



Evaluation Summaries

Employment Creation and Peace Building based on Local Economic Development (EmpLED)

Quick Facts

Country: Nepal
Type of Evaluation: Mid Term
Date of Evaluation: Nov 2009
Mode of Evaluation: Independent
Administrative Office: ILO-Kathmandu
Technical Backstopping: EMP/Enterprise
Evaluation Team: Arun Adhikary & Morsinah Katimin
Project Start: 5/2007
Project End: 02/2010
Project Code: NEP/06/51/NET
Donor / Project Budget: Netherlands, USD 3,000,000
Keywords: Employment creation, local economic development, conflict resolution

Background & Context

The ILO's 'Employment and Peace-Building based on Local Economic Development (EmpLED)' project was piloted in two of Nepal's seventy-five districts. The project is being implemented by the Ministry of Local Development (MLD) in conjunction with local partners (LED Forums) in the target districts of Dhanuhsa in the Tarai Region (lowlands), and Ramechhap in the Hills north of Dhanusha. The project is funded by the Netherlands International Cooperation and the implementation period is 1 May 2007 to 30 April 2010. The mid-term evaluation was required by the approved project document,

and was completed by the independent consultants during the period 10-30 November 2009: a copy of the evaluation Terms of Reference is provided in Annex 1 of the report.

Evaluation Methodology

The 'relevance and strategic fit' evaluation criterion establishes: (1) the extent to which the objectives of a development intervention are consistent with beneficiary requirements, country needs, global priorities and partner and donor policies; and, (2) the extent to which the approach is strategic and the ILO uses its comparative advantage.

The issues the evaluation team were asked to address under project relevance and strategic fit as per the terms of reference were:

- Does the programme continue to address a relevant need and decent work deficit? Are the needs assessed at the inception phase of the project still relevant? Have new and/or more relevant needs emerged that the project should address?
- To what extent have the recipient stakeholders taken ownership of the project concept and approach since the inception phase?
- How does the project align with and support national and district development plans?
- How well does the project compliment the UNDAF?
- How does the programme align with and support ILO's strategies embedded in the DWCP?

- How well does the programme complement and fit with other ILO programmes in the country?
- How well does the programme complement and link to activities of UN and non-UN donors at local level?

In addition to the above, the evaluation team explored the extent to which the objectives of the project are consistent with beneficiary requirements, country needs, global priorities and partner and donor policies.

Main Findings

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

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

b. Recipient Stakeholder Ownership: Recipient stakeholder (LED Forums and MLD) ownership of the project and LED process was actively promoted during the inception phase start-up steps through training for the LED Forum and PAC members using the standard existing ILO LED sensitization modules including hands-on LED strategy-making. LED Forums ownership of the subsequent packaging, design, implementation and

monitoring of the LED action programmes and interventions that have been elaborated since the initial LED strategy-making in late April 2008 has fallen short of project document expectations as this has been largely project team-led (mainly due to immense budget delivery pressures): this ownership situation is however recoverable.

In both districts, LED Forum member organization/institution involvement in growth and employment profiling during the inception phase was minimal: this was mainly due to limited time availability of Forum members arising from the combination of political disruption followed by electioneering during the inception period.

c. Alignment with & Support for District Periodic Plans The project faces challenges in aligning the more dynamic LED process and approach with district-level local development planning processes and periodic plans. Existing decentralized planning deficiencies that need to be addressed by all parties include:

Decentralized planning processes are annual with limited implementation cycles within the fiscal years due to monsoon rains and main national holiday periods: annual district plans are summaries of individual VDC (sub-territory), and budgets/projects of the DDC, municipality (as relevant), government line agencies, and other, however with no joint cohesion under common a development vision, goals and objectives.

Planning is not local population-driven and subject to political influence in the absence of locally elected officials (as local elections have not been held for many years and await a new national constitution, the roles of elected officials to local development bodies are currently filled by local government officers and elected national assembly politicians).

The population and planners are poorly informed because of the absence of current information and lack of knowledge of best practices and approaches for investing in

employment-intensive and inclusive growth, and how communities and households engage in such processes.

Most development targeting is at the community, household and government line agency sector levels with limited sustainable impact for growth and job creation.

Most development assistance implementation at the community and household level is delivered by local NGOs or fully-subsidised service delivery programmes such as MEDEP: in the case of MSE initiatives, there is no emphasis on sustainability as regards the development of service providers and service markets.

The ‘social mobilization project group model’ commonly used in Nepal for delivery of project investments to communities and households is ineffective in pro-poor targeting and outreach according to a recent SDC study. Improved coordination and management of investment funds and sources: the GoN system of notification by the MoF to DDCs of new centrally-based projects and disbursements does not function in practice and DDCs are not aware of all incoming investments from central sources.

Credible measurement and reporting of local development investments and results is lacking limiting transparency and accountability, and public confidence.

Through the training of personnel from local NGOs as LED Promoters and subsequent contracting of the NGOs for LED promotion services,, the project is assisting the LED Forum and DDC to better approach sub-territory planning using economic rationale (economic clusters of VDCs) and tools than can facilitate better targeting of the poor for relevant enterprise, skills and infrastructure project decision-making and receipt of benefits while updating the District profiles that are nearly ten years out-of-date. However, the framework within which LED planning can be aligned with and supportive of more

productive local development planning processes in the future still need to be identified.

(d) Alignment with & Support for National Plans & UNDAF: The project has relevant complimentary alignment with the GoN three-year interim plan 2007-10 and UNDAF 2007-10.

Recommendations & Lessons Learned

Key lessons learned:

1. The Project is one of its kind both in Ramechhap and Dhanusha that is seeking to contribute to economic growth and employment generation by supporting (i) private sector development in strategic areas of competitive advantages and (ii) associated infrastructures. The district stakeholders (LDO, Chamber of Commerce, government line agencies heads) whom the Evaluation Team interviewed confirmed that the Project has been adding value by instilling “economic planning and management” dimensions and in helping create an environment for public-private-civil society partnership. Further, the evaluation confirms that the project has the possibility of minimizing the current negative impact of the global financial crisis at local level by creating local employment. This approach could be a viable model for local economic growth and poverty reduction, and thus, worthy of an upscale.

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

3. The Forum until the present time has been “project-led” and the decisions made therein are left to the Project to be executed. Although the concept of LED and the relevance of LED Forum have been deemed to

be relevant and effective, care must be taken to ensure that the LED Forum does not evolve to become an executing body. How the LED Forum ought to evolve in the future in terms of its structure, scope of work and management is to be further explored.

4. The Project started effectively from September 2007 subsequent to the government approval and recruitment of District Project Managers. The inception phase originally stipulated to be of 3 month period dragged until April 2008. The delay is understandable. This is attributable to the political upheavals including strikes and lockouts in large parts of the country. The eastern Tarai including Janakpur was additionally affected by conflicts between the government and armed rebels.

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

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

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

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

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

10. Certain project management issues need to be further studied and addressed: a) Delegation of authority from Country Office to CTA and onward to Program Managers and below on areas such as program funding approval, travel approval, leave approval, petty cash handling; b) The capacity of its local partners and team; C) Staff training; d) Internal communication (within the project and upward with the Country Office); Excessive delays in processing of payments.

11. There is a need for the Project to have a communication strategy that enables the

project to reach out to different audience groups such as the general public, stakeholders, other development partners, Country Office, etc. The type and nature of information and the modality for disseminating these information vary according to the target groups. The strategy would also facilitate feedbacks to the project.

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

Key Recommendations:

1. Through such as mini-workshops, LED Forum meetings, LED action programme sub-committees, training and other approaches, the project team should assist the LED Forums to acquire full ownership of all action programme and intervention design rationale (including explaining how various consensus strategies activities listed by the LED Forums in April 2008 were subsequently packaged), implementation monitoring and impact measurement and reporting.

2. The framework for aligning LED planning with decentralized local development planning should be further explored and identified as a component of a broader initiative for identifying appropriate institutional frameworks and focus for the LED Forums.

3. Cooperation with other ILO national/regional/headquarter programmes and backstopping units should be enhanced towards gradually introducing additional components of the decent work agenda in response to available resources and local priorities.

4. As part of the project's desired exist strategy in support of wider partner and donor buy-in to the LED process in the future, and when it duly comes to assisting the Forums to replicate/upscale action programmes, explore

in greater depth during 2009 complementarities and linkages with other UN and non-UN donor programmes in the various cooperation programmes noted above (more details in full report).

5. Adjust the Logical Framework so that the outputs are strategically linked to achieve the project objectives assigning activities (and indicators) that reinforce ILO's core values such as decent work, social protection and gender.

6. Ensure that the infrastructure works are part of the value chain in support of market/product development as against stand-alone projects.

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

8. To appropriately link the revised immediate objectives of the project to the development objective (i.e. the desired outcome), translate the model of change that the project promotes into various systemic changes of behavior required of local development practitioners/policy-makers and beneficiaries: specific systemic changes arising within

individual or common to action programmes should then be elaborated/defined by the project team and local stakeholders, as well as how such changes of behavior will evolve in practice (results measurement/reporting, LED policy-making, training and so forth).

96. Develop simple new LED training materials/manuals and tools suitable for least-developed country situations like Nepal, and supportive of efficient quicker start-up and gradual advancement of LED processes while promoting the LED model-of-change and local ownership.

10. Contribute to making LED project design more effective from the outset by focusing on positives (assets and opportunities) and realistic start-up and gradual advancement timelines: do as much planning during design as possible to facilitate early start-up momentum for the incoming project team. Consider initial LED Forums with smaller numbers of decision-making stakeholders (relevant to start-up quick-win intervention focus/scope) with gradual subsequent expansion.

11. Extend CTA's contract for an additional six months during which time he will focus on capacity building of national project staff and concurrently transfer project management responsibilities to them.

12. Undertake management review of the Project, as a matter of priority, to assess and address the points made in paragraph 10 of the Conclusion section.

13. The Project should outsource certain project activities (such as surveys and designs, conducting trainings, etc.). This not only relieves staff members to concentrate on quality assurance but also builds capacities of private sector service providers/professional organizations.

14. Ensure that the funds are available for action programs that have already been programmed and earmarked: the project's

resources should be at least maintained at the existing funding level.

15. Engage competent staff/firms to develop and operationalize "communication strategy".

16. Commission an expert study on how the LED Forums ought to evolve in the future in terms of its structure, scope of work and management is to be further explored.

17. Develop a specific responsive exit strategy including related stakeholder capacity building.

18. Place the strongest possible emphasis on adopting/adapting standards for quality programme structuring, indicators, and results measurement and reporting.