

**DEPARTMENT OF INTERNATIONAL DEVELOPMENT
NEPAL**

ENABLING STATE PROGRAMME

OUTPUT TO PURPOSE REVIEW

**NARRATIVE SUMMARY OF
FINDINGS AND RECOMMENDATIONS**

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EXECUTIVE SUMMARY

The Enabling State Programme embodies an innovative approach to tackling entrenched problems in the governance of a country in deep political and economic crisis, and which has very limited recent experience of the workings of democratic institutions. ESP attempts to address some of the obstacles which have impeded donor-sponsored governance – related interventions elsewhere (poor national ownership, external imposition of alien concepts and institutional arrangements). It is based on a Change Model which sought to identify and develop ‘Change Advocates’ who would – with support and experience provided through ESP-funded projects – go on to influence Change Agents in the governance sphere (those with power and responsibilities for decision-taking) to act more in favour of the poorest. The ESP’s design catered for two, four-year phases, with financial approval of £6.5 million for exploratory projects and running the ESP operation (including inception activities) for both phases (2000/1-2007/8 UK financial years), and £13 million for satellite projects in the first phase (2000/1-2004/5 UKfys).

It had a high-profile launch in early 2001. This included a public appeal for ideas and proposals for tackling the problems of governance in Nepal, and for strengthening the state’s ability to discharge its primary functions, especially for redressing the imbalance in allocation of resources and access to services on the part of the poorest. A flood of nearly 600 applications ensued, 82% of which proved irrelevant or un-fundable. Much time and effort were expended by ESP staff in sifting through these applications; considerable disappointment was caused to most of the organizations which submitted proposals. Some of these proposals did however provide a basis for the definition of a good variety of ‘exploratory activities’, to add to the impressive diversity of nearly 40 innovative initiatives taken during ESP’s inception (1998-2000).

Unfortunately the process of translating ‘exploratory activities’ into substantial, robust ‘satellite projects’ which qualify for funding - against stringent DFIDN criteria and norms - has proved laborious, time-consuming, and in some cases futile. Protracted preparation by prospective partners has in some cases led to their becoming frustrated, after DFIDN rejection of their proposal. The implicit intention of the ESP was that the ESP management office would ‘speak the same language’ as the DFIDN office in terms of project preparation and appraisal. This is clearly not yet the case. ESP personnel are not governance specialists. ESP has received little systematic guidance from DFIDN. It has no access to DFID’s international governance networks and information sources. There are indications that the existence of ESP may be inadvertently obstructing learning on the part of at least some DFID advisers about the Nepali context and the insights of partners, given that DFIDN’s engagement in the appraisal process is usually on completion of the document, and is not based on a face-to-face meeting with partners. DFIDN is concerned about low expenditure rates, especially in view of the ambitious budget of £13 million for satellite projects in the first phase. Causes of slow expenditure include DFIDN rejection of proposals valued collectively at over £2 million; protracted satellite project preparation processes, and the direct and indirect effects of the conflict.

Despite proclamations of the importance of Nepali ‘ownership’ in the project document, ESP still lacks a mechanism for engaging with an effective national partner constituency which could influence its future direction. The Prime Minister’s Office has proved a dysfunctional ‘base’. ESP’s image in government circles is of a programme whose achievements are intangible and not (yet) apparent. Impressions in government circles are that those being ‘enabled’ appear to be the same ‘elites’ (NGOs) who have competed for donor resources in the past. Up to now, having been primarily reactive to locally-generated proposals, ESP has lacked strategic direction, and an internationally-informed outlook.

The ESP team has confronted significant problems in making the 'Change Advocate' concept operational. An ESP-commissioned survey of potential Change Advocates proved subjective and Kathmandu-centric. Learning lessons from project experience (about the workings of pro-poor governance in Nepal, and the identity and role of Change Advocates) is not enshrined in ESP job descriptions, project design formats, nor monitoring arrangements.

ESP is however beginning to build up a coherent picture of the realities of governance in Nepal through its specially-commissioned, relevantly-focussed, laboriously, but professionally-finished, publications and audio-visual products. They form a promising basis for informing dialogue with partners on the root causes – including historical and cultural factors - of unsatisfactory governance in Nepal, and thereafter the emergence of a well-founded, broadly 'owned' strategy. In the few cases where the launch of ESP products has been arranged, there are indications of potential positive impact.

The OPR concludes that if the following steps are taken, within a process of a reformulation of the original ESP project, there are grounds for optimism that the foundations laid by the ESP programme will prove an effective, innovatory approach to the long-term task of building a more representative, inclusive democracy in a challenging physical, economic, political and socio-cultural governance environment. The steps recommended in the OPR include:

- the establishment and maintenance of a representative Advisory Group of Nepali partners;
- rapid codification of whatever lessons can be learned from inception and early exploratory activities about how change happens (or is obstructed);
- a re-assessment of the feasibility of the Change Model and change advocacy it encapsulates, including consideration of the importance for pro-poor change of the (hitherto latent) pressures emerging from awareness of citizens of their basic democratic rights and of the responsibilities and accountability of their elected representatives;
- a review of future strategic priorities, with selected partners. This could include exploration of possibilities for learning more about how pro-poor change is happening outside the Kathmandu valley. This strategic review could be based in part based on ESP's own project experience, in part it could be based on more frequent interaction between ESP and other development agencies who work outside Kathmandu;
- the localization of the Programme Management position, and re-assignment in the short term of the present manager to distil and codify lessons from experience so far;
- better DFIDN/ESP interaction and access by ESP to governance expertise and resource persons (from the region as well as more broadly). This implies a more trusting approach, and more willingness to embrace risk by, DFIDN. This could imply DFIDN permitting some sound, innovative but imperfectly-prepared activities to start, and jointly adjusting projects later. This would encourage partners, and permit lessons to be learned on all sides from experience;
- more pro-activity in approaches to public sector constituencies, and
- more two-way 'traffic' and interaction between Nepali partners and international experience and resource institutions.

The Maoist insurgency has been seen as a manifestation of deep discontent amongst the impoverished majority and excluded groups and castes. ESP provides a potentially important vehicle for addressing the underlying causes of this disillusionment.

1. INTRODUCTION AND ACKNOWLEDGEMENTS

1.1 This narrative report summarizes the main findings and recommendations for the future of ESP. It complements the summary standard proforma used by DFIDN for OPRs which is at Appendix 5. It is the result of preparatory reading by team members, and consultations in Kathmandu during the period 3rd-14th February 2003. The structure of the report is responsive to the Terms of Reference (attached at Appendix 1).¹ The OPR process was preceded by an internal review exercise conducted in mid-January by the ESP team, and the preparation of an OPR Issues Paper by the OPR Team Leader (see Appendix 4), which helped focus discussion in DFIDN and amongst the ESP team. A briefing on some of the preliminary findings of the OPR was provided to the Head of DFIDN and the Senior Governance Adviser (who leads on ESP) on 7th February. A presentation of findings and recommendations was made to all ESP professional staff and invited DFIDN Advisers and Administrators on 14th February. This report takes into account comments made on both occasions, as well as factual corrections provided by the lead DFIDN adviser on an earlier draft.

1.2 We wish to acknowledge the co-operation of the ESP team during the OPR. They wrote up their conclusions from their preparatory discussions and presented basic data in a special report made available to us on arrival. This was extremely helpful in discussing the issues we had raised, and in accessing the large volume of written, audio-visual and project-related material available (see Appendix 3 for a listing of written sources consulted during the OPR).² Logistical support (appointment arrangement and access to key staff) were arranged very efficiently. We also acknowledge gratefully the time devoted to several discussions by the lead adviser Stephen Sharples (and his kind hospitality), and the inputs of all the interviewees mentioned in Appendix 2.

2. BASIC INFORMATION ABOUT ESP

2.1 The Enabling State Programme was officially launched in January 2001 by the then Prime Minister. Its aim is to help Nepalese people achieve a 'pro-poor' governance environment. It was preceded by a two-year inception period, during which thirty-seven initiatives were launched in order to explore relevant dimensions of pro-poor governance based on DFID international experience. This led to the preparation of the ESP Project Document, and its approval by the Projects Review Committee of DFID in August 2000 (after a one-year process of approval by HMGN).

2.2 ESP is intended to support the development of understanding of pro-poor governance concepts amongst key Nepalese groups and actors, as well as donor agencies working in the governance field in Nepal. Its design and approach attempts to avoid some of the problems encountered in the past when donor agencies purport to influence decision-taking in pro-poor directions (externally-driven imposition of alien

¹ The OPR team was advised that assessment of financial management arrangements in the OPR ToRs is to be handled separately and does not form part of the ToRs.

² NB There was inadequate time during the OPR to read or assess thoroughly the materials developed by ESP over the past two years (books, DVDs, research reports, studies, exploratory activity and satellite project documentation).

concepts and pressures, which are ill-understood and inadequately-owned by host-country players).

2.3 The logic of ESP is based on the notion of change advocates and change agents. ESP directs attention to ‘change advocates’: individuals who may be positively-disposed to more equitable developments in the governance sphere, but who lack understanding and confidence to speak out, and advocate change to those ‘Change Agents’ who hold power (ministers, legislators, senior civil servants, other professionals), or eminent influential figures in commercial, industrial, academic or religious life or more broadly in civil society. The ultimate aim is that ‘Change Agents’ (those with the authority to make changes) feel the need to promote pro-poor changes and see them through to fruition.

2.4 The Change Model of ESP involves four stages. The current project encompasses the first two of these: indicatively each of four years duration. Thus the OPR took place in half-way through the first stage, when activities are launched to permit change advocates to enhance their understanding of pro-poor governance. The second stage foresees these advocates beginning to influence the change agents/decision-makers to create pro-poor policies, procedures, resource allocation and budgetary environments. Stages three and four (beyond the scope of the existing project) see change agents exercising their new-found desire for change through support for major reforms in a gradually transforming pro-poor governance environment.

2.5 The project is formally attached to the Prime Minister’s Office. The PMO was to monitor and guide progress and approve proposed exploratory activities and satellite projects, based on information provided by the ESP team.

2.6 DFID financial resources have been approved to support the first two stages. A total of £6.5 million has been approved for identifying and running ‘exploratory activities’ (some of which lead to the conceptualization of satellite projects), advocacy, dissemination, research, workshops, publications, accessing international expertise, and the running of the ESP team and office during the first two stages. Another £13 million has been allocated for ‘satellite’ projects identified and designed through the ESP team, approved by DFID, and implemented through national and local organizations (from all sectors) with ESP support, during the first phase. Detailed design of Phase II is to take place at the end of Phase I according to the project document.

3. ASSESSMENT OF PROJECT PROGRESS

3.1 Appendix 5 synthesizes quantitative progress, and comments on the strategic direction of the programme. In the narrative here, italics signify a conclusion, bold italics a recommendation.

Quantitative Progress with Outputs

Output 1

3.2 *The quantitative target for the initiation of exploratory activities has been exceeded (46 c.f. 40). All had their origins in ideas received from Nepali stakeholders, after ESP's invitation to submit proposals was made in the press. All activities appear to have a direct or indirect connection with support of pro-poor governance. The largest single category are NGO projects (17 from 46), the next largest category are projects related to government institutions (13); 2 concern political parties, 3 parliament, 4 involve the relationship of either central or local government to NGOs, and 5 involve research.*

This reasonably equitable balance is not reflected in the perception of officials in government, who see a bias in its funding towards non-government organizations³. Officials are unclear as to how ESP is performing in relation to its targets, and how its activities are impinging on any groups other than 'neo-elites' (the image of NGOs in government circles). Furthermore, the near-balance in spread of activities has only been achieved at the expense of an enormous investment of time and energy by ESP staff in sifting through – and responding to - the nearly 600 project ideas received (82% of which were not taken forward).

In view of its poor 'image' in government circles, it is recommended that ESP establish a strategy for selectively approaching key ministries and officials in government, explaining its purpose on the basis of real cases and examples⁴ to generate ideas for further activities in the public sector.

Output 2

3.3 *The second output (adequate supply of developed satellite projects to provide opportunities for learning about pro-poor governance) has the OVI target (32) of exploratory activities carried forward for further development. This has been met. However, its other OVI (24 projects ultimately approved by DFIDN or another donor, as well as PMO) has not been met, by a considerable margin. Only 7 have been approved by DFIDN. Two others have been conditionally or partially approved. The PMO has been informed ex-post and has not been party to any of the decision-making.*

3.4 ESP management has estimated that the rate of commitment of DFID funds is roughly on track (approved or committed projects total nearly £5 million; with

³ This was, however, true in terms of the source of applications for ESP projects: 81% came from NGOs (p.16 of the September 2002 progress report).

⁴ Such cases – and their succinct attractive presentation – are mentioned below, to result from work recommended for the present Project Manager.

another £7.3 million in the ‘pipeline’ even assuming only a modest police project). ***The pipeline of ESP projects should be revisited as part of the proposed reformulation process.*** However, low expenditure rates have given cause for concern to DFIDN. The ongoing satellite projects have spent only approximately £425,000 (not including ‘mini-projects’ funded from the £6.5 million provision).⁵ The ESP expenditure forecast was revised downwards in November 2002 to reflect better probable actual expenditure. Shortfalls in expenditure compared to early estimates are due to:

- DFID rejecting five projects with a combined estimated value in excess of £2.4 million. Some of these rejections indicate a shortage of specialist preparation and governance project appraisal capacity in ESP itself. Measures are suggested below for addressing this.
- The length of the preparatory process: over 30 steps including exploratory activities were enumerated in a recent analysis by the ESP editor. These steps often take over a year to formulate a project for consideration by DFIDN;⁶
- The Maoist insurgency and related conflict (the large £2.8 million self-reliance programme has been worst affected); the Periodic Planning project has been suspended as an indirect consequence of the conflict (non-extension of local governments);
- DFIDN has taken over pursuit of three public sector management projects.

3.5 *The relationship of the project with the PMO has been tenuous at best, and has not lived up to expectations.* Measures are proposed below to address the ‘ownership’ issue on the Nepali side. This weak relationship has been caused by:

- a succession of periods of vacancy in either the Secretary PMO or Joint Secretary PMO or sometimes both simultaneously (the relationship being dysfunctional if either is vacant). In retrospect, it was unrealistic to have expected much more from an office traditionally occupied by a succession of politically-appointed ‘advisers’ whose presence tends to demoralize any motivated civil servant: hence the unpopularity of the posts.
- Lack of clarity on the part of the project design and in turn the ESP team as to what they expected from the office.
- Fatigue on the part of the ESP managers, faced with the need ostensibly to brief a succession of short-lived incumbents of the key posts, and their growing realization that there was little point in expecting any meaningful guidance as to priorities or direction. They sent progress reports without comment for PMO information (in respect of which no response was ever forthcoming).

3.6 *If present trends of project development, approval and implementation continue, ongoing projects will ‘run over’ the end – date of Phase I (in the first instance).* This has project management implications if it is decided not to proceed with phase II. ***These implications should be discussed during the proposed reformulation exercise.***

⁵ ESP has advanced an additional £250,000 to project implementing organizations, which has so far not been processed and accounted for in terms of final expenditure.

⁶ There may well be scope for streamlining this procedure. However one of the (unsuccessful) applicants favourably compared the iterative, consultative, applicant-centred approach adopted by ESP to that of a multilateral agency which had imposed a TA project on his organization with minimal consultation or quality control.

Output 3

3.7 The third output of ESP concerns lesson-learning, and how it is incorporated into processes, and lessons duly disseminated. There have been some cases where action has resulted from dissemination of experience or outputs (see page 13 of the ESP's own report on the OPR retreat).⁷

3.8 *As yet, there is no mechanism for lesson-learning incorporated in project documents, job descriptions of programme co-ordinators, or ESP implementation monitoring arrangements. The same applies to dissemination.*

3.9 *Amendments should be made in project documentation, job descriptions, and Monitoring criteria and arrangements to capture lessons being learned, and the effects of the projects' experience on Change Advocates.*

Project Purpose

3.10 *It is by no means clear to the parties to ESP that its purpose is realistic, soundly-conceived, or feasible.*⁸

Despite two attempts (one in 2000 and one in 2001) to identify 'Change Advocates', and detailed debate with DFIDN in April 2002, the notion of Change Advocates remains elusive, 'candidates' defined essentially subjectively, and the Change Model of dubious practicality. In practice, the purpose has been effectively abandoned, since a decision (after the retreat in April) to focus on institutions rather than individuals. No action has been taken on the results of the 2001 survey of change advocates. It was acknowledged to be subjective, criteria for choice difficult to establish, and Kathmandu-centric. Not many change advocates are yet being identified from satellite projects since they are generally at an early stage of implementation.

3.11 *It is recommended that:*

- a. *the purpose of ESP, and the Change Model implicit in it, are re-assessed as part of the proposed reformulation of ESP. This should take into account some of the lessons emerging from the Inception activities, other development agencies' experience, and that derived elsewhere.*
- b. *the inception period (1998-2000 inclusive) activities as well as the exploratory activities are (re)scrutinized as part of a general lesson learning exercise (see below for suggestions as to how this might be done). Any personalities who have been significantly instrumental in their implementation or follow-up should be interviewed and their potential as a Change Advocate duly assessed. Similarly, once the implementation of satellite projects gets underway, efforts should be*

⁷ These involve penal reform (incorporation of measures in a reform package in the relevant Department of government); corruption (FNCCI project initiated); identification of causes of poverty (Prime Ministerial attention and possibility of extra resources devoted to the Karnali region), political parties' commitments on representation (to ensure one-third of candidates are women in the next election).

⁸ The purpose of ESP is: 'Critical mass of Nepalese key players develop practical understanding of and need for pro-poor governance areas with home-grown potential' with the OVI at purpose level of ESP stated as 'critical mass of 50 key players (including outside Kathmandu) by 2005'

made to learn who is most positively influential in either executing organizations or target groups.

- c. *Much more thought is given, as a matter of urgency, to how embryonic networks emerging from ESP activities and projects can be built up, strengthened and introduced to others (for example the World Bank's group of reform-minded 'technocrat' officials, the ADB's Policy Discourse Group, the British Council's alumni network).*

Strategic Focus

3.12 *ESP has been predominantly reactive up to now.* After ESP's initial invitation for Nepali organizations to submit proposals, positively-evaluated bids for ESP support have been pursued, as long as they related to at least one of the seven areas of pro-poor governance identified in the Target Strategy Paper (Making Governance Work for Poor People, DFID 2000). Therefore, *ESP was re-active initially.*

3.13 It was agreed by DFIDN and ESP management with effect from September 2002 that the foci for future efforts (at least until the current OPR) should be:

- media
- social inclusion (Dalits – lower castes - and indigenous groups)
- HMGN / NGO collaboration
- conflict resolution (via cross-party or public/private approaches) and
- police reform.

3.14 *Positive progress has been made in the newly-prioritized areas.* A media-scoping consultancy has been mobilized, retaining Nepal's most experienced professional. A consortium of Dalit NGOs has been formed to forge a project to enhance support to this neglected group: a project proposal has resulted and has just been the subject of a far-reaching assessment by DFIDN. Scoping of support needs and modalities for indigenous groups is ongoing. An abortive (ultimately DFIDN-rejected) project proposal was formulated with the Ministry of Women's Development. This will be the subject of a planned meeting between the three sides. There are signs of the beginnings of co-operation between political parties on the conflict, and the production of a Peace Bulletin has been produced in Nepali, and a series of workshops and rallies are being mounted round the country. A police project has been prepared by a specialist adviser, who has been working with the Nepal Police through an exploratory activity. The project will be submitted to DFID shortly.

3.15 These foci were not intended to be a medium-to-long-term strategy. The OPR was to be an opportunity for reflection on priorities. Of more importance is the mechanism that ESP will use in future for developing elements of a strategy, and gaining ownership amongst its Nepal constituency. *We make some suggestions below as to potentially important elements to consider in future strategy-formulation, and regarding the role of an Advisory Group in discussion of strategy. We do not wish to have the last word on the subject: that is for ESP with its stakeholders. However, we recommend that the results of some of the ESP-sponsored research, video programme and publications development be synthesised and analysed to form the basis for determining some of the underlying causes and logical inter-linkages between features of the present governance environment of Nepal.*

3.16 For example if it is the case, as asserted in the ‘Anatomy of Corruption’ (page 147) that ‘political leaders are the source of most high-level corruption in Nepal’, this prompts the questions ‘why?’ and ‘what can be done to promote the selection and ultimate election of candidates more likely to have a degree of loyalty and accountability towards those who elected them?’ *Future ESP strategies need to be anchored in the underlying causes of the symptoms of poor governance, not the symptoms themselves.*

4. UNDERLYING RATIONALE AND OVERALL APPROACH

Change Advocates and Change Agents: Feasible?

4.1 As mentioned above in para 3.2, in attempting to address the purpose of the project, ESP has faced a variety of problems in making the concept of Change Advocates operational. The ESP team devoted considerable time and effort in the preparatory retreat for the OPR analysing progress so far and proposing future options. These are contained in Annex 1 to the January 2003 report (pages 18-22). Our consultations during the OPR indicated that:

- other agencies are beginning to develop networks of reformists (Change Advocates in the parlance of ESP)
- exploratory and satellite project implementation is beginning to reveal individuals who have an interest in pro-poor change, and the ability to influence change agents, especially if given further encouragement and support
- the current focus on institutions as sources of pressure for change has its merits,⁹ but itself depends on key leaders, and/or groups of individuals to act in concert within given institutions
- there are skills still to be learned (at the level of the individual and of institutions) in the field of public policy advocacy and strategy-formulation, from people experienced in this field elsewhere. It appears that ESP has not offered exposure to such techniques
- the emphasis on individuals or institutions involved in governance tends to conceal other drivers for change. Pressure from groups of citizens, or similarly-interested groups (religious groups, farmers, communities involved in managing forest resources) has a role to play in forming the opinions and policies of Change Agents. There may well be implications for the future work of ESP in supporting efforts to raise levels of awareness of roles, rights and responsibilities amongst large numbers of people in all parts of the country, using various modalities of mass media programming, and in indirectly helping them articulate their views coherently and persuasively to the appropriate quarters. For example, there may be scope for working with religious groups in helping convey basic messages about democratic rights and responsibilities.¹⁰
- Similarly, focus on the present (adult) individuals tends to detract attention from future generations, and how they can be oriented to withstand or at least question some of the overtures of political parties.

⁹ The ESP/OPR Retreat report (p21-2) identified these as: longer term perspective; easier to work with institutions on a long-term basis; better access to resources than individuals; better public recognition and 'legitimacy'; less 'discipline bias' than individuals; better prospects of international institutional partnerships; better potential for individuals to better themselves through learning via institutions, and more 'multiplier effects' from dissemination therein; more legal effects and transparency; better prospects of collective action and thereby 'influence' on decision-makers; less chance of sudden 'ideological shifts' due to political opportunism on the part of an individual in what is a notoriously politicised environment.

¹⁰ The Maoist insurgency is a protracted and very destructive manifestation of pressures arising from neglect and misallocation of state resources leading to popular disillusionment with the legitimate, democratic process as a means of bringing influence to bear on 'Change Agents'.

4.2 *We therefore conclude that:*

- *The question of Change Advocates and the Change Model are subjects to which more attention is needed as part of a reformulation of ESP*
- *Definition of an approach should be the subject of discussion between ESP, DFIDN and the proposed ESP Advisory Group*
- *it is premature to abandon the notion of Change Advocates*
- *more stress should be put on monitoring the emergence of change advocates during the implementation of projects, and thus the identification of influential individuals at all levels within them (job descriptions, project formats and monitoring routines need to be changed accordingly to permit this).*
- *There is enormous potential in developing and strengthening diverse networks of reformers, within and between ESP projects and between ESP and other agencies networks, as a microcosm of the heterogeneous, interactive, inclusive society hitherto absent in Nepal.*
- *Identification and – if consistent with the views of constituents - selective mobilization of regional and international resource persons in public policy advocacy should be considered in pursuing strategy related to change advocates and advocacy.*
- *ESP-sponsored visits to Nepal of well-known relevant international resource persons can galvanize attention of members of networks (and the proposed Advisory Group itself).*
- *Recent changes in educational curricula pose opportunities for ESP influence via support to introduce international best practice in citizenship education for the young.*
- *Future ESP strategy development should take account of the potential importance of raising citizens' awareness via various modalities of mass communication, using approaches which are responsive to cultural or religious traits, while being non-threatening to the authorities which currently control mass media (especially radio).*

Distinction between Exploratory and Satellite Projects: reactivity vs proactivity

4.3 In practice, the above *distinction has become blurred since the gradual introduction of 'mini-projects'* (ones funded from the core £6.5 million fund for exploratory activities and running costs, costing between £25,000 and £50,000 but endorsed (quickly) in principle by DFIDN. These include a master-plan for the Karnali zone (the most deprived in the country) and associated publicity and high-level briefings; National Peace Dialogue initiative; support for the establishment of a National Dalit Commission and associated survey on human rights of these groups. The advantage is that the process of project design and approval is accelerated, and the ESP manager retains discretion on their pursuit.

4.4 We conclude that:

- *there are advantages to be realized in giving ESP more discretion over the pursuit of 'mini-projects' (see also comments regarding financial authority granted to the ESP Manager)*

- *mini-projects pose an ideal form of ESP activity to be influenced and steered by a more representative structure in future (see below suggestions regarding an ESP Advisory Group)*

Utilization of Nepali Consultants

4.5 The ESP team has developed a list of 30 individuals offering consulting services in a wide range of governance fields, and 29 organizations. It uses them regularly.

Difficulties have been encountered in terms of their abilities:

- to conduct investigations, analytical thinking, and construction of logical arguments;
- in preparation of project documents according to DFIDN specifications and standards in English;

4.6 The ESP editor has begun counselling writers before they start, in order to pre-empt presentational problems and thus minimize the amount of effort needed to edit documents ready for perusal by DFIDN. At present, there appears to be no effort being made, or planned, to improve the professional skills of the Nepali consulting community.

4.7 We recommend that:

- *ESP should persist in the use of Nepali consultants*
- *More effort should be made by ESP (with DFID assistance) to identify regional or international networks and specialists (experienced resource persons, from the academic, public, private or civil society sectors) who can work alongside Nepali professionals especially in fields where certain experience is lacking in Nepal (for example, Public/Private Partnerships; lobbying and advocacy strategies especially in public policy; public awareness and scrutiny of public finance budgets for services; dealing with political parties; Dalit development strategies; social mobilization campaigning especially using creative media with cultural appeal).*

Outreach beyond the Kathmandu valley

4.8 ESP has undertaken an analysis of its 'reach' beyond the Kathmandu valley. Forty of the seventy-five Districts have been included in some way in ESP projects or activities. Over 40% of the 600 project ideas which entered in the first 18 months of the project came from outside Kathmandu. Annex 7 of the ESP report prepared for the OPR describes the history of the early development of (four) ESP Peripatetic Units in January 2001, managed by consultants. They undertook basic governance assessments, and work-plans were developed, which envisaged supporting local communities and agencies in project identification and development, and the identification of Change Advocates. These plans were overtaken by the emergent conflict resulting in the declaration of a state of emergency from November 2001.

4.9 Since then, an ESP project developing Community Enabling Centres has been approved and has begun implementation in 5 Districts. Early results are promising, and the intention is to explore how CECs can be adapted to form an 'outpost' of ESP in the Districts. *While we endorse these plans, we recommend that ESP strategy regarding 'outreach' should be discussed by the proposed ESP Advisory Group.*

5. ESP MANAGEMENT ARRANGEMENTS

Changes made already

5.1 During 2002, some changes in **focus, procedures and management arrangements** were made by DFIDN and ESP. These related to:

- With effect from July 2002, ESP was to become responsible for the management of satellite projects, and key staff were to receive the requisite training;
- Priority to be given in preparation of satellite projects to those which fit with current DFIDN priorities;
- Improved communication between DFIDN and ESP (via more frequent meetings, access by ESP to the Governance Resource Centre, more frequent updates on DFID governance thinking, more frequent interaction by the DFID Governance adviser with the ESP team other than satellite project approval, and briefings on ESP by the latter to Monday morning meetings).

5.2 Further changes in the **nature of the programme** were agreed from September 2002:

- In the original conception of ESP, the focus was to be on change agents and change advocates; this was proving difficult to operationalize, therefore it was agreed that attention will henceforth be given to institutions rather than individuals;
- More importance was to be attached to the impact of satellite projects than their potential to develop change advocates;
- Options for developing change advocacy would be developed by ESP before the OPR;
- Primacy to be given to measures which addressed the underlying causes of the conflict. The following priorities (at least up to the OPR) were agreed:
 - a. Making the political system more responsive to the poorest
 - b. Increasing transparency and accountability and combating corruption
 - c. Reducing exclusion from governance processes based on gender, caste or ethnicity
 - d. Improved (equity in) public expenditure management
 - e. Decentralization
 - f. Improving the criminal justice system, especially the behaviour of the police

5.3 In order to assess which initiatives should be taken up by ESP (rather than DFIDN), ‘comparative advantages’ of ESP were agreed. ESP was deemed to be particularly suited to involvement in:

- innovative activities;
- those involving non-government stakeholders, or
- partnerships of government and non-government stakeholders (e.g. coalitions).

5.4 The strategic focus for ESP between September 2002 and March 2003 was agreed to be:

- Media (coalition building to develop a strategy)
- Social inclusion (coalition building to improve Dalit representation and participation, and situational analysis of indigenous groups)
- HMGN / NGO collaboration
- Conflict resolution (Public/private and cross-party approaches)
- Police Reform

5.5 ESP was to become more proactive in seeking out and encouraging Nepali partners in priority areas and helping them develop their ideas through exploratory activities. In part this was to avoid the danger of ESP being swamped by large numbers of un-fundable propositions as happened in 2001. A complementary measure was the introduction of an increased financial limit beyond which a formal (satellite) project was required (from £25,000 to £50,000), while maintaining the limit of financial authority of the ESP Programme Manager at £25,000.

5.6 Other improvements in procedure agreed in September 2002 included:

- Concept Notes were to be drawn up and submitted to DFID for approval before project preparation took place, in order to pre-empt fruitless preparatory work
- Faster appraisal of satellite projects, and avoidance of prescriptive advice and feedback to prospective project implementers
- More regular information from DFIDN to ESP about its initiatives, or others it is aware of, in order to avoid duplication
- ESP was to continue to ensure that it is an integral part of DFIDN
- ESP bi-annual reports were to retain their existing format, were to be sent to the Senior Governance Adviser who would circulate them to other advisers
- These reports were to include performance indicators (numbers of ongoing exploratory projects and mini-projects, pipeline satellite projects, approved projects, and funds committed and spent).
- ESP was to seek ways of increasing rates of expenditure on satellite projects (and related forecasts).
- ESP to continue to develop closer involvement of the Prime Minister's Office in ESP activities, by briefing the changes above to the PMO, and by seeking PMO suggestions for improvement.

5.7 In the light of these changes and refinements in the ESP programme concept and processing procedures, and the consultations we undertook during the OPR, we conclude that:

- *ESP and DFIDN collaborated to review experience with the application of the original concept and design of the project, and the impact of significantly changed circumstances since the beginning of implementation of the project. The two parties made changes in management arrangements accordingly, before the OPR. This was a positive indicator of effective 'internalized' joint monitoring of the ESP project, and recognition that the original concept was at least in part unworkable in current circumstances.*

- ... but the measures are not yet producing the desired and intended changes in day-to-day operations and improvements in inter-relationships. We comment below and make recommendations accordingly.

Management Arrangements within the ESP Project

(i) Localization of the Programme Manager post

5.8 We understand that this issue has been discussed at length already, and preparatory work has already been done. ***We endorse the proposition, and encourage the parties involved to make arrangements for the change to be effected as soon as practically possible.***

5.9 ***The newly-incumbent Nepali ESP manager should receive a professional induction programme particularly focussed on DFID's Governance work:*** its policy development process (at HQ in London) and how it is applied at country level (particularly where it is encouraging and supporting local partners hitherto unfamiliar with democratic norms and cultures, and is developing innovative approaches to making governments at central and local level responsive to poor peoples' interests).

5.10 The ***current Manager should be re-assigned in the short-term*** In the immediate future (up to the beginning of the newly-reformulated ESP) he should focus on:

- Impact assessment of the most challenging Inception activities (1998-2000);
- Codification of lessons learned, especially about what they tell us about how change takes place – or is obstructed – in Nepal
- Preparation of a series of well-illustrated briefing notes which would then provide a basis for the explanation of pro-poor governance principles *on the basis of real Nepali experience*. This seems to be particularly urgent in the public sector.
- Training and orientation of existing ESP staff in – for example – trainer-training; project preparation; advocacy skills; monitoring and nurturing the emergence of change advocates; establishing and managing networks.

Thereafter, his future role should be decided in the light of priorities. Options include:

- re-assignment to manage major new satellite projects;
- special duties related to the dissemination of lessons learned
- discontinuation of his involvement in the project.

(ii) Team Capabilities

5.11 DFIDN has attempted to support the newly-recruited (w.e.f. August 2002) ESP Administrator, with practical on-job exposure to DFID management routines and requirements in DFIDN and East Kilbride. Both parties agree that further guidance is necessary to consolidate (especially) financial expenditure estimation and project management systems in ESP, and to effect the transfer of Office Administration tasks to others in the office. ***We recommend that this would be best delivered through the***

temporary attachment of an experienced DFID Administrator (under the current scheme for staff development of the Administrator cadre within DFID globally).

Such a secondment could productively benchmark project-management workloads in the ESP office, and advise on the future implications of the current mixing of project management tasks with programme development / scouting tasks on the part of Programme Co-ordinators.

(iii) Specialised Governance Inputs

5.12 *Improvements to the ability of ESP to advise partners technically in the governance field (which the above measures would provide) are needed urgently.* The ESP team acknowledges that it needs – but has had inadequate access to – specialised advice on key governance issues. This was evident in some of the cases where DFID turned down candidate projects (which had often been the subject of protracted preparation processes).

5.13 *We recommend that alternative arrangements be considered and pursued for providing input to improve ESP’s ability to advise partners of governance ‘best practice’.* Options include:

- Providing *access to the Governance Resource Centre* either on an access-only basis or - ideally if possible - on the basis enjoyed by Governance Advisers where the GRC can be quizzed for specific information (especially related to case studies or sources of specialist experience or advice). Efforts made to this effect by the Senior Governance Adviser have apparently not yet borne fruit.
- If *guidelines* exist for DFID Governance Advisers relating to preparation of specialised governance, social development or conflict-related projects, these *should be provided to ESP as soon as possible.*
- If contentious generic issues have arisen in the past, and DFID has formed definite conclusions about the wisdom of certain types of intervention, a *‘DFIDN position’ should be jointly formulated and provided to ESP* to guide future project screening or appraisal. Similarly, *there needs to be a brief and conclusive debate about the ‘borderlines’ of ESP involvement in projects which have elements related to livelihoods development.* One existing project does display livelihoods dimensions, but the current DFIDN position is ambiguous and needs clarification. *The Livelihoods Adviser, Governance Adviser and Social Development Adviser should discuss future variants with the ESP Team.* *There appears to be scope for constructive ESP engagement in helping redress cases of inequality of access to resources by communities, rather than in purely income-generating activities.* In the same vein, *this discussion should also re-visit earlier debate on the type of projects for which ESP is ideally suited,* and the procedures which should be adopted to ensure it is allowed to pursue such projects. We encountered one example where a study-tour related to the conflict had been arranged by an adviser. It appeared to be a case where ESP-based implementation could have added value, and could have had positive spin-offs in terms of network development.

- ***Short-term secondment of DFID Governance Advisers or resource-persons in specific fields*** (especially in the case of the formulation of potentially significant ‘pilot’ projects). One example could have been (in retrospect) the case of the proposed Public Private Partnership between a rural DDC and private partners. If specialist advice had been brought to bear at the start of the collaboration, instead of at the stage of final appraisal of the proposed project documentation, tensions caused by the rejection of the project on technical grounds would have been avoided.

Relationship between ESP and DFIDN

5.14 The above discussion has already implicitly raised the issue of the relationship between ESP and DFIDN. Some improvements have been recognized as necessary and been attempted as described above. *There is the need for further practical improvements to be made.*

5.15 *One of the most problematic aspects has been the timing and nature of the DFIDN input into satellite project formulation and final approval.* We have encountered some examples of elaborate, protracted and expensive preparatory activities producing project documents which have been ultimately turned down by DFID. Several important partners have been seriously frustrated and annoyed by the late rejection by DFIDN of project proposals - developed in some cases for over one year with regular interaction with ESP. Partners assumed – wrongly – that satisfying ESP would ensure a smooth passage in DFIDN.

It is recommended that the timing and nature of DFIDN engagement with ESP and its partners is changed:

- ***DFIDN advisers should be invited very early in the satellite project identification process to meet partners face-to-face to discuss and react to their preliminary ideas, jointly with ESP.***
- ***Thereafter, another meeting should take place after details have been added by the partner, for interim feedback from DFIDN advisers***
- ***DFIDN should reflect on whether there are merits in permitting some imperfect but basically well-conceived projects to start, and in DFIDN suggesting modifications to be made later, during implementation***

5.16 *After projects have been rejected by DFIDN, news has been communicated insensitively to prospective partners.* News of rejection of the proposed project by DFIDN has been conveyed via letter from the ESP manager. This has cited verbatim the DFIDN ‘judgement’. This text had however originally been intended by DFIDN for ESP information. No face-to-face meeting (between any of the parties) takes place. *This ‘process’ has caused partners – several of them substantial and reputable – offence.* The procedure followed appears to be (albeit unwittingly) culturally insensitive, and likely to diminish the image and reputation of ESP (and DFIDN) in such a close-knit community of organizations and informal networks. One informant (an unsuccessful applicant who stressed that he felt no rancour towards DFIDN) mentioned that ‘word was getting around’ that ESP’s opinion was by no means the last word on candidate projects, and ESP could not be trusted to help prepare projects

which qualified for funding by DFIDN. Accordingly we recommend that ***the final decision on, or reaction to, a completed draft project document should be provided face-to-face at a round-table meeting involving DFIDN advisers, ESP and the partners. Written communication should follow this if required.***

5.17 *The delegated authority of the ESP Programme Manager is very limited, and inadequate if more Nepali ‘ownership’ of ESP is to be encouraged.*

This is currently set at the level of £25,000. Recently, it was agreed that mini-projects up to the value of £50,000 could be launched by the Programme Manager from the exploratory activities fund, but only after clearance by DFIDN.

Once improvements are made in ESP abilities to help prepare and appraise governance projects, and arrangements have been agreed for more Nepali participation in steering ESP, the amount of delegated financial authority possessed by the ESP Programme Manager should be increased significantly.

5.18 *Although ESP sends written reports to DFIDN Advisers via the Governance Adviser, few advisers appeared to be abreast of recent developments relevant to them.*

It is unrealistic to expect busy advisers to read ESP reports from beginning to end.

ESP’s reports should be submitted to DFIDN with a cover-sheet drawing the attention of particular advisers to relevant parts of the report, or asking them specific questions on issues raised in the text.

5.19 *In view of the frequent turnover of advisory staff, induction programmes are important, and generally do feature some exposure to ESP.*

Since it impinges on a wide range of advisory fields, ESP has relevance for most advisers. It is, however, large and complex, and not easy to absorb amidst many other features of a new adviser’s introduction to Nepal. ***Therefore it is recommended that advisers’ induction programmes should feature a visit to ESP and perhaps one of its projects after several weeks of the new adviser’s work in DFIDN.***

5.20 *ESP – and DFIDN advisers – would benefit from regular, routine, joint discussion some of the events and issues arising from ESP implementation.* There is currently no vehicle for routine, face-to-face contact between ESP staff and DFIDN advisers (other than ESP Manager/Governance Adviser meetings). Quarterly management meetings used to be convened in DFIDN involving all Advisers. These have been discontinued. We understand that there is a possibility that these meetings will be re-introduced. ***If and when quarterly management meetings are re-introduced in DFIDN, the ESP manager (and one of the Programme Co-ordinators, on a rotating basis) should be invited to present a brief issues-based report, with key questions for consideration by advisers.***

Relationship between ESP and the Nepali Constituency

5.21 Comments have already been made concerning ESP’s relationship with the PMO. *It is likely that the relationship with HMGN will improve after the planned merger of the Cabinet Secretariat and the PMO.* However, a wide range of informants have alluded to a more profound problem in the relationship of ESP to its Nepali partners and indeed Nepali ‘ownership’ of ESP. This was intended to be a key characteristic of the design philosophy of the programme.

5.22 Many of our discussions included debate on how Nepali ownership of ESP could be enhanced. It is clear that *there is much interest in the notion of an Advisory Committee or Group for ESP*. The composition of such a group would need to reflect not only the diversity of ESP's partners, but also the various 'colorations' of the political scene (without parties being directly involved as members). ***We recommend that the notion of an ESP Advisory Group is analysed during the proposed reformulation exercise.*** Practical modalities for discussion should include terms of reference, composition, chairing arrangements, degree of discretion over project proposals, and how the Group could benefit from visits from periodic 'guest speakers' (well-known, experienced resource persons from Nepal, the region or beyond), on a range of pertinent governance issues.

The Relationship of ESP to other Development Agencies

5.23 The ESP Programme Manager used to make presentations to the donor group on good governance. Subsequently, in the light of slow expenditure on satellite projects, the need for engaging other donors diminished. On the basis of our consultations during the OPR, we concluded that *ESP is almost invisible to most other development agencies*.¹¹ Since DFIDN leads on relationships with other agencies, members of the ESP team are not now routinely involved in meetings with other agencies.¹²

5.24 We conclude that *this is counter-productive to ESP collaboration, intelligence-gathering on prospective change advocates, and prospective partnerships*. There are possibilities being missed currently where ESP could interact constructively with other development agencies and perhaps take forward innovative pilot initiatives in a flexible manner, using the ESP Exploratory Activities budget, without the bureaucratic impediments which confront other agencies. ***We recommend that henceforth, the ESP manager is invited to accompany DFIDN representatives to all main governance-related meetings with other development agencies.***

¹¹ Apart from some very focussed, specialised contacts, for example with DANIDA on Dalit issues.

¹² For example in the Good Governance Donor Group, or the Local Governance Donor Group.

6. RATIONALE FOR, AND NATURE OF, A RE-FORMULATION PROCESS

Why reformulation is needed

6.1 At the beginning of this OPR we were briefed that we should assume that a far-reaching readjustment of the ESP might well be warranted. *Our impressions are that this observation was well-founded. Some major adjustments seem to be needed to the ESP* because:

- there are major concerns about the Change Model, and its focus on Change Advocates and Change Agents;
- any change in this would entail a change in the purpose of the ESP, and would raise questions as to whether Phase II as presently conceived is warranted.
- there are concerns about ESP's relationship to both its Nepali constituency and DFIDN. If 'ownership' is to mean anything, a representative group of the former should discuss and agree the optimal approach to pro-poor change and how ESP can contribute. However, the precise formula should be open to discussion.
- ESP needs more strategic direction. A process needs to be put in train to engage ESP's partners – jointly with DFIDN - in such an exercise. It should involve a re-appraisal of the fundamental causal factors undermining pro-poor governance in Nepal, and help shape ESP's strategy to address these underlying factors. It could usefully employ techniques such as 'Problem Tree analysis'.
- on the basis of experience so far, there is an urgent need to take stock, take a more proactive stance in explaining both past achievements (on the basis of an assessment of lessons and impact to date in inception activities). Any codification of earlier practical experience from ESP, if succinctly presented, would serve to encourage innovative approaches by partners hitherto under-involved (HMGN agencies for example).
- Considerable financial resources are currently allocated to ESP – for satellite projects alone (£13 million). On the basis of present trends of expenditure, there are implications for the management of projects which will be incomplete at the end of Phase I (and Phase II if it were to go ahead). Arrangements to permit this have not yet been agreed.
- Nor is it yet clear whether it is realistic (or desirable) for ESP to spend all its £13 million allocation for satellite projects in the time presently available (i.e. 2 more years).

What a reformulation process might entail

6.2 Accordingly, *we recommend that ESP undertakes, with DFIDN support, a reformulation exercise over the next few months* which has the following characteristics:

- It is guided by Terms of Reference, drawn up by DFIDN, but with input from and agreement of key stakeholders, (including in the first instance, the Chief Secretary)

- It ultimately involves participation by all principal stakeholders and main partners in ESP
 - It includes an analysis of current governance realities (informed by a synthesis of existing ESP outputs) and their underlying causes: and the implications for the optimal future strategy of ESP.
 - It is informed by, and in turn informs, the process of preparing DFIDN's Country Assistance Plan. This will be responsive to Nepal's PRSP.
 - It is based on reliable lessons to be generated by ESP, concerning what has worked so far in ESP, what has not, and why. This OPR should also inform this analysis.
 - The reformulation is scheduled so that 'ESP II' is ready for roll-out by July 15th 2003, the beginning of the HMGN financial year.
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**OUTPUT TO PURPOSE REVIEW:
THE ENABLING STATE PROGRAMME
TERMS OF REFERENCE**

Background

The Enabling State Programme (ESP) was officially launched by the Prime Minister of His Majesty's Government of Nepal (HMGN) in January 2001. The Programme represents a new and innovative approach to supporting governance reform in Nepal, which reflects learning from the failures of the past. In particular, the Programme seeks to address two major problems which have undermined many previous efforts; the limited level of commitment to reform at present and an over-reliance on ideas from elsewhere, rather than on Nepalese ideas.

The Programme's frame of reference is pro-poor governance, as defined in the DFID Target Strategy Paper. The Programme is based on the concept of a change model under which the commitment to and implementation of change to more pro-poor governance develops through four stages:

- | | |
|----------|--|
| Stage 1: | increasing the practical understanding of Governance and developing change advocates |
| Stage 2: | change advocates begin to influence decision makers |
| Stage 3: | major reforms result from new-found desire for change (and require support) |
| Stage 4: | continuing improvements in a new environment of pro-poor governance. |

The current ESP Programme is for eight years, the first four years of which are intended to support the Stage 1 change processes. The purpose of the Programme is "Critical mass of Nepalese key players develop practical understanding of and of need for pro-poor governance in areas with potential for home grown change". By the end of the Programme, these key players should be advocating change and beginning initial action for pro-poor governance.

It was envisaged that the second four years of ESP would support Stage 2 of the change model; by helping change advocates to influence decision makers. ESP Stage 2 was to be designed towards the end of the current four-year Stage 1.

The Programme provides two main types of assistance:

- funding exploratory activities which are designed to raise awareness of key governance issues and/or to develop ideas for initiatives which may be funded as "satellite" projects
- funding for "satellite" projects developed through exploratory activities or from ideas submitted directly by Nepalese parties. These satellite projects are intended to make some contribution to furthering pro-poor governance in Nepal, but their primary purpose is to help those proposing and implementing them to develop as change advocates.

The Programme is intended to have a strong identity, distinct from DFID. It operates from a Programme Management Office in Kathmandu and has a well-established team, headed by an expatriate Programme manager and a Nepalese Deputy Programme Manager. The Programme's main link to HMGN is through the Prime Minister's Office (PMO) which is intended to monitor the overall direction and progress of the Programme.

Programme Progress

The Programme has generated a high level of interest. Many applications for funding satellite projects have been received. A number of exploratory activities have been completed or are underway, nine major projects (of which six have been approved by DFID) and three small projects have been developed and many more are under development.

ESP is an innovative programme, involving new ways of working and learning by doing. A number of problems with the initial way of operating emerged and modifications to the approach were made. The main changes were as follows:

- The original intention had been that ESP would help those proposing the satellite projects to develop project documents which would then be submitted to DFID for approval and funding. DFID would be responsible for the oversight and administration of the projects it agreed to fund. It soon became apparent that this arrangement would overburden DFID management systems. It was agreed that ESP would take on the project oversight and administration responsibilities for satellite projects approved by DFID, with DFID 's role being confined to high level monitoring (e.g. conducting output to purpose reviews). These arrangements became operational in July 2002, with an extra staff member recruited into the ESP team and trained in DFID project management and financial procedures.
- Development of proposals for satellite projects into acceptable project documents has generally proved to be a very lengthy process. Simplified project document formats to be used by ESP were developed to help reduce this problem.
- Project concept notes were introduced, as an initial step before preparation of a full satellite project document, to enable DFID to indicate broad agreement or otherwise before significant time was invested in developing full satellite project documents.

In April 2002 ESP held a "retreat" at which some more fundamental problems were identified and discussed. These included some problems with the original Programme concept and the effects of the dramatic intensification in the Maoist insurgency which had occurred since ESP was conceived. The Maoists were major change agents who fell outside the analysis underpinning ESP.

In any event, there were difficulties in applying the change advocate concept, which is at the heart of ESP, in practice. It was proving very difficult to identify who was a change advocate and it was recognised that change advocacy depended on organisations as well as individuals.

The very large number of applications for ESP to fund satellite projects had resulted in an excessive workload in processing applications and a lot of disappointed applicants. The need for ESP to have a more strategic focus, rather than trying to cover the whole governance agenda seemed clear.

There were also problems caused by the demand driven, stand-alone nature of ESP, which carried the risk of duplication or inconsistencies of approach with the rest of DFID and of confusion on the part of partner organisations.

In September 2002, changes to ESP were agreed to address these concerns, pending a more fundamental assessment of the Programme in the form of an output to purpose review scheduled for early 2003.

These TORs cover the work to be carried out in the Output to Purpose Review.

Objectives of Review

The objectives of the review are to:

- Assess progress towards the Programme's overall objectives (purpose and goal) and, more generally, assess the value of what the Programme has actually done so far (in terms of the appropriateness of what has been attempted and the effectiveness with which it has been carried out).

- Consider the extent to which the underlying rationale and overall approach of the Programme, as originally conceived, remain valid
- In the light of conclusions on the underlying rationale and overall approach, consider whether the original idea of a second stage to the Programme remains valid and, if it does, suggest in outline what it may cover
- Make recommendations on any changes which could be made to the Programme to make it more effective in furthering pro-poor governance in the current situation in Nepal.
- Consider how management arrangements for the Programme, both within ESP and also between ESP, DFID and HMG, could be improved.

The changes recommended could be major changes and could include changes to the goal and/or purpose of the Programme.

Scope of Work

Issues to be addressed in order to achieve these objectives will include matters of strategy and approach as well as Programme management issues. Specific issues which should be explored during the review will include:

- Appropriate strategic focus for ESP, in the light of the current situation in Nepal, DFID Nepal's emerging strategy (Country Assistance Plan preparation in progress) and the strengths and weaknesses of ESP
- The way in which ESP and its activities are linked to the rest of the DFID Nepal Programme and the relationship between ESP and DFID Nepal and how this should progress
- The effectiveness of ESP in disseminating understanding of pro-poor governance and lessons learned in specific areas of intervention
- The relationship between the Programme and the PMO and the implications of the planned merger of the PMO with the Cabinet Office. (Links with the PMO have been less close than originally intended, largely because of changes in PMO Secretary and periods when there was no PMO Secretary or Joint Secretary)
- The degree of flexibility granted to the ESP team by DFID and the distinction between exploratory activities and satellite projects
- The degree to which ESP has succeeded in relying mainly on Nepalese consultants (as was originally intended) and the effectiveness of this (including the arrangements for selecting and engaging these consultants)
- The extent to which ESP is responding to needs beyond the Kathmandu Valley. (Plans to set up special units for this proved impractical because of the intensification of the Maoist insurgency)
- Internal management of the ESP team, including in particular:
 - Progress towards localising management of the Programme. The National Programme Adviser became Deputy Programme Manager from April 2002, as a step towards taking over full responsibility for the Programme. Arrangements for this transition now need to be agreed.
 - Development of the capabilities of the ESP team and allocation of responsibilities within the team.

- The adequacy of monitoring the overall progress of ESP, both internally by the ESP team and by DFID (including arrangements for progress reporting by ESP)
- The adequacy of satellite project monitoring (by ESP since July 2002 and previously by DFID)
- The adequacy of financial management arrangements within ESP and the arrangements for ESP expenditure to be reflected in Government accounts (as originally intended). (These matters will be assessed by DFID Nepal (in the case of the internal ESP arrangements, by someone independent of the management of the Programme)).

In considering these issues, the review team will assess the appropriateness of the changes already made to the Programme.

Satellite projects (selected by the review team in consultation with ESP and DFID) will be reviewed. These reviews will include project documentation, discussions with the appropriate project partners and, if appropriate, visits to project sites. The purpose of the reviews will be to help to make judgements about ESP, rather than to draw conclusions about the individual satellite projects.

The review will involve discussions with the ESP team, with HMGN, with DFID Nepal and with selected project partners.

Reporting

Towards the end of the review period, the review team will make a presentation findings and recommendations to DFID Nepal. Following the presentation, the team will finalise its report, taking into account comments received in response to the presentation.

The final report will set out findings and conclusions, together with a score sheet, in DFID format, scoring the project in terms of the achievement of outputs and purpose and commenting briefly on the reason for the scores given. The recommendations will include any changes to made to the Programme, which may be major changes.

Inputs and Management Arrangements

The review will be carried out by a team comprising:

- A consultant with international experience of governance and familiarity with DFID's approach to governance (Team Leader)
- A Nepalese consultant with a good understanding of the current governance context in Nepal
- An HMGN representative

The review will be conducted over a two week period. The final report will then be completed and submitted to DFID within 10 days of the end of this period.

The review team will report to the DFID Nepal Senior Governance Adviser who will be responsible for management of the review for DFID Nepal. Within DFID Nepal, a small team, led by the Senior Governance Adviser, and including the Deputy Programme Manager and Social Development Adviser will oversee the review.

LIST OF PERSONS MET DURING THE ESP REVIEW**Upper House of Parliament**

Mohammad Moshin Chairman

His Majesty's Government of Nepal

Dr Bimal Koirala	Chief Secretary, Cabinet Secretariat
Dr Shankar Sharma	Vice Chairman, National Planning Commission
Purna Prasad Manandhar	Secretary, Cabinet Secretariat
Dinesh Chandra Pyakurel	Secretary, Prime Minister's Office
Khem Raj Nepal	Secretary, Ministry of Local Development
S.S. Kayastha	Executive Director, Nepal Administrative Staff College
Som Lal Subedi	Joint Secretary, Cabinet Secretariat
Arjun Dixit	Joint Secretary, Public Service Commission

British Embassy

Keith Bloomfield H.E. Ambassador

DFID Nepal

David Wood	Head, DFIDN
Alex Harvey	Deputy Head, DFIDN
Stephen Sharples	Senior Governance Adviser
Sue McGill	Deputy Programme Manager
Helen Wedgwood	Livelihoods Adviser
Mark Segal	Conflict Adviser
Celia Male	Acting Social Development Adviser
Santosh Bisht	Assistant Governance Adviser

ESP

Michael Lowe	Project Manager
Dr Shailendra Sigdel	Deputy Project Manager
Bikash Man Singh	Administrator
Hiramani Ghimire	Senior Programme Co-ordinator
Bandana Risal	Programme Co-ordinator
Bimal Tandukar	Programme Co-ordinator
Stephen Keeling	Editor
Bharat D Koirala	Media Consultant ESP (Media Services International)

Other Development Co-operation Agencies

Henning Karcher	Resident Representative, UNDP
Knud Orlander	Programme Co-ordinator, DANIDA / HUGOU
Murari Shivakoti	Senior Programme Consultant DANIDA/HUGOU
Sundeeep Bista	Senior Programme Officer DANIDA/HUGOU
Dr Hikmat Bista	Chief Adviser, Danish Support to Decentralization in Nepal (DASU)
Robin Griggs	Training Adviser DASU
Dev Raj Dahal	Friedrich Ebert Stiftung Foundation
Ken Ohasi	Country Director, World Bank
Richard Vokes	Country Director, Asian Development Bank
Surya Shrestha	Senior Governance and Capacity Building Officer ADB

Applicants to ESP (unsuccessful)

P.L. Shrestha	Executive Director, Institute of Chartered Accountants
Subodh Pyakurel	General Secretary, Informal Sector Service Centre
Padma Prasad Khatiwada	Director, INSEC
Krishna Sapkota	Chairman, Association of DDCs in Nepal
Murari Upadhaya	Executive Secretary General, ADDCN

Applicants (Successful)

Durga Poudyal	Programme Director, RSDC
Binod Shrestha	Acting President, Federation of Nepal Chambers of Commerce and Industry
Yashna Tamrakar	Assistant Director, FNCCI
Balkrishna Mabuhang Limbu	Secretary General, Nepal Federation of Nationalities
Gauri Pradhan	NGO Federation

Other Civil Society

Dr Ragav Pant	Director, Institute for Development Studies
Durga Sob	Director, Dalit Women's Commission

WRITTEN SOURCES CONSULTED DURING THE OPR

DFID and DFIDN

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**DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
NEPAL**

ENABLING STATE PROGRAMME

OUTPUT TO PURPOSE REVIEW

PRELIMINARY ISSUES PAPER

31st January 2003

**David Watson
Governance Department Registered Consultant**

1. Introduction

The purpose of this brief paper is to identify key issues for enquiry and discussion during the Output to Purpose Review of ESP scheduled for the period 3rd – 14th February. It is based solely on sources listed in the Appendix, the Terms of Reference, and the standard format for OPRs used by DFID currently.

The attached tabulation summarizes, by ToR item, issues which appear pertinent, and implications for follow-up enquiry (substantive and in terms of persons to be consulted if possible). It also notes – at the end - several issues not mentioned explicitly in the Tors which may be relevant.

Its intended readership includes Mr Bhattarai, fellow reviewer, the ESP Programme Manager and staff, DFIDN's Governance Adviser and others in DFIDN who have an interest in the programme.

I should be interested in reactions to the issues outlined here (and others not mentioned, but felt to be pertinent) by all recipients during the OPR.

Please note that I have been unable to read thoroughly all the documentation mentioned, and that I may have inadvertently raised some 'red-herrings', or misconstrued issues or facts....However, it is probably best to do this at the beginning of a process, rather than at the end!

TERMS OF REFERENCE ISSUE	QUESTIONS ARISING	IMPLICATIONS FOR OPR ENQUIRIES
<p>Strategic Focus</p>	<p>To what extent has ESP Stage I learned from, or built on, the large number of initiatives (34) taken during the Inception period August 1998 – October 1999?</p> <p>How does the ESP ‘decide’ on exploratory ventures: which issue/sector/institution to work on/with?</p> <p>What are the implications of ESP being manager of satellites approved after January 2002?</p> <p>Are there any (positive or negative) lessons to be drawn from the early attempts to keep the strategic focus broad?</p> <p>Extent addresses insurgency issues</p> <p>Links to DFIDN’s Country Assistance Plan process</p> <p>Links to other macro-processes (e.g. PRSP if any; donor collaboration / co-ordination mechanisms: although there are references in the CSP 1998 to infrequent meetings. Has this</p>	<p>Need to explore the extent to which any conclusions can be drawn about the ‘impact’ of initiatives taken between 1998 and 1999, and since ESP started. Ask why none of the inception projects touched on national security / mediation issues.</p> <p>Raises question of how the ESP is ‘steered’ strategically... is this something the PMO is supposed to do? Apparently not since the decision on foci Sept 2002 – Feb 2003 were decided upon between DFIDN and ESP (media, Dalits, Indigenous Groups, HMG/NGO collaboration, approaches to conflict resolution, police reform) Is there a need to expand the number of stakeholders who have a say in this?</p> <p>Observe the Project Framework in Project Memo (pp5-6): the purpose is ‘a critical mass of key players...’ we need to explore whether the changes made already in ESP foci and implementation arrangements are in effect (already) changing the purpose of the ESP: towards implementation of innovative governance projects – as well as – or at the expense of? – lesson-learning and dissemination.</p> <p>DFIDN priorities are the main criterion for ESP focus. How are these priorities decided? What external players have a ‘voice’ in setting these priorities? Are they the basis for the new CAP?</p> <p>Note – but need to understand - recent measures to increase pro-activity, <i>priority to measures addressing underlying causes of the conflict</i>, reduced focus, and improve public information about, the priorities for ESP. Any possibility of discussion with Padma Ratna Tuladhar (past - or still present - negotiator?)</p> <p>Check how the CAP process and its content:</p> <ul style="list-style-type: none"> - have been affected by the ESP networks, lessons learned, achievements or findings - have influenced ESP priorities agreed in September 2002 <p>Need to consult other donors to understand their perceptions of the appropriateness of the present ESP strategic focus, and its direct involvement in project management.</p>

TERMS OF REFERENCE ISSUE	QUESTIONS ARISING	IMPLICATIONS FOR OPR ENQUIRIES
	<p>improved?)</p> <p>What analyses exist of the governance context in Nepal, and how it is changing? Has the 'voice of the poor' been sampled in order to understand their perspectives?</p> <p>How does ESP and/or DFIDN learn about governance-related developments in Nepal and/or the region which have a bearing on the strategic focus of ESP?</p> <p>In an environment where it is easy to draw negative conclusions regarding governance...what has been shown to work well? (eg Community Forestry?): is ESP a good champion of these?...a replicator / advocate / demonstrator - thru - implementation??</p>	<p>Need to understand which other agencies are 'in the business' of analysing the governance context, and formulating strategies to tackle it (e.g. EC Conflict Prevention Assessment Mission Jan 2002)</p> <p>Note improved access for the ESP office to the Governance Resource Centre of DFID. Need to understand DFIDN learning (being influenced) and DFIDN as influencer.</p> <p>Need to understand the present situation regarding local governance: (seen to be a policy of major potential significance for better governance)...what does ESP .. and DFIDN.. do when faced with a major policy set-back? Lobby? Withdraw? Wait? Persevere?</p>

<p>Links to other DFID Programmes</p>	<p>Extent of interaction with main Sector programmes and Advisers</p> <p>Existence and means of information flow (2 way) between ESP and advisers.</p>	<p>Need to understand how decisions are made about what is or should be an ESP issue or activity, and what needs to be tackled within DFIDN. Note cases where DFIDN programmes have developed from ESP initiatives.</p> <p>Does it ever work the other way round: issues arising in sector work which ESP can tackle better?</p>
<p>Effectiveness of dissemination by ESP of lessons learned and thereby enhancement of understanding of pro-poor governance issues</p>	<p>What are the mechanisms up to now? Who is/are being aimed at? Most applications seem to come from NGOs: what are the implications of this? What have been the practical implications of moving:</p> <ul style="list-style-type: none"> - from targeting change-advocate individuals to institutions? - from identification and support of innovative projects to project management of new satellite projects? <p>How do we know what these individuals/organizations do /think differently as a result of being involved in ESP or a recipient of pro-poor governance input? What impact evaluation is in place?</p> <p>What networking takes place amongst elites in Nepal? Is it an important process affecting ‘dissemination’ of lesson-learning, and thereby the overall governance climate? What is the role of ESP in such networking?</p>	<p>This lies at the heart of the logic of the ESP programme, its ‘Change Model’ and its existing purpose. The OPR must disentangle these matters...Recommendations regarding the purpose and design of – even decision to pursue - Stage II depends on conclusions about this issue.</p> <p>Is there – as indicated in the September amendment paper – any further thinking on the <i>options for developing change advocacy</i>?</p> <p>OPR needs to consult directly some of the past and present beneficiaries. We also need to sample the perceptions of external observers (ones who know about ESP but have not been beneficiaries/participants), academics? Senior journalists? Other donors?</p> <p>How does ESP collaborate with other networks? (e.g. the British Council alumni association?)</p>

<p>‘Governance’ of ESP - Relationship with PMO</p>	<p>Status of proposed merger of PMO with Cabinet Office? Why is a multi-stakeholder, multi-sector programme attached to (only) the PMO? Does this have any implications for the way ESP is viewed by other stakeholders (esp. civil society)?</p> <p>Is the fact that DFIDN – unilaterally - decides on Satellite Projects an issue affecting ‘ownership’ and ‘transparency’ of the ESP?</p> <p>Is there any case to be made for a more representative referral body / structure? How could it be composed? What role and authority would it have?</p>	<p>Indications of lacklustre ‘leadership’ and interest in ESP from PMO? Does this matter, if indeed it is the case? We need to explore the implications of this and the political acceptability and/or consequences of changes in ESP ‘governance’ arrangements.</p> <p>Need to explore how other major donor-backed programmes in Nepal are ‘governed’.</p>
<p>Degree of flexibility granted to ESP by DFIDN: Differentiation between exploratory and satellite projects</p>	<p>What are the ‘rules of the game’ in terms of authority for approval of ESP commitments: exploratory and satellite? What delays arise, why, because of approval mechanisms in place now? Are they significant? Is there scope for raising the £25k ceiling (above which DFIDN approval is needed) on (exploratory) projects? Does the process (i.e. DFIDN as authority) and time factor (i.e. delays in decisions) ‘ownership’ of the programme?</p>	<p>This relates to ESP governance issues. Who decides what in DFIDN regarding ESP policy and proposed projects? Sept progress report notes pending DFIDN decisions on PRINCE, Dalit project, CDPA, Institute of Policy Studies.</p> <p>Enquire whether there are any implications from the ongoing DFID re-organization (new Policy Division etc.; new task groups, ways of working) for ESP’s ‘way of working’.</p>
<p>Involvement of Nepali consultants:</p> <ul style="list-style-type: none"> - Practice vs intentions - Effectiveness of present arrangements (and consultants?) 	<p>Extent to which the institutional environment is becoming more amenable to foreign (regional? ‘Northern’? other developing country?) experiences ‘Weight’ attributed to Nepali consultants and their advice Should ESP attempt to enhance the standing of Nepali consultants (through training, professional development, or encouragement of professional standards and testing?)</p>	<p>Need to explore the extent to which a programme such as ESP provides access to international experience in various governance fields, and the extent to which it has been able / empowered / inclined to facilitate interaction between Nepali players and their counterparts regionally or further afield. (e.g. re the insurgency, and conflict mediation.. cf events in Peru, Sri Lanka and Northern Ireland). Are ‘traditional’ forms of international learning ever used, such as scholarships or attachments overseas?</p>

Geographical Outreach of ESP	<p>Is this important? Why? Attempts made in past to extend reach? Present / future prospects?</p>	<p>Need data on geographical origins of, or impact of, exploratory or satellite projects</p>
<p>Internal Management of the ESP Team</p> <ul style="list-style-type: none"> - process for transition to localizing management of the ESP - development of ESP team capabilities - allocation of responsibilities within team 	<p>Is this (nationality of leadership) an important issue? Why? What (past) steps have been taken re the transition? Are ‘ESP image’ and/or ‘ownership’ the drivers? Is the ‘governance’ issue more important if so? (i.e. who decides what ESP does and funds), rather than day to day management?</p> <p>What staff performance appraisal and development policies and practices exist? How are they operating in the eyes of the various stakeholders (internal and external)? What is the relationship of these to DFIDN and DFID corporate policies and practices on SAICs?</p> <p>How are these allocated/decided; are experience profiles and capacities utilized optimally?</p>	<p>Present status and day to day modalities and patterns of internal and external interaction by PM and DPM: effectiveness and need for changes/improvements.</p>
<p>Monitoring of ESP (general) -internally by the Team</p>	<p>What systems exist? What are they there for? What happens to the information they generate?</p> <p>How important is the apparent relatively low spend-rate? What are the implications?</p> <p>What yardsticks are the frame of reference for internal monitoring? Those in the Project Framework? Does that need revising? What problems arise trying to measure progress</p>	<p>NB There have been several examples of where changes in approach and management have been made as a result of some form of monitoring happening...how and why? How to encourage such ‘early warning’ reflections?</p> <p>The yardsticks for measuring progress are important because they imply aspects of overall strategy, and the logic of the project/programme. There has already been recognition that ESP must move from individuals towards institutions as its target ‘group’</p>

<p>- externally by DFIDN</p> <p>- External to DFID 'system'</p>	<p>against indicators such as 'critical mass' of Nepali key players? What significance is there still in the 'Governance Assessment' done by NASC originally?</p> <p>Who does what in DFIDN re monitoring of ESP? Are sector advisers and programme managers involved? Do they want/need more information of same or different types?</p> <p>Who cares? What information flows, by what means to external observers/stakeholders? (e.g. PMO?, other donors?) How could the existing process be changed to enhance impact of, or at least knowledge about, ESP? How is all this linked to the 'understanding pro-poor governance' objective?</p>	<p>for enhancing understanding...what are the implications? Is this view shared amongst DFIDN advisers?</p> <p>Need to review all reports, and the processes involved in compilation. What amounts / proportions of time are involved in compilation? Is this reasonable or excessive in terms of benefits in terms of accountability or 'publicity', and ACTION on any lessons learned?</p>
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<p>Monitoring of Satellite Projects</p>	<p>How do arrangements for ESP direct management (and therefore monitoring?) of satellite projects differ from the previous arrangement when approved satellites were taken over from ESP by DFIDN?</p>	<p>We need to understand if there is a danger that the 'lessons-learning' and 'spreading understanding' aspects of the implementation of satellite projects will become secondary to the project-performance aspects (in terms of efficiency of projects' use of inputs to produce outputs etc.)</p>
<p>Financial Management - Within ESP</p> <p>Reflected in HMGN accounts</p>	<p>Why should a project which provides resources to organizations outside HMGN aim to have flows reflected within HMGN accounts?</p> <p>Is there a danger of alienation of the ESP from some NGOs if it was 'too close to HMGN'?</p>	<p>Need to consult Programme Managers in DFIDN <i>Clarify this aspect of the ToRs: is the present review the only process which will scrutinize this aspect of the project?</i></p> <p>Are we supposed to focus mainly on the reflection in HMGN accounts issue?</p>
<p>Other Issues not explicitly raised in the ToRs for the OPR</p>	<p>Possible issues include:</p> <ol style="list-style-type: none"> The extent to which ESP relates to other donors working in the governance field is implicit in the ToRs. <p>There are no indications of 'shortage of money' impeding ESP progress, especially funding Satellite projects (quite the reverse?)...so the rationale for either:</p>	<p>The OPR team needs to identify if there are other matters, which are important to the analysis of ESP, and its future, which are not raised explicitly in the ToRs...and to raise them with DFIDN and ESP management as soon as possible. (Discussion Sunday Binod/DW?)</p>

	<ul style="list-style-type: none"> - 'selling' Satellite projects to other donors, or - forming a donor consortium supporting ESP, as an umbrella donor programme <p>...is not particularly strong on grounds of financial availability... but is there a case for more involvement (by other donors) in the overview of ESP operations, lesson-learning, and 'legitimacy' ...if that has ever been an issue!? And in building consensus between donors on approaches to supporting better pro-poor governance and/or bringing to bear more concerted pressure for reform?</p> <p>2. Is ESP capitalizing on (all) its comparative advantages? These were mentioned in the September paper...particularly 'ability to bring together different representative groups for coalition-building'...</p> <p>...is it also 'able to venture where others fear to tread'? or into areas of such sensitivity that 'typical' donor interventions are/were either rejected by key players, or deemed impossible for donors?</p> <p>3. Is there a case for accelerating the 'influencing' in Stage I (it was only anticipated in Stage II of the project in the Project Memorandum)?</p> <p>Is it realistic, however, to hope that the PMO will be a key influencing agent? (the Project Memo mentions the PMO as 'pursuing an influencing agenda'?)</p> <p>4. Has the ESP been able to do enough with the private sector (including agricultural, industrial, trade promotion and informal sector aspects) given that commercial 'drivers' for reform have been influential elsewhere before?</p>	<p>Does this relate to the initiative made in the early days of ESP, when it commissioned a study of Trust Fund approaches to supporting governance reform?...done by British Council?</p> <p>Need to explore with DFIDN management first.</p> <p>This seems to be crucial given the recent developments in relation to the insurgency...murder (allegedly by Maoists?) of police chief and yesterday? declaration of ceasefire...</p> <p>Brings to mind the 'Governance Partnership' in Indonesia (DW will bring papers).</p> <p>DFIDN pioneered 'influencing' as an element in Change Forecasting ...what is the state of play with overall DFIDN influencing strategy?</p> <p>Note that the two discontinued ESP projects in the September progress report involved private sector players....does this imply that:</p> <ul style="list-style-type: none"> - a (yet more) proactive approach is needed, to assist the
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		<p>players with institution-building to enable them to be more effective in taking forward programmes (ESP and other) more effectively?</p> <ul style="list-style-type: none"> - More efforts should be made to ‘market’ ESP in the private sector, to generate more ideas and project proposals? <p>NB recently-decided priorities do not include more efforts with the private sector.</p>
	<p>5. Pressure to Spend??</p> <p>To what extent is there a growing concern – on the part of ESP management and/or DFIDN - that there is a danger that ESP will not be able to achieve the rate of spend in Stage I (and in Stage II) to exhaust the £6.5 million available?...nor generate the volume of Satellite projects to exhaust the £13 million ‘set aside’ (?) for them?</p> <p>Is there a tendency for ESP to seek significantly- sized Satellite projects (especially now it retains the management role for them) in order to meet future spend targets?</p> <p>Is there a trade-off between identifying and pursuing such projects and the need to seek opportunities for exploration initiatives leading to more modest satellite projects, but which may be richer in lesson-learning and influence on pro-poor governance?</p>	

SHEET 6
OUTPUT TO PURPOSE REVIEW REPORT

COUNTRY: Nepal

PROJECT TITLE Enabling State Programme

MIS CODE:

PERIOD COVERED: January 2001 to February 2003

PREPARED BY: David Watson **POSITION** Independent reviewer

DATE PREPARED: 19th February 2003

PROJECT STRUCTURE	INDICATORS OF ACHIEVEMENT	PROGRESS	COMMENTS AND RECOMMENDATIONS
GOAL Nepalese key players advocate change to and begin initial action for pro-poor governance.	At least 50 public advocates by March 2004. Advocates starting to produce pamphlets books etc and give seminars / speeches outlining need for reform and giving practical ideas.	ESP is having major problems operationalizing the Change Advocate concept.	Participative reformulation exercise for ESP recommended.
PURPOSE Critical mass of Nepali key players develop practical understanding of an need for pro-poor governance areas with home-grown change potential	Critical mass of 50 including those from outside Kathmandu by January 2005 Home grown potential areas are those in which change is implementable and practical.	Change agents survey 2001 identified 91 potential change advocates. Many exploratory and satellite projects involve 'key players'.	Focus on activities to reveal change advocates. Boost networking. Revisit Change Advocate concept during reformulation and via proposed Advisory Group

<p>Output 1: Enough exploratory activities in agreed areas of good governance completed to allow selection process of output 2.</p>	<p>20 exploratories selected and started annually</p> <p>All 20 exploratory governance reports accepted by stakeholders.</p>	<p>46 started by 1/03, all based on Nepali ideas and responsive to pro-poor governance areas.</p> <p>13 in government; 17 NGO projects; 2 with parties; 3 with parliament; 3 Govt/nongovt relations; 2 in Local Government; 1 LG/NGO relations</p>	<p>Balance between Government and Non-Govt not apparent to civil servants. Steps needed to improve image of ESP, based on real cases and illustrations.</p>
<p>Output 2: Enough projects designed and launched to allow development of a critical mass of key players with a practical understanding of the changes needed</p>	<p>16 exploratories selected annually for development.</p> <p>12 projects annually approved for implementation by donors and Nepalese</p>	<p>32 selected</p> <p>Seven projects approved: 1 conditional; 1 in part; 5 rejected; 8 in process PMO informed ex-post</p>	<p>Target met</p> <p>Expenditure rate is slow. Measures and options recommended to improve ESP appraisal capacities.</p>
<p>Output 3: Lesson learning built into design of projects. Lessons and successes of exploratories and projects disseminated widely.</p>	<p>All projects contain mechanisms to allow lessons to be fed back into ESP process. conferences etc held annually; evaluated as providing better understanding of governance issues. 4 publications published annually.</p>	<p>16 workshops involving <800 participants. Many activities involve workshops. 11 books completed + 2 in preparation; 3xvideos; 3xreports; 1,700 info-packs.</p>	<p>6 cases where action resulted from dissemination. Add elements re lesson learning and dissemination to Job Descriptions, project formats and monitoring routines. Use inception activities for lesson-learning.</p>
<p><i>See narrative report for full details of progress conclusions and recommendations.</i></p>			

ON-GOING PROJECT SCORING SUMMARY REPORT

Project Title: Enabling State Programme	
Country: Nepal	MIS Code
Project Start Date: January 2001	Date of Report: February 19 th 2003
Project End Date: January 2005	
Risk Category L/H/M (Optional):	
Purpose Statement: Critical mass of Nepali key players develop practical understanding of an need for pro-poor governance areas with home-grown change potential	
Purpose OVI: Critical mass of 50 including those from outside Kathmandu by January 2005 Home grown potential areas are those in which change is implementable and practical.	Purpose Rating: Too early to say (x)
Aggregate Output Rating: x <u>Rating Justification</u> (What is the likelihood that the purpose and outputs of the project will be fulfilled?) There are major problems being experienced with the application of the project's logic. It has been re-active so far, and must become pro-active, in terms of taking forward outputs. A series of recommendations have been made to put it on track, but this should be with participation from Nepali stakeholders. It is unclear whether the proposed reformulation will be carried out exhaustively and successfully.... And whether capacities will be effectively installed in ESP to permit more satellite projects to be approved by DFIDN...hence the x rating.	
Purpose: It is as yet unclear whether the ESP will be able to operationalize the Change Advocate concept	
Output: See above	
<u>Attribution:</u> (Commentary on to what extent achievement of purpose is attributable to project outputs) Even when and if the ESP is reformulated, attribution will be difficult. There are many other development agencies cultivating networks. They will form part of 'critical masses' of pro-poor change advocates. Many factors affect progress with pro-poor governance. ESP will play a part – but only a part – in that process.	
<u>Quality of Scoring:</u> (Methodologies used and team composition details) David Watson – an independent consultant from Governance Department's panel - was responsible for the preparation of the issues paper (Appendix 4) which provided a basis for discussion with DFIDN and ESP team members during the OPR. He led the in-country effort with a Nepali consultant Binod Kumar Bhattarai, who was able to add Nepali perspectives especially regarding implications for future approach. A Joint Secretary Mr Som Lol Subedi was assigned to the OPR, provided insights into the image of the ESP in government circles, and discussed tentative conclusions and recommendations. Santosh Bisht, Assistant Governance Adviser DFIDN participated in the discussions of the ESP in its first 7 days.	