus Danish development cooperation and consequently phase out DANIDA support to and programmes in several countries, including Nepal. The Nepali Government was informed of this development in October 2015. The Danish Embassy effectively shut down in October 2017 from which point the DANIDA Programme Support Unit (DPSU) in Nepal was set up to handle the phase out of the remaining DANIDA programmes in country, including UNNATI.

The implication for UNNATI was that the programme would come to an end in December 2018, with no possibility of an extension or additional phases. While there were considerations to stop the programme at the time of the news of the Embassy's closure, DANIDA and the Embassy took the informed decision not to close UNNATI but to speed up implementation in order to achieve as much as possible by the end of the programme in December 2018. This decision clearly had significant impact on the delivery and achievement of the UNNATI programme and these issues are discussed in more detail in the subsequent chapter of this report.

### 3.3.3 Implementation of design

Key elements of the UNNATI programme design are summarised in section 3.2.3. The implementation of the UNNATI programme in the context of the wider political upheaval and challenges introduced above created



challenges in the implementation of the programme as originally envisaged. These challenges were partly due to external political and donor related events as described above, and partly also due to a combination of internal programme events.

On an overall programme level, it became increasingly evident that there were challenges in coordinating effectively among the different components. This is exemplified in lack of coordination among component 1.1 and 1.2, where the intention was for the 1.2 Access to Finance component to provide financial products that would fit the needs of the entrepreneurs that would apply for the Challenge Fund. In practice, and in part a result of the external challenges outlined above, the two subcomponents ran in parallel. As a result, the timing of the two components did not fit well with each other, as for example 1.2 lacked a district office, and the businesses benefitting from 1.1 do not fit well with the requirements of the banks or the new agricultural loan products designed by them.

For component 2.1, the challenge was partly that both the District Development Committees (DDCs) and District Technical Officers (DTOs) had a role to play in the disbursements of funds, and tension between these actors slowed the flow of funds to infrastructure contractors. With the change to federalism, and the dissolution of the DTOs and DDCs, the original modality was further challenged. This is discussed in more detail in section 4.3.3.

The Management and Coordination committee was meant to ensure coherence of the programme in implementation and to enable effective interaction between UNNATI subcomponents. Over time it became evident that the setup of the Management and Coordination Committee was not effective. Key stakeholders consulted during the programme evaluation field visit pointed to the initial decision to not have a single lead entity for the programme as a whole, as one possible explanation for this lack of coordination. Ultimately this hampered effective working and cooperation between components. This lack of coordination also created challenges in effectively harnessing the intended synergies between different elements of the UNNATI programme, including collaboration between the 3 components. In implementation there became a tendency for the components to work more in silos than as a single interlinked component of a wider whole.

### 3.3.4 UNNATI theory of Change

As described above, the implementation context as well as the actual implementation of UNNATI was characterised by a number of challenges that tested the key assumptions made under each component in the design phase. The below Theory of Change (Figure 4) captures the output to outcome pathway in UNNATI, based on key assumptions made in each of the components - as described in component programme documents - with additional comments on how the implementation actually reflected on the assumptions.

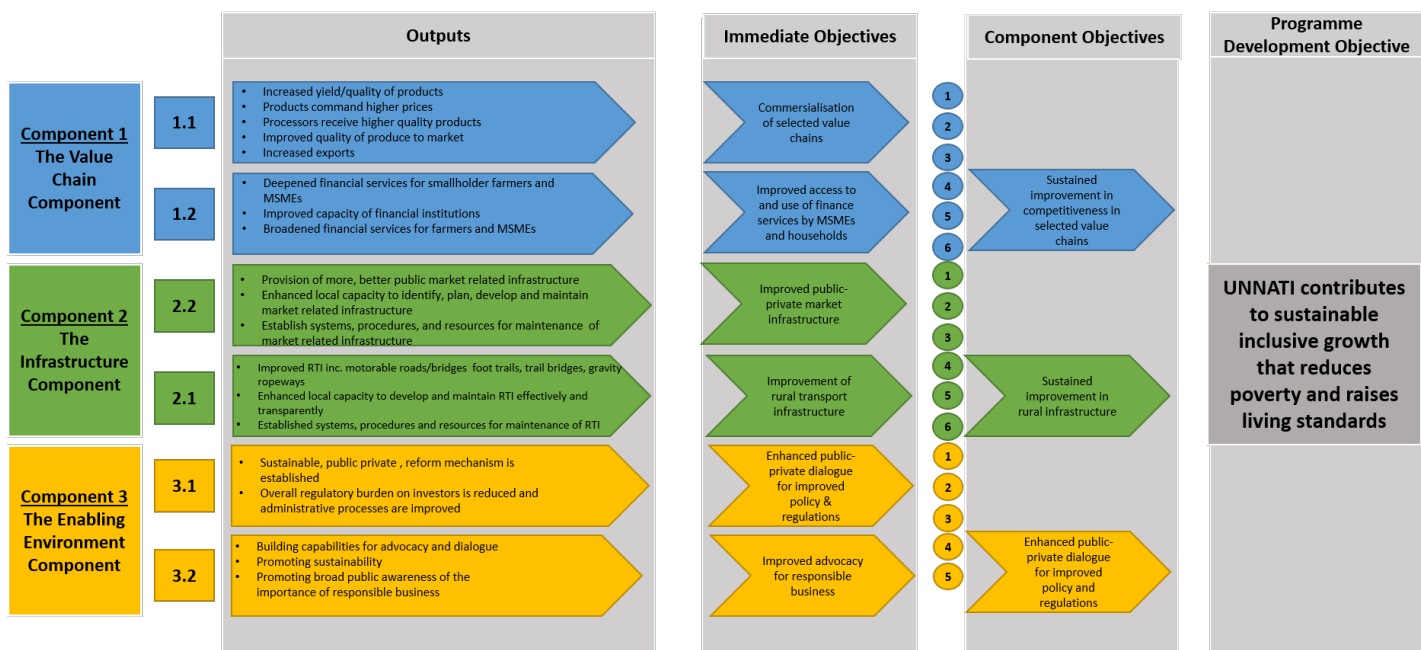


Figure 4 Revised UNNATI Theory of Change



	Selected Assumptions	Comment
1	Improvements in farms' and enterprises' performance lead to increases in their profits	Too early to say, however initial data indicates this is likely to hold true
2	Additional private investment and changes in MSME behaviour will lead to modest increases in jobs in MSMEs even in the short run	Data from component report 1.1/2.2 provides an indication that this is the case
3	Conditions for investment in agriculture and agribusiness improve	Too early to say
4	Profitability of agriculture value chain activities is sustained	There is evidence that the profitability of the selected value chain activities has been sustained, and in some cases increased
5	Limited or no political interference	Context specific political events, e.g. the new constitution of Nepal becoming effective, have had significant influence on programme implementation
6	Banks and financial institutions show and maintain greater commitments to expand their offerings to agricultural value chains	Banks and financial institutions have shown interest in expanding product range to the agricultural value chains, it is too soon to say whether this commitment will be maintained
1	Improved public market-related infrastructure leads to reductions in post-harvest losses (2.2)	With the integration of 2.2 into 1.2, it is difficult to determine whether this has been the case
2	DDCs, DTOs and DoLIDAR prioritize construction and improvement of public market-related infrastructure (2.2)	This assumption has not held true. It is less relevant following restructuring in the move to federalism
3	Improved rural infrastructure will significantly lead to improvement as regards production and trade of the selected value chains (2.1)	Clear indications that the improved infrastructure has supported both trade and production in value chains
4	Infrastructure improvements in the districts are maintained on a sustainable basis (2.1)	As per the 2.1 component evaluation, it is questionable if the maintenance of roads will be sufficiently implemented
5	Planned development and recurrent expenditure funds will be budgeted and released timely for improvements and maintenance (2.1)	Timely disbursement of funds proved difficult. This is a key assumption in the delivery of 2.1 that did not hold true
6	Adequate number of district technical staff will be in place with adequate professional background (2.1)	Among both local government staff and implementing contractor, high levels of staff turnover impacted on implementation, exacerbated by changes in local government structures
1	The Government will continue to consider private business one of the pillars of inclusive economic growth (3.1)	Throughout the implementation, GoN has been supportive of UNNATI's work with private sector
2	The Government of Nepal maintains its interest in the NBF and the ERBF (3.1)	The early closure of Component 3.1 suggests that there were not sufficient levels of active engagement by any of the partners involved in the NBF. The NBF endures however it remains somewhat dormant
3	The Government of Nepal together with private sector partners prepare the operating rules and regulations for NBF secretariat so that it can function as an independent entity (3.2)	The preparation of operating rules and regulations for the NBF Secretariat was slow and remains incomplete
4	The notion of responsible business including social rights and corporate governance is well received and understood by private sector stakeholders (3.2)	The collaboration with private sector under 3.2 proved fruitful
5	Improvements in the enabling environment lead to increased profits for enterprises and financial or qualitative benefits for workers (3.2)	Still too early to assess in detail, however evaluations seem to support this assumption

Overall, the assumptions and underlying analysis in each of the components show a great deal of consideration for the implementation context and what needed to be in place in order for the components to be successfully implemented.





In Component 1, most assumptions appeared to hold true, whereas for the other components, the identified assumptions are more notably challenged. In Component 2, there appears to be a discrepancy between the assumption that infrastructure improvements in the districts will be maintained on a sustainable basis, where the findings of this evaluation cast some doubt on this. Furthermore, the assumptions include a focus on adequate number of staff and timely and sufficient funds. During implementation, all these factors were dynamic, resulting in consequent changes to the implementation modality. The timely budgeting and release of expenditure funds proved to be a central challenge in implementation, and a key cause of the delays in the implementation of Component 2.1.

For component 3.1, it is worth noting that the key assumptions underpinning the successful implementation include continued interest from GoN in private sector development, and more specifically in the Nepal Business Forum. The successful preparation of the necessary operating rules and regulations of the NBF secretariat is also included as an assumption, although it could be argued that this was a factor within the control of the programme. Whilst the GoN has maintained a clear interest in the private sector as a pillar for growth, an active interest in operating the NBF secretariat in accordance with the outcome expected under 3.1 proved not to be present, resulting in the closure of Component 3.1 in July 2017.

On an overall programme level, it could be argued that the key assumptions on coordination, cooperation and responsibilities between the components should have been underlined and addressed more clearly in programme assumptions. The same is true of the programme theory of change. Whilst these fundamental links and interactions between programme components were implicit in programme design, they were not adequately captured by the theory of change or attendant assumptions.

### 3.3.5 UNNATI logframe

Limitation with the UNNATI logframe also became apparent during programme implementation. The logframe as originally designed was shown to be too mechanistic, relying on overly simplified assumptions of causation: if this will happen then that will follow. In interventions involving agricultural value chains, and as alluded to earlier in this section, there are a huge number of external factors that's can influence achievement of targets and outcomes. Whilst all components were guided to develop elaborated result frameworks and intervention guidelines, in the rush to implement, this was effectively abandoned in favour of the simpler LFA.

Furthermore, the targets themselves were found to have limitations. The national evaluation report of component 1.2 highlights this point, emphasising that UNNATI logframe targets were highly quantitative and had a tendency to focus on numbers at the expense of the rationale underpinning them. As a result, the way that the targets were defined was found to guide programme activities and encourage box ticking achievement of targets rather than a consideration of how these activities might fit in to the programme as a whole. Whilst the achievement of component targets undoubtedly supported progress towards overall programme objective, the quantitative nature of the logframe targets and the rush to achieve them, detracted attention away from the intended synergies between programme components.

In addition, following the DANIDA review mission a gap analysis facilitated by the MRM coordinator in conjunction with the Embassy and MC, to assess which indicators were unlikely to be met, and to reformulate the indicator targets to ensure that they were realistic and achievable.



## 4 Findings

### 4.1 Relevance

#### 4.1.1 Relevance to national priorities

Nepal is amongst the poorest and least developed countries in the world. The World Bank<sup>5</sup> estimate that approximately 25% of the country's population live below the poverty line. Remittances account for as much as 30% of GDP, and whilst agriculture provides livelihoods for as much as two thirds of the population it only accounts for a third of GDP<sup>6</sup>. Agricultural activities are of particular importance to women with over 80% of female workers employed in that sector<sup>7</sup>. Inclusive economic growth, and agricultural value chain development therefore clearly have a central role to play in the country's economic development.

In pursuit of this goal, the GoN's 14<sup>th</sup> Periodic Plan published in 2017, aims to achieve economic and social transformation through economic growth and increased employment. The transformation of the agricultural sector, improve rural infrastructure, and greater inclusion are all prioritised as means to this end. This is consistent with and builds upon the priorities of the GoN's three-year plan at the time of programme design (discussed in section 3.2.1).

In terms of the relevance of the specific value chains supported under UNNATI, Nepal's Trade Integration Strategy (2016) identifies large cardamom, tea and ginger as priority export commodities to achieve sustainable and inclusive economic growth. Whilst focused on the domestic market, dairy production accounts for 9% of the country's GDP, and is prioritised in the National Agriculture Development Strategy 2015-35 (ADS) through the Value Chain Flagship Development Programme. Further, the ADS aims for agricultural transformation through the development of the rural non-farm sector, including agri-food manufacturing, services, marketing and logistics, in line with UNNATI interventions. Inclusion, and strengthened farmers rights, are also central to both UNNATI and the ADS.

As discussed above, UNNATI was originally designed with a focus on 3 value chains, ginger, orthodox tea, and dairy. The fact that this was expanded to include large cardamom at the request of the Ministry of Agriculture provides evidence not only of the adaptive approach adopted during programme implementation, but is also a further indication of the relevance of the programme to national priorities.

The aims of the access to finance subcomponent of the programme are consistent with the Nepal Financial Inclusion Action Plan, which aims to provide access to affordable finance for all by 2030, alongside increased access to formal financial services. In line with the focus of the UNNATI programme on inclusion, providing access to affordable financial services has the potential to support the growth of the Nepali economy whilst reducing income inequality and poverty levels. Providing A2F for the poorest in society enables them to improve their livelihoods and enhances their resilience to shocks further demonstrating the relevance of this programme subcomponent.

The value chain component of the programme is relevant to the national vision, goals and objectives outlined in the Nepal's 14<sup>th</sup> Development Plan. Infrastructure development is also a key action outlined in the Nepal Trade Integration Strategy. The national evaluation covering subcomponent 2.1 through analysis of FGDs, interview and household survey data, found evidence that the majority of the DRCN road projects supported by UNNATI were selected in line with district priorities and the needs of the local people.

In relation to the aims of subcomponent 3.2, there is clear relevance in relation to the Social Security Act, 2017. Through this Act, all private employees in Nepal are mandated to make salary contributions of 11% to the social security fund with employers contributing an additional 20%. In the case of job loss, illness, accidents or inability to work, employees under the scheme will be entitled to compensation<sup>8</sup>. Similarly,

<sup>5</sup> World Bank. 2018. World Poverty Brief: Nepal. [https://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global\\_POVEQ\\_NPL.pdf](https://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_NPL.pdf)

<sup>6</sup> CIA. 2018. World Factbook, Nepal Economy 2018. [https://theodora.com/wfbcurrent/nepal/nepal\\_economy.html](https://theodora.com/wfbcurrent/nepal/nepal_economy.html)

<sup>7</sup> World Bank. 2018 Gender Data Portal. <http://datatopics.worldbank.org/gender/country/nepal>

<sup>8</sup> Contributions Based Social Security Act, 2074 (2017) [www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=105433](http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=105433)





subcomponent objectives focused on improving working conditions and ensuring workers' rights are clearly relevant to the 2017 Labour Act<sup>9</sup>.

Overall it is clear that the UNNATI programme is closely aligned with the national priorities and strategies of the GoN. UNNATI's overall objective of promoting sustainable economic growth is highly relevant to these national priorities.

#### 4.1.2 Relevance to donor priorities

UNNATI was specifically designed to reflect the priorities of Danish Development Assistance. The Danish Strategy for Development Cooperation the Right to a Better Life, published in 2012 emphasises importance of green growth and human rights-based approaches. The design of the UNNATI programme reflects these principles, as well as the emphasis on building a solid economic foundation for growth and promoting market based inclusive growth, outlined in the DANIDA Strategic Framework for Priority Area Growth and Employment 2011-15.

The design and principles of the UNNATI programme continue to reflect the priorities of the current Danish Development Strategy, The World 2030: Denmark's strategy for development cooperation and humanitarian action. The promotion of inclusive, sustainable growth remains a core component of this strategy. Central to this is a prioritisation of interventions to promote market-based economic growth, increased employment, and strengthen the development of the private sector in developing countries. Whilst Nepal no longer remains a beneficiary of DANIDA funding, this technical focus is entirely consistent with the goals and approach of the UNNATI programme.

#### 4.1.3 Addressing value chain constraints

Evidence collected through the component evaluations indicates that the relevance of UNNATI programme design to both donor and national priorities, was maintained during programme implementation. Beneficiaries consulted during component evaluation focus groups, surveys and interviews reported high levels of relevance for all programme components except A2F.

For 1.1 and 2.2, relevance was found to be evident and strong. Surveys of beneficiary households and enterprises reported a consistency of value chain selection with their needs, and strong alignment to the agricultural products in which the Eastern Region has a distinct competitive advantage. For example, Nepal is the world's largest producer of large cardamom (*Amomum subulatum*). Cardamom is native to the east of the country and is a major cash crop for 67,000 farmers. Four of the programme districts, account for approximately 70% of Nepal's large cardamom production making improved access to national and international markets in this area, an imperative. Overall, the selection of the four programme value chains for commercialisation was fully justified.

Programme stakeholders involved in FGD, interviews and surveys through the evaluation of subcomponent 2.1 reported a high level of relevance of this component to their needs. Broadly respondents were of the belief that roads identified for improvement by the programme clearly reflected local needs and development priorities. What was less unanimous, was the relevance of road selection to the programme objective of value chain development. Greater coordination between enterprises supported under subcomponent 1.1 and roads selected under 2.1 could have been ensured through a staggering of the selection of roads, with enterprises selected prior to DRCN and VRCN roads for improvement.

The relevance of programme component 3 to beneficiaries was maintained during implementation. Private Sector Organisations (PSOs), NGOs and business associations consulted during FGDs and interviews during evaluation fieldwork found the project highly relevant in increasing advocacy skills for lobbying and advocacy, as well as business management skills. Through its focus on the needs of target groups in relation to Occupational Health and Safety (OHS), workers' rights and GESI issues, interventions through this programme component were especially relevant to the needs of marginalised groups.

Limits to the relevance of this component were also identified in relation to the links between national, regional and local PPD activities. FGD and interview respondents identified a lack of awareness of regional and district level issues, at the national level. The transition to federal governance is identified in the component evaluation as a likely cause of this disconnect and it seems likely that this has had an

<sup>9</sup> Nepal Labour Act 2074 Highlights.

<http://www.nbsm.com.np/assets/kcfinder/upload/files/Publication/Nepal%20Labour%20Law.NBSM.pdf>



influence in this regard. The failure of programme component 3.1 must also have had an important role to play. The lack of a fully-functioning programme-supported Nepal Business Forum at the national level, to act as a focal point for PPD interactions, and to act as a conduit through which local level issues can be raised at the national level, effectively limited the relevance of this programme component during implementation.

As alluded to above, in design the A2F subcomponent of UNNATI is relevant to the national context and reflects the priorities of growth, access, inclusion, and capacity development outlined in Nepal's national financial strategy of the country. This component adopted an inclusive, gender sensitive approach to delivery, addressing broader systemic challenges in A2F such as wider savings mobilization, and expansion of client outreach of the BFIs. The focus of this component was of particular relevance to smallholder farmers and entrepreneurs, and particularly women engaged in these activities.

The products developed through this programme subcomponent, with their focus on cashflow-based financing related to specific crop growing cycles and the needs of agricultural smallholders, exemplify the broad relevance of this programme subcomponent. Despite this, in implementation the direct relevance of interventions under 1.2 to the wider UNNATI programme was found to be less clear. The UNNATI programme document emphasises the focus of this component on addressing the constraints that result in lending products that do not meet the needs of agricultural enterprises. In implementation the focus of component 1.2 was firmly on expanding A2F by expanding the client reach of FSPs. As documented in the evaluation report of Component 1.2, FGD and interview respondents reported a lack of consultation with programme partners and FSPs, resulting in lack of understanding of constraints to financial access in programme districts. Respondents also identified the risk of over indebtedness that may result from the drive to expand client base, as agricultural workers take out multiple loans.

Additional factors that reduced the immediate relevance of this component to the wider programme include the timing of these interventions in relation to those under the value chain component; new agriculture focused financial products were not widely available through the programme until after UCF enterprises had been selected. The focus of the majority of these products on micro loans for individuals, also appears somewhat disconnected from the programme emphasis on enterprise development and market access. In the context of a longer-term programme the intention was that these activities would generate increased demand for finance which in turn would support enterprise growth. However, with the earlier than originally anticipated closure of the programme, it remains too soon for any attainment in this regard to be gauged.

#### **4.1.4 Links to other programmes**

The programme's overall coherence with national, donor, and beneficiary priorities, is further reflected in its relevance to wider development interventions in the region and beyond. The programme built upon work done under the MALD's ADB-funded Commercial Agriculture Development Programme. This approximately \$24 million programme ran from 2007 until 2014 and aimed to reduce rural poverty in 11 districts of the Eastern Development Region through the equitable and sustainable commercialisation of agriculture. UNNATI complemented and built upon programme interventions to increase investment in commercial agriculture, improved timely access to market information, and strengthened the capacity of rural stakeholders to engage in commercial agriculture.

Similarly, there are clear parallels between UNNATI and USAID-funded Nepal's Economic Agriculture and Trade programme (NEAT). NEAT implemented interventions across Nepal, including in Ilam, and aimed to improve trade competitiveness, expand exports and make agriculture more efficient by addressing challenges to economic growth and food security. UNNATI built upon such interventions and went further, adopting an integrated, market systems approach to agricultural commercialisation.

In many respects the focus of UNNATI on the commercialisation of agricultural value chains, and specifically the inclusion and integration of components focused on value chain development, access to finance and infrastructure interventions, was an innovative approach that is reflected in more recent and emerging development interventions by other donors in Nepal.



## 4.2 Effectiveness

### 4.2.1 Progress against logframe

The overall development objective of UNNATI, is “Promotion of sustainable, inclusive growth that reduce poverty and raises living standards.” 6 indicators were included in the revised programme logframe, to enable progress towards this goal to be evaluated. It is too soon after the closure of the programme to give an accurate assessment of the degree to which the programme has achieved its overall development objective. Furthermore accurate data in relation to the indicators is not yet available, and only the national evaluation sub component reports for 1.1 and 2.2, and 2.1 make an attempt to extrapolate the likely contribution of these components to the overall programme goal.

In relation to the number of households with additional income (target 100,000), the national report for component 1.1 and 2.2 estimates its contribution to be 22,246 beneficiaries. Under access to finance the estimate is 15,000. Neither national component report disaggregates these results by gender, social group, poverty status or location.

In relation to changes in living standards, the component evaluation for 2.1 reports marginal increases against the baselines for literacy, access to water, access to toilets and improved roofs. Given the delayed completion of this programme component it seems unlikely that these changes can be attributed to programme activities. Under components 1.1 and 2.2 it is estimated that living standards have increased for 24% of beneficiaries, a total of 8,165 households.

An estimated 10,995 farmers and 200 enterprise have financially benefitted through components 1.1 and 2.2 against a target of target of 24,000. Whilst the component 2.1 evaluation “did not observe this indicator” it provides a tentative estimate of a further 3,600 farms and enterprises financially benefitting. A total of 14,595 across the 3 subcomponents.

1.1 and 2.2 provided positive results in relation to additional FTE jobs in MSMEs. The report provides a figure of 303, significantly exceeding the target of 230.

Neither the report for 1.1 and 2.2 nor that for 2.1 provided a clear estimate of net additional income gains through the programme, against a target of DKK 640 million. Neither do they provide an assessment on the reported ratio of programme benefits to costs. What is clear from this paucity of programme level data is that it is still too early to gather a complete picture of programme impacts at the highest level.

At the component level, the overall objective of Value Chain Component 1 was, “Sustained improvements in competitiveness of selected value chains.” According to the national evaluation of component 1, three of the four indicator targets were substantially exceeded by end of project, whilst one target was narrowly missed.

Survey results from a sample of 57 enterprises, extrapolated to cover the 156 enterprises supported by UNNATI, indicate an increase in the value of products sold in selected value chains of over DKK 178 million. This represents a remarkable increase on the DKK 4 million achieved by December 2015, and even dwarfs the original target of DKK 75 million. Additional private sector investment in the four identified value chains of DKK 93.6 million can be inferred from survey data, far in excess of the revised logframe target of DKK 7.5 million. 13,990 farmers we shown to have improved performance against a logframe target of 8,000 with 198 MSMEs improving performance, falling marginally below the logframe target of 200.

Overall the UNNATI Challenge Fund (UCF) was clearly an effective means of catalysing private sector investment in enterprise, with an average investment per grantee of DKK 0.6 million. Ginger was the only commodity to see a significant fall in the value of products sold following UNNATI interventions and it seems likely that this drop has been a consequence of a falling market price of the product<sup>10</sup>. The evaluation team did however identify concerns that a lack of demand for cardamom saplings might lead to significant losses for the relevant enterprises

Whilst performance against logframe targets for component 1 has exceeded expectation, it remains premature to infer that identified improvements in the competitiveness of selected value chains will necessarily be sustained. As illustrated in the programme timeline in Section 3.1, in contrast to initial expectations the UNNATI programme ultimately ran for just 5 years. As discussed above, within that time the

<sup>10</sup> <http://bit.ly/2Dc8gZs>



period of effective implementation was much shorter. It is therefore not realistic to expect clear evidence of sustained improvements in competitiveness at this juncture.

**Finding 1:** The use of a competitive grant-based challenge fund modality, with a significant cost-sharing component can be an effective mechanism to leverage private sector funding. In the case of component 1 of UNNATI, actual private sector investment was 2.5 times higher than planned investment (C1.1 2.2 Final Evaluation Report p25).

It is possible that more could have been accomplished under component 1, had implementation moved more quickly (see section 4.3.2). Indeed, whilst a large proportion of the investment has been disbursed through the UCF and spend by beneficiary enterprises, a significant amount of new equipment purchased is not yet in use. In the coming months as this becomes operational production is likely to further increase.

The overall objective of Infrastructure Component 2 was, “Sustained improvement of rural infrastructure.” The revised UNNATI logframe included 4 indicators and associated targets to enable progress against this programme component to be assessed. The evaluation report for subcomponent 2.1 documents the findings of the national evaluators. This shows that travel time is reduced by more than 20 % compared to the baseline data, thereby achieving the target, delivering reduced travel times for reaching primary schools, health post, rural/municipal offices and DDC offices. The findings also show a reduction in transportation costs, almost reaching the target of a 20% price reduction. Finally, it is shown that the traffic flow per season has increased, reaching the target of 20% annual and 30% increase during rainy season.

Component evaluation 2.2 does not clearly assess progress in relation to component 2 indicators. This is, perhaps, due to the significant challenges in implementation experienced through this component that resulted in the decision to integrate it with subcomponent 1.1 and to launch a specific Market Infrastructure call through the UCF. In fact, it would appear that the indicators under this subcomponent have broadly been met although this has not been clearly reported on as, with the merger of 2.2 into 1.1, priority was shifted to the VC indicators.

The overall objective of Enabling Environment Component 3 was, “Sustained improvement in the enabling environment.” Revised logframe indicators relating to this objective include the number of policies developed/revised to improve enabling environment (target 123), new Labour and Social Security Act adopted by end of 2017, additional public investment of DKK17 million and additional private investment of DKK 228 million both by June 2018, along with qualitative improvements in the national and district enabling environment.

The assessment by the national evaluators based on a range of relevant reports, is that modifications have been made to more than 80 policies, laws and regulation, and codes of conduct on responsible business, and that implementation of policies and practices to improve working condition and promote decent work in value chains has contributed to an improved enabling environment for business investment in Nepal. In addition, the new Labour and Social Security Acts were adopted in 2017. No assessment is given in relation to the remaining 3 indicators, although it is suggested that quantitative and qualitative change could be assessed by 2020. As discussed below DANIDA may find some value in undertaking a closed project evaluation 2 years after programme closure to assess longer term achievement and impact.

## 4.3 Efficiency

### 4.3.1 Cost-efficiency

The overall budget for the UNNATI programme as outlined in the original programme document was DKK 400 million. Of this, DKK 105 million was originally allocated to the value chain component, DKK 180 million to the infrastructure component, and DKK 35 million to the enabling environment component. The residual budget was divided between technical assistance (DKK 35 million), M&E, reviews, audits and formulation of a second programme phase (DKK 18.2 million), with the remaining budget unallocated. Table 1 below summarises total spend by component, by end of programme. Differences in total allocation reflect changes in budget during programme implementation.



Component	Sub-comp	Total budget allocation (DKK)	Total expenditure (DKK)	% Disbursed
1. Commercialisation of Value Chains	C1.1	65 million	60 million	92%
	C1.2	41.3 million	41.3 million	100%
2. The Infrastructure Component	C2.1	166 million	154.5	93%
	C2.2	5 million	Included in figures for 1.1	N/A
3. The Enabling Environment Component	C3.1	15 million	3.8 million	25%
	C3.2	19.5 million	17.6 million	90%

Table 1 Total spend by component. Sources: National Evaluation Component and programme financial reports.

The data included in Table 1 is taken from a variety of sources. Once final component reports are made available by IPs this data is likely to change. What these initial figures do show, however, is that despite substantial delays in initial implementation, with the exception of 2.2 and 3.1 total spend per component has not been significantly below initial budget indicating a marked increase in delivery efficiency over the lifetime of the programme. This is explored in more detail the following sections of this report.

#### 4.3.2 Inefficiency in implementation

As the previous section documents, initially efficiency of programme implementation was low. By the time of the DANIDA review mission at the end of 2015, little substantive achievement had been made under all components. Programme documents, national evaluation reports, and programme evaluation fieldwork consistently identified a complex, interlinked set of reasons for these initial delays.

For sub-component 1.1, initial delays were reported to have resulted from the selection of team leader. Whilst highly experienced, the individual leading activities which should have focused on the commercialisation of value chains adopted an approach more in line with traditional agricultural extension interventions than with a value chain project. As a result, key activities such as market, value chain and stakeholder analyses were not completed in a timely manner. In June 2015 the team leader was replaced at the request of DANIDA in an effort to refocus implementation on value chain development.

At the same time as component 1.1 was struggling for technical direction, a range of factors, beyond the control of the programme, further obstructed progress and compounded these initial delays. As discussed above, the devastating earthquake in April 2015 and subsequent aftershocks, moved focus away from day to day tasks as people focused on more immediate priorities. Interview respondents engaged during fieldwork for the programme level evaluation, reported a change of mind-set following the earthquake and a change in focus and a deprioritisation of work tasks in the immediate aftermath of this national tragedy. This can be seen in delays on the part of the Ministry of Agriculture in approving the CF Manual.

In addition, the blockade of the Indian border further impeded progress during the early phase of programme implementation. Fuel shortages severely restricted programme capacity for field visits, exacerbating delays and challenges facing component 1.1.

In October 2015, implementation was further complicated by the decision by the Danish Government to close its embassy in Nepal and to discontinue the associated development support. The subsequent review mission in December 2015, discussed above, resulted in the merger of component 2.2 into the value chain challenge fund, and the engagement of an external consultant to finalise the challenge fund manual. The resulting grant fund management document is extremely robust and enabled the UCF to run efficient calls for proposals. However, the fact remains that despite these internal and external factors, delays of over 2 years in the launch of the UCF illustrate significant inefficiency in implementation in the early stages of the programme. An important consequence of this delay, combined with the closure of the programme in December 2018, was that there was only time for a single call for proposals under the UCF. The implications of this are discussed in more detail in section 4.3.3 below.





**Finding 2:** The UCF should have been launched much earlier in the UNANTI programme. Finalising the UCF during the inception phase of the programme would have enabled multiple calls for proposals through the UCF, allowing factors inhibiting effective value chain development to be addressed in a more targeted manner.

However at the same time, ensuring sufficient care was taken in the production of the CF Manual was extremely important. In the event, the existence of this high-quality document helped ensure effective running of the UCF whilst also minimising potential fiduciary risks relating to the misuse of funds by grantees.

**Finding 3:** The evident importance of ensuring robust, clear procedures are in place to guide and facilitate the management of programme components e.g. CF guidelines.

An important consequence of these delays to the implementation of 1.1, and the finalisation of the CF Manual, were knock-on delays to sub-component 1.2. Delays with the launch of the UCF reduced pressure on NRB and UNCDF to design the new financial products to meet the needs of selected enterprises. This is a further example of the sequencing and coordination challenges between workstreams.

Component 2 of the programme also experienced significant delays during initial implementation. The implementation modality for sub-component 2.1 was at the core of these delays. Infrastructure development was a new area of support for DANIDA in Nepal. Choosing a government body (DoLIDAR) to implement this component, with the MC in a supporting role, was intended to ensure ownership and enhance future sustainability. In practice however it contributed to these delays. For example, DANIDA reported that it took around one year to establish a bank account for the transfer of funds to Government implementing partners at the start of the programme.

Additional complications arose in transferring funds from the MC to the District Technical Offices (DTO). DTOs do not have specific bank accounts and so funds had to be transferred to the District Coordination Committees (DCC) and then released to DTOs. This added unnecessary additional bureaucratic hurdles as a result of operating through government channels. Nepali government institutions are highly process oriented and adding additional levels of bureaucracy in this way inevitably slows down the pace of implementation.

Having not previously been involved in the implementation of infrastructure programmes in Nepal DANIDA also underestimated the challenges of engaging local contractors to complete the work. Infrastructure contracts were held between DTOs and contractors, and the tender process followed Nepal national bidding procedures. Price was prioritised over technical quality as the key selection criterion resulting in contractor underbidding by 30-40% to secure contracts, with successful bidders receiving payment of 10% of the contract value upfront. Having secured the contract there is then limited motivation for the contractor to complete the work. This challenge was exacerbated by contractor and DTO complacency that contracts would be extended as they frequently are with infrastructure interventions of this type in Nepal, and by the subcontracting of 'ghost contractors' further reducing direct accountability amongst contractors. These challenges are common to infrastructure interventions across the country and are not exclusive to UNNATI.

Delays to component 2 resulting from this implementation modality were further compounded by the move to federalism which brought additional complications. In March 2017 the Government of Nepal officially dissolved existing government institutions, replacing them with a new federal structure. In the run up to this point, DTOs had become severely demotivated as they were aware that their positions would not endure under the new system. Once the move to federalism occurred DTOs were replaced by locally elected officials. Since DTOs, who no longer had a role in local government, held (and continue to hold) the implementation contracts with contractors, this resulted in further delays to delivery of this component and obstacles to chasing up underperforming contractors. However, these challenges presented by the move to federalism also created opportunities for improved efficiency, discussed in section 4.3.3.



**Finding 4:** The implementation modality for component 2.1, led by the government of Nepal, was intended to enhance ownerships and sustainability of this subcomponent. In practice however it was not well suited to the needs of the programme. Furthermore using government structures as a mechanism for channelling funds for implementation at a time of unprecedented political restructuring in the country increases the risk of inefficiencies in delivery.

**Finding 5:** Procurement systems which prioritise finances over technical quality have a tendency to encouraged underbidding by contractors, reducing efficiency of implementation<sup>11</sup>.

Component 3 also suffered from inefficiency in implementation. In relation to sub-component 3.1 this inefficiency was ultimately terminal. This subcomponent aimed to establish public-private reform mechanisms and lift the regulatory burden on investors by improving administrative procedures. It was intended to be the main element of component 3. An administrative agreement was signed between DANIDA and International Finance Cooperation (IFC) to provide temporary management of the Nepal Business Forum. Funds were provided to IFC for activities in support of this aim however in July 2017 the decision was made to close this component of the programme due to lack of progress.

IFC did not engage in the national-led evaluation of component 3 and it is therefore difficult to definitively identify the causes of this inefficiency in implementation. However, it seems likely that a lack of substantive engagement between the Ministry of Industry and the IFC has had a role to play. In addition, it may be argued that in order to be effective, institutions such as the NBF should be demand-led, headed by, or at the very least with substantive engagement from, the private sector rather than by government.

### 4.3.3 Efficiency in implementation

Despite the evident inefficiencies and challenges in implementation outlined above, by programme close the majority of components had made significant progress towards their aims. This implies significant improvement in implementation efficiency through the life of the programme. Indeed, one of the most notable characteristics of UNNATI is the change in efficiency of implementation between the start and end of the programme.

As mentioned above, external factors, beyond the direct control of the programme contributed to delays in implementation at the start of UNNATI. However, one such event worked to catalyse action and helped precipitate a significant increase in efficiency. In June 2015 a change in government following the general election in Denmark resulted in the decision to close the Danish embassy in Nepal. As a direct result, a DANIDA review mission took place that resulted in significant changes to the programme, and associated improvements in efficiency.

For sub-component 1.1 the decision to hold a single main call for proposals through the UCF (supported by two minor follow up calls as a result of the gap analysis) enabled funds to be disbursed to a large number of beneficiaries over a short time period. Ultimately, as highlighted in the national evaluation report, despite the delay in implementation of the UCF, by the end of the programme more than 80% enterprises were complete, and timely disbursement of 85% of the total available UCF grant had been made to 156 grantees. This was accomplished within the final one-and-a-half-year period of the programme, indicating efficient and cost-effective use of resources and inputs. The gap analysis undertaken following the DANIDA review further facilitated efficiency increases by highlighting key gaps in value chain interventions to be targeted through direct support.

For component 2.1, in response to the challenges posed by the move to federalism, the decision was taken in November 2017 for the MC to make direct payments to contractors, rather than using government channels. This was followed by a further change, in December 2017, that enabled the programme to award

<sup>11</sup> According to the MC, this system was revised by the GoN in mid-2017, with revisions intended to reduce underbidding and poor technical quality in future bids for government contracts



up to a maximum of 10 million NPR User Committees (UCs) to lead infrastructure improvement projects of VCRN roads. The result of these changes was a significant increase in funds dispersed through the MC, along with a substantial increase in implementation efficiency. UCs were provided with a budget based on official norms per kilometre (negating the time-consuming bidding processes), with no advance payments, overcoming the limitations of systemic underbidding targeted by many of the contractors to fund ongoing cash flow short falls from previous contracts. In addition, the vested interest (ownership) in ensuring that work was completed on time to a high standard, that resulted from projects run by those living in close proximity to the roads, helped to ensure the efficiency of this modality.

**Finding 6:** User committees are a viable implementation partner for small to medium scale infrastructure improvement programmes in Nepal. Indeed, engaging UC to implement these works may result in efficiency saving given their vested interest in ensuring that work is completed to a high standard in a timely manner.

By the closure of the programme, draft MC statistics suggest that 44 contracts for user committee led VRCN roads had been agreed with an average completion rate of 74%. Overall 71% of the component budget has been spent, representing a remarkable turnaround that is, in no small part, due to the adaptive nature of this programme component and the innovative engagement of UCs as an implementing partner.

In regard to subcomponent 3.2 there is also evidence of efficiency in implementation. Whilst this is not captured in detail in the relevant subcomponent evaluation report, it is worth noting that work on this subcomponent did not begin until May 2015 (see section 3.1) and that achievements were made under this workstream in spite of this condensed implementation timeframe.

#### 4.3.4 Improving programme efficiency

An important constituent of programme efficiency is the extent to which the programme could have been implemented in a more efficient way, that is the appropriateness and suitability of the technical methodology applied by the project and overall delivery of the technical assistance. In addition, it is important to consider the implications of the delays and adaptations outlined above, on the technical delivery of the work. That is, how they impacted upon programme achievement and the quality of that achievement.

##### UNNATI Challenge Fund

The UCF was clearly found to be an effective and efficient means of disbursing funds for commercialising the four target value chains. The national evaluation report for Component 1.1 highlighted the strength of design of the 'three-pronged approach' to value chain commercialisation, focused on direct support through competitive matched grants, support to community based organisations to address specific identified gaps following the selection of grantees, and direct support to the farmers and enterprises through specialised public and private sector agencies working in the four commodities through mechanisms such a Memoranda of Understanding (MoU).

A real benefit of the challenge fund approach is that the grant management and disbursement system is an efficient means of ensuring genuine support and buy in from the private sector. A potential limitation of this approach is that the UCF modality is likely to favour applicants from more developed and resource rich districts such as Ilam. The presence of 103 successful grantees in the relatively affluent district of Ilam, compared to just 3 and 6 successful grantees based in Bhojpur and Sankhuwasabha respectively would appear to bear this out. Larger enterprises with greater resources are also more likely to benefit, particularly where the requirement for matched funding is high. In practice of the 159 grant agreements initially signed, only 3 were terminated due to failure to secure the required \$15,000 matched funding. This statistic does not, of course, capture those deterred from applying due to this high financial requirement.

UNNATI was further able to mitigate this potential problem through the direct support provided to those unable to engage in the opportunities provided by the UCF. Direct support projects, for example, were provided to 119 communities across the 7 target districts to complement the UCF activities and to widen the programme reach to a greater number of beneficiaries.





**Finding 7:** The challenge fund modality is an effective means of providing funding to enterprises and support to commercialise value chains, whilst leveraging additional funding.

A challenge that emerged during implementation that was not adequately addressed by the design of the programme was that of a single major UCF call, supported by two additional minor calls. The original intention in programme design had been for a series of targeted calls for proposals to address discrete problems identified through analysis of the value chains. Subsequent calls would then be shaped by learning gained through the implementation of previous interventions supported by earlier calls. Employing this more traditional value chain intervention process with multiple calls over an implementation period of 5-10 years would have helped to strengthen the results of this component, and enabled more comprehensive and sustained improvements in the commercialisation of the target value chains. It would have facilitated greater analysis and clearer identification of key bottleneck to be addressed and would have encouraged programmatic learning. This more progressive approach to value chain interventions would also have allowed those enterprises who were unsuccessful in the first call, and those who were reticent to apply first time around, to have accessed the fund.

**Finding 8:** The approach of restricting the UCF to a single call for proposals, whilst borne out of necessity may ultimately have negatively impacted upon the efficiency, effectiveness, and inclusiveness of the programme.

The less adaptive approach employed was ultimately adopted out of necessity, due to significant time constraints resulting from the slow start to the programme and the earlier than anticipated closure of the programme. Despite the limitations documented above, in practice the single call with two small supporting calls for proposals, enabled efficient implementation of this programme subcomponent in the final year and a half of the programme, facilitating achievements that would not otherwise have been possible.

### **Interactions between programme components**

A key obstacle to the more efficient and effective implementation of UNNATI was the lack of clear interaction between programme components. Whilst there is evidence of integration between certain programme components (e.g. 1.1 and 3.2), national consultant evaluation reports note that efficiency of the programme could have been further enhanced with better interactions between the various programme components and subcomponents<sup>12</sup>, as was undoubtedly the intention of the original programme design.

Interviews conducted during the programme evaluation field visit corroborated this, with respondents unanimously reporting a lack of coordination between the distinct programme components. Whilst the programme was clearly designed with interaction and learning between programme components in mind, in practice this was lacking.

The value chain component of UNNATI was intended to be the main component, with the other components operating in a supporting role. In practice coordination between the value chain and access to finance, and the value chain and infrastructure subcomponents was limited. In relation to the former, few, if any, UCF beneficiaries directly benefitted from products developed under the A2F subcomponent. In relation to the latter, the initial selection of district roads was reportedly influenced more by district infrastructure priorities than links to value chain enterprises. Mainly this was a consequence of the DoLIDAR influence in driving the Component 2 area. This influence was reversed in mid-2016 via road selections using DTO for bidding/procurement methodology incorporating MC ABS personnel along with local stakeholder support for local roads selections.

<sup>12</sup> National Consultant Report Component 1.1 and 2.2



**Finding 9:** The lack of a clear functioning coordination mechanism from the start of the programme resulted in limited coordination, interaction and learning between the different subcomponents.

Linked to this, was a lack of consideration of the sequencing interventions under different programme components. Building on the examples above, although the new financial products developed will remain after programme closure and may benefit MSMEs in the future, UCF beneficiaries were unable to benefit from the new finance products produced under 1.2 during the lifetime of the programme, as these had not been developed when UCF projects were awarded. Similarly, the selection of District roads for improvement was led by DoLIDAR. These were picked prior to the award of UCF grantees. A more considered, staggered approach to implementation would have enabled the distinct programme components to be more clearly complementary.

The lack of a single lead organisation, and therefore the lack of a single institution with clear accountability for programme delivery exacerbated these issues. Whilst the rationale for the selection of implementing organisation for each component was clear and well justified, in practice the failings of the management and coordination committee in its original incarnation, and the absence of a single focal point for coordination, delivery, and learning, negatively impacted on programme efficiency.

**Finding 10:** Not appointing a single lead organisation responsible for coordination between programme subcomponents, and ultimately accountable for delivery of the programme as a whole, was a clear limitation of the UNNATI programme design in practice.

### Programme closure and logframe targets

There is little doubt that the gap analysis undertaken as part of the DANIDA review in 2015 made a positive contribution to improved efficiency in the final two and a half years of the programme. However, as discussed above, and emphasised in the national evaluation report for subcomponent 1.2, indicators in the original programme logframe were strongly quantitative. Being formulated in this way encouraged implementing partners across all components to focus on achieving numerical targets to the detriment of the rationale underpinning the different interventions. Robust indicators should clearly capture an element of quality. Whilst the gap analysis and adjusted logframe targets helped to focus programme activities on delivery, it seems likely that this may have further fuelled the focus of implementing partners on achieving targets rather than ensuring quality delivery.

**Finding 11:** Excessively quantitative logframe targets can result in a focus on the delivery of numerical targets - chasing numbers - and divert attention away from the quality of delivery, and wider rationale underpinning programme interventions.

### Adaptive management

In light of and in response to the different changes in context and within the programme, a number of measures were taken to mitigate further delays as well as to speed up processes in decision making and implementation. This adaptive management approach, facilitated by DANIDA, proved to be a real strength of the programme under all programme components.

The difficulties associated with the cumbersome and inefficient coordination structure that the Management and Coordination Committee turned out to be, was recognised and addressed by the formulation of a Lean Management Coordination Committee (LMCC). Essentially this reduced the number of members needed to make decisions on programme direction, with key members including representative of the Danish Embassy, and the MRM coordinator. This change significantly sped up decision-making time which proved to be crucial in supporting the increased speed of programme implementation following the decision of the Danish Government to withdraw from Nepal.



As part of the DANIDA Review mission in late 2015, the practical challenges of effectively coordinating between different IPs were recognised. The MRM coordinator role was further expanded to also encompass coordination among components, particularly between components 1.1 and 1.2. This change was made in acknowledgement that there needed to be a strengthened coordination link between the components, and also contributed to efficiency gains in the latter period of programme implementation.

Adaptations were also made at the component level in response to the realities and challenges of implementation. These adaptations reflect stronger direction on behalf of the donors along with the increased imperative to conclude programme activities by the end of 2018. They are key to understanding the implementation of UNNATI and how the management was adapted to fit the programme circumstances and increase efficiency in implementation.

For component 1.1, the initial thinking had been to allow several windows and calls to address the various gaps and bottle necks identified in the value chain. However, the development of the structure for the UCF (and indeed the Advocacy Challenge Fund) took longer than expected, and the Challenge Fund Manual, stipulating rules, procedures and management approach for the challenge fund, was not ready for use until 2016. With only around one and a half years left of implementation and due to the late start of implementation, the challenge fund call was disbursed in one big call, with an incorporation of a smaller window for the market infrastructure (2.2). As discussed in section 4.3.3 whilst there are some limitations with this approach, remaining flexible to changing circumstances helped to facilitate the ultimate success of this programme component.

Another important modification during programme implementation was the merger of subcomponents 2.2 and 1.1 following the DANIDA review mission in December 2015. The original market infrastructure subcomponent (2.2) was merged with subcomponent 1.1 and renamed as public-private market infrastructure in order to broaden the scope of 2.2 to include the private sector. The development of marketing infrastructure was found not to be a priority activity for DTOs, the primary agency engaged in the delivery of this component, who also lack the requisite knowledge and experience to effectively develop market infrastructure. In addition, during implementation it became clear that marketing is an integral part of commercialization and the importance of supporting value chain related activities from broader perspective, including both public and private sectors, was recognised. This aside, there is a question as to whether the original concept of public infrastructure for value chain development is valid in the context of this programme; the core infrastructure related to value chain development such as warehouses and collection centres, would likely always have a tendency to be more effectively provided by the private sector.

In response, 2.2 was renamed “private and public market-related infrastructure” and a special window, the Market Infrastructure Window (MIW), was created under the UCF.

The management of component 2.1, was also adaptive. As outlined above, as a result of initial delivery challenges in road improvement work, combined with the wider move to federalism in the country, significant changes were made to the implementation modality of this subcomponent. This change in modality consisted both of shifting the payment responsibility from the DTO/DDC to the management contractor and, subsequently, including user committees as the implementers of the village district roads. As discussed above the improved efficiency resulting from these changes was significant.

Finally, the decision to stop funding component 3.1 and the Nepal Business Forum came in light of very limited results and difficulties in effectively driving the subcomponent forward. When the decision was announced to close this subcomponent in July 2017, it had already effectively ceased operation. Whilst this represents an important adaptation of the programme, based on the non-performance of the NBF, the decision was straightforward. The implications of this, however, have been felt in the absence of a clear, dedicated value chain advocacy component at the national level, in spite of the contribution made by the ILO under 3.2 to attempt to bridge this gap through national policy engagement activities.

**Finding 12:** The adaptive management approach adopted by the project was one of its key strengths. Remaining responsive to internal challenges and external shocks enabled IPs to increase delivery efficiency when it became clear that the programme was to end after a single phase.



## 4.4 Impact

The long-term development goal to which UNNATI intended to contribute was the promotion of sustainable, inclusive growth that reduces poverty and raises living standards. Given that the UNNATI programme only closed in December 2018, and implementation did not begin in earnest until 2016, it is too soon to evaluate programme impacts towards this overarching goal.

However, an assessment of the impact of the programme at project close is possible. This assessment considers the positive and negative changes resulting from UNNATI interventions, be they direct or indirect, intended or unintended. This section includes a consideration of the main social, economic, and environmental impacts resulting from programme interventions.

### 4.4.1 Social impact

Positive social impacts were intended, and have been achieved, under all project components. Through the direct support modality under subcomponent 1.1, for example, farmer groups have benefited from training that has improved their capacity to engage more effectively with the four selected value chains. Social benefits under subcomponent 2.1 have also been significant. An immediate impact of improved road condition is a reduction in travel time for road users. Benefits associated with this include improved access to markets for agricultural goods, increased land value and, importantly, improved access to healthcare. User committee members have also built their capacity and skills to maintain the improved VRCN roads. Whilst subcomponent 3.1 was closed early and had negligible impact, training carried out under 3.2 has improved beneficiary knowledge of employment rights and occupational health and safety (OHS). In addition, local organisations and community groups have improved their capacity to identify and prioritise shared concerns, and to lobby for reforms.

No negative or unintended social impacts were identified or reported in the national component evaluations.





## Social Benefits from Improved Rural Transport Infrastructure



*Kaule-Ektin-VRCN, Panchthar, FGD<sup>13</sup>*

As part of the delivery of UNNATI component 2.1, two User Committees were engaged to undertake infrastructure work to improve 5.16 km of VRCN road running from Nawami to Ambote and Jitpur. The communities living alongside these roads reported that prior to UNNATI support the road was narrow, full of pot holes and only negotiable by tractor. The poor quality of this road not only served to isolate these communities but also posed practical challenges when trying to bring agricultural their goods, including green leaves, to market.

Villagers became involved in the UNNATI programme through their interactions with local DTOs and MC staff. Two User Committees were formed to engage in road improvement works, with around 10 people in each and both men and women represented. Committee members reported strong motivation to engage in this work given the direct benefits the improved road condition would have for them, their families, and their neighbours.

Work led by the User Committee began in July 2018 and was completed as scheduled by the end of November. In focus group discussions committee members were quick to voice their view on the social benefits resulting from the completion of this VRCN road. All respondents were of the belief that the most important benefit resulting from the road was the improvement in accessibility of healthcare. Where before it would have taken five hours to reach the nearest emergency medical provision, following the infrastructure improvement works this time was reportedly reduced to 2 hours.

What's more, committee members reported that through the support provided by UNNATI they had developed their skills in road construction and maintenance, as well as a renewed sense of social cohesion. User Committee members were unanimous in their view that they will continue to provide their labour and skills to maintain the upkeep of the road, even if no further funding from government is forthcoming. In this case the significant social benefits brought about by UNNATI interventions, and the social capital the programme has helped to develop, are working to sustain programme achievements into the future.



#### 4.4.2 Economic impact

It is too soon to be able to gauge the longer-term economic impacts of the UNNATI programme. Since interventions under UCF, for example, have only just been completed and much of the newly purchased improved machinery, is yet to be operationalised. The full extent of economic benefits from the programme (and their sustainability) cannot therefore be accurately assessed. However, it is possible to assert that value chain linkages between producers, collectors and processors have been improved, and that as a result, incomes and livelihoods in the 7 programme districts are likely to improve<sup>14</sup>.

Greater understanding of and access to agricultural value chain finance products as a result of interventions under 1.2, is also expected to have a positive economic impact. The creation of 206 branchless banking points has improved access to savings for the rural poor, contributing to increased A2F for around 430,147 additional smallholders<sup>15</sup>. The national evaluation team visited 10 PFI branches, with each branch likely to sell improved agriculture value chain finance products and quality services to an average of 325 MSME clients over next five year. This improved access to finance reduces vulnerability to future external shocks, and improved capacity to effectively engage in value chain activities.

There is no evidence that the limited activities completed under subcomponent 3.1 have brought about positive reform in addressing the issues faced by the private sector and improving the investment climate. In the longer term, interventions under 3.2 that have raised awareness of the importance of and mechanisms for lobbying for sector reforms, may have positive economic impacts at the local level. Similarly training held on business planning, financial management and monitoring are likely to have a positive economic impact on local producer organisations and associations, however it is too soon to assess any impact in this regard. Indeed, policy advocacy activities under 3.2 may have contributed to some early gains such as the recent doubling in the price of ginger<sup>16</sup>. However it is not possible to conclusively attribute such achievements to UNNATI nor to accurately assess the contribution of the programme to this.

Minor negative unintended economic impacts resulting from UNNATI interventions were reported in relation to subcomponent 1.1, resulting from initial delays to implementation followed by the rush to implement by programme close. In the case of tea processors, some beneficiaries of the UCF may be forced to close down due to a lack of raw materials (green leaves) to process<sup>11</sup>. A more careful assessment on the future supply of raw materials to beneficiary enterprises could have prevented this issue. Similarly, a more detailed assessment of the market for cardamom seedlings could have prevented the overproduction of seedlings and economic impacts of this. On balance, however, these unintended negative consequences are not significant when considered against the potential wider economic gains of the programme.

**Finding 13:** A rush to implement value chain interventions, and to engage relevant enterprises, has the potential to lead to negative economic impacts where markets have not been adequately assessed and value chains are not clearly understood.

#### 4.4.3 Environmental impact

Agricultural expansion has the potential to have significant negative environmental impacts. Direct support activities under 1.1 including demonstrations and training events on issues such as environmentally friendly pest control and composting, have helped to mitigate these threats. Indeed, the national evaluation of C1.1 specifically identifies the positive impact of increased awareness of environmental issues (e.g. the negative impacts of firewood use in drying green tea) in changing farmer and processor behaviour. Increased awareness of and engagement in organic certification schemes and the environmental and economic benefits associated with this have further enhanced the programme's positive environmental impact. 84% of FGD participants engaged through the evaluation of subcomponent 1.2 reported a reduction in use of chemical pesticides and fertilizers since the start of UNNATI offsetting the potential environmental risks of

<sup>13</sup> Photo taken from: North Star Engineering. 2018. Evaluation of UNNATI Program Component 2.1 Rural Transport Infrastructure, Presentation.

<sup>14</sup> National Evaluation Report Component 1.1 and 2.2.

<sup>15</sup> National Evaluation Report Component 1.2

<sup>16</sup> <http://kathmandupost.ekantipur.com/printedition/news/2018-06-23/ginger-farmers-traders-thrilled-as-prices-double.html>



agricultural expansion. These actions are in keeping with the activities of 3.2, and the commitment to apply the UN Global Compact Principles, specifically Principles 7, 8 and 9, with their focus on promoting positive environmental action.

In the short term the four national subcomponent evaluations did not identify any negative environmental impacts from UNNATI interventions. However, over the medium to long term there may be some unintended negative impacts. An issue raised during the programme level field visit by members of a local User Committee was the impact of local road development on the immediate environment. In this case a local farmer reported disruption to and diversion of a local water source as a result of work to improve the VRCN road. In addition, deforestation has traditionally been a significant environmental problem in Nepal. One of the key reasons for higher rates of deforestation in the Terai, compared to the forests of the Middle Hills is the issue of accessibility<sup>17</sup>. By improving the road network to previously inaccessible areas there is a real risk that the exploitation of timber and forest resources may accelerate now access by vehicle is possible.

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<sup>17</sup> Chaudhary et al. 2016. Deforestation in Nepal. Biological and Environmental Hazards, Risks, and Disasters, pp.335-372





## Mist Valley Tea Industries: Development of a Sustainable Tea Business using a Value Chain Approach



*Mist Valley Tea Garden, 1,400 metres above sea level*

Mist Valley Tea Industries was founded in 1989 to process fresh tea leaves from its own garden, and from local tea farmers. Today the factory lies at the base of a valley in Jitpur, Ilam, 136km from Bhadrapur Airport.

In January 2017 Mist Valley received funding through the UCF with the primary objective of:

- Gaining organic certification for tea farmers in their supply chain
- Increasing competitiveness through product diversification
- Securing a fair price in the global market

In total Mist Valley received NPR 13,954,000 from UNNATI, matched with NPR 11,954,000 from non-programme sources. The vast majority of funding received was spent on the purchase of new factory machinery and equipment to improve productivity and reduce processing costs. In addition, almost NPR 1,000,000 was spent on 'software' activities to improve tea cultivation methods. Farmers supplying Mist Valley with green leaves were provided with training on organic tea cultivation including vermicompost and bio-pesticides, and were provided financial support to work towards organic certification.

UNNATI support to Mist Valley only concluded in August 2018, however the impact of programme interventions is already being seen. Production costs are down as old machines have been replaced with newer, more efficient, equipment that has significantly lower running, repair and maintenance costs. A new truck, purchased with UNATI support, has further improved efficiency and has reduced the cost of transporting green leaves from local collection points to the processing factory, reducing transport times whilst increasing tea quality.

Mr. Suresh Limbu, the Chairman of Mist Valley Tea Industries was clear in the positive impact UNNATI support has had on his business. Production has increased as a result of UNNATI support, with more farmers now engaged to supply the factory, and annual green leaf production increasing





from 280,437kg to 290,812kg. Mr Limbu noted that quality has also increased in line with production, and in the longer term this promises to result in increased income for the enterprise.

Similar benefits are already being felt at the farmer level. As a result of training received with UNNATI support beneficiary tea farmers are able to prepare organic compost and biopesticides, which have helped to increase the production yield of fresh green leaf. 353 farmers now supply the factory with green leaf and, once organic certification has been secured, they will be able to command an additional premium for each kilo of organic green leaf. In addition to these economic impacts, the potential environmental impacts of the conversion of 353 farms to organic production are significant.

The construction of a road connecting the factory with the main Bhanjyang to Chisapani road, under UNNATI component 2.1 has also had a positive impact. This road has already provided benefits to farmers, who now spend less time and money transporting green leaves. Similarly, it has reduced transport costs for the factory and quicker collection times have resulted in improvements in the quality of the product.

This combination of interventions from which Mist Valley and its suppliers have benefitted, demonstrates the positive multiplier effect of distinct programme components operating in a coordinated and mutually beneficial way.

*Box 3 Case Study of Economic and Environmental Impacts of UNNATI<sup>18</sup>*

#### 4.4.4 Impact on gender and social inclusion

Gender and social inclusion considerations are included in programme design, and the UNNATI has followed a gender sensitive approach.

Under component 1, for example, gender equality and empowerment, and social inclusion are included as one of the core guiding principles of the challenge fund. Through subcomponent 1.2, the design of cash flow based agricultural value chain financial products with lower rates of interest, flexible terms and branchless banking (BLB) were particularly targeted at female smallholder farmers. Products developed with microfinance institutions had an explicit strategic focus on providing women with access to improved financial products.

Training undertaken through subcomponent 3.2 included a focus on gender equality, eliminating discrimination in the workplace and employment rights. It is reported that as a result of this training, business owners and cooperative members have become more sensitive to gender-based employment issues such as minimum wages, equal pay and working conditions. This finding was borne out in discussion with business owners consulted during the programme evaluation field visit.

With the exception of the evaluation report for 2.1, issues of gender and social inclusion are not clearly addressed in the national component evaluations. Only a very limited amount of the data received by the A2F evaluators was reported to have been disaggregated in relation to gender and inclusion indicators. The original intention outlined in the UNNATI programme document (2013) was that data would be specifically disaggregated by gender, poverty status, and ethnicity. In practice this seems not to have occurred to the extent originally envisaged. Overall, the programme may have benefitted from a clearer engagement with these issues through the appointment of a dedicated GESI expert during implementation.

**Finding 14:** Overall, data presented in the 4 national evaluations is indicative of a positive social, economic and environmental impact as a result of UNNATI interventions. However it remains too soon to be able to judge the longer term impact of the programme.

<sup>18</sup> Data from: Mist Valley Tea Industries. 2018. Brief Report on UNNATI Challenge Fund



## 4.5 Sustainability

As discussed above in relation to the impact of UNNATI, it is too soon after the closure of the programme to make any definitive statements regarding the future sustainability of programme interventions and achievements. National component evaluations, analysis of programme documents, and interactions with key stakeholders do, however, provide some indication of the programme interventions most likely to endure.

Gains realised through the core, value chain, component of the programme have a high likelihood of sustainability for the majority of enterprises. The design of this component of the programme focused on the provision of support to commodities that are commercial and export-oriented, and in which the programme areas have a comparative advantage. It is likely that these commodities will remain key commercial agricultural commodities in the region. Furthermore, the inclusion of tea, cardamom and ginger in the National Trade Integration Strategy, as well as their prioritisation in the latest national Agricultural Development Strategy (2015-35) is indicative of ongoing government support to these value chains and their stakeholders. Where previous development programmes have spread themselves too thin, the relatively narrow focus of UNNATI on just four value chains in 2 corridors of 7 districts is also likely to make an important contribution to the sustainability of these interventions.

**Finding 15:** The relatively narrow geographical and value chain focus of UNNATI interventions have helped to ensure their sustainability.

However, sustainability of these interventions is not guaranteed. In addition, as discussed above, the rush to disburse funds through the UCF resulted in the provision of support to some enterprises without sufficient analysis of the supply of raw materials and market for agricultural products being undertaken. The single call for UCF proposal, rather than a staggered set of more targeted calls, discussed in section 4.3.3, may also have contributed to weaker sustainability of these interventions, as the rush to disburse funds came at the expense of greater understanding of existing obstacles to effective VC development.

The evaluation report for subcomponent 1.2 is also positive in relation to likely sustainability. Complementarity between programme interventions and the Nepal Financial Inclusion Action Plan, combined with capacity building work undertaken with BFI staff under the A2F subcomponent, and increased female accesses to finance are cited as the major factors influencing the sustainability of this programme component. Several PFIs have committed to the further roll out of financial literacy training and awareness raising activities, and whilst its long-term future may not be secured, BFIs have begun to roll out BLB initiatives across the country. Siddhartha Bank, for example, have begun to roll out new products resulting from the UNNATI interventions, in their 127 branches across the country. Banking is a self-sustaining business and as long as the access to finance products developed under UNNATI continue to be profitable, they will continue to be made available by PFIs.

The greatest concerns for sustainability of programme achievements are in relation to rural transport infrastructure improvements. Delays and slower than anticipated completion of road improvements, due to challenges with implementation modality and the wider move to federalism, outlined in 4.3.2, cast doubt on the sustainability of these interventions. As observed by the lead implementor of the infrastructure interventions, ongoing funding is crucial to ensure that unfinished roads are completed and to guarantee future maintenance of all road improvements supported under the programme.

Under the pre-federal system DTOs would have accepted responsibility for this ongoing maintenance, however under the new federal system this position no longer exists. There is hope that local government will take responsibility for ongoing road maintenance, but at present there are no plans or budgets in place for this. Unfinished roads, particularly those with no retaining wall yet in place, will be extremely vulnerable to damage, particularly during the monsoon season. The improved roads supported through UNNATI have a life expectancy of 3-5 years if well maintained.

**Finding 16:** Additional financial inputs are needed to ensure the full completion of all roads improved through the UNNATI programme, and to ensure provision is made for their ongoing maintenance.



User committees, who proved to be valuable implementing partners for this programme component, could potentially offer a solution to this challenge. With the move to federalism comes increased access to decision makers at the local level. User committees are therefore in a position to lobby local government for the funds to maintain the VRCN roads. UCs would also provide a readily available labour force to ensure the effective upkeep of village roads. However due to their scale, this approach is less likely to be workable for the larger DRCN roads.

The poor performance of the NBF during the period of UNNATI support, and lack of substantive achievement is suggestive of the fact that this component of the programme is not sustainable. The lack of private sector leadership of this institution, the existence of two separate organisations with similar mandates (FNCCI and CNI) and the fact that private sector leaders tend to engage with high level government officials on an individual basis, reinforce the sense that what limited achievements there may have been through this subcomponent will not be sustained.

For the advocacy subcomponent, the knowledge and information gained by individuals will have sustaining effects in improving their behaviour and performance. The advocacy skills, lobbying strategies, the understanding of value chain effects and the improved knowledge of issues related to four selected commodities have high probability of sustainability and to some extent helped to bridge the gap left by the closure of 3.1.

A high level of commitment to sustain the programme interventions was noted by the national evaluator. Cooperative and Business Associations and Trade Unions expressed their commitment to continue training programmes related to OHS, labour rights, business plans and industrial relations. As umbrella organisations they are well placed to drive these interventions forward amongst their members, and to engage and advocate on their behalf at high level fora. However, as yet there is no evidence of any corresponding financial commitment in annual budgets and plans, to ensure the ongoing delivery of these activities.

**Finding 17:** Results achieved under programme component 3.2 demonstrate that advocacy activities can be effectively driven from the grassroots level. Whilst this is not a replacement for national level engagement, local activities can have an important role to play, particularly where cooperatives, farmers groups and other umbrella organisations are engaged.

Overall, sustainability seems likely for the majority of UNNATI components if not guaranteed. The likelihood of sustainability would have been much improved with clearer and more effective coordination and interaction between the distinct programme subcomponents. As discussed in section 4.3.4, whilst these links are clearly articulated in the final programme document, and are evident in the theory of change, in implementation these complementarities and cross component interactions were lost. A second phase to the UNNATI programme, as originally envisaged at design stage, would have helped to mitigate some of the potential threats to sustainability, discussed above.



## 5 Conclusions

UNNATI was conceived as an innovative, holistic approach to inclusive growth in Nepal. The programme was designed during a period of intense political change and optimism and represented a novel approach to development interventions in the country, for both DANIDA and the Government of Nepal to achieve the shared goals of economic growth and greater employment.

The significant influence of external factors, including political change in both Nepal and Denmark, combined with internal challenges in implementation, resulted in initial delays in programme delivery. The introduction of a hard deadline for the completion of programme activities, where previously the assumption had been that the programme would comprise multiple phases, in practice shortened the effective implementation period of UNNATI to around two and a half years. Given the challenges faced and these significant time constraints, a remarkable amount was achieved in this period.

### 5.1.1 To what extent have interventions under programme component 1 resulted in sustained improvement in competitiveness of selected value chains?

The UNNATI programme ran for 5 years, a relative short time period in which to engender significant change within the target value chains of orthodox tea, ginger, cardamom and dairy. During this turbulent implementation period, subcomponents 1.1, 1.2 and 2.2 faced a number of challenges including changes in team leader, political change, natural disasters and economic shocks.

In spite of this the programme has made notable progress towards improving the competitiveness of the target value chains. Data from the relevant component evaluations provides evidence of this achievement. The value of products sold in the four selected value chains has increased by over DKK 178 million, additional private sector investment of DKK 93.6 million has been leveraged through these interventions, and the performance of almost 14,000 farmers and nearly 200 MSMEs has been improved. In making these achievements UNNATI has demonstrated a successful model to commercialise priority, high value, complex and diverse value chains.

Whilst performance against logframe targets for this component has exceeded expectation, given the implementation delays experienced and the very recent conclusion of the programme, it remains too soon to gauge whether these gains can be taken forward and sustained. However, the strong degree of potential for sustainability identified for subcomponents 1.1, 1.2 and 2.2 provides some reassurance that this will be the case.

### 5.1.2 To what extent has the UNNATI programme resulted in sustained improvement in rural infrastructure?

The overall objective of the Infrastructure Component of UNNATI was, “sustained improvement of rural infrastructure.” Despite significant challenges with the implementation modality for subcomponent 2.1, and the modifications to 2.2 and its integration with component 1, UNNATI has made important gains to this end.

Progress towards relevant indicator targets, as documented in the national evaluation report for component 2.1, demonstrates these improvements in rural infrastructure. As a result of UNNATI interventions travel time has been reduced by more than 20% compared to the baseline data, delivering reduced travel times for reaching primary schools, health posts, and rural government offices. The findings also show a reduction in transportation costs of almost 20%. At the same time traffic flow per season has increased, reaching the target of 20% annual and 30% increase during rainy season.

The key concern with these achievements is the degree to which they can be sustained. Without financial commitment from local government and inclusion in rural development plans, there is a real risk that gains made in relation to the improved condition of rural roads in target district will not endure. So whilst the programme has clearly resulted in improvements to rural infrastructure, whether these gains can be maintained remains to be seen.



### **5.1.3 To what extent has the UNNATI programme resulted in sustained improvement in Nepal's enabling environment for private sector development?**

Component 3 of UNNATI, focused on creating an enabling environment, was amongst the most problematic in implementation. The overall objective of this component was to achieve, “sustained improvement in the enabling environment.”

As discussed in detail in this report, a significant event in the lifetime of the programme was the closure of subcomponent 3.1, public-private dialogue, due to non-performance. This subcomponent aimed to enhance public-private dialogue for improved policy and regulation. With the limited achievement and early closure of this part of the UNNATI programme, this remained an important gap in the creation of an improved enabling environment for private sector development.

Subcomponent 3.2 focused specifically on improving advocacy for responsible business. This element of the programme performed well, contributing to the development of more than 80 policies laws and regulations and undertaking significant capacity building engagement with beneficiaries at the district level. It may be that in the longer term, this improved individual and organisational capacity at the local level strengthens advocacy within the target value chains, however it remains too soon to fully assess the impacts of these interventions.

In spite of these successes, subcomponent 3.2 was not able to fully cover for the inadequacies of 3.1. Indeed, given the overall programme design of interlinked and complementary interventions, it is reasonable to assume that subcomponent 3.2 could have been more effective, had coordination been better and adequate linkages been developed between 3.1 and 3.2. Whilst the more localised gains made through 3.2 were positive, and some higher-level gains were made, sustained improvements in the enabling environment at the national level remain a longer-term goal.

### **5.1.4 With reference to the DAC Criteria for Evaluating Development Assistance, to what extent has the UNNATI programme resulted in inclusive growth, poverty reduction, and improved living standards in project intervention areas?**

Comprehensive data to measure progress against indicators at the programme development objective level is not yet available. Where national component evaluations have collected or inferred data, the indications of progress are positive. Whilst it is too soon to provide a definitive assessment of the achievements of the UNNATI programme, as the analysis in this report demonstrates, the programme has made some significant achievements over the last five years.

Programme design was highly relevant to local needs and donor and national government priorities. Despite challenges during implementation, the relevance of all programme components is clear and has endured. Programme design was relevant to address the aims of the programme.

At the output level there is evidence that overall programme effectiveness has been good, when assessed against logframe indicators. Targets for value chain commercialisation have been broadly met or exceeded, as have targets under the rural transport infrastructure subcomponent. Effectiveness under component 3 has clearly been less impressive, however there are still notable achievements to be seen under the advocacy for responsible business subcomponent.

The contrast between programme efficiency during the early and latter stages of implementation is marked. The adaptive and consultative approach to programme implementation lay at the heart of this change and was undoubtedly one of the key strengths of UNNATI.

Whilst longer term programme impacts are not yet evident, there have been clear positive social, economic and environmental impacts from UNNATI interventions. The significant capacity building elements included under each component helped to ensure that the programme was able to start to engender change at the grassroots level. It remains too soon to accurately assess the full economic impacts of the programme



however already over 400,000 beneficiaries have access to branchless banking, and income and livelihood improvements amongst value chain beneficiaries seem likely.

The key question that remains for UNANTI is the extent to which these not inconsiderable changes achieved through the life of the programme, can be sustained. This is a particular concern given the original conception of the programme as a longer-term multi-phase intervention. Whilst achievements under components 1 and 3 have a strong likelihood of continued success, infrastructure interventions will require ongoing maintenance and funding to ensure that the benefits, hard won by the programme, are able to endure.





## 6 Lessons Learnt

### 6.1 Lessons for design

#### 6.1.1 For donors

##### **Ensure sufficient length of programme to enable value chain bottlenecks to be identified and addressed**

As discussed above in section 4.3.4, and identified in the national evaluation of component 1.1, the time constraints that resulted in a single UCF call for proposals had a negative effect on programme impact. In the tea and dairy value chains UNNATI afforded high priority to interventions targeting processors on the assumption that the most effective means of accelerating commercialisation was through value addition. Discussions with key stakeholders documented in the national evaluation report of component 1.1 suggest that other issues including marketing constraints and a lack of the skills required to access international markets, are also significant barriers to commercialisation. With a longer implementation period multiple rounds of UCF calls could have been held targeted at addressing such value chain constraints, as and when they were identified.

##### **Programme design should include clear lines of accountability and a single apex organisation to coordinate and guide implementation**

The value of designing a programme with a single prime contractor in place is twofold. Firstly, the presence of a single apex organisation supported by a number of subcontractors ensures clear lines of accountability and responsibility. In the case of UNNATI initial slow progress in implementation could have been more effectively addressed had a single organisation been accountable to DANIDA.

Secondly, having a single lead organisation in place helps to ensure effective programme coordination. The effectiveness, and ultimately achievement, of UNNATI would have been improved with stronger links between programme components and sub components. The programme was designed to ensure that a holistic approach was taken to inclusive growth, with the infrastructure and advocacy interventions supporting the main, value chain, component. The presence of a single lead organisation with clear responsibility for coordination and delivery would have helped to mitigate these challenges.

##### **Grant-based challenge funds are an effective delivery mechanism**

Despite a slow start, the achievements of the UCF demonstrate the value of competitive grant-based challenge funds in stimulating enterprise development and leveraging private sector funding. The 50:50 investment model was identified as a key factor in this, as it required genuine support and buy in from the private sector. In the case of UNNATI it is clear that with quicker mobilisation of the fund and a longer period of implementation the gains could have been more significant. Nevertheless, the programme has clearly demonstrated the worth of such mechanisms in interventions focused on the commercialisation of value chains.

##### **Focusing interventions on priority value chains in a geographically limited area was a design strength**

As highlighted in 6.3.3 below, the decision taken during UNNATI design to restrict interventions to a limited range of priority value chains in just two geographical corridors had benefits for programme achievement. The programme did not try and spread its interventions too thinly, and the clearly targeted support provided by UNNATI helped to ensure significant programme reach and achievement at the grassroots level. Focusing on a tightly bound geographical area also helps to ensure the relevance of programme interventions across the target area. Future DANIDA interventions can build on this experience and could consider a phased roll out of value chain interventions across geographical areas, beginning with interventions in more prepared and accessible districts, before rolling these out into more challenging and remote areas.

##### **For programmes that include an infrastructure element, an Environmental Impact Assessment should be completed as part of design**

Although the Environmental Screening Note completed during programme design recommended a full environmental impact assessment be undertaken for the infrastructure component of the programme, it is not clear that this was carried out. Regardless, in the rush to implementation, the national evaluation of subcomponent 2.1, and interactions with focus group and interview respondents, indicate that insufficient



attention was paid to environmental considerations in some cases. Infrastructure development has the potential to have significant direct and indirect negative environmental impacts. Sufficient and robust environmental safeguards should be established before any such work is undertaken. Carrying out a full EIA will also enable the potentially significant environmental opportunities, such as the increase in organic agricultural production, to be identified and capitalised upon.

## 6.2 Lessons for implementation

### 6.2.1 For donors

#### **Engaging with government partners in an appropriate capacity is vital to effective implementation**

At the start of UNNATI, the body responsible for programme oversight, the Programme Steering Committee, was chaired by the Secretary of MALD with additional participation from other relevant Government Ministries. Given the significant competing demands on their time it proved difficult to convene steering committee meetings at a time that was suitable to all key stakeholders. Despite their real commitment and support for the programme, frequent changes in high level government personnel further hampered the effectiveness of this body. The introduction of the Lean Management Coordination Committee was a positive response to this.

As discussed in section 4.3.2, directly engaging government institutions in programme delivery under subcomponents 2.1 and 3.1 also presented challenges. Affording appropriate government staff and departments the opportunity to feed in to programme design and implementation is vital, however close consideration should be paid to which government bodies to engage and in what capacity.

#### **Effective preparation is a cornerstone of efficient implementation**

Section 4.3.2 discussed the factors contributing to the significant delays experienced in implementation at the start of the programme. The need to ensure effective planning and time management from the outset was a key lesson identified in the national evaluation report for component 1.1. The initial intention for the programme had been for it to be implemented over multiple phases, with the first phase lasting 5 years. In implementation it took a year – 20% of the total project length - just to complete the inception phase. By the end of inception, the guidelines and methodologies for the UCF grant, the core programme component, had still not been finalised.

Similarly, delays were reported for the access to finance programme. The national financial inclusion road map should have been completed earlier in the programme, and a more thorough assessment of the current financial landscape during the inception period would have been beneficial in helping to understand what change would be possible within the lifetime of the programme and how best to go about achieving it.

Whilst it is understood that implementation pressure across all components may have been alleviated by the belief that the programme would run for a second phase, programmes with a contracted duration of 5 years cannot afford such significant delays at the outset.

#### **Team composition can influence implementation effectiveness**

Several interview respondents during the programme evaluation field visit highlighted different aspects of team composition that had acted to influence programme achievement. As discussed in section 4.3, the original choice of team leader led to delays in implementation in subcomponent 1.1. This example illustrates that an impressive CV is not always a reliable indicator of the quality of someone's work or their appropriateness for a particular position in the team. Interviews should be held with key team members as a matter of course to ensure that they are a good fit for their intended role. This issue becomes even more important where a programme is made up of multiple distinct components with no single individual tasked with overall coordination.

Other suggestions related to team make up presented during fieldwork included the potential benefits of including a Nepali national as deputy team leader. Where the team leader is based in the field, having a national deputy based in Kathmandu to liaise with government staff and maintain efficiency and smooth bureaucratic hurdles, could improve effectiveness, particularly at times of significant political change. The importance of engaging international experts in all subcomponents was also emphasised as a potential means of catalysing action amongst government partners.



### **Engaging with cooperatives and the private sector improves programme reach and effectiveness**

UNNATI engaged with producer and processor cooperatives and private sector enterprises. This dual focus was found to work well with both cooperatives and private organisations having their relative merits as implementers. Engaging cooperatives results in direct benefits to farmers and increases programme reach at the grassroots level, however by their nature, decision making can be slow. In contrast, private sector organisations are able to make decisions much more quickly but farmer involvement is lower, and direct benefits to the farmers take longer to materialise.

## **6.2.2 For beneficiary governments**

### **User committees are viable institutions through which to implement programme interventions**

The original implementation modality for programme subcomponent 2.1 involved local government institutions disbursing funds to contractors to complete infrastructure improvement work. The rationale for this approach, with its emphasis on engagement and sustainability is clear. However in implementation, challenges engaging and managing subcontractors meant this delivery mechanism proved to be highly inefficient in most cases. What the UNNATI programme has demonstrated, is that user committees can be an extremely effective means of programme implementation. Through the programme, user committees have proved themselves to be a viable implementation partner for small scale infrastructure works, as well as a potential solution to the challenge of sustainability for improved village roads.

## **6.3 Examples of good practice**

### **6.3.1 The ‘three-pronged’ approach**

The ‘three-pronged approach’ to the commercialisation of the target value chains (see section 4.3.4) was highlighted as a clear example of good practice in the national evaluation report for component 1.1, and was cited as the key reason for success in this programme component. Specifically, this approach involved the provision of direct support through the UCF, in tandem with support to community-based organisations, and direct support to key stakeholders through specialist public and private sector agencies working at the community level. These complementary activities implemented in harmony helped to strengthen commercialisation of the relevant value chains in the geographical hubs supported by the project.

### **6.3.2 The challenge fund manual**

The operational manual and guidelines for the UNNATI Challenge Fund were consistently identified as an example of good practice by both national evaluation reports and interview respondents. Despite initial delays in the completion of this document, the final product was clear and well thought out, helping to facilitate smooth and effective implementation of these programme components. To some degree the quality of the product and the efficiency gains it facilitated in delivery offset the negative impact of delays in its preparation.

### **6.3.3 Focusing support on a small number of appropriate value chains**

Value chain development interventions under subcomponent 1.1 focused on a relatively narrow geographical area. In addition, only a small number of the most locally and nationally relevant value chains were selected for support. In contrast to the less focused support often provided through value chain programmes, the UNNATI approach focused on the provision of support only to the most relevant beneficiaries. This clearly targeted support provided through the commercialisation of value chains component, helped to ensure that despite initial implementation delays, significant achievements were still possible. An attendant benefit of this narrow geographical focus was that the programme was very effective at reaching beneficiaries at the grassroots level. Capacity building and awareness raising activities carried out under components 1 and 3 in particular, and the use of cooperatives as a mechanism to reach farmers at the grassroots level, were central to this success. Similarly, direct facilitation with stakeholders and beneficiaries carried out by the MC helped to extend the reach of the programme whilst overcoming field-based challenges and constraints to implementation.

### **6.3.4 Engaging user committees in rural infrastructure improvement**

Although not identified as an example of good practice in the national evaluation report for subcomponent 2.1, it seems clear that the decision to engage UCs in VRCN road improvement constitutes an example of good practice. As discussed in section 4.3.3, engaging UCs to lead road improvement work not only



improved delivery effectiveness under this component, but also increased efficiency, impact, and the possibility of longer-term sustainability. UCs performance was significantly better than that of contractors in part because of their vested interest in having a function road. As one focus group respondent observed, the road ‘belongs to them’. There is social pressure amongst the group to ensure successful delivery, and greater motivation to complete construction on time. There was no significant difference in the quality of the final product as construction was supervised by MC staff. The provision of training to improve local skills in road building and maintenance was highlighted as an example of good practice and will help to contribute to longer term sustainability.

### **6.3.5 An adaptive approach to implementation**

As discussed in detail in 4.3.4, the collaborative and adaptive approach to programme implementation adopted by DANIDA in the face of significant delivery challenges was a real programme strength and example of good practice. Difficult decisions had to be made by the donor at crucial points throughout the five-year implementation period. A more rigid approach to programme management may have resulted in the early closure of UNNATI leaving negligible impacts on the ground and posing significant reputational risk. As it was, dedicating the significant time and effort required to adapt and overcome these obstacles enabled the programme to dramatically increase efficiency in its closing stages, resulting in significant positive achievements.



## 7 Recommendations

### 7.1 Recommendations for implementing agencies

#### 7.1.1 Define appropriate indicators to balance quality and quantity in delivery

Drawing on Finding 11. Excessively quantitative logframe targets can encourage IPs to focus on the delivery of numbers. Whilst ensuring logframe targets are met it is important that IPs remain conscious of the wider picture, and the theory of change underpinning programme design, considering both the quality of these interventions and how they fit with the work of the wider programme.

#### 7.1.2 Ensure effective monitoring and learning systems are in place

Linked to Finding 12. The achievements of the UNNATI programme were due, in no small part, to the adaptive approach employed in implementation. Robust monitoring data and opportunities to feed learning back in to programme implementation are central to effective adaptive management. In the case of UNNATI this role was effectively carried out by the MRM coordinator, enabling the programme to remain responsive to internal challenges and external shocks.

### 7.2 Recommendations for donors

#### 7.2.1 Include a challenge fund element in future inclusive growth programmes

Building on Findings 1-3 and 7. UNNATI has demonstrated the efficiency and effectiveness of competitive grant-based challenge funds in stimulating enterprise development and leveraging significant private sector funding. When employing this approach, it is important to ensure the timely development of robust management procedures to guide challenge fund operation. Linked to this, ensure that the timeframe for implementation allows for multiple challenge fund rounds to ensure that core value chain constraints can be identified, targeted and addressed.

#### 7.2.2 Use government channels for programme implementation judiciously

Based on Finding 4. Engaging government agencies as IPs and using government systems to engage contractors and disburse programme funds increases risks to delivery. Where national political systems are in a state of flux these risks are amplified. In such cases, whilst substantive engagement with government partners remains imperative, alternative institutions should be engaged for implementation work.

#### 7.2.3 Large complex programme interventions should have a single responsible IP

In relation to Findings 9 and 10. It is clear that ambitious programme of the size and scope of UNNATI require the involvement of multiple partners with different skill sets to ensure effective delivery. However, ultimately a single organisation should be responsible for coordination and accountable for programme success. The lack of such a programme focal point, prevented the UNNATI programme from realising the intended benefits of interactions between the distinct work streams.

#### 7.2.4 Undertake a closed project evaluation two years after programme completion

As highlighted by Finding 14. Monitoring and evaluation data presented in the national evaluation reports indicates likely social, economic and environmental benefits from the UNNATI programme. However, with the programme only recently closed it is too soon to have a clear understanding of programme impact. It is suggested that a post project evaluation could be carried out in 2021. This would enable programme impacts to be more clearly assessed, would provide an opportunity for further lessons learning, and would ensure accountability to Danish taxpayers.



## **7.3 Recommendations for beneficiary governments**

### **7.3.1 Revisit national procurement processes and reformulate where necessary**

Building on Finding 6. In the delivery of the rural transport infrastructure subcomponent of UNNATI, the Public Procurement Act of the Government of Nepal that prioritises tender cost over technical quality was shown to have encouraged significant underbidding from contractors. This process created incentives to under budget for infrastructure works, and disincentives to deliver these. Revisiting the procurement procedures and revising selection criteria to ensure that minimum technical criteria must be met, and that financial proposals are in line with official cost norms per km of road, would go some way to addressing this issue.

It is understood from interactions with key government stakeholders that a new e-bidding system is being introduced for tender for contracts administered through the GoN. This is a welcome step that will help to address these concerns.

### **7.3.2 Allocate funds to UCs for ongoing maintenance of improved village roads**

Drawing on Finding 6 and 16. User committees have proved themselves to be a viable implementation partner for small scale infrastructure works. At the same time there are real concerns around the ongoing maintenance of UNNATI supported roads. With increased power for local planning and budgeting devolved to new local federal institutions, there is a clear opportunity for local government to engage UCs in the ongoing upkeep of UNNATI supported roads.





# Annex A – Terms of Reference

## 1. Background

Danish Government has been implementing Inclusive Growth Programme (UNNATI Programme) in seven hill districts<sup>19</sup> of Province 1 (previously Eastern Development Region) from January 2014 till December 2018 with an allocation of DKK 400 million. The key priority is to strengthen market-based growth with a focus on reducing poverty and improving living standards. This entails that the core of the programme has focused on the agriculture sector given its importance as a main contributor to the economy and to employment. The strategic focus of the programme is on private sector development in compliance with the government of Nepal and Danida's strategies, and the private sector is a beneficiary and also a direct implementing partner. The public sector is a key partner and to play a critical role in setting and implementing national objectives, policies and plans; for providing the regulatory frameworks; for supporting infrastructure development; and for creating an enabling environment for the private sector to contribute efficiently and effectively to inclusive growth.

The **development objective** of the UNNATI Programme is promotion of sustainable, inclusive growth that reduces poverty and raises living standards.

The programme has three mutually reinforcing components: **Value chain component**, **Infrastructure component**, and **Enabling environment component**. The three components are interlinked with the value chain component as the core of the programme. Each of these components consists of two sub-components as given in the Table below.

**Component and Sub-components of UNNATI Programme**

S.N.	Component	Sub-component
1	Value chain	<ul style="list-style-type: none"> <li>Commercialization of the value chain</li> <li>Access to finance</li> </ul>
2	Infrastructure	<ul style="list-style-type: none"> <li>Rural roads and bridges</li> <li>Private and Public market related infrastructure</li> </ul>
3	Enabling environment	<ul style="list-style-type: none"> <li>Private Public Dialogue (PPD)</li> <li>Advocacy for rights and good corporate governance</li> </ul>

**Component 1: The Value Chain Component** comprises two sub-components: 1.1: *Commercialization of Selected Value Chains* (tea, ginger, dairy and cardamom) and 1.2: *Access to Finance* (A2F); The Value Chain component is the core component with the other two components being the supporting components. The value chain component has an objective of “sustained improvement in competitiveness of selected value chains”.

The objective of sub-component 1.1 “Commercialization of Selected Value Chains” is to commercialize the four selected value chains. This sub-component is designed to provide supports to four value chains: 1) orthodox tea, 2) ginger, 3) cardamom, and 4) dairy. The support modalities comprise: i) UNNATI Challenge Fund (UCF) for provision of grants, and ii) Direct support interventions.

UCF provides matching grants through a competitive bidding process to the qualified applicants with viable proposals. The key objective of UCF is to tap the business opportunities by solving the binding constraints identified within the four value chains. Grants are targeted towards new ideas, products, business models, improved quality, etc. A total of 159 grantees have received UCF.

Direct support interventions are planned by MC and implemented by service providers (private and public). Direct support programme focuses on ginger and cardamom as there are a few actors at higher level of these

<sup>19</sup> The seven hill districts are Ilam, Panchthar, Taplejung, Dhankuta, Terhathum, Bhojpur and Sankhuwasabha. Although the programme activities are focused in seven hill districts of Province 1, some interventions are regional and national-based.



value chains (processing and marketing). Some supports are also provided for tea and dairy under direct interventions.

The objective of sub-component 1.2 “Access to Finance” is to increase access to and use of a range of financial services by rural households and MSMEs. The purpose of this sub-component is to support financial service providers to more effectively serve the agricultural value chain actors with appropriate financial products and services. Consequently, the project aims to enable smallholder farmers and MSMEs to invest into their agriculture value chain activities leading to the sustained improvement in competitiveness of selected value chains.

**Component 2: The Infrastructure Component** comprises two sub-components 2.1: “Rural Transport Infrastructure” and 2.2: “Private and Public Market-Related Infrastructure”. The objective for component 2 is “Sustained improvement of rural infrastructure”. The Infrastructure Component addresses the infrastructure constraints of the selected value chains. The rationale for Component 2 is that Nepal’s road network is not well developed and the general rural infrastructure is inadequate and underdeveloped in terms of market places, storage facilities and productivity enhancement facilities. As a result of the poor and unreliable road network, farmers are not able to transport their agriculture production to the market, justifying a significant road component in a value chain project. Difficult access is a major constraint to development in the hill areas.

The sub-component 2.1 “Rural Infrastructure” will seek to address this constraint by facilitating the improvement and maintenance of transport infrastructure.

The sub-component 2.2 “Private and Public market related infrastructure” will seek to improve the quality of market infrastructure by physical improvements to market places and local collection centers together with the provision of more storage facilities. This sub-component has been merged into sub-component 1.1 “Commercialization of selected value chains” and has been operated through the UNNATI Challenge fund.

**Component 3: The Enabling Environment Component** comprises two sub-components 3.1: “Public-Private Dialogue” and 3.2: “Advocacy for Rights and Good Corporate Governance”. The objective for Component 3 is “Sustained improvement in the enabling environment”. The Enabling Environment Component is designed to address macro and meso level policy challenges pertaining to inclusive growth. These include: (i) a need for improvement of the business environment. Inclusive growth in the long term will come from a better investment climate and private sector-led growth; (ii) absence of a comprehensive policy and strategy for development of the private sector and the sector’s role in inclusive growth; (iii) insufficient infrastructure, inadequate labor skills and continuous labor unrest, restrictive labor relation, political instability; (iv) a public-private dialogue based on presumptions rather than accurate knowledge; and (v) development policies and plans reflecting the lobbying ability of various interest groups rather than the economic potential of the value chains.

Sub- component 3.1; Private Public Dialogue is designed to help, establish and operationalize the Nepal Business Forum, which was Nepal’s first platform for dialogue between the public and private sectors. The immediate objective for this sub-component is “Enhanced public private dialogue for improved policy and regulations”.

Sub-component 3.2, Advocacy for Rights and Good Corporate Governance aims at improving advocacy for responsible business development including rights and good corporate governance in selected four value chains. The project will run under the Challenge Fund model to support three complementary areas of interventions focusing on advocacy and dialogue, sustainability and public awareness of the responsible business including rights and good corporate governance issues. The immediate objective for this sub-component is “Improved advocacy for responsible business”

## 2. Objectives of the Final Evaluation Study

The objective of evaluation is to assess the processes and achievements made to the accomplishment of project objectives, component objectives, and outputs and to assess the project contributions towards achieving priorities and goals of Government of Nepal. The specific focus of evaluation is as follows:



**Achievements:** Assess the quantitative and qualitative achievements (results) of the actions against project objectives and anticipated outputs. Assessment of the risks and assumptions and how these have influenced the achievements.

**Relevance:** How far the project objectives has been consistent with national priorities, the needs of target groups, and donor policy? How relevant was the project interventions in addressing the constraints of the selected four value chains (orthodox tea, dairy, ginger, and cardamom)? How well problems and needs, as well as target beneficiaries were identified and incorporated into the action plan? How the programme complements and enhances, rather than duplicates and hinders, related activities carried out by other organisations, governments and donors? What are the added values that can be contributed to UNNATI? Was the 'Theory of Changes' of the project relevant?

**Impact:** The assessment should be based on design and planning and of the future potential or expected impact as currently there might not be much impact observed.

What changes will the project bring for the livelihood of smallholder farmers and for MSMEs - directly or indirectly, intended or unintended and positive or negative changes? What will be the technical, economic, social (incl. gender equality and deprived communities), ecological and environmental effects/impacts in the will long term? How many people or MSMEs be affected by the project interventions?

**Sustainability:** To what extent will project achievements, results and effects be expected to continue after donor funding ended? To what extent are the target groups/intermediary organizations capable and prepared to receive the positive effects of the project interventions without donor's support in the long-term? How effective are the exit strategies, and approaches to phase out assistance provided by the project? What were the major factors (including implementation approach) influencing the achievements or non-achievements of sustainability of the project?

Assess the sustainability of the implemented interventions. Several results are barely finalized, so only little, or even no impact, is expected at this stage. Hence, the assessment of sustainability will be based on an assessment of the immediate and long-term impacts. If possible, consider which positive/negative synergies (trickle down/up effect) could arise from the project.

**Effectiveness:** To what extent were the objectives achieved/ are likely to be achieved? To what extent is the target groups reached? How effective were the strategies and tools used in the implementation of the project? How effective was the project in addressing the constraints of the selected four value chains (orthodox tea, dairy, ginger, and cardamom)? Whether the planned benefits have been delivered and received, as perceived by the key beneficiaries, donor, the responsible national government authorities, and other interested parties? What were the major factors (including implementation approach) influencing the over / under achievements or non-achievements of the objectives?

**Efficiency:** How efficient was the project in terms of effective utilization of the project resources, cost-efficiency, and reaching target groups? Were the project resources utilized as planned? What were the major factors (including implementation approach) influencing the efficiency and non-efficiency of the project interventions?

**Changed context and Implementation approach:** What were the adjustments made in the implementation approach? Why these changes were made and how these helped for effective and efficient implementation? How was the coordination/synergies with other components, subcomponents of the UNNATI Programme and with government organizations? How was the complex project management influencing positively/negatively the flexibility, utilization and impact?

**Good Practices:** Identify the actions that have demonstrated all of the above criteria (relevancy, efficiency, effectiveness, impact and sustainability) together with its capacity to be replicated in the future. This may also include good practises in project management and project processes.

**Lessons learned:** Identify lessons learned from the success/failure of the project, innovative approaches used as well as major challenges that can be useful for extrapolation of project accomplishments and in designing projects in future.

To identify good practices and lessons learned which can be used for the promotion of agriculture value chain; and



To provide specific, actionable, and practical recommendations to be used for the future agriculture value chain projects in Nepal and elsewhere in future Danida value chain interventions.

### **Recommendations**

The list of recommendations, according to the view of the consultant, should be listed and motivated.

### **3. Scope of the work**

The evaluations of UNNATI will consist of 5 different consultancies;

1 national consultant to evaluate sub-components 1.1 and 2.2 (Value chain and market infrastructure)

1 national consultant to evaluate sub-component 1.2 (Access to finance)

1 national consultant to evaluate sub-component 2.1 (Rural transportation infrastructure)

1 national consultant to evaluate component 3 (Enabling environment) consisting of the two sub-components "Advocacy" and "Private Public Dialogue".

1 international consultant to coordinate the above, compile the reports and evaluate the entire UNNATI program. These terms of reference is relevant to the international consultant.

The international consultant will be responsible for undertaking following tasks, but not limited to:

#### Inception phase

- Coordinate the evaluation with the UNNATI MRM team
- Review and comments to the local inception reports
- Review of relevant literatures - Project documents, periodic progress reports, project implementation manuals and guidelines, and other related project specific documents.
- Review of the evaluations of the sub-component conducted by the national consultants
- Establish dialogue with the national evaluators from the sub-component evaluations.
- Identify possible gaps or areas that need further attention, develop evaluation methodology and tools for the overall evaluation and identify sampling strategy including the sample size if deems necessary
- Develop main research questions and relevant tools, checklists, data collection formats
- Prepare and submit inception report for discussion and approval by the MRM team

#### Data collection

- Collection of data from different sources relevant for the analysis
- Visit selected project sites to get a first-hand impression of the UNNATI activities.
- Arrange discussion with stakeholders and existing and (where relevant) previous project staff of all project components
- Collect relevant quantitative as well as qualitative data from secondary information if necessary.
- Assessment of the coordination and interaction between implementing partners and Governmental bodies at local, district and national level.

#### Assessment and analysis

- Analyse the collected data and information, incl. the data from the national evaluation reports
- Analyse the synergy between the various sub-components in terms of added value and possible influence on the implementation
- Analyse the UNNATI program design in terms of Value Chain development
- Assess the appropriateness of selected partners for efficient implementation, incl. the governmental partners.
- Assess the consequences of the decision to stop the UNNATI program after phase 1 (5 years)
- Conduct a workshop for validating the findings with participation of project staff and management

#### Reporting

- Review of the local inception reports
- Compile the evaluations of the sub-components into one UNNATI program evaluation report, including the overall program assessments
- Prepare a draft report for discussion with the MRM team
- Prepare a de-briefing session with the MRM and DPSU teams



- Share the draft report for comments
- Address the comments/suggestions and produce final report.

#### 4. Deliverables

The consultant will be responsible for the quality and timely submission of specific deliverables. The consultant is required to produce following deliverables (all in English).

- Inception report along with study instruments, evaluation methodology (including list of sample size, data analysis design), and report structure
- Draft evaluation study reports (2 hard copies and soft copy)
- Final evaluation study report (3 hard copies and soft copy)

#### 5. Evaluation Schedule

The evaluation shall commence from third week of October 2018 and will be completed by January 2019. A tentative schedule is given below, which can be refined after consultation with the consultant. It is envisaged that the consultancy will require a total of 40 working days.

- Review of the national inception reports: Late September 2018 - 5 days
- Preparatory work and inception report: by mid-November 2018 – 8 days
- Field work for Final Evaluation: by mid-December 2018 – 14 days
- Draft report for Final Evaluation: by mid-January 2019 – 10 days
- Final report of Final Evaluation: by end of January 2019 – 3 days

#### 6. Required Expertise and Qualifications

The preferred Consultant will have following expertise and qualifications:

- Relevant university degree and least M.Sc. level.
- Minimum 5 years of experience with program or project evaluations.
- The consultant should be able to cover the different aspects (Value Chain, Access to finance, Infrastructure, advocacy and private public dialogue) of the consultancy as set out in these terms of reference.
- Knowledge of evaluation methods and techniques, including a thorough understanding of data collection, evaluation methodologies and design, and strong qualitative and quantitative research skills.
- Fluency in English
- Preferably experience from Nepal

#### 7. Payment and Pricing

The payment to the consultant will be made as follows:

- 30% of the contract price at signing the contract
- 40% at an acceptable draft report presented
- 30% at accepted final report

#### 8. Documents

The Project will provide the following documents to the consultant:

- Project documents including revised project logframe
- Baseline study reports
- Periodic progress reports
- Project implementation manuals/guidelines (UCF manual)
- Other related project specific documents.



## Annex B – List of key stakeholders

### **Key stakeholders:**

*Based on programme document and information gathered*

#### **Danida**

- Danida Programme Support Unit (DPS), Nepal

#### **Five lead implementing partners**

- Component 1.1 and 2.2: Management Contractor (FCG/Orgut)
- Component 1.2: UNCDF with support from Nepal Rastra Bank
- Component 2.1: DDCs/DTOs/DoLIDAR
- Component 3.1 (terminated): Nepal Business Forum
- Component 3.2: Advocacy Fund Manager (ILO)

#### **Ministries and agencies (that UNNATI has collaborated with)**

- Ministry of Finance (MoF)
- Ministry of Agriculture Development (MoAD)
- Ministry of Cooperatives and Poverty Alleviation (MoCPA)
- Ministry of Commerce and Supplies (MoCS)
- Ministry of Federal Affairs and Local Development (MoFALD)
- Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)
- District Cooperation Committees (DCCs)<sup>20</sup>
- Federation of Nepalese Chambers of Commerce and Industries (FNCCI)
- District Chambers of Commerce and Industries (DCCI)

#### **Beneficiaries for component 1.1 & 2.2, 1.2, 2.1, 3.2**

<sup>20</sup> Development Committees (VDC), DDCs and the District Agricultural Development Office (DADO), District Livestock Service Offices (DLSO) and DTOs was replaced with the newly elected DCCs (District Cooperation Committees)





## Annex C – List of Key Documents

Title	Date	Summary
<b>Component 1.1 and 2.2 Value Chain</b>		
Final Programme Document	08/13	
Final component description C1		Describes component C1 rationale and design
<b>Component 1.2 Access to Finance</b>		
List of A2F partners Financial Service Providers		Lists key stakeholders
List of A2F partners Financial Service Providers 32606 32608		As above with highlighting
AF2 UNAATI document		Describes access to finance component of the programme
UCF Operational Manual	05/16	Describes the management and operational modalities of the UNNATI Challenge Fund, which combines the fund modalities of components 1.1 and 1.2 and adding the activities, formerly scheduled under Component 2.2
UCF Annexes and templates	06/16	Outlines application processes and eligibility criteria
Review and Reflection UNNATI A2F Project in Nepal	2017	Presents the findings of the Review and Reflection mission to Nepal from May 1st 2017 to May 13th 2017
Annual Status report A2F	07/17	Describes the progress achieved on A2F component between July 2016 – July 2017
UNNATI A2F Biannual Progress Report	12/17	Documents progress over period July to December 2017
Project implementation plan	12/17	Documents spend by activity/Output under Outcome 2 vs original budget in Excel
A2F M&E Framework	12/17	Documents progress against indicators to Dec 2017 for A2F project
Baseline report component 1.2	05/18	Baseline survey report of UNNATI project on Access to Finance implemented in 7 districts of eastern Nepal
<b>Component 2.1 Transport Infrastructure</b>		
UNAATI Component 2 Final	08/13	Describes the Infrastructure component of the programme
Inception Report Infrastructure	08/14	Report includes the Mobilization and Inception Plan, Design Workplan, Supervision Method, Civil Works, and Proposed Staffing
QAQC Manual	05/16	Outlines QA and Quality Control systems for UNAATI
RTI Baseline Report Final Final	10/16	Based on logframe indicators this report assesses current living condition, agricultural activities etc. at the household level
RTI Baseline Report Final	10/16	Based on logframe indicators this report assesses current living condition, agricultural activities etc. at the household level
RTI Baseline Report Annexes	10/16	Documents baseline assessment methods
C2 Semi Annual progress report Infrastructure	07/18	Documents progress made for Component 2 from 01 Jan 18 - 15 Jul 17, which was the period of concentrated implementation
UNNATI-RTI Status and handover report	08/18	This report provides GoN with a brief, detailed assessment and status of the results achieved by the RTI sub-component of UNNATI
<b>Component 3 Enabling Environment</b>		
UNAATI Final Component 3	08/13	Describes the Enabling Environment component of the programme



Advocacy Challenge Fund Guidelines	01/15	Outlines advocacy challenge fund in more detail
Semi Annual Report PPD	12/16	Update on progress July-Dec 2016
Annual Status Report ILO	07/17	Status update covering period Jul 16- Jul 17
Annex 6 component 3.2	08/17	Documents changes to indicators for comp 3.2
Achievement of Targets 2017	08/17	Excel sheet documenting progress against indicators
Bi Annual Status Report	12/17	Update on progress July-Dec 2017
Annex 2 Updated Risk Assessment	12/17	Table updating risks by Output
Annex 3 Updated Target Tracker	12/17	Excel sheet of progress against indicators with comments
Annex 4 One Pager Snap shot	12/17	Photos of activities
Final Report Baseline ACF	03/18	Report establishes baseline values on current status in line with project OC and OP indicators
Updated Contact Details of ACF Grantees	08/18	Excel sheet documenting contact details of 29 beneficiaries

Title	Date	Pages	Summary
<b>Inception Reports</b>			
1. Inception Report (C1.1; 2.2)	09/18	46	Inception report for evaluation of components 1.1 and 2.2
2. Household - Cardamom	09/18		Hhold questionnaire relating to Cardamom
3. Household - Ginger	09/18		Hhold questionnaire relating to Ginger
4. Household - Tea	09/18		Hhold questionnaire relating to Tea
5. Household – Dairy	09/18		Hhold questionnaire relating to Dairy
6. Cardamom Enterprise	09/18		Q'aire relating to Cardamom enterprise
7. Ginger Enterprise	09/18		Q'aire relating to Ginger enterprise
8. Tea Enterprise	09/18		Q'aire relating to Tea enterprise
9. Dairy Enterprise	09/18		Q'aire relating to Dairy enterprise
10. SP-CL Cardamom	09/18		Service provider q'aire relating to Cardamom
11. SP-CL Ginger	09/18		Service provider q'aire relating to Ginger
12. SP-CL Tea	09/18		Service provider q'aire relating to Tea
13. SP-CL Dairy	09/18		Service provider q'aire relating to Dairy
14. MRM Cardamom	09/18		FGD/Interview protocol? Cardamom
15. MRM Ginger	09/18		FGD/Interview protocol? Ginger
16. MRM Tea	09/18		FGD/Interview protocol? Tea
17. MRM Dairy	09/18		FGD/Interview protocol? Dairy
Clean Final Inception A2F	09/18	52	Inception report for final evaluation of UNAATI Package 1 Component 1.2 A2F
Inception Report for Enabling Environment	09/18	60	Inception Report for Component 3: Enabling Environment
Inception Report on Infrastructure	09/18	60	Inception report for Component 2.1 Rural Transport Infrastructures

Title	Date	Pages	Summary
<b>Additional documents</b>			
DFID Federalism Primer		Multi doc	CONFIDENTIAL Multiple docs providing background to the current political situation in Nepal
DANIDA Evaluation Guidelines			Outline DANIDA requirements and expectations for evaluations



# Annex D – Field visit schedule and key informants

## Kathmandu

### Tue 27.11

- DPSU: Mr. **Kasper Anderskøpe**, Head of Danida Program Support Unit Mr. **Aayush Rai**, Resident Advisor, Danida
- Nat Cons. 1.1 & 2.2: Ph.D. **Birendra Basnyat**, Managing Director, NARMA Consultancy
- Nat Cons. 1.2: PhD **Tej Hari Ghimire**, CEO, Paribartan Consulting

### Wed 28.11

- Nat Cons. 2.1: **Mr. Dhruva Raj Tripathi** & team members, North Star Engineering Consultant (P) Ltd.
- Mr. **Khim Bahadur Kunwar**, Under Secretary, Ministry of Finance
- Mr. **Rudra Bahadur Shrestha**, Ministry of Agriculture
- Mr. **Janak Adhikari**, Nepal Rastra Bank, Mr. **Saroj Nepal**, National Programme Coordinator UNCDF & Ms. **Monisha Shrestha** UNCDF (1.2)
- Nat Cons. 3.2: **Ms. Lalita Thapa**, **Pradip Upadhyay** & **Dr Sunit Adhikari**, Development Resource and Training Centre (DRTC)

### Thu 29.11

- Mr. **Saroj Nepal** (with focus on design of UNNATI)
- Mr. **Katuwal**, DoLIDAR and Mr. **Bhuvanesh Tripathi**, Senior Infrastructure Specialist, DOLIDAR (2.1)
- Mr. **Bimal Basar Baral**, Ministry of Industry, (Related to Nepal Business Forum, 3.1)
- Mr. **Yogendra Karki**, Joint Secretary, Mr. **Shankar Sapkota**, Under Secretary, Ministry of Agriculture
- Mr. **Niklas Herrmann** TL, 1.1 & 2.2 (MC)

### Fri 30. 1

- Mr. **Kapil P. Lohani**, TL A2F, Mr. **Chandra Kanta Sharma Paudel**, M&E Specialist A2F (3.2)
- Mr. **Pursottam Nepal**, Joint Secretary & Mr. **Amrit Lamsal**, Under Secretary, Ministry of Federal Affairs and General Administration (MoFAGA)
- Mr. **Nabin Kumar Karna**, National Programme Coordinator, ILO (3.2)



## Field Visit - Ilam

### Sat 01.12:

- Kanyan Milk Chilling and Processing Centre (1.1)
- Ilameli Tea Cooperative (1.1)
- Village Road Core Network & District Road Core Network (Ilam) (2.1)

### Sun 02.12

- MC team Ilam (1.1, 2.2, 2.1):
  - o Mr. **Bhuvanesh Mani Tripathi**, Senior Infrastructure Specialist (2.1)
- VC grantees (tea, dairy, ginger, cardamom)
  - o Mr. **Suresh Limbu**, Chairman Mist Valley Tea Industry PVT Ltd
- Visit direct support activities (Comp 1.1)
  - o Mr. **Rabin Rai**, General Secretary, Central Tea Co-Operative Federation Limited Nepal
- User committees (2.1)
- VRCN & DRCN roads
- CTCF at Ilam

## Field Visit - Phidim

### Mon 03.12

- Lekali (tea grantee) at Ranke (1.1)
- Chamber of Commerce, & Nepal Farmers Group Association, Phidim (3.2)
- Kanchanjunga Tea Factory, Phidim (1.1)

## Field Visit - Fikkal

### Tue 04.12

- Mayor **Ran Bahadur Rai**, Suryodaya Municipality (MoU activities) (1.1)
- Mr. **Prabesh** Ghimire, Manager Siddhartha Bank, Fikkal Branch (1.2)
- Forward Community Microfinance, Fikkal (1.2)

## Field Visit - Dharan

### Wed 05.12

- Mr. **Umesh Khatri**, Kachanjunga Organic Orthodox Tea Industry
- MC Office Dharan
- Mr. **William Matthews**, Senior Infrastructure Advisor & Mr **Nripendra Pandey** Senior Infrastructure Specialist (2.1)
- Mr. **Bishnu Kafle**, Value Chain Coordinator and Mr **Laxmi Amatya**, M&E Specialist (1.1 & 2.2)
- Visit ginger washing facility, tea blending house (Comp 1.1 & 2.2)



# Annex E – Study instruments

## Example Interview Protocol

### Programme Evaluation: Field Tool Interviews

#### PART A: IDENTIFICATION

1. LOCATION:	
2. ORGANISATION:	
3. PROJECT ROLE:	
4. TYPE OF INTERVIEW:	
5. NAME OF PARTICIPANT(S):	
6. DATE OF INTERVIEW:	

#### PART B: INTRODUCTION AND CONSENT TO BENEFICIARIES

- Introduction:** We are from an independent company which has been recruited to review the UNNATI programme that you have been involved in through.....(PROVIDE DETAIL/NAME THE PARTNER). We understand that you have participated in the project. We would like to request that we talk to you to understand how you have participated. The objective of this exercise is for you to share your experiences so we can learn about how the programme worked, the impact it had, and key lessons that can be learnt to improve future interventions.
- Confidentiality:** We are an independent team that is not involved in making decisions about the programme. Our role is to evaluate how the programme worked and what changed as a result of UNNATI. We want to identify key lessons and recommendations for future programmes. We would like you to be very open. We will treat all what you say confidentially and we will not mention who says what in our report.
- Guidelines:** There are no right or wrong answers to any of these questions, only different points of view and it's important that you speak openly about your views of the programme. It is important that we hear all opinions whether they are positive or negative.
- Consent:** You do not have to participate in this interview if you don't want to. If you do not want to participate, should feel free to leave now.

#### PART C: Questions relating to relevance

1. Can you tell me about your experience of the UNNATI?
2. How did you become involved in the programme?
3. Why did you want to become involved?
4. Are you involved in any other similar programmes?
5. Which value chain(s) are you involved in?
6. What intervention(s) under the Value Chain Component have you been involved in?

#### PART D: Questions relating to effectiveness

1. What are the key constraints to effective engagement with this value chain?
2. Has this changed since your involvement in UNNATI?
3. What factors enable you to effectively engage with this value chain?
4. Have these changed since your involvement in UNNATI?

#### PART E: Questions relating to efficiency

1. How easily were you able to engage with the UNNATI programme?
2. How well were activities coordinated with your existing work and commitments?
3. Were you able to feed back your views and raise any concerns with the programme team?
4. What sources of support are available to you?
5. Have these changed since your involvement in UNNATI?



PART F: Questions relating to impact
1. What is the biggest change you have experienced since becoming involved in UNNATI?
2. What other changes have you experienced? Both positive and negative.
3. Do you feel that your experience is representative of other beneficiaries in this area?
4. Do you feel that everyone has benefitted equally from their involvement UNNATI? If not, why not?

PART G: Questions relating to sustainability
1. Do you think that the benefits you have experience through UNNATI will continue now the programme is finishing?
2. Which changes do you think will remain and why?
3. Which changes do you think will not continue? Why?

Thank you so much for your time in discussing this with us. We would like to give you the chance to ask us any questions about our research that you would like. We do not work for the programme, so can't answer about what the programme will do in future but can answer questions about our research.





**Programme Evaluation: DANIDA Programme Support Unit. Mr Kasper Anderskøpe and Mr Aayush Rai.**

- How long have you been involved in UNNATI? How has responsibility within DANIDA for the programme changed over time? What are the implications of this?
- I understand that the original plan was for a longer intervention. Can you briefly tell us about the withdrawal of Danish support from Nepal?
- Has this impacted on the delivery of UNNATI? How? (e.g. in terms of levels of support and programme oversight, relationships with the Nepali Government and other stakeholders etc.)
- In addition to this, other key events include the 2015 earthquake, and the blockade on the Indian border, what was the impact of these on the programme?
- Has move to federalism impacted on programme delivery modality and decisions relating to ongoing support? If so how?
- Can you explain the logic behind the intervention and the synergies and complementarities between the components as originally envisaged? How did this change during implementation? Was this a positive or negative thing?
- C1.1 Commercialisation of Value Chains. What was the cause of the slow start up to the programme and initial delays? How did these affect the programme? How did it influence achievement and the quality of that achievement?
- How was poor team leader performance identified? What were mechanisms for monitoring project progress at the donor level? Could it have been identified sooner? What was impact of TL replacement?
- How was the challenge fund modality of a single big call for proposals rather than the more typical VC approach of a number of smaller calls iteratively addressing discrete identified value chain problems, decided upon? What kind of impacts did this have on the VC component?
- C2.2 Public Market Infrastructure. When was the decision taken to integrate 1.1 and 2.2? When, by whom and why? What were the implications of this?
- C1.2 A2F. How did interventions in component 1.2 support the value chain component? Could there have been better interaction? How?
- How does this component fit with the work of other donors? e.g. UNCDF, DFID. How can we attribute achievements to the programme? How do we know what is new and additional?
- C2.1 Rural Transport Infrastructure. Decision to implement rural transport infrastructure through government structures – why was this decision taken? What were the implications?
- How was the decision made to change this and to work through user groups? When was this decision taken? What were the implications?
- C3.1 Public-Private Dialogue. The only 100% national level activity was public private dialogue. Why and how was the decision taken to close this component? Do you feel this was the right decision? Could it have been integrated into another part of the programme as 2.2 was?
- C3.2 Advocacy for Rights and Good Corporate Governance. How much has this one been impacted by the failure of 3.1? How much has it been able to cover for the deficiencies of 3.1?
- To what degree have the other programme components supported the VC component? How well integrated are the different programme components? Has this changed over time?
- I understand that there was a review mission in December 2015. What was the purpose of this and what was the outcome?
- Biggest challenges faced? Biggest successes?



- Areas where the programme has been most efficient? Areas where it has been less so?
- In your view what are the key lessons from this programme that may be of relevance to other similar programmes?
- What next? Will benefits of the programme continue to be felt? How well does this programme fit with other donor activities?

**Programme Evaluation: National Evaluation Consultants. Dr Birendra Basnyat, Dr Tej Ghimire, Mr Dhruba Tripathi, and Ms Lalita Thapa.**

- Introductions
- Any previous engagement with UNNATI or knowledge of the programme?
- Can you please summarise progress of the assignment so far?
- Briefly summarise the approach to fieldwork adopted.
- Did fieldwork proceed as anticipated and were there any significant changes from inception report?
- Did you encounter any unexpected challenges during fieldwork?
- Are you able to identify any key emerging themes from your work? (e.g. particular achievements? Challenges? Overall impact? Impact on the most vulnerable?
- How well did this component interact with the others?
- What has worked well? What hasn't? Key strengths of component design? Key weaknesses?
- To what extent do you feel these benefits will be sustainable?
- How far has analysis progressed? Do you anticipate any challenges with this?
- Next steps and timetable for completion?



## Example FGD Protocol

### Programme Evaluation: Field Tool FGDs

#### PART A: IDENTIFICATION

1. DISTRICT:	
2. VILLAGE:	
3. TYPE OF FGD:	
4. NO. OF MALE/ FEMALE PARTICIPANTS:	
5. DATE:	

#### PART B: INTRODUCTION AND CONSENT TO BENEFICIARIES

**Introduction:** We are from an independent company which has been recruited to review the UNNATI programme that you have been involved in through.....(NAME THE PARTNER) in your area. We understand that you have participated in the project. We would like to request that we talk to you to understand how you have participated. The objective of this exercise is for you to share your experiences so we can learn about how the programme worked, the impact it had, and key lessons that can be learnt to improve future interventions.

**Participant check:** We want to talk to those who have been directly involved in the programme. Please can you confirm that you fit in this group. Or leave the group, if you don't fit this description. We want you to be able to talk freely. We are therefore asking those very important people who have been involved in implementing the project or leadership roles in the community to leave.

**Confidentiality:** We are an independent team that is not involved in making decisions about the programme. Our role is to evaluate how the programme worked and what changed as a result of UNNATI. We want to identify key lessons and recommendations for future programmes. We would like you to be very open. We will treat all what you say confidentially and we will not mention who says what in our report.

**Guidelines:** Only one person should talk at a time, no names will be attributed to any of the comments, there are no right or wrong answers to any of these questions, only different points of view and it's important that you speak up whether you agree or disagree. It is important that we hear all opinions either positive or negative, and it is important that you all respect each other's opinions.

**Consent:** You do not have to participate in this group if you don't want to. Anyone who doesn't want to participate, should feel free to leave now.

#### PART C: BENEFICIARY DEMOGRAPHICS & ACTIVITIES

What activities have you been involved in through UNNATI implemented by <Partner>? We are really interested in all of the activities that the programme has brought to this community. So please list all of them that you personally or other members of your household (husband/wife/children) have been involved in. (Record as below)

No	Gender (M/F)	Old, Middle, Young	Living with Disability (Y/N)	Keeps chronically ill (Y/N)	Household Head (Y/N)	Keeps OVC (Y/N)	Activities involved in  Self:  Other members of HH:
1							
2							

#### PART D: Questions relating to relevance

1. How did you become involved in UNNATI?
2. Why did you want to be involved?
3. Which value chain(s) are you involved in?



4. What intervention(s) under the Value Chain Component have you been involved in?
5. Has the project addressed the needs of your value chain?
6. How has it done this well? How could it have done this better?

PART E: Questions relating to effectiveness
1. How effective has the support offered by the programme been?
2. What worked well? What could have been improved?
3. Has the project met your original expectations?
4. How has it met expectations? How could it have done more?

PART F: Questions relating to efficiency
1. How well did the programme reach its target beneficiaries?
2. Do you believe that all groups benefitted equally from this intervention?
3. Were GESI groups effectively engaged by this programme?
4. Could programme support have been provided more efficiently? How?

PART G: Questions relating to impact
1. What is the biggest change you have experienced since becoming involved in UNNATI?
2. What other changes have you experienced? Both positive and negative.
3. What has been the most important change?

PART H: Questions relating to sustainability
1. Do you think that the benefits you have experience through UNNATI will continue now the programme is finishing?
2. Which changes do you think will remain and why?
3. Which changes do you think will not continue? Why?
4. Has involvement in the project resulted in institutional change at the local level?

Thank you so much for your time in discussing this with us. We would like to give you the chance to ask us any questions about our research that you would like. We do not work for the programme, so can't answer about what the programme will do in future but can answer questions about our research.



## Annex F – Assessing evidence quality

### Assessing the Strength of Evidence<sup>21</sup>

The criteria for assessing the strength of evidence upon which the synthesis evaluation will be based include:

#### Implementation

- Scale and scope of outcomes/findings.

#### Methodology

- Scale and scope of final evaluation – sample sizes, selection process.

Is the scale and scope of component evaluation data collection appropriate to the scale and scope of component interventions? An assessment of the quality qualitative and quantitative sample selection and data collection process.

#### Analysis

- Quality of report in evidencing findings.

Are findings balanced, specific, and well-grounded in evidence? Are data sources triangulated? Is the evaluation report reflective and critical?

Strength of evidence will be assessed as Low, Medium, or High.

<sup>21</sup> Building on Leavy, J. et al. 2018. BRACED Final Evaluation Report p. 32.

